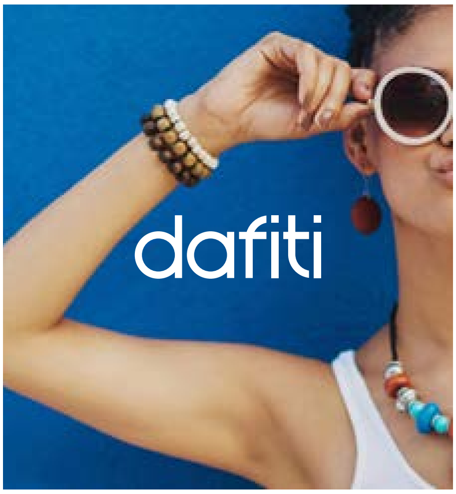
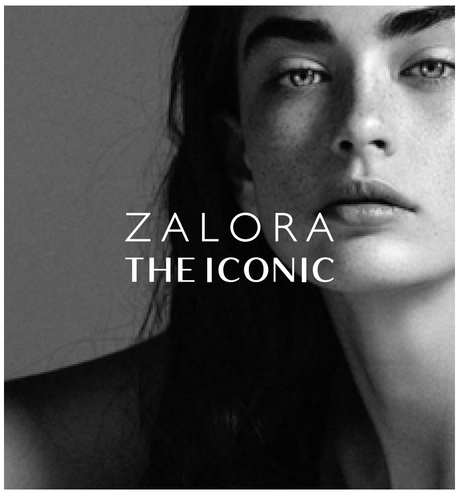
ROCKET INTERNET

Annual Report 2017





Key Figures

Rocket Internet Group (according to IFRS)

Financials (in EUR million)	2017	2016	Change
Revenue	36.8	50.4	(27%)
EBITDA	(54.8)	(565.3)	(90%)
Cash and cash equivalents	1,716.6	1,401.0	23%
Loss for the period	(6.0)	(741.5)	(99%)
Earnings per share (in EUR)	0.01	(4.22)	(100%)

Selected Companies

Revenue (in EUR million)	2017	2016	Change
FOOD & GROCERIES			
HelloFresh	905	597	52%
Delivery Hero	544	341	60%
FASHION			
Global Fashion Group	1,095	887	23%
GENERAL MERCHANDISE			
Jumia	94	84	11%
HOME & LIVING			
Westwing	266	250	6%
Home24	276	244	13%

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Oliver Samwer,
Chief Executive Officer

Dear Shareholders and Friends of Rocket Internet,

2017 has been a successful year for Rocket Internet. We delivered on our promise to create sustainable value. Our investment focus on Food & Groceries paid off with the two successful IPOs of our selected companies Delivery Hero and HelloFresh. At year-end, their combined market capitalization was around EUR 8 billion, ranking them among the most successful IPOs in Europe last year.

Delivery Hero IPO
Largest food delivery IPO globally

Delivery Hero, the leading global online food ordering and delivery marketplace, has been listed on the Frankfurt Stock Exchange on June 30, 2017. The offering raised total proceeds of EUR 989 million, making it the third largest Internet IPO ever in Germany. The company, which among others includes the Foodora, Pizza.de and Lieferheld brands, is well positioned to grow and expand its market leadership in its respective markets.

HelloFresh IPO
EUR 286 million IPO primary proceeds

HelloFresh's IPO in November 2017 was also a great success. The world's leading meal kit provider raised EUR 286 million primary proceeds. HelloFresh already generates half of its sales in the USA, the largest and most important growth market. HelloFresh has been a good example of succeeding with companies also in the USA. As of year-end 2017, Rocket Internet held 44 percent of the shares in HelloFresh.

In addition to the two highly successful IPOs, we have closed further transactions that prove our ability to found, grow and successfully exit market-leading Internet companies. In June 2017, Rocket Internet sold its remaining 8.8 percent stake in the leading Southeast Asian General Merchandise online retailer Lazada to the leading Chinese eCommerce company Alibaba at a valuation of USD 3.15 billion.

We continue to invest in lower-risk business models addressing basic customer needs, limited competition and scalable technology. We invest early and benefit from being close to a company. Therefore, we have created an investment platform with truly global reach to capture the latest technology investment opportunities.

Our share price rose 10.4 percent in 2017. We have continued to reduce the complexity of Rocket Internet, significantly improved the profitability of our selected companies and invested in exciting new companies. As of March 2018, our shares are included in the MDAX index.

MDAX inclusion
As of March 2018

Rocket Internet is well capitalized with a strong gross cash position of EUR 2.7 billion as of end of March 2018. We are able to make larger capital commitments, supporting companies in their growth phase and also make larger investments in promising businesses.

EUR 2.7 billion
Cash Position

Our selected companies in the sectors Food & Groceries (HelloFresh and Delivery Hero), Fashion (Global Fashion Group), General Merchandise (Jumia) and Home & Living (Westwing and Home24) were able to further expand their positions in their respective markets in 2017. At the same time, they have come closer to reaching break-even in medium-term. Operationally, we continue to work on growing the top line of our selected companies, while at the same time reducing absolute EBITDA losses. Under certain circumstances, growth and a strong market position are more important to us than achieving profitability in the short-term. Since our strategy is focused on high absolute value creation, we understand that it will take several years of investment to scale companies and have them reach profitability.

Consolidated revenue for Rocket Internet SE decreased by EUR 13.6 million to EUR 36.8 million in 2017 and the consolidated loss improved significantly from EUR -741.5 million in 2016 to EUR -6.0 million in 2017. Earnings per share 2017 was marginally positive at EUR 0.01.

EPS break-even
EUR 0.01 per share

In August 2017, Rocket Internet announced a share buyback program for a total purchase price of up to EUR 100 million, ending end of April 2018. As of year-end 2017, more than 1 million shares have been bought back, which amounts to a total purchase volume of around EUR 21.1 million.

I would like to thank all employees for their dedication, vision and creativity. They are the cornerstone of our success.

We incubate and invest in great online companies around the globe and support our businesses with operational expertise and capital. We have offices and great teams worldwide. Combined with our strong capital base this uniquely positions us to source and support attractive investment opportunities in the Internet sector for Rocket Internet and its shareholders.

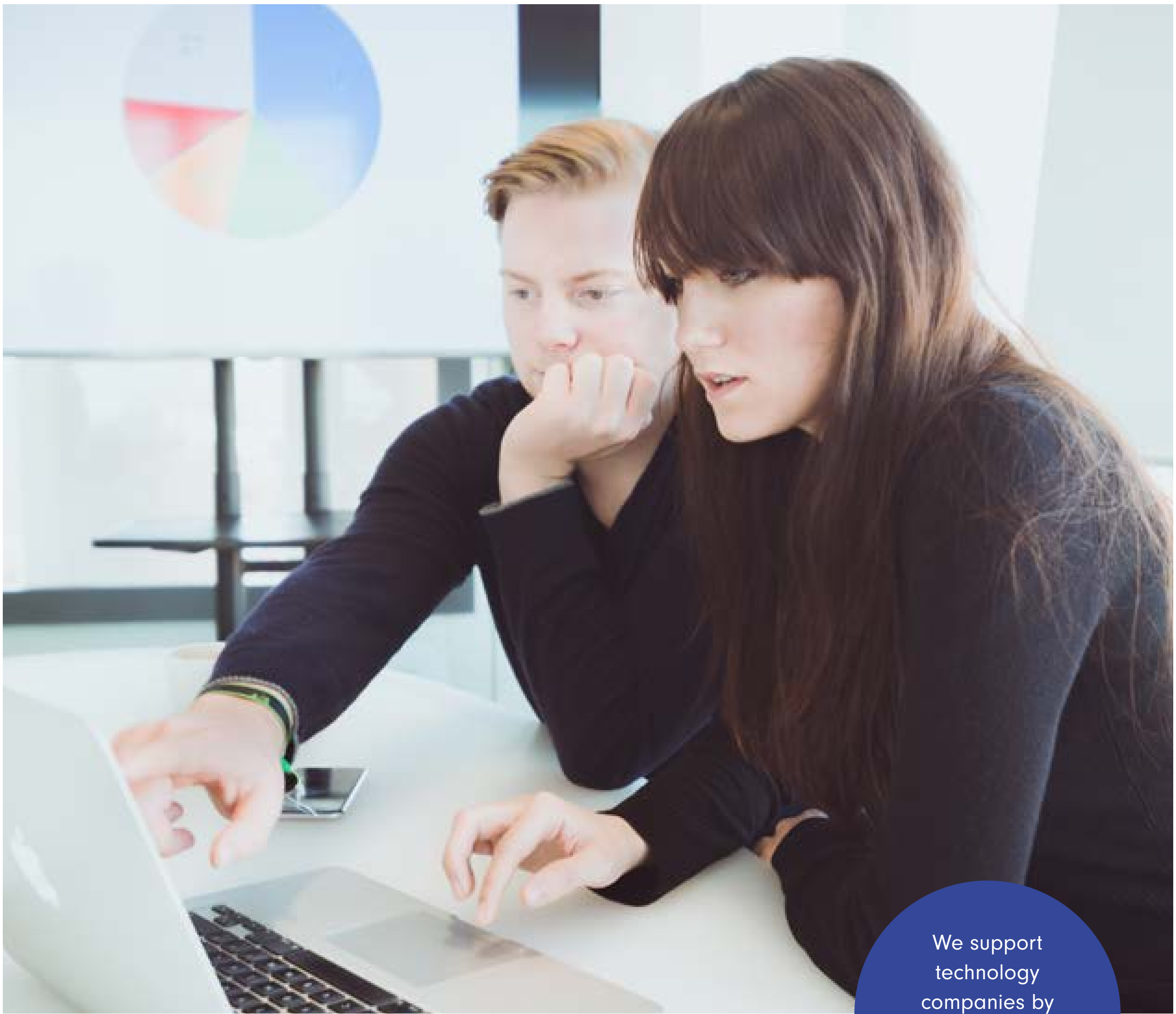
Berlin, April 2018

Oliver Samwer.
Chief Executive Officer, Rocket Internet SE


ROCKETS

CHAPTER 1

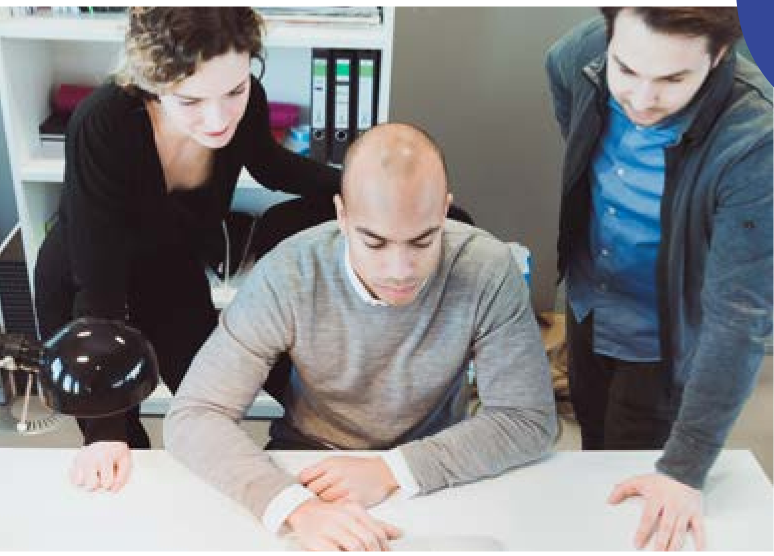
About Rocket Internet



We support technology companies by providing capital and operational advice

Introduction to Rocket Internet

Rocket Internet empowers technology companies to grow. We provide both capital and operational support to the entrepreneurs and companies that we partner with and help them establish market-leading positions internationally.



Our functional experts assist our companies over their full lifecycle

We deploy capital based on our conviction that the offline to online shift will continue to disrupt almost all sectors and fundamentally change business models and entire industries. We look for companies and business models that leverage technology to address basic needs of both consumers and companies, and that achieve over time significant scale, high levels of profitability and market-leading positions. What differentiates us from other investors is our operational know-how, which enables us to both incubate new business models as well as invest in and support existing businesses.

We have significant capital available, enabling us to provide financing to companies over the full lifecycle of their development. Furthermore, we support our companies as they scale by providing deep functional expertise, proprietary technology solutions and access to an extensive ecosystem of global partnerships. This unique blend of operational support provides a competitive advantage to our companies, increases their probability of success and distinguishes us from competitors.

Our functional experts cover the full stack of technology companies, including key areas such as product, engineering, customer acquisition and internationalization. This enables our companies to develop market-leading positions in a shorter period of time. As they mature, companies continue to turn to Rocket Internet for support on special projects to cover temporary high demand or specialist know-how.

Headquartered in Berlin, Germany and listed on the Frankfurt Stock Exchange since 2014, Rocket Internet has offices and extensive investment and operational experience around the globe. Our global network with teams in target markets worldwide benefits from deep local expertise (e.g. operations and logistics) and helps companies achieve economies of scale and synergies, thus reducing marginal costs for building new companies.

We have established strategic partnerships that offer extensive financial, operational and strategic support to our network of companies. In addition, framework agreements with leading global technology firms provide our companies with competitively priced, leading technology and services.

Rocket Internet incubates, invests in and supports companies in the Internet sector worldwide and provides investors with a diversified exposure to the global Internet sector.

Two Successful IPOs in 2017

HelloFresh successfully went public on the Frankfurt Stock Exchange in 2017

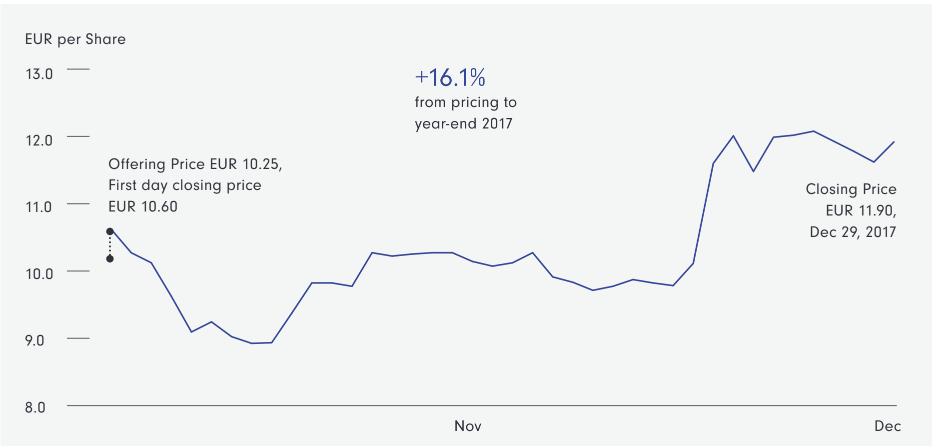
HelloFresh

The World's Leading Meal Kit Provider

On November 1, 2017, HelloFresh SE, the world's leading meal kit provider with operations in the USA, Western Europe and Australia, set the final offer price at EUR 10.25 per share and started trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange on November 2, 2017. The all primary offering including the proceeds from the greenshoe option resulted in gross proceeds of EUR 286 million for HelloFresh.

HelloFresh Share Price Development Since IPO

November 2, 2017 till December 29, 2017



As of year-end 2017, HelloFresh had a market capitalization of EUR 1.9 billion and Rocket Internet holds 44 percent of the shares outstanding.

Delivery Hero's IPO was the largest food delivery IPO globally

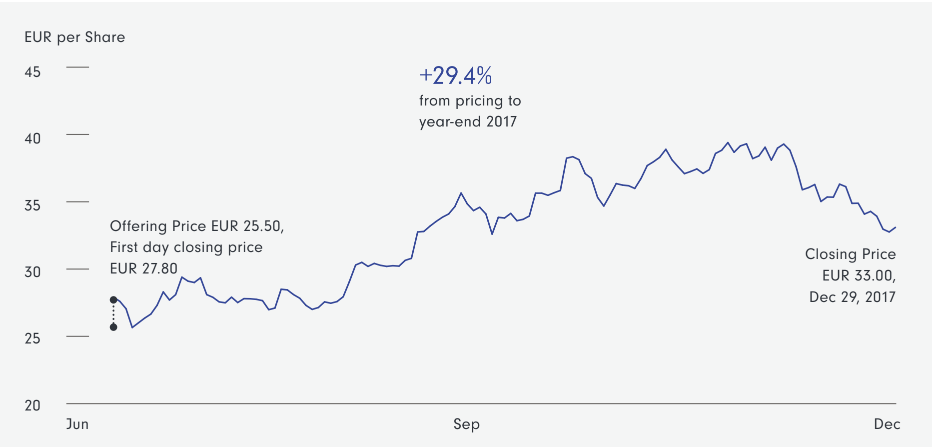
Delivery Hero

The Leading Global Online Food Ordering and Delivery Marketplace

On June 29, 2017, Delivery Hero AG, the leading global online food ordering and delivery marketplace with services in more than 40 countries in Europe, the Middle East & North Africa, Latin America and the Asia-Pacific Region set the final offer price at EUR 25.50 per share and started trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange on June 30, 2017. The offering resulted in EUR 483 million gross proceeds for Delivery Hero as well as in additional secondary proceeds for existing shareholders. The IPO was the largest Internet IPO in EMEA in 2017 as well as the third largest ever Internet IPO in Germany.

Delivery Hero Share Price Development Since IPO

June 30, 2017 till December 29, 2017

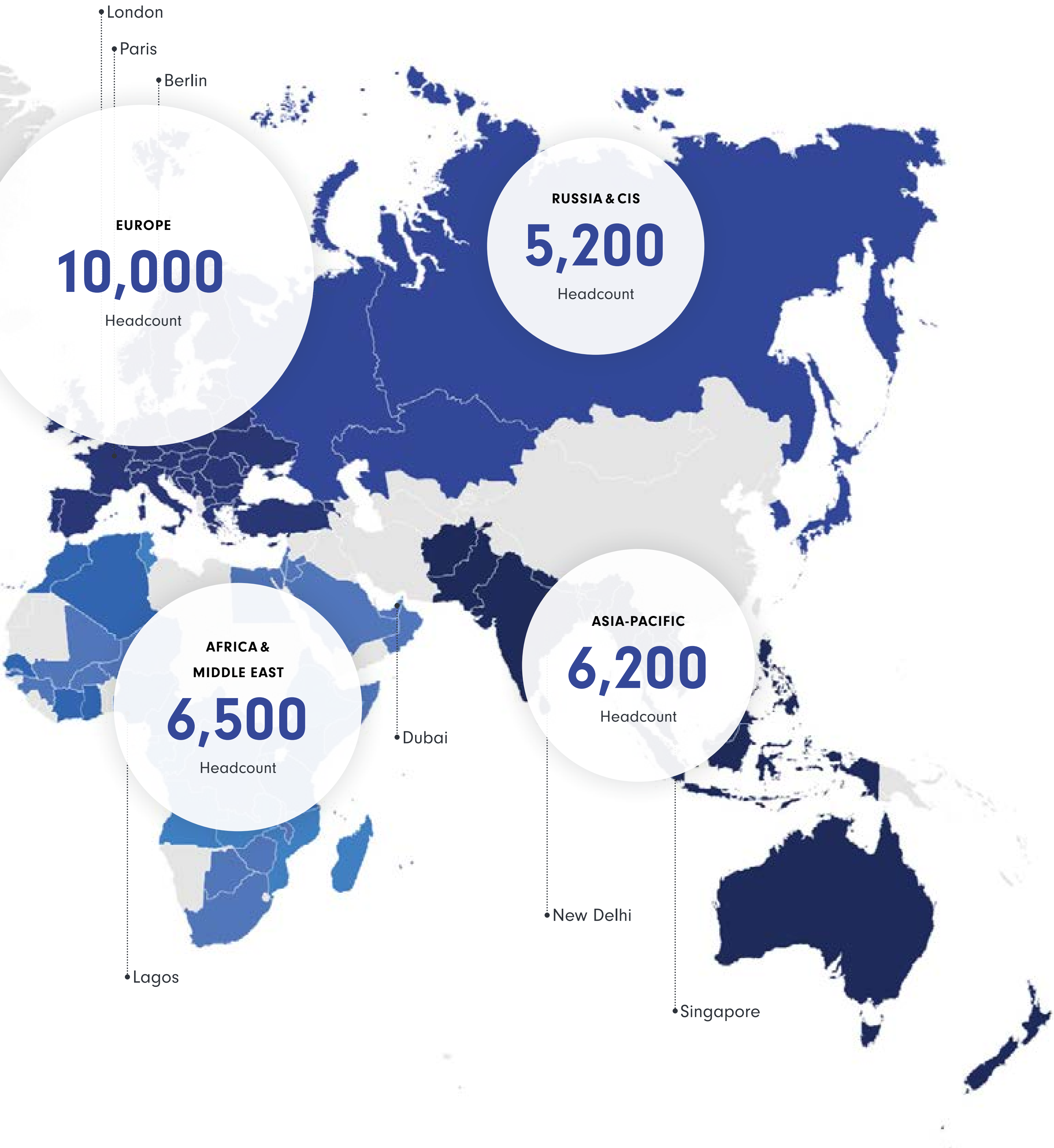


As part of the IPO in June 2017, Rocket Internet received gross proceeds of EUR 257 million from the sale of shares. In Q1 2018, Rocket Internet received an additional EUR 660 million from a sale of shares to Naspers, which was announced on September 28, 2017. In February 2018, Rocket Internet announced the sale of Delivery Hero's shares worth ca. EUR 197 million. Rocket Internet as of March 31, 2018, economically still holds 8 percent of the shares in Delivery Hero.

On December 6th, 2017, Delivery Hero placed an additional 10,500,000 shares at EUR 34.50 in a follow-on offering and certain existing shareholders sold 2,000,000 shares. In line with its strategy to further consolidate its market leadership positions, Delivery Hero announced that it will use the proceeds to pursue value accretive M&A since the company continues to see an increased level of attractive M&A opportunities. As of year-end 2017, Delivery Hero had a market capitalization of EUR 6.0 billion.

Our Global Footprint

Rocket Internet's selected companies are active in a large number of countries around the globe with more than 33,000 people on the ground. You find our companies and local offices in many of the world's emerging capitals and cities.


London
Paris
Berlin
EUROPE
10,000
Headcount
RUSSIA & CIS
5,200
Headcount
AFRICA &
MIDDLE EAST
6,500
Headcount
Dubai
ASIA-PACIFIC
6,200
Headcount
New Delhi
Lagos
Singapore

Our Employees

Employees at Rocket

Rocket Internet is proud of its dynamic start-up and investing culture. Our employees are our greatest asset and have the opportunity to make a real impact from day one. Identifying highly-skilled talent from around the globe and hiring employees with diverse backgrounds is one of our key priorities. This contributes to a culture of excellence at both Rocket Internet's headquarters and our global network of companies.

Recruitment of Talent

Talent acquisition for Rocket Internet and our network of companies is one of our key priorities. Our central talent acquisition team utilizes cutting edge technologies and processes in order to find the best talent worldwide. This allows us to build exceptional talent pools, which we leverage to help scale teams across our companies. Moreover, the Rocket Internet brand helps attract outstanding talent for our central functions as well as for younger and lesser known companies in the network. At the end of 2017, Rocket Internet's selected companies employed more than 33,000 people, compared to over 28,000 people in 2016.

Talent Retention

While recruiting top talent is key, it is equally important to keep our employees engaged and retain top performers. Our talent engagement strategy is based on the following three pillars:

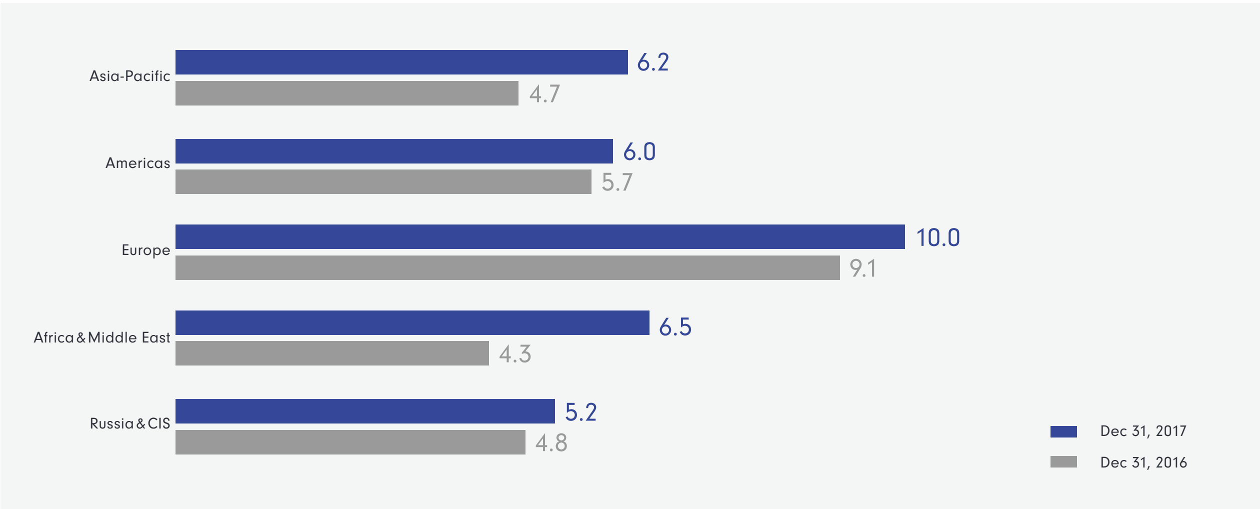
1. We offer impactful and challenging roles at Rocket Internet and within our network and encourage our employees to grow professionally by giving them the responsibility and autonomy to do so.

2. Moreover, we offer various development opportunities and share knowledge by providing access to various conferences and trainings. For example, this year, Rocket Internet held various "Tech Talks" as well as a "Rocket Tech Hackathon", in which a group of engineers collaborates intensively with the goal to create software for actual business applications. Furthermore, there are also multiple engineering boot camps taking place on an ongoing basis to increase knowledge and encourage learning.

3. We provide competitive compensation. Depending on the position this includes a combination of base salary, bonus and / or stock options.

Selected Companies' Headcount by Region

numbers in thousand



Talent and Career Network

Rocket Internet's biggest advantage is its global network. Great talent always has the opportunity to develop further either at Rocket Internet's headquarters itself or within the global network of companies. This fluid allocation of talent between Rocket and its network provides opportunities and serves employees at Rocket Internet and our companies well. This exchange of talent strengthens Rocket Internet and its companies alike and helps us to develop entrepreneurs, technology and functional experts of tomorrow.

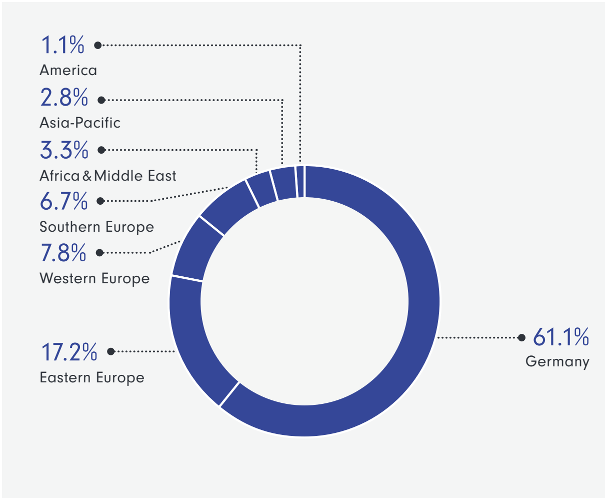
Diversity

At the end of 2017, Rocket Internet had 171 employees (previous year: 276) at its headquarters in Berlin. Our network companies have generally become more autonomous and therefore require less support. Additionally, employees from our functional teams joined several of our existing companies and newly launched businesses. We have functional matter experts on staff to support our network of companies.

52 percent of Rocket Internet's employees support the companies in our network with their functional expertise (e.g. product design, mobile and online marketing, systems engineering). 48 percent of our personnel perform corporate functions (e.g. finance, legal, human resources).

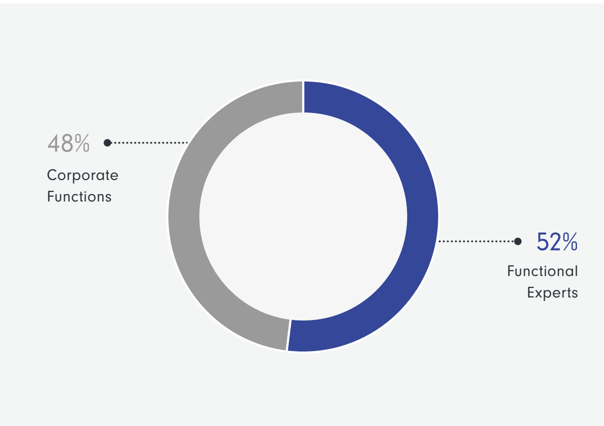
Diversity at Rocket Internet is anchored in its corporate culture. It provides the foundation for creativity and innovation, both of which are crucial factors for the success of the business. We strive to create a diverse workforce in terms of cultural background, gender and skills. Our workforce at Rocket Internet's headquarters in Berlin was comprised of 35 nationalities at the end of 2017. Since only 61 percent are German natives, our working language is English.

Nationalities

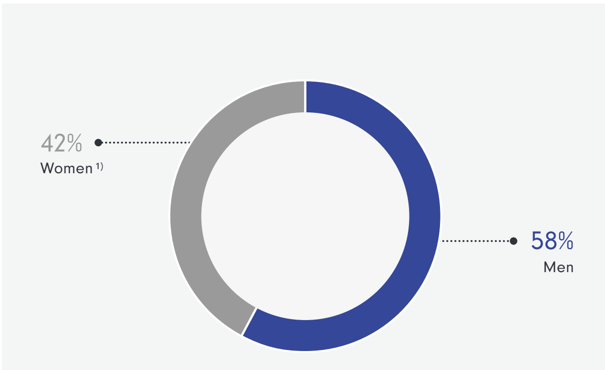


We provide equal opportunities to all of our employees. Women accounted for more than 42 percent of our workforce (previous year: 37 percent). Without the IT department, for which we tend to receive only few female applications, women represent 58 percent of Rocket Internet's employees. At first level management, i.e. those who report directly to the Management Board and to whom at least one employee reports, women accounted for 44 percent. The average age of our workforce is 32 years.

Rocket Internet HQ



Gender Diversity



1) 58% excluding employees of the IT department

Rocket Internet Stock Information

The shares of Rocket Internet, which are listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange under the ticker symbol RKET, traded in the range of EUR 15.24 to EUR 22.79 in 2017. At year-end 2017, the Company had a market capitalization of ca. EUR 3.5 billion.

On August 14, 2017, the Management Board of Rocket Internet decided on a share buyback with a total maximum consideration (excluding ancillary costs) of up to EUR 100 million and a maximum volume of up to 5,000,000 shares, representing up to 3.03 percent of the outstanding share capital. The buyback program started on August 14, 2017 and will end on April 30, 2018. By the end of 2017, the Company had acquired 1,035,621 shares for a total purchase volume of EUR 21.1 million.

After being traded in the SDAX index of the Frankfurt Stock Exchange since October 2016, the shares of Rocket Internet are now included in the MDAX index, effective as of March 19, 2018. The inclusion in the MDAX index further increases the relevance of Rocket Internet's shares for institutional investors and the Company's visibility in international financial markets.

On July 14, 2015, Rocket Internet issued convertible bonds with an aggregate principal amount of EUR 550 million maturing on July 22, 2022. The bonds carry a coupon of 3.0 percent per annum, payable semi-annually and the initial conversion price amounts to EUR 47.5355. On September 29, 2017, the Company announced a third convertible bond buyback program of up to EUR 100 million (investment amount), which will terminate on September 30, 2018. As of December 31, 2017, convertible bonds with an aggregate principal amount of EUR 298 million are outstanding. The buyback reduces interest expense and potential shareholder dilution.

Share Information

as of December 31, 2017

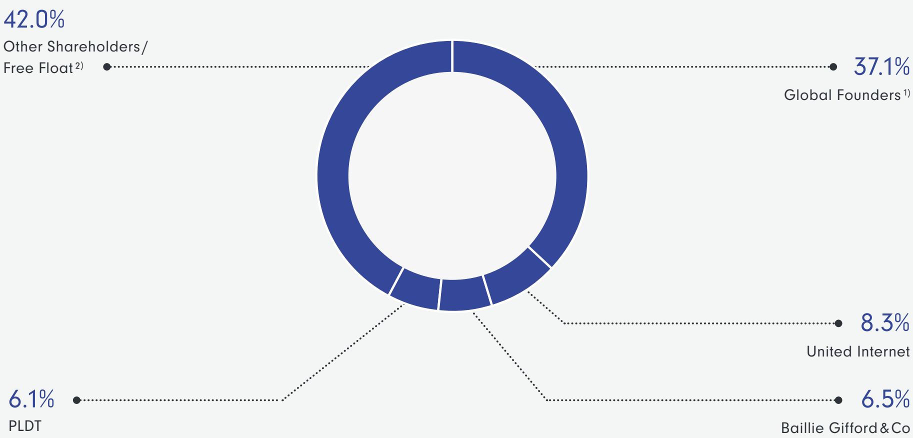
Issuer	Rocket Internet SE
TYPE OF SHARES	ORDINARY BEARER SHARES WITH NO PAR VALUE (STÜCKAKTIEN)
STOCK EXCHANGE	FRANKFURT STOCK EXCHANGE, LUXEMBOURG STOCK EXCHANGE
MARKET SEGMENT	REGULATED MARKET (PRIME STANDARD)
SHARES OUTSTANDING	164,105,169 1)
ISSUED SHARE CAPITAL	EUR 165,140,790
ISIN	DE000A12UKK6
WKN	A12UKK
TICKER SYMBOL	RKET
COMMON CODE	111314110
THOMSON REUTERS	RKET.DE
BLOOMBERG	RKET:GR

1) Excluding treasury shares.

Shareholder Structure

The latest shareholding percentages shown in the chart below reflect the voting rights pursuant to Sec. 33, 34 German Securities Trading Act (WpHG) as notified last by the shareholders in relation to the Company's share capital as of December 31, 2017. Please note that the number of voting rights last notified could have changed within the respective thresholds without triggering an obligation to notify the Company.

Rocket Internet's Last Known Shareholder Structure



1) The shareholdings of Global Founders GmbH are attributed to its controlling shareholder Rocata GmbH and to Rocata GmbH's controlling shareholder Zerena GmbH. As a shareholder of Zerena GmbH, Oliver Samwer Familienstiftung indirectly holds the Rocket Internet SE shares previously held by Oliver Samwer through Global Founders GmbH.

2) Other Shareholders/Free Float refers to shareholdings with less than three percent in Rocket Internet SE.

Development of the Rocket Internet Stock and Important Stock Market Indices

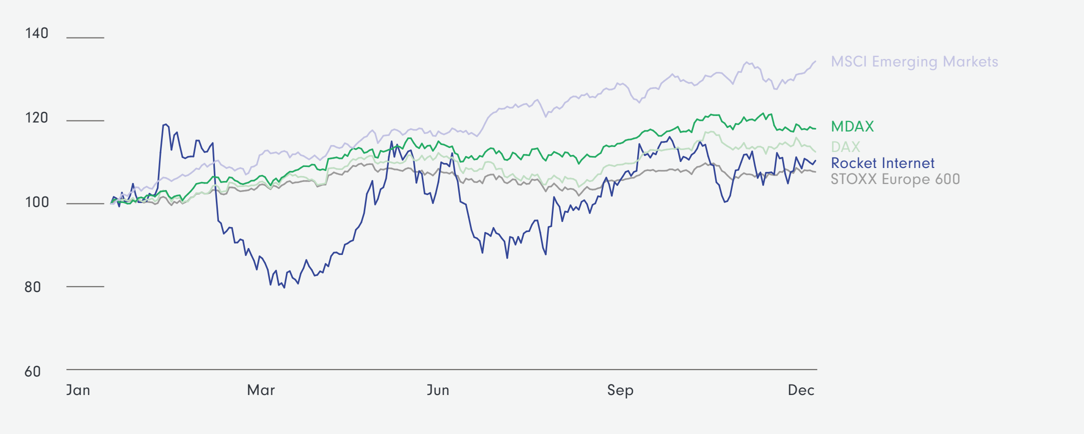
	Dec 31, 17	Dec 31, 16	Change
Rocket Internet share (EUR)	21.13	19.14	10.4%
DAX	12,917.64	11,481.06	12.5%
MDAX	26,200.77	22,188.94	18.1%
STOXX Europe 600	389.18	361.42	7.7%
MSCI Emerging Markets Index	1,158.45	862.27	34.3%

The year 2017 started positively with shares globally elevated on the expectation of President Trump's policies on trade, tax, and infrastructure being enacted in the USA. Expectations faded through the year, but markets continued to perform driven by fundamentals. The Q1 and Q2 2017 earnings season in Europe were both strong, while inflation remained persistently low and investors saw little sign of near-term recession risks. In Q4 2017, markets were boosted by tax reforms being passed into law, contributing to outperformance in the U.S. markets as the S&P 500 increased by 19.4 percent and the NASDAQ by 28.2 percent on the year.

Over the course of 2017, the Euro strengthened over the US dollar 14 percent as the Euro-area growth continued to make a subdued recovery, also supported by the ECB turning its attention from monetary easing towards eventual normalization. Especially in the first half of 2017, political risks were dominant in Europe; however, it is generally perceived that political events did not impact markets to the anticipated extent. Despite the concerns after Brexit and the Trump election, 2017 has been a good year for global trade. Also for emerging markets there have been considerable political headlines over the past year, although, overall there has been a stellar performance of all the major emerging markets indices. Brazil reported a positive GDP per capita increase following the large declines in previous years. Real GDP in Southeast Asia remained strong for many economies, supported by continued strength in international activity and the global capex upturn.

Relative Share Price Performance

Jan 1 to Dec 31, 2017, indexed



Following a dynamic start to the year, the Rocket Internet share reached the intra-year closing high of EUR 22.79 on January 27, 2017. At the end of Q1 2017, the share price dropped below EUR 16.00. In Q2 2017, the share price recovered to EUR 21.90 on May 25, 2017. Q3 2017 was also marked by volatility, with the share trading in the range of EUR 16.59 – 21.76. The Rocket Internet share finished the year at EUR 21.13, up 10.4 percent for the year.

Annual General Meeting 2016

On June 2, 2017, Rocket Internet SE held its third Annual General Meeting in Berlin. A total of 84.39 percent of the capital stock was present. All proposed resolutions were approved with a majority of at least 79.53 percent.

Financial Calendar

May 29, 2018	Q1 2018 Results for Rocket Internet & Selected Companies
Jun 8, 2018	FY 2017 Rocket Internet SE Annual General Meeting
Sep 20, 2018	H1 2018 Results for Rocket Internet & Selected Companies
Nov 30, 2018	9M 2018 Results for Rocket Internet & Selected Companies and Capital Markets Day (London)

Professor Dr. Marcus Englert,
Chairman of the Supervisory Board

Report of the Supervisory Board

of Rocket Internet SE for the Financial Year 2017

Dear Shareholders,

In the financial year 2017, the Supervisory Board of Rocket Internet SE ("**Rocket Internet**" or "Company") fulfilled all duties in accordance with statutory law, the articles of association and the rules of procedure. It has regularly advised the Management Board on the strategic direction of the Company and oversaw its management. The Supervisory Board was involved in all fundamental decisions of the Company. The Management Board regularly, promptly and comprehensively reported to the Supervisory Board, both during the scheduled meetings and at other times as the situation required. As part of this process, the Management Board informed the Supervisory Board about all relevant matters regarding operative planning and the risks and rewards related therewith. This included matters on the development and pursuit of the business, questions on planned and current investments, the state of the group including its risk position, as well as risk management and compliance. Furthermore, the Management Board aligned the Company's strategic focus with the Supervisory Board. In 2017, the Management Board reported extensively to the Supervisory Board on the Company in the four meetings of the Supervisory Board, including the development of revenue and profitability of the Company, the selected associated companies, as well as the state of the Company and its business policy. The reports were made available to absent members. The content of the reports was discussed intensely with the Supervisory Board. In this context, inter alia, deviations from the actual course of the business to the plan were discussed. The reports of the Management Board met the legal requirements, good corporate governance standards and the requirements of the Supervisory Board with regard to their content and scope. The Supervisory Board has dealt in depth, critically analyzed and evaluated the Management Board's reports and further information provided by the Management Board. Furthermore, the Supervisory Board, mainly through the Audit Committee, received regular reports from the Management Board regarding the internal control system implemented by the Management Board, group wide risk management and internal audit system, and dealt with its effectiveness.

There have been two changes to the members of the Supervisory Board during the reporting year. In the ordinary annual general meeting on June 2, 2017, Mr. Christopher H. Young was elected to the Supervisory Board as successor to Mr. Napoleon Nazareno. In addition, the period of office of Dr. Martin Enderle ended with the ending of the ordinary General Meeting on June 2, 2017. No successor was elected for Dr. Enderle because in the ordinary annual general meeting on June 2, 2017, the reduction of the number of Supervisory Board members from nine to eight members was decided. Furthermore, Prof. Dr. Marcus Englert, Prof. Dr. h.c. Roland Berger, Norbert Lang and Prof. Dr. Joachim Schindler were reelected to the Supervisory Board. The Supervisory Board thanks Dr. Enderle and Mr. Nazareno for their support in the past.

The Supervisory Board has formed the following committees:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Executive Committee
- Investment Committee

Key Activities

In addition to the Management Board reporting, in particular with regard to the economic state and the development of the Company and the group and on material business events as well as the statutory regular reporting on intended business policy and fundamental questions with regard to the Company's operative planning and profitability, in particular, the following topics were in depth dealt with by the Supervisory Board:

- The annual financial statements and group financial statements for the financial year 2016 and their review by the Supervisory Board, as well as the result for the first half of the year 2017
- Development of the business during the course of the year
- Rocket Internet's revenue and earnings budget (stand-alone basis) for the year 2018
- Strategic positioning and structuring of the group and business organization
- The development and strategy of Rocket Internet's material investments
- The audit planning and quarterly reports of the internal audit department
- The invitation to and the agenda of the ordinary annual general meeting 2017, including the proposals for resolutions
- The granting of further stock options to the Management Board as part of their remuneration package
- The closing of an Internet sector growth fund and the Company's participation in the initial amount of USD 50 million at first closing and of approx. 14 percent of the total commitments of USD 1 billion at the fund's final closing
- The buyback of the Company's convertible bonds
- The buyback of the Company's shares
- The amount of cash and cash equivalents of the Company, and the cash management strategy
- Delivery Hero IPO

- HelloFresh IPO
- Sale of shares in Altigi GmbH
- Adaptions to the Supervisory Board's rules of procedure
- Declaration of conformity to the German Corporate Governance Code ("GCGC")
- The election of one new member to the Supervisory Board: Christopher H. Young

Meetings and Attendance

In the financial year 2017, there were four Supervisory Board meetings in which all Management Board members participated, as well as five meetings of the Audit Committee in which the CFO of the Company participated. The average attendance rate at Supervisory Board meetings was 88 percent. The attendance rate at Audit Committee meetings was 93 percent. All absent members voted on all agenda items in writing. In addition to the meetings, a multitude of resolutions were passed in circulation procedure.

Corporate Governance

The Supervisory Board and Management Board jointly issued the declaration of conformity with the GCGC, according to Sec. 161 of the German stock corporation act (Aktiengesetz), and published it permanently on the company website. Deviations from the GCGC are laid out in the declaration.

Discussion of the Annual and Group Financial Statements 2017

The ordinary annual general meeting of Rocket Internet resolved on June 2, 2017 to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin branch, as auditor for the financial year 2017. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has audited the accounting, the annual financial statements according to German GAAP, the group financial statements according to IFRS, as well as the combined management report of Rocket Internet and the group, for the financial year 2017.

As part of the audit by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, the early risk recognition system was audited and analyzed. No material weaknesses of the internal control system, early risk recognition system nor of the accounting process were detected. The auditor issued unqualified audit opinions. The Supervisory Board convinced itself of the independence of the auditor and obtained a written declaration thereon.

The listed documentation pertaining to the financial statements and the audit reports of the auditor, as well as the proposal on the appropriation of profit and the non-financial consolidated declaration, the latter prepared for the first time and reviewed by the external auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, pursuant to ISAE 3000, were made available to all members of the Supervisory Board in due course. All of these documents were intensely dealt with by the Audit Committee in its meeting on March 13, 2018, preparing the Accounts Meeting as well in the Audit Committee Meeting on April 12, 2018, and by the Supervisory Board, during its Accounts Meeting on April 12, 2018. The auditor submitted a report and was present during the discussions to answer supplementary questions and to provide additional information.

Taking into account the report of the Audit Committee and its own review, the Supervisory Board came to the conclusion that the annual financial statements, combined management report, group financial statements and reports of the auditor, as well as the assessments of the auditor on the internal control and early risk recognition system – especially concerning the accounting process – do not give rise to any objections. Further, the Supervisory Board examined and discussed the non-financial consolidated declaration and declared its agreement with the results of the audit carried out by the external auditors.

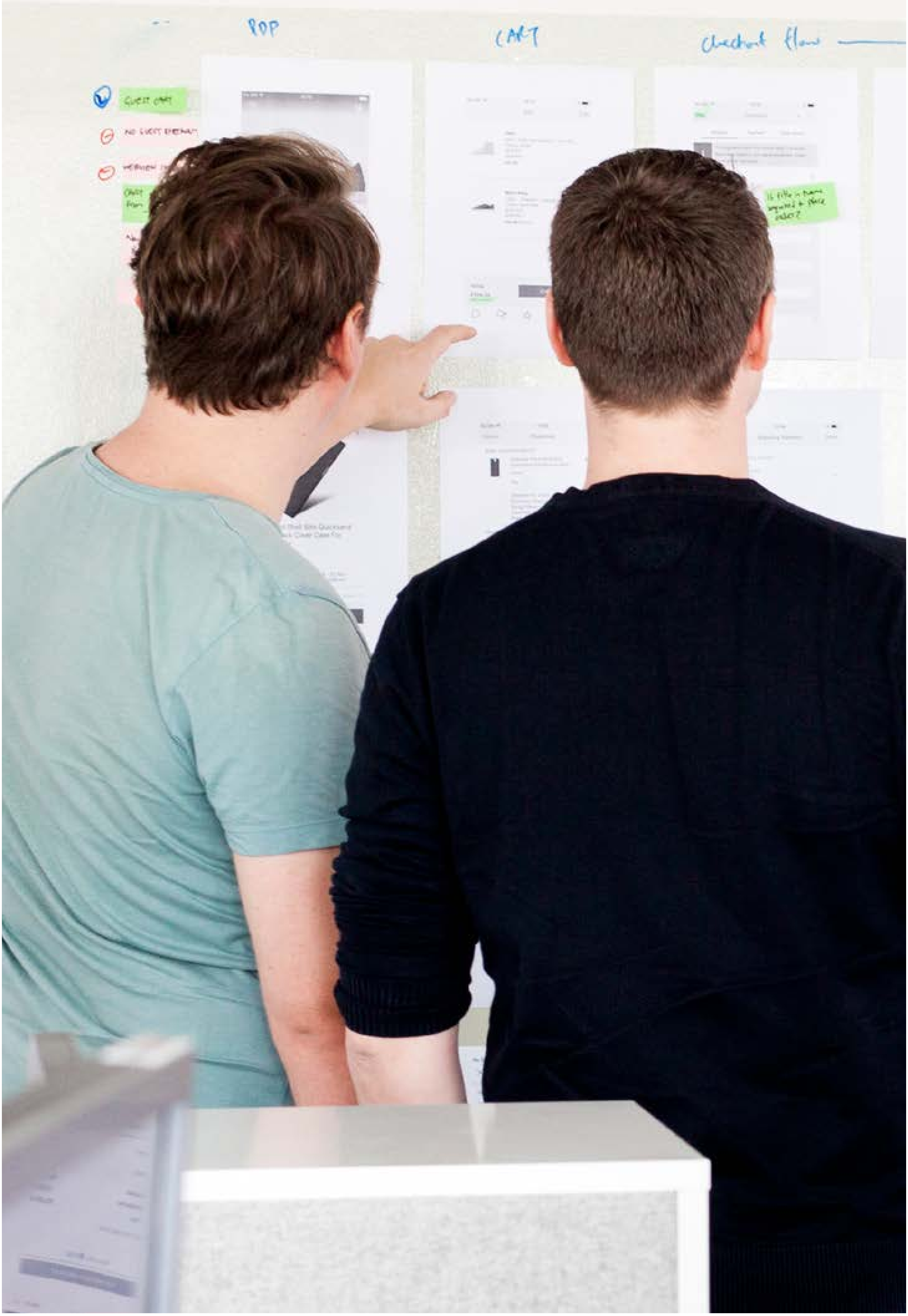
The Supervisory Board, with a resolution dated April 12, 2018, confirmed the annual financial statements and the group financial statements of Rocket Internet for the financial year 2017. The annual financial statements of Rocket Internet for the financial year 2017 are thereby approved. On this basis, the Supervisory Board consented to the proposal made by the Board of Management on the appropriation of distributable profit.

The Supervisory Board thanks the members of the Management Board, as well as the employees of Rocket Internet and all group companies, for their successful work in the financial year 2017.

Berlin, April 12, 2018

On behalf of the Supervisory Board

Professor Dr. Marcus Englert
Chairman of the Supervisory Board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CHAPTER 2

Our Companies

Our Companies

Rocket Internet's selected companies are active in Western and Emerging Markets across the Food & Groceries, Fashion, General Merchandise and Home & Living sectors via eCommerce, marketplace, online and mobile business models. Delivery Hero and HelloFresh were listed on the Frankfurt Stock Exchange in 2017 and publish annual reports of their own.

Rocket Internet's Selected Companies

Public Companies		
Food & Groceries	Delivery Hero 8%	HelloFresh 44%

Privately Held Companies		
Fashion	GFG Global Fashion Group 20%	
General Merchandise	JUMIA 28%	
Home & Living	WESTWING 32%	home24 41%

Note: percentage indicates Rocket Internet's economic ownership held directly as well as indirectly, including beneficial interest through the Rocket Internet Capital Partners fund where applicable, as of December 31, 2017. Delivery Hero shareholding as of March 31, 2018.

Food & Groceries

Our companies in the Food & Groceries sector include HelloFresh, the world's leading provider of fresh, healthy and personalized meal kits, and Delivery Hero, the leading global online food ordering and delivery marketplace. Both companies went public in 2017 being amongst the largest European Internet IPOs and had a combined market capitalization of EUR 7.9 billion as of year-end. In 2017, our companies in the Food & Groceries sector generated EUR 1,449 million in revenue, an increase of 55 percent compared to 2016.

FOUNDED
2011

BUSINESS MODEL
Subscription Commerce

HEADCOUNT
2,715

REGIONS
Europe, North America, Asia-Pacific

SECTOR
Fresh Food at Home

ROCKET INTERNET STAKE
44%

HelloFresh is the world's leading provider of fresh, healthy and personalized meal kits. The company offers its individually curated meal kits to customers in ten markets, namely the United States, Australia, Austria, Belgium, Luxembourg, Canada, Germany, the Netherlands, Switzerland and the United Kingdom. HelloFresh operates a flexible subscription model that allows its customers to conveniently prepare healthy meals at home. Consumers can customize their own plan by choosing from a variety of weekly recipes which are then delivered directly to their homes, taking into account household size, dietary preferences and desired delivery time. Subscribers can pause, modify or cancel their subscriptions at any time. In each regional market, HelloFresh's local nutritionists create diverse and healthy menus tailored to match the markets' seasonality and consumers' preferences. To ensure that the ingredients are kept fresh, the food is processed in a just-in-time model in HelloFresh's fulfilment centers and packaged using insulated packaging. Over the last years, HelloFresh has built up a global database including more than 15,000 recipes. As of the end of December 2017, HelloFresh employed 2,715 people.

In 2017, HelloFresh further expanded its geographical reach to now ten countries by adding Luxembourg to its international markets. During the year, the company put a strong emphasis on optimizing customer experience by offering further meal choices, new products and enhanced personalization of meals. The company thereby made strong progress and became the largest global meal kit provider worldwide in terms of revenue, active customers and reach in the meal kit delivery

HelloFresh's global database encompasses more than 15,000 recipes

segment in Q2 2017. HelloFresh successfully went public on 2nd November 2017 and is now listed in the regulated market (Prime Standard) on the Frankfurt Stock Exchange. HelloFresh collected EUR 286 million in proceeds from the IPO for their global operations. As of year-end, the company had a market capitalization of EUR 1.9 billion.

The following table provides an overview of HelloFresh's key financials, which have been prepared on the basis of IFRS, and key performance indicators based on the company's consolidated annual report.

HelloFresh's revenue increased by 51.6 percent from EUR 597.0 million in 2016 to EUR 904.9 million in 2017, driven by the strong increase in active customers, up by 68.6 percent, and number of meals delivered, up by 51.3 percent.

Adjusted EBITDA margin improved by 6.1 percentage points from -13.8 percent in 2016 to -7.7 percent in 2017, driven primarily by efficiencies in cost of goods sold and economies of scale in procurement and fulfilment. In absolute terms, Adjusted EBITDA increased from EUR -82.6 million in 2016 to EUR -70.1 million in 2017.

Net working capital changed from EUR -30.8 million as of December 31, 2016 to EUR -62.1 million as of December 31, 2017.

Cash and cash equivalents significantly increased from EUR 57.5 million as of December 31, 2016 to EUR 339.9 million as of December 31, 2017.

Key Figures

Key Financials (in EUR million)	FY 2017	FY 2016
Revenue [1]	**904.9**	**597.0**
% growth	51.6%	
Adjusted EBITDA [2]	**(70.1)**	**(82.6)**
% margin	(7.7%)	(13.8%)
Capex [3]	**13.6**	**37.4**
% of revenue	1.5%	6.3%

Balance Sheet (in EUR million)	Dec 31, 17	Dec 31, 16
Net working capital [4]	**(62.1)**	**(30.8)**
Cash position	**339.9**	**57.5**

Key Performance Indicators (in million)	FY 2017	FY 2016
Number of meals delivered [5]	**137.4**	**90.9**
% growth	51.3%	
Active customers [6]	**1.45**	**0.86**
% growth	68.6%	

1) Revenue represents amounts receivable for goods supplied, stated net of promotional discounts, customer credits, refunds and VAT.
2) Adjusted EBITDA is calculated by adjusting EBITDA for special items and, on the segment level, holding fees; special items consist of share based compensation expenses and other special items of a non-recurring nature, which include, among other items, expenses related to legal advice and other services incurred in connection with equity financing rounds (capital increases), debt financings and preparation for the issuer's initial public offering.
3) Capital expenditure is calculated as cash used for purchase of property, plant and equipment, software development expenditure and purchase of software licenses.
4) Inventories plus trade receivables, plus VAT receivables less trade (and other) payables, less VAT payables, less deferred revenue.
5) Meals delivered represents the number of servings/meals which have been sold and shipped to customers within a specific period.
6) Number of uniquely identified customers who at any given time have received at least one box within the preceding 3 months (including first time and trial customers, customers who received a free or discounted box and customers who ordered during the relevant period but discontinued their orders and registration with HelloFresh before period end), counted from the end of the relevant quarter.

Delivery Hero

FOUNDED **2011**	BUSINESS MODEL **Marketplace**
HEADCOUNT **14,631**	REGIONS **Worldwide**
SECTOR **Food Takeaway**	ROCKET INTERNET STAKE **8%**

Delivery Hero is the leading global online food ordering and delivery marketplace. The company's global presence reaches across more than 40 different countries in five continents and, as of 2017, Delivery Hero was the number one market leader in 36 of its active markets in terms of restaurants, active users and orders. The company operates online marketplaces that provide an inspirational, simple and personalized way of ordering food from a broad range of local restaurants all around the world. Partnering with more than 150,000 restaurants, Delivery Hero processed 291.5 million orders in 2017. Additionally, the company also operates its own delivery service in more than 60, primarily high-density urban areas. Delivery Hero is the parent company of around 30 popular local brands, which operate globally in both developed and nascent markets. Delivery Hero has managed to build an attractive value proposition for both customers and restaurants. Customers, who value the inspiration, personalization and choice when placing orders via Delivery Hero, can easily browse thousands of restaurant menus to find their favorite dish. Delivery Hero is characterized by its user-friendly interfaces, fast order processing and vertically integrated point of sale and payment technology. Restaurants are offered access to a large customer base through a listing on Delivery Hero's marketplaces and are provided with marketing and visibility tools helping them optimize their value chain. As of December 2017, the company employed 14,631 people.

Delivery Hero processed over 290 million orders in 2017

In 2017, Delivery Hero further drove consolidation in the global food delivery market by acquiring several food ordering and delivery platforms worldwide, including Carriage (Kuwait), Foodfly (South Korea), Deliveras (Greece) and others. Delivery Hero went public in a listing on the Frankfurt Stock Exchange, having its market debut in the regulated market (Prime Standard) on June 30th, 2017. The initial offering price was set at EUR 25.50, making it the largest food delivery IPO globally. Delivery Hero placed an additional 10.5 million in shares at EUR 34.50 on December 6th. In both offerings, the company managed to collect total gross proceeds of EUR 845 million. As of year-end 2017, Delivery Hero had a market capitalization of EUR 6.0 billion.

The following table provides an overview of Delivery Hero's key financials and key performance indicators, which are based on Delivery Hero's 2017 full year trading update.

Delivery Hero's GMV increased by 46 percent from EUR 2,617.8 million in 2016 to EUR 3,823.9 million in 2017.

The number of orders increased by 48 percent from 197.1 million in 2016 to 291.5 million in 2017.

Delivery Hero significantly improved its revenue from EUR 340.6 million in 2016 to EUR 544.2 million in 2017, an increase of 60 percent.

Key Figures

Key Performance Indicators (in million)	FY 2017 [2]	FY 2016 [2] (LfL [3])
GMV (in EUR million)	**3,823.9**	**2,617.8**
% growth	46%	
Orders	**291.5**	**197.1**
% growth	48%	
Revenue (in EUR million) [1]	**544.2**	**340.6**
% growth	60%	

1) Revenue represents the total segment revenue.
2) All numbers are excluding UK operations (discontinued operations) and including India operations, with for full year 2017:
   - Orders: 11.6 million
   - GMV: EUR 57.5 million
   - Revenue: EUR 9.9 million
3) "Like for like" presents Delivery Hero's comparative 2016 results as if the acquisition of foodpanda had occurred on 1 January 2016 and excludes contributions from operations reported in discontinued operations. In addition, please note that:
   - No adjustments have been made for Hungerstation (first fully consolidated in July 2016).
   - KPIs exclude former operations in China, which were sold in May 2016.

Fashion

Global Fashion Group is our company in the online Fashion sector. GFG is the world's leading online fashion and sports destination for growth markets and operates globally with five branded platforms: Dafiti, Namshi, Lamoda, ZALORA and The Iconic. During 2017, GFG focused on further enhancing customer experience and operational improvements to drive profitability. The company additionally entered into a strategic partnership with Emaar Malls, selling 51 percent of Namshi. In 2017, Global Fashion group generated EUR 1,095 million in revenue, an increase of 23 percent compared to 2016.

GLOBAL FASHION GROUP

FOUNDED **2014**	BUSINESS MODEL **eCommerce**
HEADCOUNT **10,015** [1)]	REGIONS **Growth Markets**
SECTOR **Fashion**	ROCKET INTERNET STAKE **20%**

1) Excludes headcount of Namshi.

Global Fashion Group (GFG) is the world's leading online fashion and sports destination for growth markets. The group targets more than 1.1 billion potential customers, who increasingly purchase online. GFG is present in 24 countries across four different continents and operates globally with five branded platforms: Dafiti (South America), Namshi (Middle East), Lamoda (CIS), ZALORA (South East Asia) and The Iconic (Australia and New Zealand). Fueled by the close cooperation with its partners, GFG offers a broad range of branded fashion products as well as internal private labels and thereby creates a best-in-class shopping experience for its customers. GFG's companies stand out in the way they combine the use of advanced technology platforms with a high degree of customer service and user-friendly mobile applications. Deep integration of the group allows for best practice sharing across functions, resulting in economies of scale in key business divisions. The group has developed relationships with over 3,000 both local and international brands and has built up an integrated supply chain infrastructure including last mile delivery, allowing it to fulfill customer orders in a fast and efficient manner. To ensure a solid financial infrastructure in its target markets, GFG has established on-delivery cash payment solutions. As of December 2017, the company employed 10,015 people.

In 2017, GFG continued to focus on increased customer service and operational improvements, supporting its path towards profitability. The company successfully entered into a partnership in the Middle East with

Emaar Malls, which acquired 51 percent of Namshi for a cash consideration of USD 151 million. As a result of the transaction, Namshi was deconsolidated as of Q3 2017. In August 2017, the company further entered into a 49 percent partnership agreement with Ayala for ZALORA Philippines. Both partnerships are expected to bring strategic and operational benefits to the businesses in the respective regions. In February 2018, GFG appointed Christoph Barchewitz and Patrick Schmidt as new Co-CEOs of the group.

The following table provides an overview of GFG's key financials, which have been prepared on the basis of IFRS, and key performance indicators based on management reports.

GFG's revenue increased, on a Euro basis, by 23.5 percent, from EUR 886.9 million in 2016 to EUR 1,095.0 million in 2017.

Gross profit margin slightly decreased by 1.4 percentage points, from 40.7 percent in 2016 to 39.4 percent in 2017.

Adjusted EBITDA losses were substantially reduced from EUR -130.8 million in 2016 to EUR -97.9 million in 2017, facilitated by several improvements across the group's operations. As a result, Adjusted EBITDA margin increased by 5.8 percentage points from -14.7 percent in 2016 to -8.9 percent in 2017.

GFG's cash and cash equivalents amounted to EUR 257.3 million as of December 31, 2017.

Key Figures

Key Financials (in EUR million)	FY 2017 9)	FY 2016 9), 10)
Revenue	**1,095.0**	**886.9**
% growth (FX neutral pro-forma) 1)	19.9%	
% growth (EUR)	23.5%	
Gross profit	**430.9**	**361.4**
% margin	39.4%	40.7%
Adjusted EBITDA 2)	**(97.9)**	**(130.8)**
% margin	(8.9%)	(14.7%)
Capex 3)	**30.3**	**36.0**
% of revenue	2.8%	4.1%

Balance Sheet (in EUR million)	Dec 31, 17	Dec 31, 16
Net working capital 4)	**(0.6)**	**(0.3)**
Cash position (pro-forma) 5)	**257.3**	**255.0**

Key Performance Indicators (in million)	FY 2017	FY 2016
NMV 6) (in EUR million)	**1,130.6**	**902.6**
% growth (FX neutral pro-forma) 1)	21.1%	
% growth (EUR)	25.3%	
Total orders 7)	**26.7**	**23.0**
% growth	16.1%	
Active customers (LTM) 8)	**9.9**	**8.8**
% growth	12.5%	

1) Growth rate is shown on a constant currency basis and therefore excludes the effect of foreign currency movements. For the purpose of comparison, growth rates are shown on a pro-forma basis; Dafiti includes Kanui and Tricae and excludes Mexico; ZALORA excludes Thailand and Vietnam; Jabong and Namshi are excluded.
2) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets, impairment losses, share-based compensation expenses and non-recurring items.
3) Capital expenditure is calculated as purchase of property, plant and equipment plus acquisition of intangible assets.
4) Net working capital is calculated as inventories plus trade and other receivables minus trade and other payables and other financial liabilities.
5) Cash position is shown on a pro-forma basis including all outstanding proceeds from closed transactions where relevant.
6) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections. NMV excludes other revenue items such as delivery fees for example.
7) Total number of valid (i.e. not failed or declined) orders starting the fulfilment process less cancelled orders (before rejected and returned orders), i.e. total number of orders shipped within the period (eCommerce and marketplace).
8) Number of customers having made at least one order as defined in "total orders" less actual and provisioned returns and rejections within the last 12 months before end of period.
9) Excluding discontinued operations of Jabong and Namshi (balance sheet items in FY 2016 include Namshi).
10) Revenue and EBITDA for FY 2016 differ from those shown in Rocket Internet SE's audited financial statements for the year ended December 31, 2016 (revenue of EUR 1,023.1 million and EBITDA of EUR -146.0 million), which is primarily due to the retrospective exclusion of Namshi from GFG's FY 2016 results.

lamoda

FOUNDED
2010

BUSINESS MODEL
eCommerce

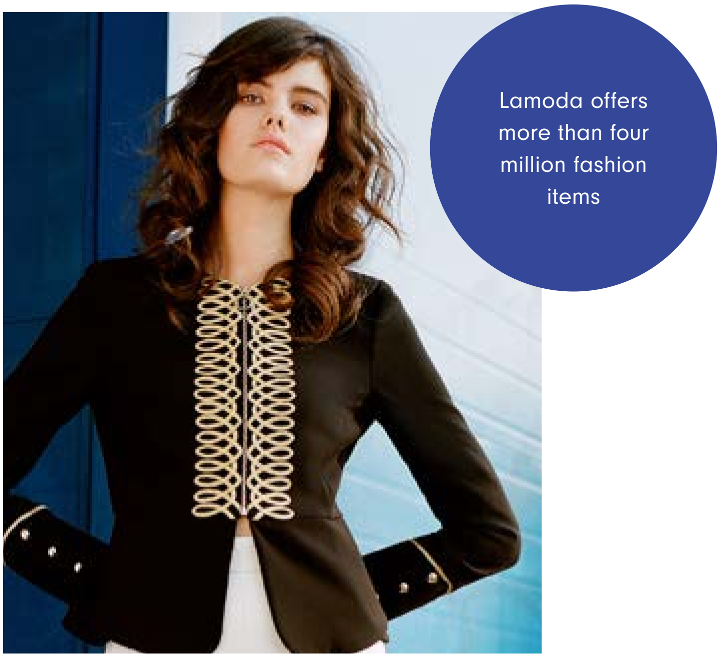
HEADCOUNT
5,196

REGIONS
CIS

SECTOR
Fashion

Lamoda has emerged as one of the leading online retailers for fashion, beauty and sports products in the CIS region. While originally launched in Russia, it expanded its business activities to Kazakhstan, Ukraine and Belarus over the years and soon established market-leading positions in these countries. Today, Lamoda is one of the most recognized online fashion destinations in the region serving more than seven million customers. Aiming at providing the best online shopping experience to its clients, Lamoda offers over four million items from more than two thousand international and regional brands. The company is thereby able to build a broad customer base, which chooses Lamoda as its primary online fashion destination. The company's product assortment consists of clothing for women, men and children as well as a broad selection of accessories, which are all carefully sourced and regularly updated to match the latest fashion trends and local customer preferences. Besides the international and local brands, Lamoda increasingly complements its assortment with its fast growing private label products to further strengthen its market position and drive profitability. As of the end of December 2017, the company employed 5,196 people.

In 2017, Lamoda further strengthened its fashion assortment by expanding its brand portfolio. Amongst many others, brands include Nike, Mango, Asics, Tommy Hilfiger, River Island, GAP, Adidas and Lacoste. As of



fall 2017, Lamoda's customers benefit from the new opportunity to pay for products by instalments, combined with convenient and selectable delivery slots. In order to pave the way for future growth, the company continued to roll out additional customer pick-up points, providing customers with an alternative "try-on" option. Further, Lamoda launched the "Fulfilled by Lamoda" marketplace model in 2017 which enables third party fashion retailers to offer their assortment via the Lamoda website, with a "full pack" service provided by Lamoda including delivery, warehousing, eProduction and call center support.

The following table provides an overview of Lamoda's consolidated key financials, which have been prepared on the basis of IFRS, and Lamoda's key performance indicators, which are based on management reports.

Lamoda's revenue increased, on a Euro basis, by 32.8 percent, from EUR 305.1 million in 2016 to EUR 405.1 million in 2017.

Gross profit increased from EUR 120.5 million in 2016 to EUR 151.0 million in 2017, whereas gross profit margin slightly decreased from 39.5 percent in 2016 to 37.3 percent in 2017.

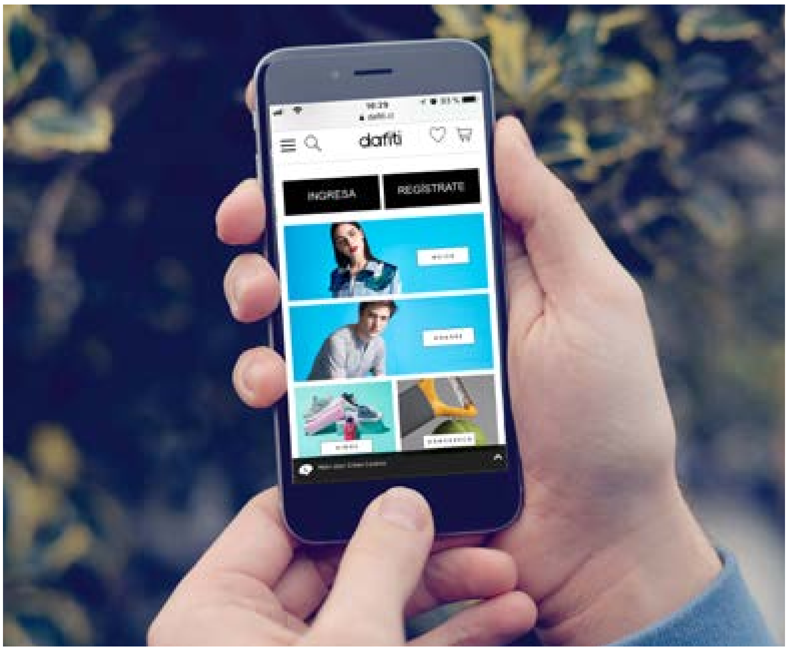
NMV increased by 29.6 percent on a Euro basis, from EUR 300.0 million in 2016 to EUR 388.9 million in 2017.

Key Figures

Key Financials (in EUR million)	FY 2017	FY 2016
Revenue	**405.1**	**305.1**
% growth (FX neutral) 1)	21.0%	
% growth (EUR)	32.8%	
Gross profit	**151.0**	**120.5**
% margin	37.3%	39.5%

Key Performance Indicators (in EUR million)	FY 2017	FY 2016
NMV 2)	**388.9**	**300.0**
% growth (FX neutral) 1)	17.2%	
% growth (EUR)	29.6%	

1) Growth rate is shown on a constant currency basis and therefore excludes the effect of foreign currency movements.
2) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections. NMV excludes other revenue items such as delivery fees for example.



dafiti

FOUNDED
2010

BUSINESS MODEL
eCommerce

HEADCOUNT
2,846

REGIONS
Latin America

SECTOR
Fashion

Dafiti has established itself as one of the leading and most popular online fashion destinations in Latin America. The company operates in four Latin American countries, namely Brazil, Argentina, Chile and Colombia. Dafiti's broad fashion assortment includes apparel, shoes and accessories, as well as beauty and home décor products. Dafiti thereby offers more than 400,000 products from over 6,000 different brands. With one of the largest product portfolios in the region, the company targets more than 300 million potential customers. Besides eCommerce, Dafiti also operates a marketplace model allowing local fashion retailers to sell their products online and benefit from Dafiti's vast reach, excellent customer service and payment infrastructure. Catering to women's, men's and children's fashion preferences, Dafiti's product portfolio ranges from popular high-street brands and designer labels to exclusive private brands, which are increasingly launched by Dafiti. The company leverages its own distribution capabilities and storage solutions, including transporters and warehouses, to provide free, fast and convenient shipping. Customers can shop online via both desktop and mobile as well as Dafiti's proprietary mobile application. On the Google Play Store alone, the app has been downloaded more than 10 million times and mobile sales have emerged as a key channel for Dafiti. Dafiti is operating three online fashion information channels (DafitiMag Online, Blog Kanui and Blog Tricae), providing customers with daily fashion content to further drive sales. As of the end of December 2017, the company employed 2,846 people.

Dafiti's product assortment comprises more than 6,000 brands

In 2017, Dafiti continued to focus on profitably scaling its platform. Through process efficiency improvements in the fulfilment operations, the company generated cost savings, along with the continued focus on managing fixed overhead costs within the business. Dafiti is constantly improving customer experience and is the only big retailer to win the most relevant Brazilian customer satisfaction award, the "Reclame Aqui 1000 status".

The following table provides an overview of Dafiti's consolidated key financials, which have been prepared on the basis of IFRS, and Dafiti's key performance indicators, which are based on management reports.

Dafiti's revenue increased by 15.8 percent on a Euro basis, from EUR 315.5 million in 2016 to EUR 365.2 million in 2017.

The company's gross profit margin slightly decreased by 0.8 percentage points from 43.4 percent in 2016 to 42.6 percent in 2017.

In 2017, Dafiti increased its NMV from EUR 323.6 million in 2016 to EUR 388.7 million in 2017, up by 20.1 percent on a Euro basis.

Key Figures

Key Financials (in EUR million)	FY 2017	FY 2016
Revenue	**365.2**	**315.5**
% growth (FX neutral pro-forma) 1)	12.5%	
% growth (EUR)	15.8%	
Gross profit	**155.4**	**136.8**
% margin	42.6%	43.4%

Key Performance Indicators (in EUR million)	FY 2017	FY 2016
NMV 2)	**388.7**	**323.6**
% growth (FX neutral pro-forma) 1)	16.9%	
% growth (EUR)	20.1%	

1) Growth rate is shown on a constant currency basis and therefore excludes the effect of foreign currency movements. For the purpose of comparison, growth rates are shown on a pro-forma basis; includes Kanui and Tricae and excludes Mexico.

2) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections. NMV excludes other revenue items such as delivery fees for example.

ZALORA
THE ICONIC

FOUNDED **2011**	BUSINESS MODEL **eCommerce**
HEADCOUNT **1,863**	REGIONS **Asia-Pacific**
SECTOR **Fashion**	

ZALORA Group is a leading online fashion destination in the Asia-Pacific region. The company is currently active in Malaysia, Singapore, Brunei, Hong Kong, Taiwan, the Philippines and Indonesia with the "ZALORA" brand, while operating under the "The Iconic" brand in Australia and New Zealand. The company's broad fashion assortment of apparel, shoes, accessories and beauty products consists of thousands of products for both women and men from more than 1,000 top local and international brands, including big players as Nike, Calvin Klein, Topshop, Levis and many others. Focused on providing an easy and enjoyable shopping experience to its customers, ZALORA offers a free returns policy, speedy deliveries, free shipping and several payment options, such as cash-on-delivery. Adapting its product offering to the needs of its local customers, the group addresses the increasing demand for affordable, yet fashionable high street fashion products in Southeast Asia. The company thereby managed to continuously grow its loyal customer base. ZALORA's customers can browse through the wide selection of items on the company's homepages or via its mobile apps, which rank among the top eCommerce apps in the region and have been downloaded more than 24 million times. ZALORA additionally established its own fashion blog and a strong presence on social media to strengthen brand perception and foster growth. As of end of December 2017, the company employed 1,863 people.

In 2017, ZALORA Philippines successfully entered into a strategic partnership with Ayala, which bought 49 percent of the regional company's shares from Global Fashion Group. To further improve customer experience and distinguish itself from competition, ZALORA launched "ZALORA Now", an express delivery subscription service in Singapore providing unlimited next day shipping to customers. In 2017, The Iconic successfully launched its "Premium" and "Curvy" collections and further introduced "Maternity" and "Wedding" to its product portfolio. Additionally, the company hosted its annual Swim Show on a 60 meter floatable runway in the harbor of Sydney.

The following table provides an overview of ZALORA's consolidated key financials, which have been prepared on the basis of IFRS, and ZALORA's key performance indicators, which are based on management reports.

ZALORA increased its revenue by 23.9 percent on a Euro basis, from EUR 261.2 million in 2016 to EUR 323.5 million in 2017.

Gross profit margin slightly decreased by 0.8 percentage points to 38.7 percent in 2017, from 39.5 percent in 2016.

NMV increased in line with revenue by 26.6 percent on a Euro basis, from EUR 278.9 million in 2016 to EUR 353.0 million in 2017.

Key Figures

Key Financials (in EUR million)	FY 2017	FY 2016
Revenue	**323.5**	**261.2**
% growth (FX neutral pro-forma) 1)	27.9%	
% growth (EUR)	23.9%	
Gross profit	**125.2**	**103.2**
% margin	38.7%	39.5%

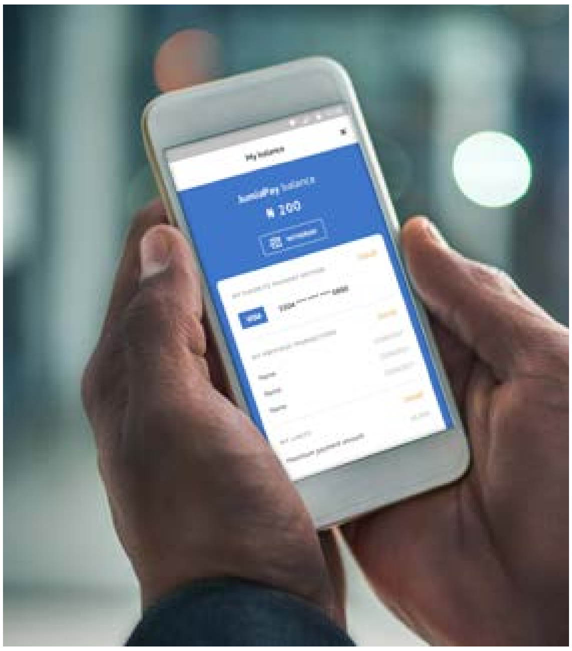
Key Performance Indicators (in EUR million)	FY 2017	FY 2016
NMV 2)	**353.0**	**278.9**
% growth (FX neutral pro-forma) 1)	30.7%	
% growth (EUR)	26.6%	

1) Growth rate is shown on a constant currency basis and therefore excludes the effect of foreign currency movements. For the purpose of comparison, growth rates are shown on a pro-forma basis; excludes Thailand and Vietnam.
2) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections. NMV excludes other revenue items such as delivery fees for example.


JUMIA
JUMIA
PORT ET DISTRIBUTION DE MARCHAND

General Merchandise

Jumia is the leading pan-African eCommerce ecosystem with an addressable market of over 400 million Internet users. Its main business in the General Merchandise sector is complemented by additional online services including hotel and flight booking, food delivery, classifieds, payments and others. In 2017, the company focused on improving its product assortment to further strongly develop its fast-growing online ecosystem. In 2017, Jumia generated EUR 94 million in revenue, an increase of 11 percent compared to 2016.



JUMIA

FOUNDED
2012

BUSINESS MODEL
eCommerce/ Marketplace

HEADCOUNT
3,843

REGIONS
Africa

SECTOR
General Merchandise and Other Business Models

ROCKET INTERNET STAKE
28%

Jumia is the leading pan-African eCommerce ecosystem, addressing a population of over 400 million Internet users. The company's mission is to leverage technology to improve everyday life in Africa and offer a platform for merchants, SMEs and larger companies to grow, connect and transact with over one billion potential customers. Jumia's marketplaces are tailored to provide a world-class, affordable and convenient online shopping experience. Jumia's broad product offering includes consumer goods (fashion, beauty, electronics, phones, grocery, etc.) and online services (hotel and flight booking, food delivery, classifieds, bills payment, airtime top-up, etc.). In total, over seven million products, hotels, restaurants and other services are listed on the Jumia marketplace. Merchants use the Jumia platform to reach new consumers and benefit from the strong adoption of the internet on the African continent. The Jumia ecosystem consists of a marketplace, a logistics platform and a proprietary payment platform. The company maintains close control over its logistics through a fully-integrated network of local logistic providers. Additionally, Jumia established its own payment solution, JumiaPay, in order to further facilitate transactions between merchants and consumers and tailor its solution to specific local needs and requirements. As of the end of December 2017, the company employed 3,843 people.

Over seven million products are listed on the Jumia marketplace

In 2017, Jumia launched a consumer-friendly mobile application ("Jumia One") for both Android and iOS, enabling customers to easily make payments and access additional services such as Airtime/Data, TV, Music and more. Gradually, more and more services will be integrated into Jumia One in order to help consumers save time and money and access a large set of different services and goods through a single application. During the year, the company continuously focused on improving its product and service offering. As a result, over eight million packages were delivered through Jumia's logistic platform in 2017.

The following table provides an overview of Jumia's consolidated key financials, which have been prepared on the basis of IFRS, and Jumia's key performance indicators, which are based on management reports.

In 2017, Jumia's gross merchandise volume increased by 41.8 percent from EUR 357.5 million in 2016 to EUR 507.0 million, driven by a strong year-on-year growth of 68.3 percent in total orders.

The company's revenue increased by 11.2 percent from EUR 84.3 million in 2016 to EUR 93.8 million in 2017.

Gross profit margin amounted to 28.8 percent in 2017, a decrease of 7.0 percentage points compared to 35.8 percent in 2016.

Adjusted EBITDA declined from EUR -91.3 million in 2016 to EUR -120.1 million in 2017, with Adjusted EBITDA margin falling by 19.7 percentage points to -128.0 percent in 2017.

As of December 31, 2017 Jumia's net working capital totaled EUR -10.1 million and its cash position amounted to EUR 29.0 million.

Key Figures

Key Financials (in EUR million)	FY 2017	FY 2016
Revenue	**93.8**	**84.3**
% growth	11.2%	
Gross profit	**27.0**	**30.2**
% margin	28.8%	35.8%
Adjusted EBITDA [1]	**(120.1)**	**(91.3)**
% margin	(128.0%)	(108.3%)
Capex [2]	**2.2**	**1.5**
% of revenue	2.4%	1.8%

Balance Sheet (in EUR million)	Dec 31, 17	Dec 31, 16
Net working capital [3]	**(10.1)**	**(12.2)**
Cash position	**29.0 [7]**	**29.5**

Key Performance Indicators (in million)	FY 2017	FY 2016
GMV [4] (in EUR million)	**507.0**	**357.5**
% growth	41.8%	
Total orders [5]	**8.3**	**4.9**
% growth	68.3%	
Active customers (LTM) [6]	**2.2**	**1.5**
% growth	47.4%	

1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets and share-based compensation expenses.
2) Capital expenditure is calculated as purchase of property, plant and equipment plus acquisition of intangible assets.
3) Net working capital is calculated as inventories plus trade and other receivables plus prepaid expenses minus trade and other payables.
4) The total value of "total orders" including shipping fees, VAT and before deduction of any discounts/vouchers.
5) Total number of valid orders placed on the platform within the period.
6) Number of customers having made at least one order as defined in "total orders" within the last 12 months before end of period.
7) Pro-forma cash position of EUR 245 million includes cash on balance sheet plus capital commitments.

Home & Living

Our companies in the Home & Living sector include Westwing, a leading eCommerce company offering a curated assortment of Home & Living products to customers in 14 markets, and Home24, the pure-play online market leader in Continental Europe and Brazil for online furniture and home accessories. During 2017, both companies focused on harmonization of company-internal processes, profitable growth and improving the customer experience. In 2017, our companies in the Home & Living sector generated EUR 541 million in revenue, an increase of 10 percent compared to 2016.

WESTWING

FOUNDED **2011**	BUSINESS MODEL **eCommerce**
HEADCOUNT **1,394**	REGIONS **Europe, CIS, Latin America**
SECTOR **Home & Living**	ROCKET INTERNET STAKE **32%**

Westwing is a leading eCommerce company offering its customers a curated assortment of beautiful home & living products. Westwing operates in the DACH region (Germany, Austria, Switzerland) as well as in eleven international markets with the majority of sales in Europe. The company's product portfolio includes a broad selection of home & living décor products, accessories, textiles and furniture. Westwing has thereby established a beloved brand in its markets and is renowned for high-quality products, style, inspiration and value, providing its customers a unique, both online and mobile shopping experience. The company has built a loyal customer base comprising one million active customers worldwide. 85 percent of sales is generated by customers who visit Westwing's sites at least 100 times per year. As a "shoppable magazine", Westwing serves the market end-to-end by creating its own private labels and inspiring its customers, while covering the whole fulfilment process. The company differentiates itself in the market through its beloved lifestyle brand, unique merchandise and content, customer loyalty, modern in-house technology and operations excellence. As of the end of December 2017, the company employed 1,394 people.

In 2017, Westwing concentrated on profitable growth while still maintaining focus on customer loyalty, inspiring content and excitement. Key profitability initiatives included a strong increase of its private label offering, efficiency improvement in growth measures, centralization of the Dutch business and Berlin non-logistics activities towards the Munich headquarter as well as efficiency gains facilitated through technology.

Westwing has established a highly loyal customer base

Additionally, the company managed to increase its marketing effectiveness and continued to roll-out its permanent-assortment site, WestwingNow, to further improve the offering for existing customers. The WestwingNow model has been successfully established in the DACH region and is now being rolled out internationally for even stronger growth.

The following table provides an overview of Westwing's consolidated key financials, which have been prepared on the basis of IFRS, and Westwing's key performance indicators, which are based on management reports.

Westwing's revenue increased by 6.2 percent from EUR 250.4 million in 2016 to EUR 265.8 million in 2017.

Gross profit grew from EUR 106.3 million in 2016 to EUR 114.1 million in 2017, resulting in an improved gross profit margin of 42.9 percent, 0.5 percentage points up compared to 2016.

Westwing's Adjusted EBITDA margin positively developed from -5.5 percent in 2016 to -1.9 percent in 2017, an improvement of 3.6 percentage points.

In 2017, net working capital stayed negative with EUR -18.4 million and, as of December 31, 2017, cash and cash equivalents amounted to EUR 13.8 million.

Key Figures

Key Financials (in EUR million)	FY 2017	FY 2016
Revenue	**265.8**	**250.4**
% growth	6.2%	
Gross profit	**114.1**	**106.3**
% margin	42.9%	42.5%
Adjusted EBITDA [1)]	**(4.9)**	**(13.8)**
% margin	(1.9%)	(5.5%)
Capex [2)]	**5.5**	**3.8**
% of revenue	2.1%	1.5%

Balance Sheet (in EUR million)	Dec 31, 17	Dec 31, 16
Net working capital [3)]	**(18.4)**	**(23.5)**
Cash position	**13.8**	**17.9**

Key Performance Indicators (in million)	FY 2017 [7)]	FY 2016 [7)]
GMV [4)] (in EUR million)	**290.4**	**267.0**
% growth	8.8%	
Total orders [5)]	**2.8**	**2.8**
% growth	(0.4%)	
Active customers (LTM) [6)]	**1.0**	**1.0**
% growth	0.1%	

1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets and share-based compensation expenses.
2) Capital expenditure is calculated as purchase of property, plant and equipment plus acquisition of intangible assets.
3) Net working capital is calculated as inventories including prepayments plus trade and other receivables minus trade payables and accruals minus advance payments received.
4) The total value of "total orders" sold within the period, excluding taxes, shipping costs and vouchers.
5) Total number of valid (i.e. not failed or declined) orders starting the fulfilment process less cancelled orders (before rejected and returned orders) within the period.
6) Number of customers having made at least one order as defined in "total orders" within the last 12 months before end of period.
7) Figures exclude the offline store in Poland and online marketplace in Brazil (amounting to a GMV of ca. EUR 1.6 million in 2016 and EUR 3.5 millon in 2017).

home24

FOUNDED
2009

BUSINESS MODEL
eCommerce

HEADCOUNT
1,293

REGIONS
Europe, Latin America

SECTOR
Home & Living

ROCKET INTERNET STAKE
41%

Home24 is the pure-play market leader and go-to destination for Home & Living online shopping in Continental Europe, where it operates in seven countries predominantly under the "Home24" brand, and in Brazil, where it operates under the "Mobly" brand. To satisfy different tastes, styles and budgets, Home24 has built one of the largest and most relevant online offerings with over 100,000 SKUs of Home & Living products, including broad assortments of large furniture items (e.g. living & dining products, upholstery and bedroom products) as well as small furniture items (e.g. lighting products and accessories). Home24 sources its products from over 500 suppliers in more than 40 different countries and additionally works directly with individual manufacturers for its private label offering. The company operates two complementary business models. First, Home24 operates a non-inventory model, through which a broad selection of Home & Living products is offered without keeping them in stock. Complementary, the company pursues an inventory model, which is used to offer its most popular items, many of them marketed under its own private labels and manufactured to Home24's specifications. Home24 offers its customers free deliveries and returns in the European markets, which are handled by reliable third party carriers. As a result of its optimized logistics infrastructure, Home24 can deliver a broad product offering with short delivery times at low inventory levels. As of the end of December 2017, the company employed 1,293 people.

Home24's assortment consists of over 100,000 items

During the year 2017, Home24 further increased its customer proximity by opening two new showrooms, in Berlin and Frankfurt, which enable customers to examine their desired products in advance. It further continued to shift its focus on improving product quality, delivery performance and customer service, resulting in improved customer satisfaction scores. In addition, Home24 made significant investments to scale its platform across the value chain, in particular by investing in end-to-end process optimization and automatic back end fulfilment systems.

The following table provides an overview of Home24's consolidated key financials, which have been prepared on the basis of IFRS, and Home24's key performance indicators, which are based on management reports.

Home24's revenue increased by 13.1 percent from EUR 243.8 million in 2016 to EUR 275.7 million in 2017.

Gross profit margin improved from 41.9 percent in 2016 to 44.6 percent in 2017, a year on year increase of 2.8 percentage points.

Home24's Adjusted EBITDA margin improved to -7.9 percent in 2017, 8.5 percentage points better compared to -16.5 percent in 2016. On a total level, Adjusted EBITDA improved from EUR -40.1 million in 2016 to EUR -21.8 million in 2017.

As of December 31, 2017, Home24's net working capital totaled EUR -3.2 million and the company's cash position decreased to EUR 19.9 million, mainly due to investments in infrastructure.

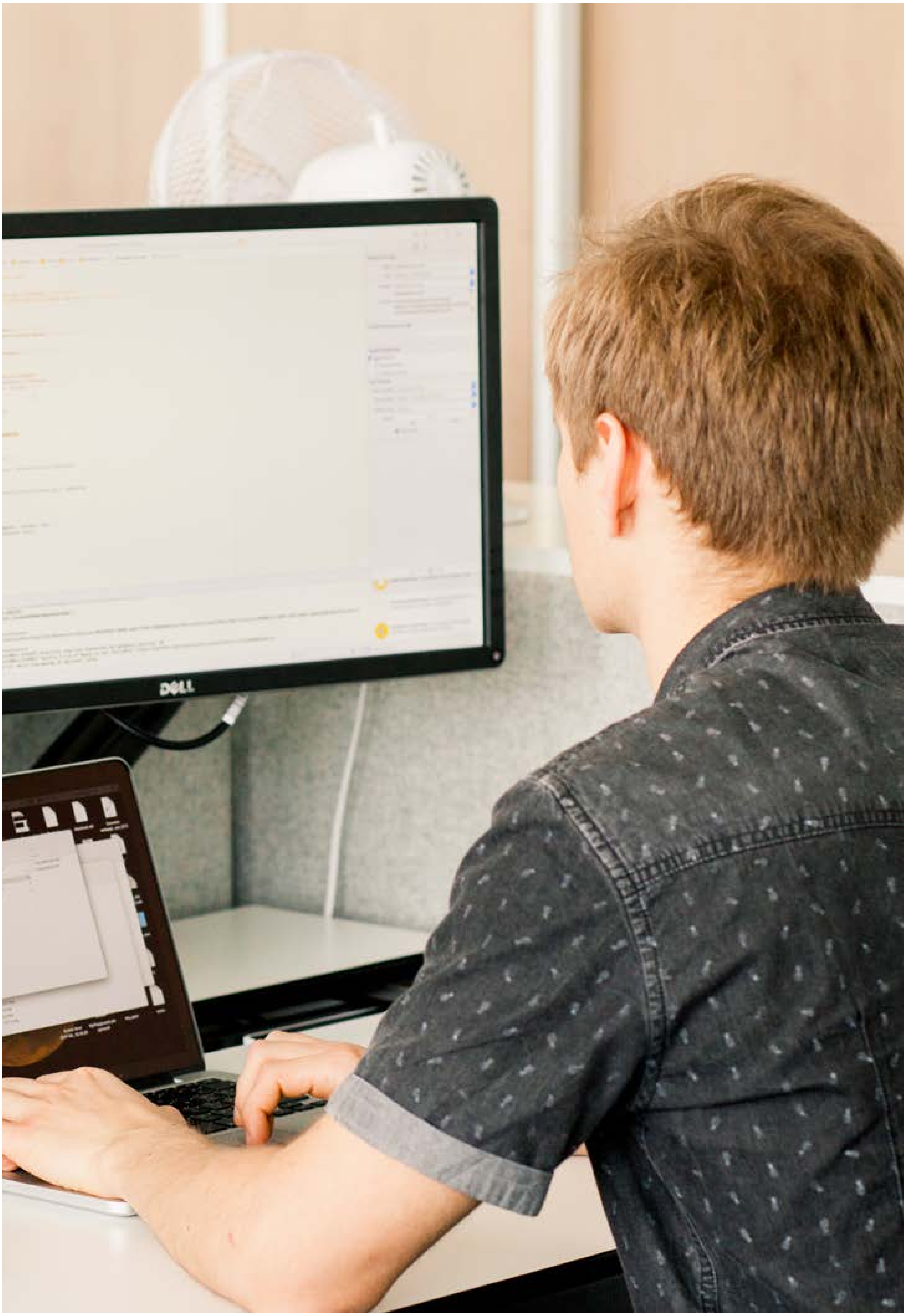
Key Figures

Key Financials (in EUR million)	FY 2017 7)	FY 2016
Revenue	**275.7**	**243.8**
% growth	13.1%	
Gross profit	**123.0**	**102.1**
% margin	44.6%	41.9%
Adjusted EBITDA 1)	**(21.8)**	**(40.1)**
% margin	(7.9%)	(16.5%)
Capex 2)	**14.2**	**14.7**
% of revenue	5.2%	6.0%

Balance Sheet (in EUR million)	Dec 31, 17	Dec 31, 16
Net working capital 3)	**(3.2)**	**(7.4)**
Cash position	**19.9**	**34.0**

Key Performance Indicators (in million)	FY 2017	FY 2016
GOV 4) (in EUR million)	**431.0**	**365.2**
% growth	18.0%	
Total orders 5)	**1.6**	**1.4**
% growth	12.3%	
Active customers (LTM) 6)	**1.1**	**1.0**
% growth	9.1%	

1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets and share-based compensation expenses.
2) Capital expenditure is calculated as purchase of property, plant and equipment plus acquisition and development of intangible assets.
3) Net working capital is calculated as inventories plus trade and other receivables minus trade and other payables.
4) The total value of "total orders" sold within the period including discounts and VAT (before cancellation and returns).
5) Total number of valid orders (before cancellation and returns) placed within the period.
6) Number of customers having made at least one order as defined in "total orders" after cancellation (before returns) within the last 12 months before end of period.
7) During Q4 2017 Home24 implemented the new international financial reporting standard IFRS 15 "Revenue from contracts with customers" and respectively adjusted previously published financial information for Q1, Q2 and Q3 2017. Total effect on Revenue, Gross profit and Adjusted EBITDA for the first 9 months period of 2017 is EUR 0.9 million, EUR 0.4 million and EUR 0.4 million respectively.


DELL

CHAPTER 3

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

for the Period January 1 to December 31, 2017

Income Statement

In EUR thousand	Note	Jan 1– Dec 31, 2017	Jan 1– Dec 31, 2016
Revenue	6, 11	36,761	50,356
Internally produced and capitalized assets		0	2,893
Other operating income		1,473	1,216
Result from deconsolidation of subsidiaries	12	11,638	48,268
Purchased merchandise and purchased services	13	-15,844	-24,197
Employee benefits expenses	14	-63,705	-59,002
Other operating expenses	15	-27,710	-45,269
Share of profit/loss of associates and joint ventures	16	2,585	-539,609
EBITDA		**-54,802**	**-565,344**
Depreciation and amortization	20	-1,214	-4,386
Impairment of non-current assets	20	-747	-9,269
EBIT		**-56,763**	**-578,999**
Financial result		**46,973**	**-167,968**
Finance costs	17	-180,716	-237,853
Finance income	17	227,689	69,884
Loss before tax		**-9,790**	**-746,967**
Income taxes	18	3,816	5,493
Loss for the period		**-5,974**	**-741,474**
Thereof attributable to equity holders of the parent		2,254	-697,358
Thereof attributable to non-controlling interests		-8,227	-44,116
Earnings per share (in EUR)	**19**	**0.01**	**-4.22**

Statement of Comprehensive Income

In EUR thousand	Jan 1– Dec 31, 2017	Jan 1– Dec 31, 2016
Loss for the Period	**-5,974**	**-741,474**
Exchange differences on translation of foreign operations	-4,293	719
Net gain on available-for-sale (AFS) financial assets	399,160	96,355
Deferred taxes on net gain on available-for-sale (AFS) financial assets	-150	209
Share of the changes in the net assets of associates/joint ventures that are recognized in OCI of the associates/joint ventures	-17,638	21,255
Deferred taxes on share of the changes in the net assets of associates/joint ventures that are recognized in OCI of the associates/joint ventures	252	-273
Net other comprehensive income to be reclassified to profit or loss in subsequent periods [1)]	**377,330**	**118,265**
Other comprehensive income for the period, net of tax	**377,330**	**118,265**
Total comprehensive income/loss for the period, net of tax	**371,356**	**-623,209**
Thereof attributable to equity holders of the parent	382,528	-579,620
Thereof attributable to non-controlling interests	-11,172	-43,590

1) Refer to Note 5 regarding the first time application of IFRS 9 starting January 1, 2018

Consolidated Balance Sheet

as of December 31, 2017

Assets

In EUR thousand	Note	Dec 31, 2017	Dec 31, 2016
Non-current assets		**1,803,719**	**2,385,623**
Property, plant and equipment		2,928	3,535
Intangible assets	20	8,856	2,075
Investments in associates and joint ventures	10	853,036	837,453
Non-current financial assets	21, 34, 35	937,870	1,542,069
Other non-current non-financial assets	24	1,020	482
Income tax assets	18	8	9
Current assets		**2,751,630**	**1,631,576**
Inventories		200	692
Trade receivables	22, 34, 35	5,368	7,584
Other current financial assets	23, 34, 35	1,014,236	216,342
Other current non-financial assets	24	2,163	3,318
Income tax assets	18	13,094	2,618
Cash and cash equivalents	25, 34, 35	1,716,569	1,401,022
Assets classified as held for sale	**26**	**0**	**167,360**
Total assets		**4,555,349**	**4,184,559**

Equity and Liabilities

In EUR thousand	Note	Dec 31, 2017	Dec 31, 2016
Equity		**4,126,077**	**3,745,048**
Subscribed capital	27	165,141	165,141
Treasury shares	27	-21,133	0
Capital reserves	27	3,100,302	3,099,427
Retained earnings	27, 28	235,203	210,623
Other components of equity	27	621,856	241,582
Equity attributable to equity holders of the parent		4,101,369	3,716,772
Non-controlling interests	8, 27	24,708	28,275
Non-current liabilities		**298,742**	**342,643**
Non-current financial liabilities	29, 34, 35	285,138	332,643
Other non-current non-financial liabilities	32	12,452	5,013
Income tax liabilities	18	0	3
Deferred tax liabilities	18	1,152	4,983
Current liabilities		**130,529**	**96,549**
Trade payables	30, 34, 35	12,363	11,737
Other current financial liabilities	31, 34, 35	101,074	37,327
Other current non-financial liabilities	32	16,128	46,333
Income tax liabilities	18	965	1,152
Liabilities directly associated with assets classified as held for sale	**26**	**0**	**318**
Total equity and liabilities		**4,555,349**	**4,184,559**

Consolidated Statement of Changes in Equity

for the Period January 1 to December 31, 2017

		Equity attributable to equity holders of the parent		
			Treasury shares	
In EUR thousand	Note	Subscribed capital	Number	Amount
Jan 1, 2016		**165,141**		
Loss for the period				
Other comprehensive income for the period, net of tax	27			
Total comprehensive loss for the period, net of tax				
Release of income tax benefit associated with transaction costs				
Proceeds from non-controlling interests				
Non-cash contributions from non-controlling interests				
Dividends paid to non-controlling interests	28			
Non-cash dividends to non-controlling interests				
Changes in scope of consolidation and other changes in non-controlling interests				
Equity-settled share-based payments (IFRS 2)	27, 33			
Dec 31, 2016		**165,141**		
Loss for the period				
Other comprehensive income for the period, net of tax	27			
Total comprehensive income for the period, net of tax				
Repurchase of treasury shares			1,035,621	-21,133
Release of income tax benefit associated with transaction costs				
Proceeds from non-controlling interests				
Non-cash contributions from non-controlling interests				
Non-cash dividends to non-controlling interests	28			
Changes in scope of consolidation and other changes in non-controlling interests				
Purchase of non-controlling interests without change in control				
Equity-settled share-based payments (IFRS 2)	27, 33			
			1,035,621	**-21,133**
Dec 31, 2017		**165,141**	**1,035,621**	**-21,133**

Capital reserves	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
3,105,477	**883,912**	**123,844**	**4,278,373**	**73,735**	**4,352,108**
	-697,358		-697,358	-44,116	-741,474
		117,738	117,738	526	118,265
	-697,358	**117,738**	**-579,620**	**-43,590**	**-623,209**
-3,501			-3,501		-3,501
1,202			1,202	2,140	3,342
597			597	264	861
				-2,329	-2,329
				-333	-333
-4,348	9,647		5,299	-1,795	3,504
	14,421		14,421	182	14,604
-6,050	**-673,289**	**117,738**	**-561,601**	**-45,460**	**-607,060**
3,099,427	**210,623**	**241,582**	**3,716,772**	**28,275**	**3,745,048**
	2,254		2,254	-8,227	-5,974
		380,274	380,274	-2,944	377,330
	2,254	**380,274**	**382,528**	**-11,172**	**371,356**
			-21,133		-21,133
-1,179			-1,179		-1,179
4,756			4,756	5,183	9,939
132			132	135	267
				-187	-187
-2,834	113		-2,722	4,504	1,782
				-915	-915
	22,215		22,215	-1,115	21,100
875	**24,581**	**380,274**	**384,597**	**-3,567**	**381,030**
3,100,302	**235,203**	**621,856**	**4,101,369**	**24,708**	**4,126,077**

Consolidated Statement of Cash Flows

for the Period January 1 to December 31, 2017

	In EUR thousand	Note	Jan 1– Dec 31, 2017	Jan 1– Dec 31, 2016
1.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Loss before tax		-9,790	-746,967
	Adjustments to reconcile loss before tax to net cash flow:			
+	Depreciation of property, plant and equipment		809	1,338
+	Amortization of intangible assets	20	405	3,048
+	Impairment of non-current assets		747	9,269
+	Equity-settled share-based payment expense	33	20,828	14,724
−/+	Currency translation gain/loss	34	46,918	-13,089
−/+	Gain/loss on disposal of intangible assets, property, plant and equipment		34	149
−/+	Gain/loss on disposal of non-current financial assets		243	105
−/+	Gain/loss from deconsolidations	12	-11,638	-48,268
−/+	Other non-cash income/expenses		105	74
−/+	Fair value adjustments of equity instruments FVTPL	17	-99,782	187,205
−	Finance income	17	-88,488	-32,137
+	Finance costs	17	95,986	26,111
−/+	Share of profit/loss of associates and joint ventures (equity method)	10, 16	-2,585	539,609
	Working capital adjustments:			
−/+	Increase/decrease in trade and other receivables and prepayments		-3,748	-886
−/+	Increase/decrease in inventories		492	11
+/−	Increase/decrease in trade and other payables		-25,402	-17,405
+	Dividends received		4,720	2,329
+	Interest received		24,599	4,357
+/−	Adjustments for net change in operating financial assets		-81,775	0
−	Interest paid		-10,370	-14,949
−	Income tax paid		-10,537	-351
=	**Cash flow from operating activities**		**-148,229**	**-85,723**

	In EUR thousand	Note	Jan 1– Dec 31, 2017	Jan 1– Dec 31, 2016
2.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
+	Proceeds from sale of property, plant and equipment		15	38
–	Purchase of property, plant and equipment		-526	-2,960
–	Cash paid for investments in intangible assets	20	-103	-3,530
+	Proceeds from disposal of non-consolidated equity investments		559,145	123,436
–	Cash outflows for acquisitions of non-consolidated equity investments		-78,316	-59,735
+	Proceeds from sale of subsidiaries [1]		10,583	103,316
–	Acquisition of subsidiaries, net of cash acquired	9	-2,791	-5,879
+/–	Cash inflows/outflows from changes in scope of consolidation		-2,254	-8,972
+	Cash received in connection with short-term financial management of cash investments		119,126	56,029
–	Cash paid in connection with short-term financial management of cash investments		-92,786	-248,420
+	Cash received in connection with the repayment of long-term financial assets		55,000	0
–	Cash paid in connection with the acquisition of financial assets and granting of long-term financial assets		-12,891	-76,964
=	**Cash flows from investing activities**		**554,202**	**-123,641**
3.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
–	Purchase of treasury shares	27	-21,133	0
–	Repurchase of convertible bonds	25, 29	-52,350	-164,989
+	Proceeds from non-controlling interests		9,939	3,342
–	Purchase of non-controlling interest without change in control		-915	0
+	Proceeds from borrowings	25	2,850	2,033
–	Repayment of borrowings	25	-483	-274
–	Dividends paid to non-controlling interests	28	0	-2,329
=	**Cash flows from financing activities**		**-62,092**	**-162,217**
4.	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD**			
	Net change in cash and cash equivalents (subtotal of 1 to 3)		343,881	-371,581
	Net foreign exchange difference		-28,967	4,638
	Cash and cash equivalents at the beginning of the period		1,401,655	1,768,599
	Cash and cash equivalents at the end of the period	**25**	**1,716,569**	**1,401,655**

1) Cash disposed in conjunction with the sale of subsidiaries amounts to EUR 1,283 thousand (previous period EUR 3,448 thousand) and is presented in the line item Cash inflows/outflows from changes in scope of consolidation.

Notes to the Consolidated Financial Statements

1. Corporate and Group Information

General Information

Rocket Internet SE, hereinafter also referred to as "Rocket Internet", the "Company" or "parent Company", is registered in the commercial register Charlottenburg of the district court in Berlin (Registration No.: HRB 165662). Rocket Internet SE registered office is at Charlottenstraße 4, 10969 Berlin, Germany.

Rocket Internet SE is the ultimate parent company of directly and indirectly held subsidiaries and holds directly or indirectly interests in associates and joint ventures, hereinafter together also referred to as the "Rocket Internet Group" or the "Group".

The shares of Rocket Internet SE are admitted to trading in the Prime Standard (the regulated market segment with additional post-admission obligations) of the Frankfurt Stock Exchange and are included in the MDAX index (until March 19, 2018 SDAX index).

Subsidiaries, associated companies, joint ventures as well as the other companies in which the Group holds equity interests not providing control, significant influence or joint control herein are referred to as "network companies".

Business Activities

Rocket Internet incubates and invests in Internet companies with proven business models. On both incubation and investment, we currently focus on four industry sectors of online and mobile retail and services that make up a significant share of consumer spending: Food & Groceries, Fashion, General Merchandise and Home & Living. A detailed description of the nature of the Group's operations and its principal activities are disclosed in Sec. 1.1 Business Model of the Combined Management Report.

Information about the Consolidated Group

Rocket Internet has a large number of network companies in countries that are particularly relevant for online and mobile business.

While Rocket Internet as well as some service center subsidiaries focus on providing services along the different functional areas of an Internet business, the operational business is carried out exclusively by Rocket Internet's subsidiaries, associated companies and joint ventures under the umbrella of specifically created consumer brands.

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

Rocket Internet typically owns directly or indirectly about 80% of its companies [1] at the time of launch, with the remainder set aside for equity participations of the management of the respective network company. In subsequent financing rounds, the companies attract the equity financing necessary to expand their business from Rocket Internet and other external investors. The external equity financing is provided by strategic partners and other strategic and financial investors, including existing Rocket Internet shareholders. These investments are either made directly into the company or indirectly into an intermediate holding company. In practice, this has meant that the direct and indirect stakes of Rocket Internet in a company have diluted over time to less than 50%. Furthermore, for several companies in which Rocket Internet holds a participation of more than 50%, shareholder agreements exist that lead to ongoing restrictions of Rocket Internet's control over those network companies. As of December 31, 2017 Rocket Internet does not consolidate most of its significant network companies but accounts for them using the equity method. The most important associated companies and joint ventures in the Rocket Internet Group as of December 31, 2017 are:

Associated company / joint venture	Consumer brands
HelloFresh SE	HelloFresh
Global Fashion Group S.A.	Dafiti, Lamoda, ZALORA & The Iconic, Namshi, Kanui and Tricae
Home24 AG	Home24, Mobly
Westwing Group GmbH	Westwing, Dalani
Jumia Group (Africa Internet Holding GmbH)	Jumia, Zando
Asia Internet Holding S.à r.l	Daraz, Zenrooms, Carmudi, Lamudi, Vaniday, Helpling, Shopwings
Middle East Internet Holding S.à r.l.	Jeeny, Wadi, Helpling, Carmudi, Lamudi

As of December 31, 2017 the consolidated Group comprised 89 (previous year 124) fully consolidated companies in addition to Rocket Internet SE. During the reporting period, the number of fully consolidated companies of the Group has developed as follows:

1) All participation quotas for the network companies shown in the financial statements are based on the Group's ownership calculated pursuant to the respective accounting rules (e.g. reflecting the transaction closing dates, dates of change in control, considering trust shares allocated to the Group, excluding stakes indirectly held via Rocket Internet Capital Partners (RICP) etc.) and may therefore differ from the respective information (beneficial interest including RICP) published on the Company's website which is based on the signing dates.

	Germany	Other countries	Total
As of Jan 1, 2016	**63**	**119**	**182**
Acquisitions	0	5	5
Foundings	4	14	18
First-time consolidation	3	9	12
Transition to associated companies / joint ventures	0	-4	-4
Transition to subsidiaries of associated companies / joint ventures	-3	-20	-23
Disposals	-1	-3	-4
Deconsolidation of inactive subsidiaries and liquidations	-18	-42	-60
Transition to unconsolidated structured entities	0	-1	-1
As of Dec 31, 2016	**48**	**77**	**125**
Acquisitions	0	3	3
Foundings	2	3	5
First-time consolidation	0	2	2
Transition to associated companies / joint ventures	0	-2	-2
Transition to subsidiaries of associated companies / joint ventures	-3	-7	-10
Disposals	-2	0	-2
Deconsolidation of inactive subsidiaries and liquidations	-12	-17	-29
Mergers / Accretions / Other	1	-3	-2
As of Dec 31, 2017	**34**	**56**	**90**

See Note 8 for information on the Group's principal subsidiaries and Note 9 for business combinations and acquisitions of subsidiaries.

First-time consolidation relates to formerly dormant subsidiaries that were founded in previous periods and which started operations during the reporting period.

Transition to associated companies / joint ventures occurs when a subsidiary issues shares to third parties and following this, Rocket Internet's interest is diluted, such that the Group no longer controls the subsidiary / group of subsidiaries.

Disposals relate to regular sales of interest in a consolidated subsidiary that give rise to the loss of control of a subsidiary.

As of December 31, 2017 the Rocket Internet Group included 45 associated companies and joint ventures (thereof 7 in liquidation; previous year 48, thereof 5 in liquidation) which were accounted for using the at-equity method of accounting or accounted for at fair value through profit or loss (FVTPL). The number of associated companies and joint ventures has developed as follows:

	Germany	Other countries	Total
As of Jan 1, 2016	**29**	**22**	**51**
Transition of formerly consolidated entities	0	5	5
Transition to other investments	-1	-1	-2
Acquisitions	1	2	3
Disposals and other changes	-5	-4	-9
As of Dec 31, 2016	**24**	**24**	**48**
Transition of formerly consolidated entities	0	2	2
Transition to other investments	-1	-1	-2
Acquisitions	0	2	2
Disposals and other changes	-4	-1	-5
As of Dec 31, 2017	**19**	**26**	**45**
thereof at equity	15	19	34
thereof at FVTPL	4	7	11

See Notes 10, 35 and 40 for information on the Group's investments in associates and joint ventures.

As a consequence of Rocket Internet's business model there are significant changes year over year in the scope of consolidated subsidiaries, associates and joint ventures. These changes limit to a certain extent the inter-period-comparability of the consolidated financial statements.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretation Committee (IFRS IC) approved by the IASB and in effect and adopted by the European Union (EU) at the reporting date. The requirements of Sec. 315e (1) HGB ("Handelsgesetzbuch": German Commercial Code) are also taken into account.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in Note 3. These policies have been consistently applied to all periods presented. In the financial year 2017, the Group also adopted new and amended IFRSs and IFRS interpretations which have already been endorsed by the EU and which are effective for financial years beginning on January 1, 2017:

- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to IFRS Standards 2014-2016 Cycle

These amendments did not have any or any significant effect on the Group's consolidated financial statements.

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are set out in Note 5.

General Information

The consolidated financial statements have been prepared on a historical cost basis, except for investments in available-for-sale financial assets, financial assets and associates under fair value option, derivative financial instruments, liabilities for cash-settled share-based payments, contingent considerations of an acquirer in a business combination and contingent contractual payment obligations that have been measured at fair value.

The profit or loss statement is prepared using the nature of expense method.

Assets and liabilities are presented using the current and non-current classification.

In the Statement of Cash Flows the cash flow from operating activities is derived using the indirect method, whereas the cash flows from investing and financing activities are determined using the direct method.

The consolidated financial statements provide comparative information in respect of the previous period.

The consolidated statements are presented in Euro (EUR). Unless otherwise indicated, all values are rounded up or down to the nearest thousand in accordance with a commercial rounding approach, which may result in rounding differences and percentage figures presented may not exactly reflect the absolute figures they relate to.

The Company's financial year is the calendar year.

The consolidated financial statements for the year ended December 31, 2017 were prepared and approved by the Management board by means of a resolution. The Supervisory Board is authorized to amend the financial statements after their approval by the Management Board.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its directly or indirectly controlled network companies (subsidiaries) as of December 31, 2017.

Specifically, the Group controls a network company if and only if the Group has:

- Power over the network company (i.e. existing rights that give the Group the current ability to direct the relevant activities of the network company),
- Exposure, or rights, to variable returns from its involvement with the network company, and
- The ability to use its power over the network company to affect its returns.

When the Group has less than the majority of the voting or similar rights of a network company, the Group considers all relevant facts and circumstances in assessing whether it has power over a network company, including:

- Contractual agreements with the other shareholders with voting rights of the network company,
- Rights arising from other contractual agreements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls a network company if facts and circumstances indicate that there are changes to one or more of the three criteria of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated balance sheet and the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent Company and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated fully on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, the following steps apply:

- Derecognition of the assets (including goodwill) and liabilities of the subsidiary,
- Derecognition of the carrying amount of any non-controlling interests,
- Recognition of the fair value of the consideration received,
- Recognition of the fair value of any investment retained,
- Reclassification of the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities and
- Recognition of any resulting difference as a gain or loss in profit or loss.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company.

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at (a) fair value or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount (negative goodwill, bargain purchase) is recognized in profit or loss, after management re-assesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The cost of acquisition for the acquiree is measured at the fair value of the consideration transferred, equity instruments issued and liabilities incurred to former owners, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition-related costs such as legal, advisory, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity. Transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt. All other transaction costs associated with the acquisition are expensed.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the network company, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for

a) using the equity method or
b) at fair value through profit or loss (FVTPL).

Investment in associates and joint ventures – Equity method
The equity method is applied for network companies with operations that are incubated or actively developed by Rocket Internet. The network companies are often former subsidiaries of the Group, where Rocket Internet has the power to participate in the financial and operating policy decisions. In such network companies Rocket Internet is mostly intensely involved in the strategic leadership and implementation of the business plans.

An investment is accounted for using the equity method from the date it becomes an associate or joint venture. Under the equity method, the investment in an associate or joint venture is initially recognized at cost (including transaction costs and the initial fair value of any contingent consideration agreement). The acquisition of an associate and joint venture is recognized using the same procedures as for the acquisition of a subsidiary (including situations where the equity method is to be applied following a loss of control). Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

In case the Group acquires additional interests in an associate or joint venture and the equity method is still applied (step acquisitions) the additional interest is initially recognized at cost (including transaction costs and the initial fair value of any contingent consideration agreement). The concepts underlying the procedures used in accounting for the acquisition of a subsidiary are also adopted for the acquisition of additional interests in an associate or joint venture. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The income statement reflects the Group's share of the net income of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate.

The expenses resulting from equity-settled share-based payments of associates and joint ventures are offset by the corresponding increase in equity of associates and joint ventures. As a result the total equity of the respective network company remains unchanged. Therefore the equity-settled share-based payments at the level of associates and joint ventures do not have an impact on both, the subsequent measurement of associates and joint ventures in the Group's balance sheet as well as on the share of profit/loss of associates and joint ventures recognized in the statement of comprehensive income. As presently there is no clear guidance from the IASB on this topic, the accounting policy applied currently by Rocket Internet may be subject to change in the future.

Rocket Internet accounts for a dilution of its investment caused by a share issuance by an equity method investee to a third party as if the Group had sold a proportionate share of its investment (deemed disposal). Besides deemed disposals, the share of profit or loss of associates and joint ventures also includes gains or losses from regular disposals of Rocket Internet's direct or indirect interests in associated companies and joint ventures.

The aggregate of the Group's share of profit or loss of an associate or joint venture is shown on the statement of profit or loss within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture including adjustments made by the Group under the equity method, such as adjustments to the fair value that occurred at the time of acquisition or for adjustments to group-wide accounting policies.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and recognizes it in the line item "Share of profit/loss of associates and joint ventures" in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The shareholders' agreements for associates and joint ventures to which Rocket Internet is a party are important instruments for steering the economic interests among the various investors in these entities and are designed to protect shareholders and to facilitate corporate and transaction issues. In the event of a network company's IPO the shareholders' agreements shall, as from the commencement of trading of the network company's shares on a stock exchange, cease to have effect. The shareholders' agreements include certain waterfall provisions, which stipulate the order for distributing proceeds from a transfer of shares that result in, or is deemed to be, a change of control or in case of liquidation to the shareholders ("liquidation preferences"). Typically, if triggered, the liquidation preference entitles investors who invested in later financing rounds, which generally means at a higher valuation, to recoup their investment before other shareholders are paid out. Investors who invested in the early stage of a company are usually paid out last. As Rocket Internet is typically among the first investors in a network company, Rocket Internet will generally be able to recoup its investments if the transfer or liquidation proceeds equal or exceed the sum of the investments made by all investors in the company. Any remainder over the sum of the investments of all investors is shared among all shareholders of the company pro rata to their shareholdings or – in the case of a share transfer – to the shares transferred by them. Any amount received by an investor prior to the pro rata allocation is typically deducted from such investor's stake in the pro rata allocation. When valuing the shares in associates and joint ventures, the Group carefully assesses the accounting implications of the regulations in the shareholders' agreements. The valuations consider the preferential rights the owned shares have in case of liquidation or sale of the entire network company.

Investment in associates and joint ventures – At fair value through profit or loss (FVTPL)

This method is applied for investees where Rocket Internet is acting as an investor within the meaning of IAS 28.18. Please, refer to the accounting policies for financial assets at fair value through profit or loss (FVTPL).

Investment in structured entities

Structured entities are entities where voting or similar rights are not the dominant factor in determining control, such as when the voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

As for other entities, Rocket Internet has to examine whether it exerts control, significant influence or joint control over the structured entity. Correspondingly, the structured entity is consolidated as subsidiary or accounted as associate or joint venture.

When assessing whether to consolidate or not consolidate a structured entity, the Group evaluates a range of control factors, namely:

- the purpose and design of the entity,
- the relevant activities and how these are managed,
- whether the Group's rights result in the ability to direct the relevant activities,
- whether the Group has exposure or rights to variable returns,
- whether the Group has the ability to use its power to affect the amount of its returns, as well as
- whether an investor that has power over an investee, the decision-maker, is acting as a principal or an agent, including (i) scope of decision-making authority, (ii) rights held by other parties, (iii) remuneration to which the decision-maker is entitled and (iv) exposure to variability of returns.

Unconsolidated structured entities are entities, which are not consolidated because the Group does not control them through voting rights, contracts, funding agreements, or other means. Unconsolidated structured entities under significant influence of the Group are accounted for using the equity method.

Revenue recognition
The Group generates revenues primarily from rendering services including consulting services provided for network companies and other customers, from letting of office space, from the sale of goods (online and mobile trade/eCommerce) and from rendering intermediation services (specialized online and mobile transaction platforms for goods and services/marketplaces).

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labor hours incurred until the reporting date as a percentage of the total estimated labor hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Revenue from commissions is earned and recognized at the point of order fulfilment to the customers. This is the point at which an intermediation service is successfully processed and the Group has no remaining transactional obligations.

The Group is a lessor in operating subleases of office space. Rental income arising from operating subleases is included in revenue in the statement of profit or loss and is accounted for on a straight-line basis over the lease terms, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income. Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the statement of profit or loss when the right to receive them arises. Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable. Service charges and other such receipts are included in revenue gross of the related costs, as the Group acts as principal in this respect.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances, trade discounts and volume rebates. In case the customer has the right to return goods, revenues are only recognized before the return period expires, if reliable estimates about the expected returns can be derived from past experience taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The expected return of goods are presented on a gross basis in the profit or loss statement. Rocket Internet reduces revenue by the full amount of sales that it estimates will be returned. The reduction of goods that is expensed in full upon shipping is then corrected by the estimated amount of returns. Rocket Internet also shows the gross figure for the return of goods in the balance sheet. The right to recover the possession of goods from expected sales returns is recognized under other non-financial assets. The amount of the assets corresponds to the cost of the goods delivered for which a return is expected, taking into account the costs incurred for processing the returns and the losses resulting from disposing of these goods. Trade receivables that have not yet been paid and that have underlying transactions that are not expected to be closed due to the goods being returned are derecognized. For customer receivables already paid and for which returns are expected in the future, Rocket Internet recognizes a refund obligation vis-à-vis the customer within other current financial liabilities.

The Group evaluates whether it is appropriate to record the gross amount of product sales as well as services performed and related costs. When the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenue is recorded at the gross sales price. The Group records the net amounts as commissions earned if the Group is not primarily obligated and does not have latitude in establishing prices. Such amounts earned are determined using a fixed percentage, a fixed-payment schedule, or a combination of the two.

Dividends
Dividends are recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest Income

For all financial instruments measured at amortized cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Depending on the business model, interest income is included in revenue or finance income in the statement of profit or loss.

Sales tax (VAT and similar taxes)

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, or
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other non-financial receivables or payables in the balance sheet.

Foreign currency transactions and translation

The financial statements of each of the Group entities are prepared using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group financial statements are presented in Euro (EUR), which is also the parent Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the balance sheet date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses that relate to loans as well as to cash and cash equivalents are presented net in the income statement within financial result. All other foreign exchange gains and losses are presented in the income statement within other operating income or expenses.

The results and balance sheets of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognized in other comprehensive income.

Equity-settled share-based payments

The Group operates a number of equity-settled share-based compensation arrangements, under which the Company and its subsidiaries receive services from eligible and selected directors or employees and others providing similar services as consideration for the following equity instruments:

- share options in the Company,
- ordinary shares in subsidiaries ("share awards") or
- share options in subsidiaries.

The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based payment award made. For share awards, the Group analyses whether the price paid by a participant, if any, is in line with the estimated market price of the underlying shares at the grant date. If a positive difference exists between (i) the estimated market value of the shares and (ii) the purchase price; this results in a fair value to be reported and recognized as a share-based payment expense. For share options granted, the grant date fair value is determined using the Black Scholes option valuation formula.

The fair value determined at the grant date is expensed on a straight-line basis over the respective vesting period, based on the Group's estimate of the number of shares that will eventually vest, with a corresponding credit to equity.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The vesting period usually starts with the grant date of the award. However, the recognition of expense may start at an earlier service commencement date when awards need to be formally approved after the employee has started providing services.

The Group recognizes compensation expense from the beginning of the service period, even when the grant date is subsequent to the service commencement date. During the period between service commencement date and grant date, the share-based payment expense recognized is based on the estimated grant date fair value of the award. Once the grant date has been established, the estimated fair value is revised so that the expense is recognized prospectively based on the actual grant date fair value of the equity instruments granted.

For awards with graded-vesting features, each instalment of the award is treated as a separate grant. This means that each instalment is separately recorded as an expense over the related vesting period. Some instalments vest only upon the occurrence of a specified exit event (e.g. IPO) of the subsidiary or upon the employee still being employed with or providing services to a group entity 12 months after such an event. These instalments are expensed over the expected time to such a vesting event. The share-based payment expenses would be reversed if no such event occurs by the time the awards elapse. Non-market performance and service conditions are included in the assumptions about the number of options and shares that are expected to vest.

No expense is recognized for awards that do not vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options and shares that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the terms of equity-settled awards are modified, as a minimum, the expenses recognized are measured at the grant date fair value, to the extent the non-market vesting conditions attached to the awards are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The expenses related to equity-settled share-based compensation arrangements are recognized as employee benefit expenses.

Share-based compensation – cash-settled

The Group recognizes a liability for the services received from its employees in cash-settled share-based payment transactions. The Group re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period as employee benefit expenses. The liability is recognized over the vesting period (if applicable).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, where required.

Costs of minor repairs and maintenance are expensed when incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in profit or loss for the year within other operating income or expenses.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives between 1 to 15 years. Leasehold improvements are depreciated over their estimated useful lives or the shorter lease term.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Operating leases

Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged to profit or loss on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the Company has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Goodwill

Goodwill is initially measured at acquisition cost. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Company monitors goodwill and are not larger than an operating segment.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Gains or losses on the disposal of an operation within a cash generating unit to which goodwill has been allocated, include the carrying amount of goodwill associated with the disposed operation.

Other intangible assets

The Group's intangible assets have definite useful lives and primarily include trademarks, customer bases, acquired computer software and other licenses, and internally developed software.

Acquired computer software and other licenses are capitalized on the basis of the costs incurred to acquire and bring them to use.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Costs that are directly attributable to the design, development and testing of identifiable and unique software products controlled by the Company are recognized as internally developed software when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product mainly include the software development employee cost. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent periods.

Intangible assets are amortized using the straight-line method over their useful lives:

	Useful lives in years
Trademarks	11 years
Customer base	1–13 years
Internally developed software	3–5 years
Acquired other intangible assets	3–15 years

Impairment of property, plant and equipment and intangible assets

Whenever events or changes in market or business conditions indicate a risk of impairment of property, plant and equipment or intangible assets or a cash generating unit ("CGU"), if applicable, management estimates the recoverable amount, which is determined as the higher of an asset or CGU's fair value less costs to sell and its value in use. A CGU is defined as the lowest level of identifiable cash inflows. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory is determined based on the weighted average cost. The cost of inventory includes the costs of purchase or production and costs incurred to bring the inventories to their present location and condition such as shipping and handling.

Write-down expenses due to obsolete and slow moving inventory are deducted from the carrying amount of the inventories.

Cash and cash equivalents

Cash and cash equivalents include cash at hand, deposits held on demand with banks, and other short-term highly liquid investments with original maturities of three months or less, for which the risk of changes in value is considered to be insignificant.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement of financial assets
A financial asset is recognized when the Group becomes a party to the contractual provisions of the instrument. The Group initially recognizes loans and receivables on the date on which they are originated. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Financial assets held by the Group are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. Transaction costs are recognized as well, except in the case of financial assets at fair value through profit or loss. The Group did not make use of the held-to-maturity category, during the years ended December 31, 2017 and 2016.

Subsequent measurement of financial assets
The subsequent measurement of financial assets depends on its category:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial assets (AFS financial assets)

Financial assets at fair value through profit or loss
The fair value through profit or loss category comprises the following subcategories: financial assets that are initially designated into this category ("Fair value option"), contingent consideration of an acquirer in a business combination, and held-for-trading financial assets.

Rocket Internet's financial assets in this category include equity investments where Rocket Internet is acting as an investor within the meaning of IAS 28.18 and elects to measure these investments at fair value through profit or loss or which Rocket Internet designates as financial assets at fair value through profit or loss because the investments are managed and measured on the basis of fair values in accordance with risk management and investment strategies. In addition, Rocket Internet designated employee loans into this category, for which settlement amounts could be partly influenced in some circumstances by the performance of shares in certain associated companies and thus include embedded derivatives. Financial assets at fair value through profit or loss are recognized in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Even though the Group enters from time to time foreign currency derivatives to mitigate foreign currency risk, it does not make use of hedge accounting. Therefore, such derivatives as well as all other derivatives are deemed to be as held for trading. The Group is not engaged in trading with financial instruments and it does not have any other held-for-trading financial assets.

See Note 35 for information on the Group's equity investments at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. Trade receivables are initially recognized at fair value which primarily represents the original invoice amount. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loan receivables and in other operating expenses for other financial receivables.

Loans and receivables are included in current financial assets, except for those having maturities greater than 12 months at the end of the reporting period. These are classified as non-current financial assets. The Group's loans and receivables comprise loans, trade receivables and other financial assets.

When there is objective evidence that the Group may not be able to collect the trade receivables, the loss is recognized in other operating expenses and reflected in the allowances for doubtful accounts. Balances are written off when recoverability is assessed as being remote.

AFS financial assets

AFS financial assets of the Group comprise equity investments that are not designated at fair value through profit or loss. This category includes investments intended to be held for the long-term.

After initial recognition, AFS financial assets are measured at fair value with unrealized gains or losses recognized in OCI until the investment is derecognized or impaired, at which time the cumulative gain or loss is recognized in finance income / costs.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent year, the amount of the estimated impairment loss of financial assets recognized at amortized costs increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered due to an event after the impairment was recognized, the recovery is credited in the statement of profit or loss.

In the case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss – is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities

Initial recognition and measurement of financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and classified, at initial recognition, as financial liabilities at fair value through profit or loss or other financial liabilities.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include convertible bonds, trade and other payables, loans and borrowings including bank overdrafts, derivative financial liabilities, contingent contractual payment obligations and liabilities from mandatorily redeemable non-controlling interests issued by a consolidated subsidiary.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent considerations of an acquirer in a business combination, and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss of the Group contain derivative financial liabilities that are deemed to be financial liabilities held for trading as well as contingent contractual payment obligations.

The Group's policy does not permit any trading with financial instruments.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Other financial liabilities

This is the category of financial liabilities most relevant to the Group. It includes convertible bonds, trade and other financial payables, loans and borrowings including bank overdrafts, and liabilities from mandatorily redeemable preference shares issued by a consolidated subsidiary.

After initial recognition, other financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as the result of the revision of estimated cash flows and through the EIR amortization process.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Loans and borrowings are classified as current financial liabilities if payment is due within one year or less. If not, they are presented as non-current financial liabilities.

Other financial liabilities also contain liabilities from mandatorily redeemable non-controlling interests issued by a consolidated subsidiary. These interests have the legal form of equity but are liabilities pursuant to IAS 32.18(a) requirements.

Convertible bonds

Convertible bonds issued by the Group are separated into liability and equity components based on the terms of the contract. On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of the relevant portion of the transaction costs) until it is expired on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. The relevant portion of the transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option recognized in equity is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Subscribed capital and capital reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new equity instruments are shown, net of taxes, in equity as a deduction from the proceeds.

Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in the capital reserves.

Dividends

Cash or non-cash distributions are recorded as a liability and deducted from equity in the period in which they are declared and approved by the shareholders and the distribution is no longer at the discretion of the Company.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of profit or loss.

Provisions

Provisions are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Income taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge or credit comprises current tax and deferred tax and is recognized in profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, in accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affected neither book nor taxable profit.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

The Company controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal ("outside basis differences"). Deferred tax liabilities are not recognized on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Earnings per share

The Company presents basic and diluted earnings (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding to reflect the effects of all potential dilutive ordinary shares, which comprise convertible and redeemable preference shares and share options granted to employees. For more information see Note 19.

Segment reporting

In accordance with IFRS 8 Operating Segments, segment reporting is constructed on the basis of internal management data used for performance analysis of businesses and for the allocation of resources. An operating segment is a distinct component of the Group which is engaged in the supply of distinct products and services and which is exposed to risks and returns different from the risks and the returns of other operating segments. See Note 6 for further information.

4. Critical Accounting Judgments, Estimates and Assumptions in Applying Accounting Policies

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market fluctuations or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies.

Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year have been discussed below and are also described in the individual notes of the related financial statement line items.

Significant Accounting Judgement

Classification of shares in Delivery Hero AG as AFS financial assets

As of December 31, 2017, the Group owns 24% of the total outstanding share capital of Delivery Hero AG (DH).

In June 2017, the existing shareholders prior to the IPO and DH have entered into a post IPO shareholders' agreement in which the existing shareholders of DH prior to the IPO agreed to use their voting rights in the first shareholders' meetings following the IPO in which the members of the DH's supervisory board are newly appointed, to implement the supervisory board composition as agreed in the pre-IPO investment agreement for a term ending with the shareholders' meeting which resolves on the discharge of the members of the DH's supervisory board for the second full business year following the IPO.

The Group did not obtain representation on Delivery Hero's supervisory board as specified in the post IPO shareholders' agreement of DH, which precludes Rocket Internet from the participation in financial and business policy-making processes of DH. In light of the lack of significant influence, the Group continues to classify its equity investment in DH as an available-for-sale financial asset.

As of December 31, 2017 the carrying amount of the shares in DH amounted to EUR 1,466,260 thousand. During the financial year 2017, the Group recognized an unrealized gain for its DH investment in OCI. For more information reference is made to Note 35.

Shareholders' agreements – Assessment of control, joint control or significant influence over network companies

The shareholders' agreements to which Rocket Internet is a party are important instruments for steering the corporate governance of network companies. The shareholders' agreements typically specify that a number of important decisions need to be resolved by the shareholders. These important decisions are referred to as reserved matters. The shareholders' agreements often require a qualified majority of investors and, in certain cases, an unanimous vote of the investors for decisions regarding reserved matters. Sometimes the decision on reserved matters is conferred on an advisory board. This means that the Company typically cannot make or block decisions on reserved matters alone, but needs the support of one or more other investors. The reserved matters include fundamental decisions about the relevant entities, its operative and strategic plans and important transactions that exceed certain thresholds.

Based on the regulations in the shareholders' agreements the Company assesses whether

- it controls a network company particularly when it is exposed, or has rights, to variable returns from its involvement with the network company and has the ability to affect those returns through its power over the network company,
- it is a party of an arrangement in which two or more parties have joint control or
- it has the power to participate in the financial and operating policy decisions of the network company but is not in control or joint control of those policies (significant influence).

Whether or not the Group controls a network company depends on an evaluation of a number of factors, including, among others, representation on its board of directors, voting rights and other rights of other investors, including their participation in significant decisions made in the ordinary course of business (e.g. approval of the annual operating budget), as well as the Group's ownership level of the outstanding voting rights of the subsidiary. For more information reference is made to Note 8.

Assessment of significant influence over HelloFresh SE

As of December 31, 2017, the Group owns 44% of the total outstanding share capital of HelloFresh SE (considering treasury shares and excluding the shares held as trustee). About 35% of the remaining shares are held by five shareholders each holding more than 3% of the voting rights and 22% by other shareholders, none individually holding more than 3% of the voting rights. None of the shareholders has arrangements to consult any of the others or make collective decisions. Decisions about the relevant activities of the investee require the approval of a simple majority of votes cast at shareholders' meetings.

After the IPO of HelloFresh SE on November 2, 2017 no shareholders' meeting took place so far. The next annual general shareholders' meeting is expected to be held on June 5, 2018. Based on the factors mentioned above it is not clear, whether Rocket Internet will have the presence majority at the shareholders' meeting und therefore control over HelloFresh SE. Accordingly Rocket Internet accounts for HelloFresh using the equity method.

Provided that the current voting rights share in HelloFresh SE of the Group remain unchanged, a participation of less than 88% of the voting rights in decisions at the shareholders' meeting could have the effect that the Rocket Internet de-facto controls HelloFresh SE. A first-time consolidation of HelloFresh SE would change the consolidation scope significantly in that case. Furthermore, at the date of obtaining control the Group would measure the shares in HelloFresh SE that are currently measured at-equity at the fair value with any difference recognized in profit or loss.

Designation of equity instruments as financial assets at fair value through profit or loss

The Group has designated certain associated companies and other equity investments that are not incubated or actively developed by Rocket Internet as financial assets at fair value through profit or loss. Rocket Internet is acting as an investor within the meaning of IAS 28.18 and the Group is not intensely involved in the strategic leadership and tactical implementation of the business plans of such companies. Furthermore, Rocket Internet usually does not perform significant commercial and technical consulting services for these companies. Those associated companies and other equity investments are managed and measured on the basis of fair values.

Amongst others, this category includes the portfolio of investments in several Internet companies of GFC Global Founders Capital GmbH (the so-called "GFC Investments"). See Note 35 for information on the Group's equity investments measured at fair value through profit or loss.

Classification of investments in Rocket Internet Capital Partners Fund as unconsolidated structured entities accounted for as associates under the equity method

When deciding whether or not to consolidate a company, Rocket Internet reviews a range of factors such as voting rights, the object and structure of the entity and the ability to exert influence. The Group does not consolidate the Fund, because the general partner is deemed an agent. The Group does not control it through voting rights, contracts, funding agreements, or other means. The general partner acts as an agent and only exercises decision-making powers, which have been delegated by the passive investors (limited partners of the Fund).

The Group has significant influence over the Fund in accordance with IAS 28 through its fund manager role. Therefore, the investment in Rocket Internet Capital Partners (RICP) is accounted for as associate using the equity method. Note 10 contains further information on RICP.

Share-based compensation

The Group has analyzed all the terms and conditions of its share-based payment awards to determine the appropriate classification of the awards recognized under IFRS 2 Share-based Payment. Some of the awards in consolidated subsidiaries include put rights of employees and others providing similar services that may only be exercised at a specified date more than 10 years from the reporting date, at a price less than the market value of the interests held by employees. Other terms and conditions of these awards allow a subsidiary to settle the awards in equity or to avoid any cash payment. Based on this analysis, the Group assessed it has two settlement scenarios. One scenario would be considered cash-settled in its entirety, whereas the other scenario would be considered equity-settled in its entirety. Given the exit strategies of the Group that would allow settlement in equity, the Group concluded that it has no present obligation to settle in cash and therefore recognized those share-based payment awards as equity-settled plans. This management judgment is re-assessed at each reporting date. For more information reference is made to Note 33.

Impairment of non-current assets

The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. During 2017, the market capitalization of the Group developed as follows:

Trading Date	Closing Price [1] EUR per share	Market Capitalization [2] in EUR thousand
Dec 30, 2016	19.14	3,160,795
Jan 31, 2017	21.61	3,568,692
Feb 28, 2017	17.82	2,942,809
Mar 31, 2017	16.03	2,647,207
Apr 28, 2017	16.75	2,766,108
May 31, 2017	20.84	3,441,534
Jun 30, 2017	18.83	3,109,601
Jul 31, 2017	17.42	2,876,753
Aug 31, 2017	19.30	3,187,062
Sep 29, 2017	21.76	3,593,288
Oct 30, 2017	21.91	3,618,058
Nov 30, 2017	20.00	3,295,558
Dec 29, 2017	21.13	3,467,542

1) As per electronic computer trading system Xetra.
2) Based on 165,140,790 ordinary shares less treasury shares.

As of December 31, 2017, the market capitalization of the Group was below the carrying amount of its equity. The Group tested its non-current assets for impairment and recognized impairment losses of EUR 747 thousand (previous year EUR 9,269 thousand). As of December 31, 2017 the Group does not have any material goodwill or other material intangible assets. For more information reference is made to Note 20.

Critical Accounting Estimates and Assumptions

Performance reporting difference between profit or loss and other comprehensive income

On September 28, 2017, Rocket Internet agreed to sell 22,359,857 shares in Delivery Hero for a cash consideration of EUR 659,616 thousand to the global internet and entertainment group Naspers, which was already an investor in Delivery Hero AG. The transaction was subject to regulatory approval and was closed in March 2018. In accordance with IFRS, the share purchase agreement with Naspers is accounted for as a derivative financial liability in the amount of EUR 78,259 thousand (carrying amount as of December 31, 2017) and has negatively impacted the financial result in the income statement by this amount in the financial year 2017. In contrast, the corresponding share price rise of Delivery Hero AG is recognized in the statement of comprehensive income increasing equity.

Measuring the fair value of financial assets

When the fair values of financial assets recognized in the balance sheet (especially of unlisted equity instruments) cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets as far as possible, but where this is not feasible a degree of management judgement is required in establishing fair values. Judgements include considerations of the input used. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 35 for further disclosures.

Deemed disposals of subsidiaries – Fair value measurement of interest retained

A deemed disposal occurs where the proportionate interest of a parent company in a subsidiary is reduced other than by an actual disposal, for example, by the issuance of shares to a third party investor by the subsidiary. When the Group no longer has control, the remaining interest is measured at fair value as at the date the control was lost. When determining the fair value, the Group takes into account all the facts and circumstances surrounding the transactions such as timing, transaction size, transaction frequency, and motivations of the investors. The Group considers whether such a transaction has been made at arm's length. For new share issues, the Group also considers whether, in the event of liquidation or sale, the newly issued shares have preferences to the investee's assets over earlier issued shares. We refer to Note 12.

Deferred income taxes

We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carry forward periods available to us for tax reporting purposes, as well as other relevant factors. Due to inherent complexities arising from the nature of our businesses, future changes in income tax laws or variances between our actual and anticipated operating results, we assess the likelihood of future realization of our deferred tax assets based on our judgments and estimates. Therefore, actual income taxes could materially vary from these judgments and estimates. For further information we refer to Note 18.

Share-based compensation – Equity-settled transactions at parent company level

The Group measures the costs of granting share options of the company to employees by using their fair value at the moment they were granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model (Black-Scholes-option pricing model), which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including especially the expected volatility calculated using data of peer groups and furthermore the anticipated option term, dividend yield and risk-free interest rate. The assumptions and models used for estimating fair value are disclosed in Note 33.

Share-based compensation – Equity-settled transactions at subsidiary level

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. This grant date fair value remains unchanged throughout the life of the award. As the consolidated subsidiaries of the Group are unlisted, estimating fair value for share-based payment transactions (ordinary shares and options) requires the use of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

In determining the fair values of a consolidated subsidiary’s ordinary shares, as of each award grant date, three generally accepted approaches were considered: income approach, market approach and cost approach.

We have employed the “prior sale of company stock” method, a form of the market approach, to estimate the aggregate enterprise value at the level of some consolidated intermediate holding subsidiaries of the Company. The prior sale of company stock method considers any prior arm’s length sales of the Group subsidiary’s equity securities. Considerations factored into the analysis include: the type and amount of equity sold, the estimated volatility, the estimated time to liquidity, the relationship of the parties involved, the risk-free rate, the timing compared to the ordinary shares valuation date, and the financial condition and structure of the company at the time of the sale. As such, we have benchmarked the value per share to the external transactions of subsidiary shares and external financing rounds. Throughout 2016 and 2017, the respective subsidiaries held a number of financing rounds which resulted in the issuance of new shares. The new shares were transacted with numerous existing and new investors, and therefore we consider the pricing a strong indication of fair value.

We have applied the income approach to estimate the enterprise value of subsidiaries of an intermediate holding subsidiary. The income approach is a technique by which fair value is estimated based on cash flows expected to be generated in the future. The principle behind this approach is that the value of the subsidiary is equal to its earnings potential. The future cash flows are discounted using a weighted average cost of capital that takes into consideration the stage of development of the business and the industry and geographies in which it operate. The total sum of all equity values based on discounted cash flows of the operating companies were reconciled to the total equity value of the Holding Company on the basis of financing rounds (i.e. "prior sale of company stock" method).

Given that there are multiple classes of equity at the subsidiary level, we employed the hybrid method in order to measure these different categories. The Hybrid method is a hybrid between the probability-weighted expected return method ("PWERM") and the Option Pricing Method ("OPM"), which estimates the probability weighted value across certain exit scenarios, but uses the OPM to estimate the remaining unknown potential exit scenarios.

A discount for lack of marketability ("DLOM") was applied, corresponding to the time to exit under the various scenarios, to reflect the increased risk arising from the inability to readily sell the shares. When applying the DLOM, the Finnerty option pricing model was used. Under this method, the cost of the put option, which can hedge the price change before the not publicly traded shares can be sold, was considered as the basis to determine the DLOM.

In addition, we are required to estimate share-based compensation expense net of estimated forfeitures. In determining the estimated forfeiture rates for share-based awards, we periodically conduct an assessment of the actual number of equity awards that have been forfeited to date as well as those expected to be forfeited in the future. We consider many factors when estimating expected forfeitures, including the type of award, the employee class and historical experience. If our actual forfeiture rate is materially different from our estimate, the share-based compensation expense could be significantly different from what we have recorded in the current period.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

5. New Accounting Pronouncements

The following new and revised standards and interpretations, which were not yet mandatory for the financial year or were not yet adopted by the European Union, were not applied. The Group intends to adopt those standards when they become effective within the EU for the first time. Standards with the remark "yes" are likely to have an impact on the consolidated financial statements, and their impact is currently being assessed by the Group. Only material impacts will be described in more detail. Standards with the remark "none" are not likely to have a material impact on the consolidated financial statements.

Standard/ Interpretation		**Mandatory application for financial years starting on**	**Adopted by the European Union**	**Possible impact on Rocket Internet**
IFRS 9	Financial Instruments	Jan 1, 2018	yes	yes
IFRS 15	Revenue from Contracts with Customers	Jan 1, 2018	yes	none
IFRS 16	Leases	Jan 1, 2019	yes	yes
IFRS 17	Insurance Contracts	Jan 1, 2021	no	none
Amendments to IAS 19	Plan Amendments, Curtailment or Settlement	Jan 1, 2019	no	none
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	Jan 1, 2019	no	none
Amendments to IAS 40	Transfers of Investment Property	Jan 1, 2018	no	none
Amendments to IFRS 2	Classification and Measurement of share-based Payment Transactions	Jan 1, 2018	yes	yes
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Jan 1, 2018	yes	none
Amendments to IFRS 9	Prepayment Features with Negative Compensation	Jan 1, 2019	no	none
Diverse	Annual Improvements to IFRS Standards 2014–2016 Cycle	Jan 1, 2017 Jan 1, 2018	yes	none
Diverse	Annual Improvements to IFRS Standards 2015–2017 Cycle	Jan 1, 2019	no	none
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan 1, 2018	no	none
IFRIC 23	Uncertainty over Income Tax Treatments	Jan 1, 2019	no	none

IFRS 9 provides new guidance on the classification and measurement of financial assets and liabilities, introduces a new impairment model for financial assets as well as new rules on hedge accounting. IFRS 9 takes into account to the characteristics of the contractual cash flows and the business model by which these cash flows are managed. The standard also provides a new risk provision model that now also accounts for anticipated losses for the calculation of the risk provision. Presently the majority of the Group's financial instruments are equity investments measured at fair value through profit or loss or OCI and plain vanilla other financial instruments. In future the Group will measure its equity instruments measured at fair value through OCI at fair value through profit or loss. Thus, changes in fair value of those equity instruments will be recognized directly in profit or loss in future. At initial application of IFRS 9 unrealized gains in the amount of EUR 630,692 thousand (net of income tax) will be transferred from other comprehensive income into retained earnings. We do not expect any other significant impact from the application of IFRS 9. The Group will not voluntarily designate instruments to fair value through other comprehensive income. Currently we assume that the measurement of cash and cash equivalents and term deposits will not lead to the recognition of a loss allowance due to the 12-month ECL (expected credit losses).

IFRS 15, the new standard on revenue recognition was reviewed for its potential impact on the revenue recognition of existing contracts and future contracts. The review revealed that no material quantitative effects on the consolidated financial statements compared to the regulations currently applied are to be expected. Presently, there are no differences in the point in time when performance obligations are satisfied and also no differences in the pattern of how performance obligations are satisfied. The new standard will be adopted from January 1, 2018. Rocket Internet will apply the modified retrospective method by which the prior-year figures will not be adjusted and any required adjustment is posted to equity. However, no such adjustment is expected.

The clarifications in IFRS 2 relate to the effect of vesting conditions on the measurement of a cash-settled share-based payment, changes in the classification of a transaction from cash-settled to equity settled and the classification of share-based payment transactions with net settlement features. Application has a minor impact on the consolidated financial statements.

IFRS 16 establishes new rules for lease accounting. This standard obliges lessees to recognize essentially all leases in the balance sheet. In future, there will be no accounting difference between leases and purchases financed by loans. The new standard will lead to an increase in property, plant and equipment and intangible assets in the consolidated balance sheet (for the rights of use), and at the same time an increase in financial liabilities (due to the payment obligations). Thus, every leasing or rental arrangement will be shown in the balance sheet. In the income statement, this leads to increased depreciation and interest expense. While the depreciation charge is typically evenly spread, the interest expense reduces over the life of the lease as lease payments are made. This results, in comparison to straight-line operating lease expense recognition under the current IAS 17, in a reduction of the total expense as an individual lease matures. However, EBITDA will not improve proportionately to the increase in financial liabilities. As a consequence, the ratio of net financial liabilities to adjusted EBITDA (relative indebtedness) will deteriorate although there has been no economic change. There are operational exemptions for leases with a maturity of up to 12 months and leases of low value items. Rocket Internet is predominantly a lessee accounting for the lease contract as operating leases at present. Operating leases of the Group are mainly rental obligations. The effects of IFRS 16 on the consolidated financial statements of Rocket Internet are therefore likely to be mainly in the amount of operating lease obligations and the resulting depreciation and interest effects (see Note 37). Based on current knowledge, an increase of the consolidated balance sheet total on the transition date (January 1, 2019) of not more than EUR 80 million is expected.

6. Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance of the segments. The function of the CODM is performed by the Board of Management of Rocket Internet SE.

Each network company represents an operating segment. In case such network company represents an intermediate holding company for a single or multiple Internet business models, each Internet business model represents an operating segment.

The amounts provided to the CODM are primarily measured in a manner consistent with that of the financial statements. The CODM assesses the performance of the operating segments based on a number of financial metrics including revenue, EBITDA, and cash and cash equivalents. One-off effects from legal and capital reorganization at the level of intermediate holding companies are not reflected on the operating network company level and therefore not included in the segment information provided below.

Sales between segments are carried out at arm's length.

The following four reportable segments could be identified: HelloFresh, GFG, Jumia, and Home & Living. The reportable segments reflect the most mature business activities of Rocket Internet SE. Other network companies do not meet the thresholds for reportable segments. Other investments where Rocket Internet SE cannot exercise significant influence neither qualify as reportable nor as operating segments.

HelloFresh is a leading global online provider of personalized fresh food at home. The company delivers recipes and fresh, pre-portioned ingredients to its subscribers to conveniently prepare healthy and delicious home-cooked meals. Founded in 2011, the company is currently active in ten markets including the United States, the United Kingdom, the Netherlands, Australia, Germany, Belgium, Canada, Austria, Switzerland and Luxemburg.

GFG is a leading online fashion destination focused on emerging markets. The company is active in 24 countries across four continents and operates through four branded platforms, uniting the leading fashion eCommerce companies Lamoda (Russia / CIS), Dafiti (Brazil / Latin America), Namshi (Middle East) and ZALORA (Southeast Asia) including The Iconic (Australia and New Zealand).

Jumia is the leading pan-African eCommerce ecosystem with presence in 14 countries. Jumia core marketplace provides world-class, affordable and convenient products (fashion, beauty, electronics, phones, grocery, etc.) and online services (hotel and flight booking, restaurant delivery, bills payment, airtime top-up, etc.) to consumers in Africa that help them fulfill basic everyday needs. The company's goal is to offer a platform for merchants, SMEs (small and medium-sized entities) and larger companies to grow, connect and transact with the next billion consumers.

Home & Living includes the business of Home24, a leading online retailer for home and living products operating in Europe and Latin America, and Westwing, an online retailer offering a frequently changing, curated selection of home design products in Europe, CIS and Latin America.

Rocket Internet's available-for-sale investment in **Delivery Hero (DH)** is not considered as an operating segment due to Rocket Internet's restriction to exercise significant influence, i.e. to affect the resource allocation, as well as due to its inability to obtain adequate financial information (see also Significant Accounting Judgements in Note 4). Accordingly, DH is not presented within the segment report.

The segment **Other** includes the business activities of Rocket Internet SE (headquarters), the joint ventures Asia Internet Holding and Middle East Internet Holding, as well as advanced businesses such as Helpling, Traveloka, Zanui, Spotcap, Enuygun, Instafreight, Clickbus and Carspring, which are not separately reportable. Rocket Internet SE renders a range of IT, marketing and other services, in particular commercial and technical consulting services to its network companies and holds cash and cash equivalents for new investments and funding purposes. In 2017, Rocket Internet SE generated service revenue from not consolidated companies of EUR 13,158 thousand (previous year EUR 20,605 thousand) which is included in the revenue of the segment "Other".

Cash and cash equivalents held by Rocket Internet SE as of December 31, 2017 amount to EUR 896,117 thousand (previous year EUR 653,572 thousand). This amount includes bank deposits and security deposits of EUR 150,881 thousand (previous year EUR 163,626 thousand)(refer to Note 23) which do not qualify as cash and cash equivalents in accordance with IAS 7, but are considered as cash and cash equivalents in the internal reporting. In addition, subsidiaries which do not meet the definition of an operating segment have cash and cash equivalents of EUR 971,326 thousand (previous year EUR 910,876 thousand). These cash and cash equivalents are included in the "Reconciliation" column.

Despite not having control of some of its network companies, the chief operating decision maker of the Group reviews the operating results of the respective operating segments on a 100% basis (i.e. 100% of the revenues, expenses and segment results and cash and cash equivalents) to make decisions about resource allocation and to assess performance. Accordingly, in order to arrive at total consolidated revenues and expenses for 2017 and 2016, the "reconciliation" column reflects, besides consolidation adjustments for inter-segment business relations, adjustments between aggregated segment revenue and expenses and consolidated revenue and expenses.

Comparability of the reportable segments in 2017 with the previous period is affected by the following transactions:

– In May 2017, Global Fashion Group announced a strategic partnership with Emaar Malls PJSC, Dubai (a subsidiary of Emaar Properties PJSC, Dubai) which was closed on August 16, 2017. Pursuant to the partnership agreement, Emaar Malls acquired a 51% stake in Namshi for a consideration of USD 151 million including an investment in Namshi for its future growth. Therefore, the reportable segment GFG classified its operations in Middle East as discontinued (brand Namshi) in 2017. As a result, in 2017 the segment GFG does no longer include the operations in Middle East (brand Namshi).
– Effective December 31, 2016, foodpanda was sold to Delivery Hero, thus, ceasing to represent an operating segment starting from 2017.

Segment information for the reportable segments for the year 2017 is set out below (in EUR thousand):

2017	Hello Fresh	GFG	Jumia	Home & Living	Other 2)	Reconciliation 3)	Total
Revenue	904,919	1,095,028	93,798	541,508	436,577	-3,035,069	36,761
EBITDA 1)	-80,705	-100,319	-147,034	-48,726	-77,289	399,271	-54,802
Cash and cash equivalents	339,925	251,429	28,990	33,690	1,245,453	-182,918	1,716,569

1) Earnings before interest, tax, impairment, amortization and depreciation

2) Other contains cash and cash equivalents of Rocket Internet SE in the amount of EUR 896,117 thousand.

3) The reconciliation column includes adjustments of revenue of EUR 3,051,836 thousand and adjustments of EBITDA of EUR 602,500 thousand as well as cash and cash equivalents from non-consolidated network companies. Moreover, the cash and cash equivalents of EUR 971,326 thousand of fully consolidated subsidiaries which do not meet the definition of an operating segment and effects from consolidation are reflected here.

Segment information for the reportable segments for the year 2016 is set out below (in EUR thousand):

2016	Hello Fresh	food-panda	GFG	Jumia	Home & Living	General Merchandise 2)	Other 3)	Reconciliation 4)	Total
Revenue	596,992	50,572	1,023,081	84,364	494,178	89,703	209,607	-2,498,141	50,356
EBITDA 1)	-86,151	-70,566	-145,980	-104,512	-64,093	-94,023	-58,482	58,464	-565,344
Cash and cash equivalents 5)	57,455	n/a	244,212	29,495	51,878	n/a	851,982	166,000	1,401,022

1) Earnings before interest, taxes, impairment, depreciation and amortization

2) The former segment General Merchandise includes financial information of Lazada (until April 2016) and Linio (until June 2016). For more information, please, refer to Note 6 in the Consolidated Financial Statements 2016.

3) Other includes cash and cash equivalents of Rocket Internet SE of EUR 653,572 thousand.

4) The reconciliation column includes the elimination of EUR 2,511,088 thousand of revenues, elimination of EBITDA of EUR 700,677 thousand as well as the elimination of cash and cash equivalents from non-consolidated network companies. Moreover, the cash and cash equivalents of EUR 910,876 thousand of fully consolidated subsidiaries which do not meet the definition of an operating segment and effects from consolidation are reflected here.

5) Except for cash and cash equivalents included in the assets classified as held for sale amounting to EUR 632 thousand in the Rocket Internet Group.

Revenues for each country for which the revenues are material are reported separately as follows:

Revenue by country in EUR thousand	**2017**	**2016**
Germany	19,817	22,695
United Kingdom	7,147	12,761
Luxembourg	3,833	3,675
France	1,245	615
Australia	1,227	420
Mexico	828	411
Other	2,665	9,779
Total	**36,761**	**50,356**

Revenues are attributed to countries on the basis of the customer's location.

Intangible assets and property, plant and equipment by country are reported separately as follows:

Intangible assets and property, plant and equipment by country in EUR thousand	**2017**	**2016**
France	7,591	1
Germany	3,209	4,382
Singapore	667	706
Other	317	521
Total	**11,784**	**5,610**

The Rocket Internet Group has a diversified customer base.

Changes in Segment Reporting in 2018

Historically the Company had the reportable segments presented above. Starting January 2018, in the regular internal reporting to the CODM, results are reported for the company as a whole. The CODM does not regularly review the results on a lower level to make decisions about allocation of resources and assesses the performance of different parts of the Company. The Company therefore comprises a single operating and reportable segment in future.

7. Capital Management

The Company regards its total equity as capital. The primary objective of the Company's capital management is to support its operations, to cover the cash burn and to maximize shareholders' value while minimizing financial risks. Historically, the Company has financed its operations primarily through the issuance of equity instruments to third parties and in 2015, for the first time through the issuance of convertible bonds. To assist management in undertaking strategic activities, capital increases and servicing stock option plans, the shareholders of the Company have authorized the future issuance of ordinary shares in specific circumstances with the permission of the Supervisory Board.

The parent Company did not pay dividends in the financial years 2017 and 2016.

On September 29, 2017, Rocket Internet decided to spend further up to EUR 100,000 thousand on a program to repurchase convertible bonds which are due in 2022 and which were issued in 2015. The previous buyback programs initiated in February 2016 has terminated on September 30, 2017. Further information on the repurchase of convertible bonds can be found in Note 29.

On August 14, 2017, Rocket Internet announced to carry out a share buy-back program with a total maximum consideration (excluding ancillary costs) of up to EUR 100,000 thousand and a maximum volume of up to 5,000,000 shares, representing a maximum of up to 3.03% of the outstanding share capital of Rocket Internet. The buy-back will end on April 30, 2018. The repurchased shares are intended to be redeemed, and Rocket Internet's share capital is intended to be reduced accordingly. Further information on the repurchase of treasury shares can be found in Note 27.

Except for the buyback programs outlined above, which may be prolonged / extended, Rocket Internet SE currently intends to retain all available funds and future earnings, if any, to be able to provide more equity capital to its network companies to support their operations and to position them to grow. Rocket Internet SE currently does not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, Rocket Internet SE's results of operations, financial situation, contractual restrictions and capital requirements. Rocket Internet SE's future ability to pay dividends may be limited by the terms of any future debt or preferred securities.

The capital resources for the Group are also derived from cash payments from non-controlling interests, from operating activities and sales of equity investments.

Apart from the decision to repurchase treasury shares made in August 2017, the objectives, policies or processes for managing capital remained unchanged during the years 2017 and 2016.

8. Principal Subsidiaries

As a result of Rocket Internet being an operational Internet platform, the basis of consolidation is subject to changes in each financial period. Usually, Rocket Internet has control and applies full consolidation when a company is founded. In subsequent financing rounds, the companies attract the equity necessary to further extend operations from Rocket Internet as well as from other external investors. This means that Rocket Internet's direct and indirect share in the entities decreases over time in line with their size and maturity. Please refer to Note 1 for further details on corporate structure, consumer brands and Group operations and to Note 6 regarding segment information.

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

			Ownership	
Name of Subsidiary	**Registered Office**	**Nature of Business**	**Dec 31, 2017**	**Dec 31, 2016**
Caterwings Holding S.à r.l.	Luxembourg	interim holding	48.2%	62.6%
Convenience Food Group S.à r.l.	Luxembourg	interim holding	62.6%	62.6%
EatFirst UK Ltd.	London	eCommerce	43.6%	41.2%
Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1	Berlin	interim holding	100%	100%
GFC Global Founders Capital GmbH (formerly GFC Global Founders Capital S.à r.l.)	Berlin	interim holding	100%	100%
Global Online Takeaway Group S.A.	Luxembourg	interim holding	100%	100%
International Rocket GmbH & Co. KG	Berlin	interim holding	100%	100%
Juwel 190. V V UG (haftungsbeschränkt) & Co. 15. Verwaltungs KG	Berlin	interim holding	68.7%	68.7%
MKC Brillant Services GmbH	Berlin	interim holding	65.0%	65.0%
Moneda Top-Holding S.à r.l.	Luxembourg	FinTech	100%	100%
RCKT GmbH & Co. KG	Berlin	other services	58.0%	100%
ZipJet Ltd.	London	rendering of services	n/a	59.6%
ZipJet Global Services GmbH	Berlin	other services	n/a	73.1%

The proportions of voting rights in the subsidiaries are the same as the ownership interests presented in the table above. Ownership percentages are calculated on the Group parent level, considering all non-controlling interests in the lower levels of the multilevel group hierarchy. In the table above, "n/a" indicates that the respective company was not a subsidiary as of the respective balance sheet date.

The Management has determined that the Group does not control the following companies even though Rocket Internet holds more than 50% of the voting rights. The companies listed below were not controlled because Rocket Internet does not have the ability to direct the relevant activities due to specific regulations in the shareholder agreements:

2017	Voting rights	2016	Voting rights
AEH New Africa eCommerce II GmbH	71.2%	AEH New Africa eCommerce II GmbH	71.2%
Digital Services XLVII S.à r.l.	59.8%	Beauty Trend Holding GmbH	59.6%
ECommerce Holding II S.à r.l.	52.7%	Digital Services XXVIII S.à r.l.	70.0%
Jade 1223. GmbH i.L.	73.8%	ECommerce Holding II S.à r.l.	50.6%
PTH Brillant Services GmbH i.L.	79.6%	HelloFresh SE	55.8%
		Jade 1223. GmbH i.L.	73.8%
		PTH Brillant Services GmbH i.L.	79.6%

Summarized financial information on subsidiaries with material non-controlling interests

The total non-controlling interests in the Group as of December 31, 2017 amount to EUR 24,708 thousand (previous year EUR 28,275 thousand).

Set out below is the summarized financial information for the subsidiaries with non controlling interests that, in the opinion of the Management, are material to the Company. The amounts shown are before intercompany eliminations and the elimination of investments in the subordinated subsidiaries.

Summarized balance sheet

December 31, 2017	Assets		Liabilities		Total	
In EUR thousand	Non-current	Current	Non-current	Current	Net Assets	Attributable to NCI
Caterwings Holding S.à r.l.	8,516	854	0	1,545	7,825	4,057
Convenience Food Group S.à r.l.	15,569	695	0	1,529	14,735	5,509
EatFirst UK Ltd.	35	750	0	808	-23	-13
Juwel 190. V V UG (haftungsbeschränkt) & Co. 15. Verwaltungs KG	3,126	28	0	14	3,140	982
MKC Brillant Services GmbH	56,101	8,973	0	411	64,663	22,633

December 31, 2016	Assets		Liabilities		Total	
In EUR thousand	Non-current	Current	Non-current	Current	Net Assets	Attributable to NCI
Carspring Ltd.	17	1,389	0	2,163	-757	-332
Convenience Food Group S.à r.l.	21,853	6,594	0	30	28,417	10,628
MKC Brillant Services GmbH	65,063	6,994	81	349	71,627	25,069
ZipJet Ltd.	59	344	0	251	151	61
ZipJet Global Services GmbH	19	129	0	177	-29	-8

Summarized income statement

2017

In EUR thousand	Revenue	Profit (Loss)	Other comprehensive income	Total comprehensive income	Attributable to NCI
Caterwings Holding S.à r.l.	0	-331	0	-331	-172
Convenience Food Group S.à r.l.	12	-1,818	8	-1,810	-677
EatFirst UK Ltd.	974	-1,922	-87	-2,009	-1,133
Juwel 190. V V UG (haftungsbeschränkt) & Co. 15. Verwaltungs KG	0	-9,220	-50	-9,270	-2,900
MKC Brillant Services GmbH	0	779	-7,407	-6,628	-2,320

2016

In EUR thousand	Revenue	Profit (Loss)	Other comprehensive income	Total comprehensive income	Attributable to NCI
Bus Servicos de Agendamento S.A. [1)]	879	-845	184	-661	-186
Carspring Ltd.	9,262	-3,630	-240	-3,870	-1,624
Convenience Food Group S.à r.l.	19	3,172	-21	3,152	1,178
MKC Brillant Services GmbH	0	-117,879	-992	-118,871	-41,628
ZipJet Ltd.	1,629	-1,965	1	-1,965	-794
ZipJet Global Services GmbH	1,829	-31	0	-31	-10

1) Until deconsolidation in March 2016.

Summarized cash flows

2017

In EUR thousand	Cash flow from operating activities	Cash flows from investing activities	Cash flows from financing activities
Caterwings Holding S.à r.l.	-275	-4,711	5,094
Convenience Food Group S.à r.l.	-75	-1,391	1,500
EatFirst UK Ltd.	-1,875	-25	2,171
Juwel 190. V V UG (haftungsbeschränkt) & Co. 15. Verwaltungs KG	-2	0	0
MKC Brillant Services GmbH	-846	6,092	0

2016

In EUR thousand	Cash flow from operating activities	Cash flows from investing activities	Cash flows from financing activities
Bus Servicos de Agendamento S.A. [1)]	303	-465	0
Carspring Ltd.	-3,301	-7	1,293
Convenience Food Group S.à r.l.	-1,014	662	0
MKC Brillant Services GmbH	108	-2,528	-2
ZipJet Ltd.	-2,022	-9	1,517
ZipJet Global Services GmbH	31	-1	0

1) Until deconsolidation in March 2016.

Summarized effect of loss of control of subsidiaries through sale during the period

The Group lost control of the following subsidiaries through sale in 2017.

The sale of 100% of the shares in Rocket Labs GmbH & Co. KG to Global Fashion Group was closed on April 1, 2017. On April 27, 2017, Rocket Internet divested its 79.0% share in sparks42 GmbH.

The Group lost control of the following subsidiaries through sale in 2016.

In accordance with the contract dated December 16, 2015 the sale of 77.1% of the shares in Bonnyprints GmbH to Planet Cards SAS was agreed. The transaction was completed on January 19, 2016 (closing).

On February 5, 2016, Rocket Internet SE announced the divestiture of the two non-core takeaway food operations La Nevera Roja in Spain and Pizzabo.it in Italy to JustEat plc. The transaction in Italy was completed on the day of announcement (closing). The transaction in Spain was completed after the regulatory approval from the Spanish competition authority, the Comisión Nacional de los Mercados y la Competencia on April 1, 2016.

In 2017 cash inflows in the amount of EUR 9,275 thousand from sales in the previous year were received.

In the years 2017 and 2016 the Group deconsolidated some dormant, non-significant subsidiaries as well as some liquidated subsidiaries. The amount of the results from the deconsolidation of such entities is explained in Note 12. These deconsolidations had no material effect on the financial statements.

The amount of consideration received:

	2017
In EUR thousand	**Total**
Cash received	1,308
Non-cash consideration received	28
Consideration received	**1,336**

	2016			
In EUR thousand	**Pizzabo.it and La Nevera Roja**	**Bonnyprints**	**Other**	**Total**
Cash received	101,700	1,532	0	103,232
Non-cash consideration received	10,665	0	312	10,977
Consideration received	**112,365**	**1,532**	**312**	**114,209**

Analysis of assets and liabilities from subsidiaries over which control was lost through sale during the financial year (including dormant, non-significant and liquidated subsidiaries):

	2017
In EUR thousand	Total
Non-current assets	**416**
Intangible assets	296
Property, plant and equipment	66
Other	54
Current assets	**14,508**
Cash and cash equivalents	1,775
Trade receivables	828
Other	11,905
Non-current liabilities	**211**
Current liabilities	**13,193**
Net assets disposed	**1,519**

	2016			
In EUR thousand	Pizzabo.it and La Nevera Roja	Bonnyprints	Other	Total
Non-current assets	**118,529**	**14**	**512**	**119,055**
Intangible assets	117,722	9	4	117,735
Property, plant and equipment	535	6	120	661
Other	272	0	388	660
Current assets	**2,379**	**176**	**3,217**	**5,772**
Cash and cash equivalents	1,640	28	1,779	3,448
Trade receivables	195	109	496	800
Inventories	0	23	0	23
Other	544	16	942	1,501
Non-current liabilities	**2,968**	**0**	**30**	**2,999**
Current liabilities	**2,972**	**1,314**	**3,255**	**7,540**
Net assets disposed	**114,967**	**-1,123**	**445**	**114,289**

Result from the sale of subsidiaries (including dormant, non-significant and liquidated subsidiaries):

	2017
In EUR thousand	Total
Consideration received	1,336
Net assets disposed of	-1,519
Non-controlling interests	-156
Reclassification of currency translation effects previously recognized in OCI to profit or loss	56
Result from deconsolidation	**-283**

	2016			
In EUR thousand	Pizzabo.it and La NeveraRoja	Bonnyprints	Other	Total
Consideration received	112,365	1,532	312	114,209
Net assets disposed of	-114,967	1,123	-445	-114,289
Non-controlling interests	0	-259	673	413
Reclassification of currency translation effects previously recognized in OCI to profit or loss	0	0	-533	-533
Other effects	-71	-50	0	-121
Result from deconsolidation	**-2,673**	**2,346**	**7**	**-320**

Deconsolidation of subsidiaries due to deemed disposals during the period

The following former subsidiaries issued shares to third parties, which reduced Rocket Internet's ownership interest in the subsidiaries so that the Group no longer has a controlling financial interest in these subsidiaries.

2017

Name of the former subsidiary	Month of deconsolidation	Transition to
ZipJet Global S.à r.l.	May 2017	Associate
Digital Services XLVII S.à r.l. (Instafreight)	October 2017	Joint Venture

2016

Name of the former subsidiary	Month of deconsolidation	Transition to
Bus Servicos de Agendamento S.A.	March 2016	Joint Venture
ECommerce Pay Holding S.à r.l. [1]	February 2016	Joint Venture
Everdine Holding S.à r.l.	August 2016	Joint Venture
Spotcap Global S.à r.l.	May 2016	Associate
Vaniday Global S.à r.l.	July 2016	Associate

1) As a result of the termination of the joint venture, the Group regained the control over ECommerce Pay Holding S.à r.l. in July 2016.

The gains and losses on deemed disposals, regular disposals and liquidation of subsidiaries resulting in a loss of control and accordingly a deconsolidation of subsidiaries are reported as a separate line item in the income statement. The portion of the gains due to measuring any investment retained in the former subsidiaries at its fair value at the date when control is lost is disclosed in the Note 12.

Effects of changes in ownership without loss of control

The following tables show the effects on the equity attributable to owners of the parent from changes in Group ownership interest in the material subsidiaries that did not result in a loss of control:

In EUR thousand	Impact on equity attributable to owners of the parent Company in 2017
Caterwings Holding S.à r.l. [1]	881
Convenience Food Group S.à r.l.	no change
EatFirst UK Ltd.	-577
Juwel 190. V V UG (haftungsbeschränkt) & Co. 15. Verwaltungs KG	no change
MKC Brillant Services GmbH	no change

1) Including subsidiaries of Caterwings Holding S.à r.l.

In November 2017 the Group acquired non-controlling interests in Ecommerce Pay Emerging Markets S.à r.l. for EUR 915 thousand.

In EUR thousand	Impact on equity attributable to owners of the parent Company in 2016
Carspring Ltd.	74
Convenience Food Group S.à r.l. [1]	690
MKC Brillant Services GmbH	no change
Moonshine eServices Private Ltd.	1,064
ZipJet Global S.à r.l. [2]	1,571

1) Including subsidiaries of Convenience Food Group S.à r.l.
2) Including subsidiaries of ZipJet Global S.à r.l.

In October 2016, Rocket Internet and the APACIG Group (Asia Internet Holding S.à r.l.) decided to merge their Printvenue network companies in Asia. They achieved the merger by contributing the respective holding structures under the now common parent company Printvenue Asia S.à r.l. After the transaction, Rocket Internet Group now holds an indirect share of 73% in their subsidiary Moonshine eServices Private Ltd. (100% prior to the transaction) and has received a majority stake in Printvenue Singapore PTE. Ltd. (previously a subsidiary of Asia Internet Holding S.à r.l.).

The other effects on equity attributable to owners of the parent Company due to changes in ownership without loss of control in the other companies and sub-groups above relate mainly to financing rounds.

Furthermore, the investment rounds at all subsidiaries (including the abovementioned subsidiaries) as a result of which the Company's ownership has decreased resulted in the following movements in equity:

Capital reserves
(Proceeds and non-cash contributions from non-controlling interests)

	attributable to		
In EUR thousand	Shareholders of the parent	Non-controlling interests	Total
2017	4,888	5,317	10,205
2016	1,799	2,404	4,203

9. Business Combinations

On May 23, 2017, the Group acquired 100% shares in the French company Holidays & Co. S.A.S., Saint-Malo, France (www.camping-and-co.com). The purchased subsidiary was founded in 2007 and offers online reservation of camping tours and travel packages. The Group acquired Holidays & Co. S.A.S. for a total consideration of EUR 7,500 thousand consisting of cash paid in May 2017 and cash payable in future periods as well as of non-cash consideration (issuance of shares by a consolidated subsidiary to non-controlling shareholders). Goodwill arising on this acquisition amounts to EUR 4,465 thousand.

On November 14, 2017, the Group acquired 100% of shares in Vayacamping S.L.U. (www.vayacamping.net) for a total consideration of EUR 95 thousand. The purchased subsidiary is based in Barcelona, Spain, operates since 2000 and offers online reservation of camping and bungalows in Spain, France, Portugal, Switzerland, Italy and Croatia.

Both business combinations are immaterial for the Group.

10. Investments in Associates and Joint Ventures

Investments accounted for using the equity method

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Investments in associates	693,663	529,133
Investments in joint ventures	159,373	308,320
Total investments in associates and joint ventures	**853,036**	**837,453**

The main changes in 2017 regarding investments accounted for using the equity method are shown below:

In EUR thousand	Associated Companies	Joint Ventures	Total
As of Jan 1, 2017	**529,133**	**308,320**	**837,453**
Additions	39,483	8,546	48,030
Transition of formerly consolidated entities	2,678	4,885	7,563
Group's Share of the net income (including adjustments made by the Group under the equity method and gains from deemed disposals)	132,372	-68,745	63,627
Reversals of impairments			
recognized on Group level	35,685	0	35,685
recognized by equity-method investee (pro rata)	775	0	775
Impairment losses			
recognized on Group level	-11,896	-74,167	-86,063
recognized by equity-method investee (pro rata)	-5,354	-10,187	-15,541
Disposal gains	4,102	0	4,102
Share of the changes in the net assets that are recognized in other comprehensive income	-16,129	-1,509	-17,638
Disposals and reclassifications	-12,552	-7,770	-20,323
Reorganizations and other changes	-4,634	0	-4,634
As of Dec 31, 2017	**693,663**	**159,373**	**853,036**

In 2017, the Group invested EUR 8,546 thousand cash in joint ventures and EUR 39,483 thousand in associates accounted for using the equity method (thereof paid in cash EUR 39,283 thousand).

Investments in associates

Details of the Group's material associates at the end of the reporting period are as follows:

Trade Name	Name of Associate	Registered Office	Principal Activity	Ownership Dec 31, 2017	Ownership Dec 31, 2016
AEH New Africa I [1] (holding for parts of Jumia)	AEH New Africa eCommerce II GmbH	Berlin	eCommerce/ marketplace	71.2%	71.2%
Global Fashion	Global Fashion Group S.A	Luxembourg	eCommerce	20.2%	20.6%
HelloFresh [2]	HelloFresh SE	Berlin	eCommerce	44.0%	55.8%
Home24	Home24 AG	Berlin	eCommerce	40.8%	42.8%
Westwing	Westwing Group GmbH	Berlin	eCommerce	32.3%	32.3%

1) No control due to specific regulations in the shareholder agreement.

2) As of December 31, 2017, it is uncertain whether Rocket Internet will have the presence majority at the shareholders' meeting und therefore control over HelloFresh, see "Assessment of significant influence over HelloFresh" in Note 4 for additional information. As of December 31, 2016, no control due to specific regulations in the shareholder agreement.

Merger of Affinitas GmbH and Spark Networks, Inc. in 2017

In the fourth quarter of 2017, Affinitas GmbH ("Affinitas", an associated company of Rocket Internet) and Spark Networks, Inc. ("Spark", a third-party from perspective of Rocket Internet) merged in a stock-for-stock transaction that resulted in Affinitas stockholders owning approximately 75% of the new listed holding company Spark Networks SE and Spark stockholders owning approximately 25%. From the perspective of Affinitas, the transaction is accounted for using the acquisition method for business combinations under IFRS, with Affinitas treated as the accounting acquirer and the accounting predecessor of Spark Networks SE. Consequently, Rocket Internet accounted for the transaction as a deemed disposal under the equity method because the associated company Affinitas (now Spark Networks SE) acquired the subsidiary Spark. Consequently, Rocket Internet's interest in Affinitas was diluted by the issuance of new shares.

Share transfer relating to AEH New Africa II in 2016

Due to a roll-up of minority investors, AEH New Africa II received shares in Africa Internet Holding GmbH (AIH) in exchange for its shares in Africa eCommerce Holding GmbH (a subsidiary of AIH). As a result of this transaction, AEH New Africa II lost significant influence over Africa eCommerce Holding GmbH and recognized a gain relating to the share transfer amounting to EUR 35,776 thousand in the income statement. AEH New Africa II accounts for the AIH shares as a FVTOCI financial asset. Subsequent to the roll up, Africa eCommerce Holding GmbH was merged with AIH.

Contribution of foodpanda into Delivery Hero in 2016

In December 2016, the Group contributed its stake in foodpanda into Delivery Hero. In exchange, the Group received newly issued shares in Delivery Hero. As a result of this transaction, foodpanda ceased to represent an associated company and the Group recognized a disposal gain amounting to EUR 79,095 thousand. The total gain attributable to foodpanda amounts to EUR 78,573 thousand and includes regular equity method proportionate losses as well as the disposal gain described above.

Summarized financial information

Summarized financial information in respect of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associate's financial statements and adjusted by the Group for equity accounting purposes. All of the material associated companies prepare consolidated financial information in accordance with IFRS. Summarized financial information is presented for both, the Groups direct investments in associates being operating network companies (e.g. HelloFresh, Home24, Traveloka, Westwing) as well as for associates being intermediate holding companies (e.g. AEH New Africa II, Global Fashion). During the financial years 2016 and 2017, the intermediate holding companies did not fully consolidate all of their operating network companies for the whole period. Furthermore, the effects of legal reorganizations on the intermediate holding company level reflected in their statutory financial statements do not allow a direct reconciliation between segment information as presented in Note 6 and the summarized financial information provided below.

Summarized financial information for the year ended December 31, 2017 (in thousands):

Company Currency	**AEH New Africa II** EUR	**Global Fashion** EUR	**HelloFresh** EUR	**Home24** EUR	**Westwing** EUR
Revenue	0	1,095,028	904,919	275,668	265,840
Profit or loss from continuing operations	-38	-151,437	-112,338	-53,770	-30,419
Post-tax profit or loss from discontinued operations	0	137,448	0	0	0
Other comprehensive income	-2,016	-47,557	-1,230	624	429
Total comprehensive income	**-2,054**	**-61,547**	**-113,568**	**-53,146**	**-29,990**
Dividends received from the associate during the year	–	–	–	–	–
Current assets	23	538,398	386,796	64,658	54,030
Non-current assets	107,604	648,302	139,167	95,734	40,288
Current liabilities	13	291,575	108,003	70,059	76,202
Non-current liabilities	0	34,896	61,329	13,673	57,096
Net assets	**107,614**	**860,229**	**356,631**	**76,660**	**-38,980**

Reconciliation of the above summarized financial information to the carrying amount of the interest in associates recognized in the consolidated financial statements is set out below. Other adjustments reflect non-controlling interests of the associates.

For the year ended December 31, 2017 (in thousands):

Company Currency	AEH New Africa II EUR	Global Fashion EUR	HelloFresh EUR	Home24 EUR	Westwing EUR
Net assets of the associate	107,614	860,229	356,631	76,660	-38,980
Proportion of the Group's ownership interest in the associate	71.2%	20.2%	44.0%	40.8%	32.3%
Goodwill	0	29,116	86,271	16,061	5,337
Impairment charge on Group level	–	-67,962	–	–	–
Other adjustments	0	-4,350	135	4,669	11,503
Carrying amount of the Group's interest in the associate	**76,607**	**130,728**	**243,309**	**52,034**	**4,268**

Summarized financial information for the year ended December 31, 2016 (in thousands):

Company Currency	AEH New Africa II EUR	Global Fashion [1)] EUR	HelloFresh EUR	Home24 EUR	Westwing EUR
Revenue	0	1,023,081	596,992	243,806	250,372
Profit or loss from continuing operations	20,618	-1,387,375	-100,365	-64,436	-27,331
Post-tax profit or loss from discontinued operations	0	-103,319	0	0	0
Other comprehensive income	79	66,646	37	-418	-2,787
Total comprehensive income	**20,697**	**-1,424,049**	**-100,328**	**-64,854**	**-30,118**
Dividends received from the associate during the year	–	–	–	–	–
Current assets	54	578,267	91,283	75,596	45,392
Non-current assets	109,620	670,922	140,034	95,442	43,210
Current liabilities	7	302,790	69,186	63,418	60,849
Non-current liabilities	0	49,189	83,390	14,504	41,879
Net assets	**109,667**	**897,210**	**78,741**	**93,116**	**-14,126**

1) Profit or loss of Global Fashion Group includes impairment losses of EUR 1,241,406 thousand.

Reconciliation of the above summarized financial information to the carrying amount of the interest in associates recognized in the consolidated financial statements is set out below. Other adjustments reflect non-controlling interests of the associates.

For the year ended December 31, 2016 (in thousands):

Company Currency	**AEH New Africa II** EUR	**Global Fashion** EUR	**HelloFresh** EUR	**Home24** EUR	**Westwing** EUR
Net assets of the associate	109,667	897,210	78,741	93,116	-14,126
Proportion of the Group's ownership interest in the associate	71.2%	20.6%	55.8%	42.8%	32.3%
Goodwill	0	29,703	109,499	16,821	5,337
Impairment charge on Group level	–	-90,468	–	–	–
Other adjustments	0	-6,027	-1	4,469	11,609
Carrying amount of the Group's interest in the associate	**78,032**	**118,374**	**153,469**	**61,112**	**12,388**

Aggregate financial information for individually immaterial associates

In addition to the interests in associates disclosed above, Rocket Internet has also interests in a number of individually immaterial associates that are accounted for using the equity method.

In EUR thousand	**Dec 31, 2017**	**Dec 31, 2016**
Aggregate carrying amount of individually immaterial associates	186,717	105,759
Aggregate amounts of Group's share of:		
profit/loss from continuing operations	-45,110	-36,193
other comprehensive income/loss	-123	-481
total comprehensive income/loss	-45,233	-36,674

Unrecognized share of losses of associates

In EUR thousand	**Dec 31, 2017**	**Dec 31, 2016**
Cumulative share of loss of associates	-2,917	-5,126
The unrecognized share of loss of associates for the year	-131	-2,215

Fair value of Group's investment in listed associates accounted for using the equity method

In EUR thousand	Dec 31, 2017
HelloFresh SE	812,079
Spark Networks SE	34,950

As of December 31, 2016, the Group did not have any listed associates accounted for using the equity method.

Investments in joint ventures

Details of the Group's material joint ventures at the end of the reporting period are as follows:

				Ownership	
Trade Name	Name of Joint Venture	Registered Office	Principal Activity	Dec 31, 2017	Dec 31, 2016
Jumia Group	Africa Internet Holding GmbH	Berlin	eCommerce/marketplace	21.7%	21.7%
Asia Pacific Internet Group	Asia Internet Holding S.à r.l.	Luxembourg	eCommerce/marketplace	50.0%	50.0%
Middle East Internet Group	Middle East Internet Holding S.à r.l.	Luxembourg	eCommerce/marketplace	50.0%	50.0%

Summarized financial information in respect of the Group's material joint ventures is set out below and represents amounts shown in the joint venture's consolidated financial statement prepared in accordance with IFRS and adjusted by the Group for equity accounting purposes.

Summarized financial information for the year ended December 31, 2017 (in thousands):

Company Currency	**Jumia Group** EUR	**Asia Pacific Internet Group** [1)] EUR	**Middle East Internet Group** EUR
Revenue	93,798	12,627	86,522
Profit or loss from continuing operations	-148,650	-64,457	-33,890
Post-tax profit or loss from discontinued operations	0	-18,758	95
Other comprehensive income	-1,162	-778	-48
Total comprehensive income	**-149,812**	**-83,993**	**-33,843**
THE ABOVE PROFIT OR LOSS INCLUDES:			
Depreciation and amortization	-2,126	-3,399	-360
Interest income	24	146	0
Interest expense	-9	-74	-38
Income tax expense / income	-740	1,319	-90
Dividends received from the joint venture during the year	–	557	–
Current assets	188,819	69,186	40,572
Non-current assets	104,413	61,094	631
Current liabilities	66,526	17,511	27,016
Non-current liabilities	1,111	2,669	868
Net assets	**225,595**	**110,100**	**13,318**
ASSETS AND LIABILITIES ABOVE INCLUDE:			
Cash and cash equivalents	28,990	23,597	28,631
Current financial liabilities (excluding trade and other payables and provisions)	0	0	12,899
Non-current financial liabilities (excluding trade and other payables and provisions)	0	0	748

1) Profit or loss of Asia Pacific Internet Group includes impairment losses of EUR 20,374 thousand.

Reconciliation of the above summarized financial information to the carrying amount of the interest in joint ventures recognized in the consolidated financial statements is set out below. Other adjustments reflect non-controlling interests of the joint ventures.

December 31, 2017 (in thousands):

Company Currency	**Jumia Group** EUR	**Asia Pacific Internet Group** EUR	**Middle East Internet Group** EUR
Net assets of the joint venture	225,595	110,100	13,318
Proportion of the Group's ownership interest in the joint venture	21.7%	50.0%	50.0%
Goodwill	54,092	18,402	29,443
Impairment charge on Group level	–	-26,282	-39,868
Other adjustments	1,886	-4,730	6,484
Carrying amount of the Group's interest in the joint venture	**105,024**	**42,440**	**2,719**

Summarized financial information for the year ended December 31, 2016 (in thousands):

Company Currency	**Jumia Group** EUR	**Asia Pacific Internet Group [1)]** EUR	**Middle East Internet Group** EUR
Revenue	84,364	13,199	30,142
Profit or loss from continuing operations	-112,217	-62,003	-26,850
Post-tax profit or loss from discontinued operations	0	0	0
Other comprehensive income	1,415	-208	54
Total comprehensive income	**-110,802**	**-62,212**	**-26,797**
THE ABOVE PROFIT OR LOSS INCLUDES:			
Depreciation and amortization	-6,700	-5,571	-283
Interest income	42	175	0
Interest expense	-626	-119	-1
Income tax expense / income	-60	-20	-210
Dividends received from the joint venture during the year	–	–	–
Current assets	149,079	80,023	44,841
Non-current assets	244,971	129,417	10,477
Current liabilities	44,551	10,548	10,712
Non-current liabilities	1,195	5,342	618
Net assets	**348,304**	**193,550**	**43,988**
ASSETS AND LIABILITIES ABOVE INCLUDE:			
Cash and cash equivalents	29,495	62,811	32,296
Current financial liabilities (excluding trade and other payables and provisions)	634	3,873	2,668
Non-current financial liabilities (excluding trade and other payables and provisions)	0	5,255	500

1) Profit or loss of Asia Pacific Internet Group includes impairment losses of EUR 29,768 thousand.

Reconciliation of the above summarized financial information to the carrying amount of the interest in joint ventures recognized in the consolidated financial statements is set out below. Other adjustments reflect non-controlling interests of the joint ventures.

December 31, 2016 (in thousands):

Company Currency	**Jumia Group** EUR	**Asia Pacific Internet Group** EUR	**Middle East Internet Group** EUR
Net assets of the joint venture	348,304	193,550	43,988
Proportion of the Group's ownership interest in the joint venture	21.7%	50.0%	50.0%
Goodwill	54,092	18,402	29,443
Impairment charge on Group level	–	-2,203	–
Other adjustments	6,693	-9,353	1,139
Carrying amount of the Group's interest in the joint venture	**136,511**	**103,620**	**52,576**

Aggregate financial information for individually immaterial joint ventures

In addition to the interests in joint ventures disclosed above, the Group also had interests in individually immaterial joint ventures that were accounted for using the equity method.

In EUR thousand	**Dec 31, 2017**	**Dec 31, 2016**
Aggregate carrying amount of individually immaterial joint ventures	9,190	15,613
Aggregate amounts of Group's share of:		
profit/loss from continuing operations	-2,107	-1,976
other comprehensive income/loss	7	104
total comprehensive income/loss	-2,100	-1,872

Description of the Group's involvements in Rocket Internet Capital Partners Fund

In the first half of 2016 a Fund named Rocket Internet Capital Partners ("RICP" or "Fund") was established. As of December 31, 2017, the following companies of the Group are part of the Fund structure:

Name	Company Name	Registered Office	Ownership of the Group	Status
RICP or Fund	Rocket Internet Capital Partners SCS and Rocket Internet Capital Partners (Euro) SCS 1)	Luxembourg	14% 2)	Structured entities
Founder Partner	Rocket Internet Capital Partner Founder SCS	Luxembourg	75%	Fully consolidated subsidiary
General Partner	Rocket Internet Capital Partners Lux S.à r.l.	Luxembourg	100%	Fully consolidated subsidiary
RI Capital or Advisor	RI Capital Advisors Ltd.	London	100%	Fully consolidated subsidiary

1) USD-Fund and EUR-parallel Fund (investors have the option to invest in USD and/or in EUR).
2) Quota relates to the total Fund (USD-Fund and EUR-parallel Fund).

Both structured entities are sponsored by the Group. The General Partner of the Fund acts as a fund manager. RI Capital acts as an advisor of the General Partner. The General Partner and the Advisor are subsidiaries of Rocket Internet SE. Rocket Internet SE has underwritten an amount equal to 14% of the subscribed capital of the Fund via its participation in the Founder Partner. The remaining commitments are provided by third parties (institutional investors as well as high net worth individuals).

The Fund invests jointly with Rocket Internet (co-investment ratio: 80% RICP; 20% Rocket Internet). The Fund duration is at least nine years.

The total commitment of the Founder Partner amounts to approx. EUR 119,673 thousand (consisting of USD 100,000 thousand and EUR 36,291 thousand) (previous year approx. EUR 84,906 thousand, consisting of USD 89,499 thousand) of which a total amount of approx. EUR 41,737 thousand (previous year approx. EUR 9,292 thousand) was drawn-down.

Interests in unconsolidated structured entities

The Group's interests in RICP refer to contractual and non-contractual involvement that exposes the Group to variable returns from the performance of the unconsolidated structured entities. The Group's interests in unconsolidated structured entities solely include equity investments.

Maximum credit risk of unconsolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. The maximum exposure for equity investments is reflected by their carrying amounts in the consolidated balance sheet. The structured entities are shown in the balance sheet item Investments in associates and joint ventures. The Group is not absorbing any risk arising from the variability of returns from the structured entities via other interests such as debt investments, liquidity facilities, guarantees, derivatives, etc. As an administrator of the Fund, the general partner bears various administrative expenses. Rocket Internet SE has pledged short-term financial assets amounting to EUR 149,900 thousand (previous year EUR 163,379 thousand) as collateral for RICP's short-term credit facility. As of December 31, 2017, RICP has drawn down EUR 31,190 thousand (previous year

EUR 106,206 thousand) of that credit facility. Rocket Internet did not provide further non-contractual support during the financial years 2017 and 2016 to unconsolidated structured entities. The Group is not contractually obliged to provide financial support to these entities in any form.

Profit entitlements derived from involvement with structured entities

The Founder Partner is entitled to a carry for its services in relation to the Fund, provided the Fund reaches certain performance targets.

Size of structured entities

The size of the Fund (USD-Fund and EUR-parallel Fund) is determined by the total combined commitments of its investors, which were equal to USD 1,000,000 thousand as of December 31, 2017 (previous year USD 869,173 thousand). The Fund's investments are measured at fair value through profit or loss.

Notes to the Income Statement

11. Revenue

Revenue for the year comprises the following:

In EUR thousand	2017	%	2016	%
Rendering of services	27,821	76	38,472	77
Sale of goods	4,614	13	11,215	22
Interest (from financial assets that are not measured at FVTPL)	4,327	12	669	1
Total	**36,761**	**100**	**50,356**	**100**

Revenue generated from rendering of services primarily results from consulting services provided to network companies. Furthermore, revenues from rendering of intermediation services (specialized online and mobile transaction platforms for goods and services/marketplaces) as well as from re-selling of services purchased from third parties (e.g. Zipjet) are also included therein.

Revenue decreased primarily due to the decrease of consulting services performed for our companies as well as due to deconsolidation, sale and the winding down of fully consolidated subsidiaries.

12. Result from Deconsolidation of Subsidiaries

In EUR thousand	2017	2016
Gains from deconsolidation		
Sales of subsidiaries	0	2,346
Deemed disposals (loss of control when subsidiary issues shares to third parties)	11,921	48,588
Other (liquidations and deconsolidation of dormant subsidiaries)	178	1,954
Losses from deconsolidation		
Sales of subsidiaries	-24	-2,673
Other (liquidation and deconsolidation of dormant subsidiaries)	-437	-1,947
Result from deconsolidation of subsidiaries	**11,638**	**48,268**

When Rocket Internet loses control over a company, the former subsidiaries are no longer consolidated, but they usually become associated companies or joint ventures. The retained interests are measured at fair value at first time recognition. The gain or loss that results from the deconsolidation and first-time recognition as associated company or joint venture is recognized as gain / loss from deconsolidation.

In 2017, the result from deconsolidation of subsidiaries mainly originates from deemed disposals of Zipjet and Instafreight.

In 2016, the result from deconsolidation of subsidiaries mainly originates from deemed disposals of Spotcap, Clickbus Brazil, Vaniday and Everdine. The gains and losses from the sale of subsidiaries primarily relate to disposals of Bonnyprints, Pizzabo.it and La Nevera Roja.

For further information we refer to Note 8.

13. Purchased Merchandise and Purchased Services

Purchased merchandise and purchased services comprise the following:

In EUR thousand	2017	2016
Purchased services	10,954	13,012
Purchased goods / merchandise	4,890	11,185
Purchased merchandise and purchased services	**15,844**	**24,197**

14. Employee Benefit Expenses

Employee benefit expenses comprise the following:

In EUR thousand	2017	2016
Salaries, bonuses and other short-term employee benefits	31,374	45,728
Social security	5,195	7,763
Equity-settled share-based payments	20,828	14,724
Cash-settled share-based payments (income (-), expense (+))	1,104	-11,644
Other	5,204	2,431
Employee benefit expenses	**63,705**	**59,002**

Social security costs include contributions to the statutory pension insurance of EUR 2,202 thousand (previous year EUR 3,483 thousand).

Regarding the equity- and cash-settled share-based payments, please refer to Note 33.

15. Other Operating Expenses

Other operating expenses comprise the following:

In EUR thousand	2017	2016
Legal and consultancy	5,827	16,615
Marketing expenses	3,739	7,504
Rent and occupancy costs	3,439	3,113
Derecognition and impairment of receivables	2,231	1,877
Currency translation losses	2,147	301
Office and infrastructure costs	1,882	2,205
IT costs	1,598	1,734
External services	1,304	2,193
Bookkeeping, year-end closing, auditing expenses	977	2,358
Travel expenses	696	1,005
Other levies / insurance premiums	500	869
Other	3,370	5,494
Other operating expenses	**27,710**	**45,269**

Legal and consultancy expenses in 2016 mainly contain expenses incurred in connection with the setup of the Rocket Internet Capital Partners Fund (RICP).

16. Share of Profit / Loss of Associates and Joint Ventures

In the reporting period, the share of profit / loss of associates and joint ventures amounts to EUR 2,585 thousand (previous year EUR 539,609 thousand). It mainly results from HelloFresh, Traveloka, Global Fashion Group, Asia Internet Holding, Middle East Internet Holding and Africa Internet Holding (previous year Global Fashion Group, Linio, HelloFresh, Asia Internet Holding and Africa Internet Holding).

In 2017, total impairment losses amount to EUR 101,603 thousand (of which EUR 86,063 thousand are recognized on Group level). Thereof, approximately 64% are attributable to valuations based on the DCF method and approximately 36% to valuations based on recent transactions. The reversals of impairments of EUR 36,640 thousand are also with approximately 64% attributable to the DCF method while 36% relate to recent transactions.

During the financial year 2017, Rocket Internet recognized impairment losses of EUR 86,063 thousand on Group level, which are mainly attributable to Middle East Internet Holding (EUR 39,868 thousand), Asia Internet Holding (EUR 24,079 thousand) and Clickbus Brazil (EUR 10,002 thousand). Moreover, the Group recognized a proportionate share of impairment losses of EUR 15,541 thousand, which mainly relate to Asia Internet Holding (EUR 10,187 thousand) and Vaniday (EUR 3,165 thousand). In 2017, the Group recognized reversals of impairments of EUR 36,460 thousand which mainly relate to Global Fashion Group (EUR 22,506 thousand) and Nestpick (EUR 4,062 thousand).

In 2016, total impairment losses amount to EUR 567,953 (thereof EUR 207,591 thousand recognized on Group level). Thereof, approximately 11% are attributable to the DCF method and approximately 89% to valuations based on recent transactions.

During the financial year 2016, Rocket Internet recognized a proportionate impairment loss from Global Fashion Group of EUR 334,245 thousand. On the Group level, Rocket Internet recognized additional impairment losses related to Global Fashion Group of EUR 90,468 thousand. Furthermore, in 2016 Rocket Internet recognized on the Group level losses from impairment of other associates amounting to EUR 117,123 thousand primarily attributable to Linio (EUR 58,742 thousand), EasyTaxi (EUR 16,853 thousand), Lendico (EUR 16,583 thousand) and Nestpick (EUR 8,542 thousand). Regarding Asia Internet Holding, the Group recognized during the financial year 2016 proportionate impairment losses of EUR 14,884 thousand as well as additional impairment losses on Group level of EUR 3,581 thousand.

The valuation methods correspond to the methods used for equity instruments measured at fair value. The recoverable amount of the assets corresponds to the fair value less costs to sell, which are taken into account in the amount of 1%. The fair value measurements are categorized within Level 3 of the fair value hierarchy. For further information on valuation methods, please refer to Note 35.

For further information on associated companies and joint ventures, please refer to Note 10.

17. Financial Result

Financial result for the period comprises the following:

In EUR thousand	2017	2016
Interest and similar expenses (from financial liabilities that are not measured at FVTPL)	-14,482	-18,799
Loss from derivative financial instruments	-79,206	-217
Loss on financial assets at FVTPL	-39,106	-211,242
Loss from the impairment of AFS equity investments	-2,298	-7,024
Loss from the revaluation of financial liabilities at FVTPL	0	-287
Currency translation losses	-45,625	-283
Total finance expense	**-180,716**	**-237,853**
Interest and similar income (from financial assets that are not measured at FVTPL)	16,082	9,917
Gain on financial assets at FVTPL	138,887	24,081
Gain from the derecognition of AFS equity investments FVTOCI	65,927	0
Dividends received from associates at FVTPL	375	438
Other dividends	3,262	2,259
Gain from derivative financial instruments	2,804	172
Gain on repurchase of convertible bonds	38	18,853
Gain from the revaluation of financial liabilities	0	672
Currency translation gains	314	13,493
Total finance income	**227,689**	**69,884**
Net financial result	**46,973**	**-167,968**
thereof net gains/losses from financial instruments that are classified as held for trading	-76,402	-45

For further information regarding the profit/loss from changes in fair value of financial assets and liabilities at FVTPL refer to Note 35.

18. Income Tax

Income tax expense recorded in profit or loss comprises the following:

In EUR thousand	2017	2016
Current tax expense (-)/income (+)	-737	237
thereof current period	-155	475
thereof previous years	-582	-238
Deferred tax income	4,554	5,256
thereof current period	2,309	3,974
thereof previous years	2,244	1,282
Income tax expense (-)/income (+) for the year	**3,816**	**5,493**

Reconciliation between the tax expense/income and profit or loss multiplied by applicable tax rate

The difference between the actual income taxes and the expected income taxes that would arise using the weighted average tax rate to profit or loss before tax relates to the following reconciling items:

In EUR thousand	2017	2016
Loss before tax	**-9,790**	**-746,967**
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,821	224,342
Income not subject to tax	53,432	7,638
Expenses not deductible for tax purposes	-7,468	-60,197
Tax losses for which no deferred income tax assets were recognized	-20,200	-23,465
Utilization of tax losses from previous years	1,900	992
Share-based payments not deductible for tax purposes	-6,278	-4,807
Results of associates/joint ventures and deconsolidation	2,944	-142,277
Temporary differences for which no deferred income tax assets were recognized	-2,423	–
Permanent differences	-21,337	841
Other tax effects	425	2,426
Income tax expense (-)/income (+) for the year	**3,816**	**5,493**

The weighted average applicable tax rate was 28.82% (previous year 30.03%), which was derived from the tax rate in each tax jurisdiction weighted by the relevant pre-tax profit or loss.

Deferred Taxes

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their tax bases. The tax effect of these temporary differences and unused tax loss carry forwards is disclosed below:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Intangible assets	–	-213
Financial assets	-4,243	-4,831
Convertible Bonds	-6,346	-5,878
Cash and cash equivalents in foreign currency	6,156	-5,227
Accruals	1,164	8,363
Financial liabilities	803	–
Shares in associated companies and joint ventures	-4,863	-5,540
Deferred tax on tax loss carry forwards	5,888	10,605
Assets held for sale	–	-2,302
Inventory	236	–
Other	53	40
Net deferred tax liabilities (-)	**-1,152**	**-4,983**
Deferred tax liabilities reported in balance sheet	**-1,152**	**-4,983**

Deferred income tax assets are recognized for tax loss carry forwards and deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable or deferred tax liabilities are recognized. As of December 31, 2017, deferred tax assets for tax loss carryforwards of EUR 5,888 thousand (previous year EUR 10,605 thousand) and deferred tax assets for deductible temporary differences of EUR 11,011 thousand (previous year EUR 10,203 thousand) have been recognized. Deferred tax assets from deductible temporary differences amounting to EUR 2,423 thousand (previous year EUR 2,198 thousand) were not recognized.

Tax loss carry-forwards in Germany

In years of tax profits any tax loss carry-forward can be fully used up to an amount of EUR 1 million. Any excess tax profit will be reduced with remaining tax loss carry-forwards by 60%. Thus, 40% of all tax profits exceeding EUR 1 million will be subject to taxation.

As of December 31, 2017, the parent Company has corporate income tax loss carry forwards originated and generally usable in Germany in the amount of EUR 123,863 thousand (previous year EUR 103,582 thousand) as well as trade tax loss carry forwards in the amount of EUR 120,580 thousand (previous year EUR 104,554 thousand). As of December 31, 2017, unused income tax loss carry forwards of the parent Company for which no deferred tax assets have been recognized relate to corporate income tax loss carry forwards in the amount of EUR 123,863 thousand (previous year EUR 85,299 thousand) as well as to trade tax loss carry forwards in the amount of EUR 120,580 thousand (previous year EUR 86,271 thousand).

With regard to Germany, as of December 31, 2017, the consolidated subsidiaries have corporate income tax loss carry forwards originated and generally usable in Germany in the amount of EUR 17,538 thousand (previous year EUR 24,891 thousand), as well as usable trade tax loss carry forwards in the amount of EUR 18,683 thousand (previous year EUR 23,360 thousand). For those tax loss carryforwards no deferred tax assets have been recognized.

Tax loss carry-forwards in other countries

The consolidated foreign subsidiaries have unrecognized unused accumulated corporate income tax loss carry forwards for which no deferred tax assets were recognized in the balance sheet as follows:

In EUR thousand	2017	2016	Time of expiration
Luxembourg	197,125	204,218	17 years (until 2016 unlimited)
Spain	397	377	unlimited
United Kingdom	18,438	18,465	unlimited
Mexico	2,632	693	10 years
France	684	4,410	unlimited
India	4,218	4,806	8 years
Other countries	2,394	1,234	
thereof	–	38	unlimited
thereof	876	766	5 years
thereof	1,518	430	9 years
Unrecognized unused tax losses	**225,888**	**234,203**	

Tax loss carry forwards are subject to review and possible adjustment by the tax authorities. Furthermore, under current German tax laws, certain substantial changes in the entity ownership and business may further limit the amount of net operating loss carryforwards, which could be utilized annually to offset future taxable income. Given the number of significant mergers, exits, spin-offs and other reorganizational measures, particularly at the level of the Group, there can be no assurance that current tax losses and tax loss carry-forwards having originated and being generally usable in Germany or in other countries may have been partially or completely lost. As the majority of the consolidated operating subsidiaries has a loss history and continues to incur substantial tax losses, a full valuation allowance has been provided for the deferred tax assets to the extent it exceeds any tax liabilities.

Outside basis differences

Deferred tax liabilities on temporary differences related to measurement of shares in associated companies and joint ventures of EUR 4,863 thousand (previous year EUR 5,540 thousand) were offset against deferred tax assets arising from unused tax loss carry forwards of EUR 204 thousand (previous year EUR 3,186 thousand), and deferred tax assets from deductible temporary differences of EUR 3,669 thousand (previous year EUR 0 thousand).

The Group controls the reversal of temporary differences related to taxes chargeable on dividends from subsidiaries or on gains upon their disposal ("outside basis differences"). For temporary differences of EUR 52,198 thousand (previous year EUR 40,975 thousand) deferred tax liabilities are not recognized because the Management expects the temporary differences not to reverse in the foreseeable future.

19. Earnings per Share

Basic earnings per share (EPS)

Basic earnings per share are calculated by dividing profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

In the financial years 2017 and 2016 the subscribed capital amounted to EUR 165,141 thousand and was fully paid-in. The registered share capital was divided into 165,140,790 no-par value bearer shares. During the financial year 2017 1,035,621 treasury shares were purchased by the Company.

Diluted earnings per share (EPS)

Diluted earnings per share are calculated by dividing profit or loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The calculation of diluted earnings per share excludes potential ordinary shares that would have an antidilutive effect on earnings per share.

The following instruments were not taken into account when calculating diluted earnings per share as their effect would have been antidilutive.

	2017	2016
Share options from SOP I/II (in thousands)	9,628	6,876
Potential ordinary shares from assumed conversion of the convertible bond (in thousands) 1)	6,275	7,443

1) On July 22, 2015, Rocket Internet SE issued 5,500 convertible bonds with a principal amount of EUR 100,000 each. The convertible bond has a term of seven years and an interest rate of 3% per year payable semi-annually. During financial year 2017 the Company repurchased 555 (previous year 1,962) bonds.

Earnings per share are calculated as follows:

	2017	2016
Profit/loss attributable to equity holders of the parent (in EUR thousand)	2,254	-697,358
Weighted average number of ordinary shares in issue (in thousands)	165,051	165,141
Earnings per share (basic and diluted) in EUR	**0.01**	**-4.22**

Basic earnings per share are identical to diluted earnings per share.

Transactions involving ordinary shares between the reporting date and the date of the authorization of these financial statements

Apart from the shares repurchases disclosed in the Note 39 “Events after the Reporting Period” there were no transactions involving ordinary shares of the Company after December 31, 2017.

Notes to the Balance Sheet

20. Intangible Assets

Intangible assets developed as follows during the financial years 2016 and 2017:

In EUR thousand	Goodwill	Internally generated intangible assets	Purchased industrial and similar rights	Total
COST				
As of Jan 1, 2016	**117,411**	**11,656**	**25,147**	**154,214**
Additions	0	2,896	634	3,530
Disposals	0	0	-2,247	-2,248
Changes in the basis of consolidation	-116,004	-147	-21,291	-137,442
Reclassified to assets held for sale	-743	-5,884	-2	-6,629
Contribution in kind	0	0	56	56
Currency translation difference	-1	0	16	15
As of Dec 31, 2016	**663**	**8,521**	**2,312**	**11,496**
Additions	0	0	103	103
Disposals	0	0	-1	-1
Changes in the basis of consolidation	4,524	-706	3,192	7,010
Currency translation difference	-33	0	-4	-37
As of Dec 31, 2017	**5,154**	**7,815**	**5,601**	**18,570**
AMORTIZATION AND IMPAIRMENT				
As of Jan 1, 2016	**-18,050**	**-4,666**	**-2,371**	**-25,087**
Amortization charge for the year	0	-2,254	-794	-3,048
Impairment	-743	-6,494	-2,032	-9,268
Disposals	0	0	1,600	1,600
Changes in the basis of consolidation	18,050	80	1,978	20,108
Reclassified to assets held for sale	743	5,534	0	6,277
Currency translation difference	0	0	-3	-3
Reclassifications	0	-16	16	0
As of Dec 31, 2016	**0**	**-7,815**	**-1,606**	**-9,420**
Amortization charge for the year	0	-59	-347	-405
Impairment 1)	0	-645	0	-645
Changes in the basis of consolidation	0	703	50	754
Currency translation difference	0	0	2	2
As of Dec 31, 2017	**0**	**-7,815**	**-1,900**	**-9,714**
NET CARRYING AMOUNT				
As of Jan 1, 2016	**99,361**	**6,990**	**22,776**	**129,127**
As of Dec 31, 2016	**663**	**706**	**706**	**2,075**
As of Dec 31, 2017	**5,154**	**0**	**3,701**	**8,856**

1) The impairment shown in the asset register does not correspond to the impairment shown in profit/ loss. Profit/ loss also includes impairment losses on intangible assets classified as held for sale.

As of December 31, 2017 and 2016, no intangible assets have been pledged to third parties as collateral.

Goodwill impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs) (network companies) as follows:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Holidays & Co. S.A.S.	4,465	0
Units without significant goodwill	689	663
Total	**5,154**	**663**

The following impairment loss was recognized in relation to the goodwill:

In EUR thousand	2017	2016
Somuchmore	0	743
Total impairment loss recognized	**0**	**743**

The Management Board estimated the recoverable amount of these CGUs as part of the mandatory impairment testing.

Financial year 2017

In the financial year 2017 the Group did not recognized any goodwill impairment losses. The impairment losses of other intangible assets recognized in profit or loss amounted to EUR 720 thousand. They result from technological or commercial obsolescence and are immaterial for the Group.

Financial year 2016

In the financial year 2016 The goodwill allocated to Somuchmore with an amount of EUR 743 thousand was fully impaired. The recoverable amounts of Somuchmore were based on the fair value less costs of disposal. Additional impairment losses recognized in respect of individual intangible assets (mainly software) in the year 2016 amounted to EUR 8,526 thousand as a result of technological or commercial obsolescence as well as due to lower recoverable amount (estimated fair value less costs of disposal of the intangible assets, which is based on the transaction prices of the assets).

The impairment loss was included in the reportable segment "Other".

21. Non-Current Financial Assets

Non-current financial assets comprise the following:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
AFS equity investments	733,876	1,280,915
Equity instruments at FVTPL	129,255	167,330
Loan receivables from third parties	48,308	74,452
Loan receivables from associates	7,661	2,000
Receivables from the sale of investments	4,655	5,662
Other	14.116	11,710
Total non-current financial assets	**937,870**	**1,542,069**

For additional information regarding Equity instruments accounted for at fair value through profit or loss and AFS equity investments see Note 35.

22. Trade Receivables

Trade receivables comprise the following:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Trade receivables from third parties	4,090	4,564
Trade receivables from associated companies and joint ventures	1,014	2,617
Trade receivables from subsidiaries (outside consolidation)	263	402
Trade receivables	**5,368**	**7,584**
Gross trade receivables	5,892	8,084
Valuation allowance	-524	-500
Trade receivables	**5,368**	**7,584**

23. Other Current Financial Assets

Other current financial assets comprise the following:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
AFS equity investments	737,875	0
Bank deposits	150,017	163,379
Equity instruments at FVTPL	46,363	0
Loan receivables from third parties	45,201	370
Loan receivables from associated companies and joint ventures	5,668	31,633
Receivables from the sale of investments	8,777	11,711
Asset backed securities issued by associated companies	7,500	6,000
Other financial assets	12,835	3,249
Total other current financial assets	**1,014,236**	**216,342**

AFS equity investments relate to the DH shares sold in March 2018.

The aging analysis of other current financial receivables is as follows:

			Past due, but not impaired					
In EUR thousand	Carrying amount	Not past due and not impaired	1–30 days	31–90 days	91–180 days	> 180 days	Impaired receivables (gross)	Impairment amount
Dec 31, 2017	1,014,236	1,010,276	492	1,078	14	2,377	0	0
Dec 31, 2016	216,342	215,414	14	834	1	80	0	0

24. Non-Financial Assets

Non-financial assets comprise the following:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Prepaid expenses	762	0
Prepayments	16	35
Tax receivables	90	132
Other non-financial assets (non-current)	152	315
Other non-current non-financial assets	**1,020**	**482**
Receivables from sales tax/VAT	1,487	1,466
Prepaid expenses	318	1,221
Prepayments	127	287
Other non-financial assets (current)	232	345
Other current non-financial assets	**2,163**	**3,318**
Total non-financial assets	**3,183**	**3,800**

25. Cash and Cash Equivalents / Consolidated Statement of Cash Flows

Cash and cash equivalents comprise the following:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Bank balances	1,716,547	1,400,998
Petty cash	22	24
Cash and cash equivalents	**1,716,569**	**1,401,022**

Additional information to the consolidated statement of cash flows

Reconciliation of the opening balance to the year-end balance of financial debt

The reconciliation of liabilities the payment transactions of which are classified as cash flows from financing activities in the cash flow statement is as follows:

In EUR thousand	Liabilities from convertible bonds	Loan and bank liabilities
As of Jan 1, 2016	**511,968**	**8,878**
Proceeds from borrowings	0	2,033
Repurchase of convertible bonds / repayment of borrowings	-164,989	-274
Deconsolidation of subsidiaries	0	-8,374
Effects of changes in foreign exchange rates	0	-3
Compounding of long-term debt (effective interest method)	4,517	20
Gain on the repurchase of convertible bonds	-18,853	0
As of Dec 31, 2016	**332,643**	**2,280**
Proceeds from borrowings	0	2,850
Repurchase of convertible bonds / repayment of borrowings	-52,350	-483
Deconsolidation of subsidiaries	0	-3,256
Compounding of long-term debt (effective interest method)	3,116	0
Gain on the repurchase of convertible bonds	-38	0
As of Dec 31, 2017	**283,371**	**1,392**

Interest paid is not included in the above table because the Group has classified these payments as operating cash flows.

Non-consolidated equity investments

Non-consolidated equity investments specified in the consolidated statement of cash flows relate to investments in associates and joint ventures, prepayments on shares in associates and other investments in which Rocket Internet directly or indirectly holds less than 20% of the outstanding voting rights or in which the Group has no significant influence, as well as non-material subsidiaries.

Non-cash investing and financing activities and transactions

In the financial year 2017, there were no significant non-cash investing and financing activities and transactions. In the financial year 2016, non-cash investing and financing activities and transactions of EUR 255,210 thousand were performed. The main non-cash investing activities relate to the contribution of foodpanda into Delivery Hero, the exchange of shares in Linio for shares in AEH New Africa eCommerce II GmbH as well as to outstanding payables for investments in a joint venture.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks shown in the consolidated balance sheet and assets classified as held for sale. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:

In EUR thousand	**Dec 31, 2017**	**Dec 31, 2016**
Balance sheet line item cash and cash equivalents	1,716,569	1,401,022
Cash and bank balances included in the assets held for sale	0	632
Cash and cash equivalents	**1,716,569**	**1,401,655**

26. Assets Classified as Held for Sale and Liabilities Associated with Assets Classified as Held for Sale

The Group’s basis of consolidation as well as the shares held in subsidiaries, associated companies, joint ventures or other investments change in each financial period. Sometimes an agreement with new investors is signed before the balance sheet date, but executed after the balance sheet date. When such an agreement results in the loss of control of Rocket Internet over one of its subsidiaries and the loss of control within 12 month is highly probable, all related assets and liabilities are classified as assets held for sale.

Furthermore, all assets are classified as held for sale, when their carrying amount will be recovered principally through a sale transaction rather than through continuing use, the assets are available for immediate sale in their present condition and a sale within 12 month is highly probable.

As of December 31, 2017, the Group has no assets classified as held for sale and liabilities associated with assets classified as held for sale.

As of December 31, 2016, assets classified as held for sale and liabilities associated with assets classified as held for sale comprise the following:

Dec 31, 2016 In EUR thousand	**Lazada**	**Other**	**Total**
Intangible assets	0	352	352
Property, plant and equipment	0	34	34
Equity instruments at FVTPL – unlisted	166,311	0	166,311
Non-current assets	**166,311**	**386**	**166,698**
Other current financial assets	0	21	21
Other current non-financial assets	0	9	9
Cash and cash equivalents	0	632	632
Current assets	**0**	**662**	**662**
Assets classified as held for sale	**166,311**	**1,048**	**167,360**
Trade payables	0	34	34
Other current financial liabilities	0	8	8
Other current non-financial liabilities	0	276	276
Current liabilities	**0**	**318**	**318**
Liabilities directly associated with assets classified as held for sale	**0**	**318**	**318**

As of December 31, 2016, assets classified as held for sale mainly include Lazada shares. Rocket Internet's remaining stake after the partial sale of Lazada shares in April 2016 and taking into account Alibaba's investment of new funds was 9.3% (fully diluted 8.8%). Shareholders, including Rocket Internet, have also entered into a put-call arrangement with Alibaba, giving the buyer the right to purchase and the shareholders the right to sell collectively their remaining stakes at fair market value within a 12 to 18 month period post-closing of the transaction. In June 2017 the Lazada shares were sold to Alibaba as intended.

27. Subscribed Capital and Reserves

As of December 31, 2017 and as of December 31, 2016, subscribed capital amounted to EUR 165,141 thousand and was fully paid-in. The registered share capital is divided into 165,140,790 no-par value bearer shares. On August 14, 2017, Rocket Internet announced to carry out a share buy-back program with a total maximum consideration (excluding ancillary costs) of up to EUR 100.0 million and a maximum volume of up to 5,000,000 shares, representing a maximum of up to 3.03% of the outstanding share capital of Rocket Internet. The buy-back started on August 14, 2017 and will end on April 30, 2018. The repurchased shares are intended to be redeemed, and Rocket Internet's share capital is intended to be reduced accordingly. Until December 31, 2017, the Group repurchased 1,035,621 shares at a volume-weighted average price of EUR 20.41. Accordingly, 164,105,169 shares were outstanding as of December 31, 2017.

In 2017, capital reserves increased by EUR 875 thousand from EUR 3,099,427 thousand to EUR 3,100,302 thousand.

The changes in the equity-settled share-based payments (IFRS 2) are explained in the table below and are driven by increases in the reserve through the income statement, the deconsolidation of entities and allocation to non-controlling interests.

In EUR thousand	2017	2016
Equity-settled share-based payments recognized as employee benefit expenses of the year	20,828	14,724
Changes due to deconsolidation and allocation to non-controlling interests	272	-120
Equity-settled share-based payments (IFRS 2) as presented in consolidated statement of changes in equity	**21,100**	**14,604**

Changes in Other components of equity, which are attributable to both, the equity holders of the parent Company and to the non-controlling interest, comprise the following:

	Other components of equity			
In EUR thousand	Foreign currency differences	Associates and Joint Ventures	Available-for-Sale Financial Assets	Total
As of Jan 1, 2016	**-1,031**	**-9,657**	**135,119**	**124,431**
Net other comprehensive income	719	20,982	96,564	118,265
Other changes	0	-778	0	-778
As of Dec 31, 2016	**-312**	**10,547**	**231,682**	**241,918**
Net other comprehensive income	-4,293	-17,387	399,010	377,330
As of Dec 31, 2017	**-4,606**	**-6,839**	**630,692**	**619,247**

Foreign currency differences in OCI of negative EUR 4,293 thousand (previous year EUR 719 thousand) include exchange differences arisen during the year of negative EUR 4,325 thousand (previous year EUR 133 thousand) and reclassification adjustments relating to foreign operations deconsolidated during the year of EUR 31 thousand (previous year EUR 586 thousand).

Authorization of the Management Board to issue new shares (authorized capital)

The Management Board is authorized to increase the registered capital of the Company until August 21, 2019, with the consent of the Supervisory Board once or repeatedly by up to a total of EUR 15,012,592 by the issuance of up to 15,012,592 new no-par value bearer shares against contributions in cash or in kind (Genehmigtes Kapital 2014).

The Management Board is authorized to increase the registered capital of the Company until June 1, 2022, with the consent of the Supervisory Board once or repeatedly by up to a total of EUR 67,557,803 by the issuance of up to 67,557,803 new no-par value bearer shares against contributions in cash or in kind (Genehmigtes Kapital 2017).

28. Distributions Made and Proposed

During the financial years 2017 and 2016, no dividends were declared or paid to the shareholders of the parent Company.

The Group made in 2017 non-cash distributions of EUR 187 thousand (previous year EUR 333 thousand) to non-controlling shareholders. During the financial year 2017, fully consolidated subsidiaries paid no cash dividends (previous year EUR 2,329 thousand) to non-controlling shareholders.

29. Non-Current Financial Liabilities

Non-current financial liabilities comprise the following:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Liabilities from convertible bonds	283,371	332,643
Loan liabilities	1,564	0
Other financial liabilities	204	0
Total non-current financial liabilities	**285,138**	**332,643**

Convertible bonds

On July 22, 2015, Rocket Internet SE issued 5,500 convertible bonds with a principal amount of EUR 100,000 each. The convertible bonds have a term of seven years and an interest rate of 3% per year payable semi-annually on January, 22 and July, 22.

The contractual cash flows from the convertible bonds are affected by the option of the bondholders of exchanging convertible bonds in the principal amount of EUR 100,000 for 2,103.6909 shares in Rocket Internet SE. The conversion price is EUR 47.5355.

As of the issue date, the convertible bonds had an aggregate fair value of EUR 550,000 thousand. The fair value of the aggregate convertible bond portfolio is determined based on the market prices quoted on the Frankfurt Stock Exchange for the convertible bonds. The market price was 104% as of December 31, 2017 (previous year 93%).

The convertible bonds were divided into an equity component and a debt component on the issue date. The fair value of the debt component was determined by discounting the future payment flows while taking into account a market interest rate of 3.51% for a comparable debt instrument. The convertible bonds can be called by Rocket Internet. The value of the call options was not materially different from zero at the issue date and subsequently.

The bond conversion option was recognized in equity at a residual value of EUR 37,659 thousand upon issue of the bond. The proportion of the equity component does not change over the term to maturity.

The debt component is reported at amortized cost using the effective interest method.

During 2017 Rocket Internet repurchased convertible bonds with an aggregate principal amount of EUR 55,500 thousand (previous year EUR 196,200 thousand).

As of December 31, 2017, the long-term portion of the debt component was EUR 283,371 thousand (previous year EUR 332,643 thousand).

In the period under review, interest in the amount of EUR 12,647 thousand (previous year EUR 18,434 thousand) accrued on the convertible bonds.

Interest payable on the convertible bonds reported as other current financial liabilities amounted to EUR 3,928 thousand (previous year EUR 4,658 thousand) as of the reporting date.

30. Trade Payables

As of December 31, 2017, trade payables amount to EUR 12,363 thousand (previous year EUR 11,737 thousand).

31. Other Current Financial Liabilities

Other current financial liabilities comprise the following:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Derivative financial liabilities	78,329	0
Liabilities from capital calls	14,993	25,791
Liabilities from convertible bonds	3,928	4,658
Mandatorily redeemable preference shares issued by a consolidated company	1,547	0
Loan liabilities	1,374	2,279
Contingent contractual payment obligations	0	3,779
Other financial liabilities	902	819
Total other current financial liabilities	**101,074**	**37,327**

32. Non-Financial Liabilities

Other non-financial liabilities comprise the following:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Operating lease incentives	10,818	4,801
Other non-financial liabilities	1,635	212
Other non-current non-financial liabilities	**12,452**	**5,013**
Liabilities from cash-settled share-based payments and similar liabilities	10.345	39.969
Other non-financial liabilities	5,782	6,364
Other current non-financial liabilities	**16,128**	**46,333**
Total non-financial liabilities	**28,580**	**51,347**

Liabilities from cash-settled share-based payments relate to employees as well as to others providing similar services (as defined in IFRS 2 and IAS 19).

33. Share-Based Compensation

The Group operates share-based compensation arrangements for eligible and selected directors, employees or others providing similar services to the Group ("a participant" or "participants"). These arrangements consist of four different types of awards:

– I. Share options in the Company,
– II. Ordinary shares in subsidiaries,
– III. Share options in subsidiaries or
– IV. Cash-settled awards.

I. Share options in the Company (Stock Option Programs 2014)
Under the Stock Option Programs 2014 ("SOP I" and "SOP II"), one share option grants the holder the right to subscribe for one share of the Company. Rocket Internet has the right, without any obligation, to pay the entitlements in cash instead of in shares.

All share options under the SOP I were granted to the Company's CEO after the listing of the Company's shares on the Open Market of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse or the Open Market) on October 2, 2014. These share options have an exercise price of EUR 42.63 per share option and will vest in monthly installments over a five-year vesting period and can be, subject to certain conditions, exercised after a waiting period of four years commencing on the date the share options were granted.

The options granted under the SOP I can only be exercised if among others:

(i) the Company successfully launches an average of at least four companies per year during the four-year waiting period; and
(ii) the stock price reflects, on at least one single trading day within the waiting period, a Company valuation of EUR 4 billion plus the total of all amounts paid in through capital increases or payments into the capital reserves since May 27, 2014 until the relevant trading day.

Under the SOP II in accordance with the resolution of the General Meeting of September 8, 2014, amended by the resolution of the General Meeting of June 2, 2017, the Supervisory Board is authorized to grant up to 3,408,342 share options to each of the other two members of the Managing Board (i.e. the CFO and the General Managing Director), up to 1,201,023 share options to certain employees of the Company, up to 795,237 share options to members of the management of affiliated companies, and up to 600,511 share options to certain employees of affiliated companies. In 2017, a total of 2,752,320 options (previous year 725,180 options) were granted under SOP II.

The SOP II provides for an overall ten-year vesting period with a certain number of share options vesting after an initial four-year vesting term and the remaining share options vesting in yearly installments thereafter. The share options can be, subject to their vesting and certain other conditions, exercised after a four-year waiting period commencing on the date the respective share options are granted.

The exercise price of the share options granted prior to listing of the Company's shares in the Open Market amounts to EUR 26.14 per share option. For share options granted subsequent to the listing of the Company's shares in the Open Market the exercise price per share option corresponds to the volume-weighted average closing price of the shares twenty consecutive trading days prior to the relevant grant date.

The exercise of share options under the SOP II requires that:

(i) the shares of the Company are included in the Open Market until October 31, 2014; and
(ii) the Company successfully launches an average of at least four companies per year during the four-year waiting period.

If the performance targets are not achieved by the end of the waiting period, the share options granted under the Stock Option Programs 2014 will forfeit completely without any further consideration. In addition, the share options are only exercisable within three weeks after publication of interim financial reports or annual financial reports, which follow the end of the waiting period.

The table below provides an overview of the movements in the share option awards, which entitle the employee to purchase shares in Rocket Internet SE if the vesting conditions are met, and their respective weighted average exercise prices:

	2017		2016	
Share options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**
Options outstanding as of Jan 1	**EUR 36.21**	**6,875,658**	**EUR 36.62**	**7,149,654**
Granted during the period	EUR 19.24	2,752,320	EUR 18.31	725,180
Forfeited during the period	–	–	EUR 26.14	999,176
Options outstanding as of Dec 31	**EUR 31.36**	**9,627,978**	**EUR 36.21**	**6,875,658**
Exercisable as of Dec 31	–	–	–	–

The weighted average remaining contractual life for the share options outstanding as of December 31, 2017, is 5.4 years (previous year 5.6 years).

The parameters applied in the Black Scholes option valuation formula and the related estimated fair values per share option as measured on the grant dates in 2017 and 2016 are as follows:

	2017 SOP II	2016 SOP II
Fair value (EUR per Option)	7.92	8.97
Share price (EUR per Share)	20.50	19.11
Exercise price (EUR per Share)	19.24	18.31
Expected volatility (%)	38.52	37.99
Dividend yield (%)	0.00	0.00
Risk-free interest rate (%)	0.33	0.10
Expected life of share options (years)	6.28	10.00

A best possible estimate was made for the expected life of the share options in line with the factors regarding early exercise contained in IFRS 2.B18.

II. Ordinary shares in subsidiaries

The respective share-based payment arrangements provide for equity participation via a trust relationship. The trustee entity holds a certain amount of shares in accordance with the terms and conditions of a trust agreement for the benefit of the trustor, who can be the participant or an investment entity controlled by such a participant. A separate agreement, between the trustor and the relevant company receiving services, governs certain obligations regarding, inter alia, vesting-rights and non-compete obligations that relate to the indirect shareholding of the relevant participant in the relevant company.

The vesting scheme requires a certain period of continued services. According to the currently mainly applied agreements 50% respectively 66.67% of the participant's shares vest quarterly over a period of typically four years (3.125% respectively 4.167% per quarter) and typically a 6-month or 12-month cliff. Partially the vesting period is only three years. Typically the vesting of 33.33% to 50% of the participant's shares is dependent on a change of control event (i.e. this part vests only in the later of the following events (i) occurrence of a change of control event – in some cases plus 12 months – or (ii) four years after the granting of the shares). If a leaver event occurs prior to the expiration of the cliff period, typically all shares can be clawed back. Thereafter, in the case of a bad leaver event, the Company can usually claw back all vested and unvested shares, while in case of a good leaver event, the Company may only claw back the unvested shares. A bad leaver event is typically triggered, if, for example, the respective service agreement between a participant and subsidiary is terminated by such company for cause, the participant demonstrably committed a criminal offence against the company, or such member breached its non-compete obligation. A good leaver event is typically triggered, if, for example, the service agreement is terminated by either party properly.

Shares in subsidiaries of the Group have been issued to participants at the nominal value of the shares of EUR 1. If the applicable vesting conditions are not met (typically if a participant's employment is terminated), Rocket Internet SE or a subsidiary has a right to reacquire these shares at the nominal value or – if lower – at market value.

Movements in the number of shares are as follows:

	2017	2016
Number of unvested shares as of Jan 1	**1,514**	**4,458**
Deconsolidation of subsidiaries	-373	-591
Granted during the period	540	0
Vested during the period	-413	-546
Forfeited during the period	-494	-1,806
Number of unvested shares as of Dec 31	**774**	**1,514**
Number of vested shares as of Dec 31	14,918	14,505

The share prices for subsidiaries were estimated using the shares prices paid by investors in past financing rounds. Given that a subsidiary has multiple classes of equity, we employed the hybrid method in order to allocate equity to the various equity classes. The Finnerty Option Pricing Model was used to calculate a liquidity discount for the shares. Based on the estimated fair market value of the relevant shares, the total price paid by the participants for the shares (EUR 1 per share) included a purchase discount. The fair value of the share awards reported as a share-based payment expense is calculated as the difference between the estimated fair value and the price paid for the shares.

In the financial year 2017, 2,347 (previous year 0) shares were issued. The weighted average grant date fair value of the shares issued in 2017, is EUR 1,830.

III. Share options in subsidiaries

Call option arrangements entitle participants to acquire a pre-defined number of shares in a subsidiary. The currently generally applied agreements correspond typically to the above-mentioned conditions for ordinary shares in subsidiaries. In the case of a change of control event the subsidiary is entitled to request that relevant participants exercise all call options outstanding at such point in time. Upon the occurrence of a bad leaver event, all call options that have not been exercised lapse. In the case of a good leaver event, all call options lapse for which the exercise period has not yet commenced.

Movements in the number of shares options and their related weighted average exercise prices are as follows:

	2017		2016	
Options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding options as of January 1	**EUR 1.00**	**2,677**	**EUR 1.00**	**3,461**
Deconsolidation of subsidiaries	EUR 1.00	-991	EUR 1.00	-507
Granted during the period	EUR 1.00	2,629	EUR 1.00	688
Forfeited during the period	EUR 1.00	-2,602	EUR 1.00	-965
Outstanding options as of December 31	**EUR 1.00**	**1,712**	**EUR 1.00**	**2,677**
Exercisable as of December 31	EUR 1.00	812	EUR 1.00	990

The contractual lives for the options are not specified in the option agreements. As a result, the weighted average remaining contractual life for the options outstanding at the reporting date is dependent on future exit events. In accordance with individual agreements, the outstanding options have an exercise price of EUR 1 per share.

As the options granted have an exercise price of EUR 1 per share, the fair values of the options are equal to their intrinsic values. Accordingly, the main parameters applied are as follows:

	2017	2016
Range of share prices (EUR per share)	0–25,919	0–45,072
Exercise price (EUR per share)	1.00	1.00

The weighted average grant date fair value of the options granted during 2017 amounts to EUR 5,544 (previous year EUR 8,828) per share. In some cases, the grant date fair values have been estimated because the option agreements have not yet been finalized.

The consolidated subsidiaries' share prices were estimated using the share price paid by investors in past financing rounds. Given that a subsidiary has multiple classes of equity, we employed the hybrid method in order to allocate equity to the various equity classes. The Finnerty Option Pricing Model was used to calculate a liquidity discount for the shares.

IV. Cash-settled awards

This type of share-based payment award granted by certain Group companies allows the participants to participate in exit-related cash payments via call option arrangements. The notional value and the actual distribution of the relevant call options to the participants are determined by the relevant company's management and are subject to certain shareholders' approvals. The participants are entitled to a cash payment amounting to the difference between the exercise price of the call options and the exit proceeds allocated to each share underlying the call options in case of a change of control or listing of the subsidiary on a stock exchange.

The carrying amount of the liability from cash-settled awards as of December 31, 2017 was EUR 3,748 thousand (previous year EUR 35,054 thousand). The decrease is due mostly to the settlement of liabilities. All cash settled awards had vested as of December 31, 2017 and 2016, respectively.

Total expense arising from share-based payment transactions
The expense recognized for employee services received during the year is shown in the following table:

In EUR thousand	2017	2016
Equity-settled share-based payments	20,828	14,724
Cash-settled share-based payments (income (-), expense (+))	1,104	-11,644
Total share-based payment expense	**21,932**	**3,080**

34. Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. The Group's main risks arising from existing financial instruments relate to credit risk, liquidity risk, currency risk and share price risk.

The major financial instruments of Rocket Internet Group are cash (38% of total assets; previous year 33%) and short-term bank deposits (3% of total assets; previous year 4%), available-for-sale equity investments (32% of total assets; previous year 31%), equity instruments at fair value through profit or loss (FVTPL) (4% of total assets; previous year 8%) and other non-current financial assets (2% of total assets; previous year 2%), as well as liabilities from convertible bonds (6% of total assets; previous year 8%). The Group also records trade receivables and trade liabilities as well as loan receivables and loan liabilities, 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.

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 Internet Group, which are accounted for either as available-for-sale equity investments (AFS) or at fair value through profit or loss (FVTPL).

Financial risk comprises credit risk, liquidity risk and market risk (currency risk, interest rate risk and share price risk). The primary objectives of the financial risk management function are to establish risk limits, and ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Risk management is carried out by a central treasury department under control of Management Board. The Management Board establishes the principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and investment of excess liquidity.

Credit Risk

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

The credit risk exists for all financial assets in particular for cash and cash equivalents, loan receivables and trade receivables. The Group’s receivables are unsecured. The maximum credit risk 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 by Group policy. Rocket Internet 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 and evaluated by the Group. The investment of term deposits takes place with banks that are members of the respective bank deposit protection funds and/or that are rated with minimum investment grade rating BBB- (S&P) or Baa3 (Moody’s), respectively. Interest rate management focuses on optimized distribution of cash between different banks in order to avoid negative deposit rates.

The control and mitigation of credit risk of loan receivables is carried out by the investment control function. Trade receivables mainly relate to the Group’s eCommerce activities. In the eCommerce sector, credit 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 credit risks is limited because of the broad and heterogeneous structure of the customer base.

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

The Company's maximum exposure to credit risk by class of financial assets is as follows:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Trade and other financial receivables	303,170	313,305
Cash and cash equivalents	1,716,569	1,401,655
Maximum exposure to credit risk	**2,019,739**	**1,714,959**

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the Management of the Company. The Management Board monitors the Group's cash flows based on monthly rolling forecasts.

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.

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 operating business. Rocket Internet 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 as well as income from the sale of financial assets, future cash flows from operating activities represent another source of liquidity.

As of December 31, 2017, the Company's current assets, including assets classified as held for sale in the amount of EUR 2,751,630 thousand (previous year EUR 1,798,936 thousand) exceeded current liabilities in the amount of EUR 130,529 thousand (previous year EUR 96,868 thousand) by an amount of EUR 2,621,100 thousand (previous year EUR 1,702,068 thousand). The Company invests the funds almost entirely in demand deposits, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Company's liquidity portfolio comprises cash and cash equivalents.

The maturity analysis of financial liabilities is as follows:

Dec 31, 2017	Carrying amount	Cash flows < 1 year		Cash flows 1–5 years		Cash flows > 5 years	
In EUR thousand		Principal	Interest	Principal	Interest	Principal	Interest
Convertible bond	287,298	0	-8,949	-298,300	-35,796	0	0
Interest-bearing loans and borrowings	2,955	-1,392	0	-1,564	-105	0	0
Other non-current financial liabilities	204	0	0	-204	0	0	0
Other current financial liabilities	95,754	-95,754	0	0	0	0	0
Trade payables	12,363	-11,075	0	-33	0	-1,544	0

Dec 31, 2016	Carrying amount	Cash flows < 1 year		Cash flows 1–5 years		Cash flows > 5 years	
In EUR thousand		Principal	Interest	Principal	Interest	Principal	Interest
Convertible bond	337,302	0	-10,614	0	-42,456	-353,800	-10,614
Interest-bearing loans and borrowings	2,280	-2,280	-7	0	0	0	0
Other current financial liabilities	30,389	-30,389	0	0	0	0	0
Trade payables	11,737	-9,079	0	-1,280	0	-1,762	0

The amounts disclosed in the tables are the contractual undiscounted cash flows.

Market risks

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 impact on the consolidated financial statements. 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"). The Group occasionally enters into foreign currency derivative contracts to mitigate certain foreign currency exposures. Effects of exchange rate fluctuations resulting from the translation of the financial statements of subsidiaries having a different functional currency into the reporting currency are recognized in equity in the consolidated financial statements. Foreign exchange differences that result from exchange rate changes when translating monetary balance sheet items in foreign currency are recognized in the income statement in other operating expenses or income and in financial result, respectively.

The individual Group companies mainly operate in their functional currency. Therefore, there are no material foreign currency risks for most of the companies.

In accordance with IFRS 7, currency risks are depicted using sensitivity analyses. These analyses portray the impact of upward / downward revaluations of the euro in relation to all foreign currencies on earnings before income taxes and, if applicable, on equity. These analyses are based on financial instruments that are denominated in a currency different from the local functional currency and are of a monetary nature. In accordance with the requirements of IFRS 7, exchange rate related differences from the translation of financial statements into the Group currency (euro) are not stated. There was no separate impact on equity.

Rocket Internet has bank accounts in US Dollar (USD) with a credit of USD 471,444 thousand (previous year USD 134,922 thousand) and other net financial assets (mostly bank deposits and loan receivables) in the amount of USD 75,824 thousand (previous year USD 134,931 thousand).

The following table demonstrates the sensitivity to a reasonably possible change in US Dollar (USD) exchange rates, with all other variables remaining unchanged. The Group's exposure to foreign currency changes for all other currencies is not material.

In EUR thousand	Dec 31, 2017	Dec 31, 2016
EFFECT ON THE BALANCE SHEET AND PROFIT BEFORE TAX		
Change in USD rate +10%	45,632	25,600
Change in USD rate -10%	-45,632	-25,600

In financial year 2017, a net foreign exchange loss of EUR 46,918 thousand (previous year net gain of EUR 13,089 thousand) was recognized.

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Net Foreign Exchange Gain – Operational	539	180
Net Foreign Exchange Gain – Financial	314	13,493
Net Foreign Exchange Loss – Operational	-2,147	-301
Net Foreign Exchange Loss – Financial	-45,625	-283
Net Foreign Exchange Loss / Gain	**-46,918**	**13,089**

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates.

The Group enters mainly into fixed-rate instrument contracts. The Group does not account for fixed-rate financial instruments at fair value through profit or loss except for employee loans that are designated at fair value through profit or loss. A reasonably possible change in the interest rates does not have a material effect on profit or loss from fair value changes of these instruments.

Share price risk

The Group is exposed to share price risks which are described in Note 35.

35. Financial Instruments

The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements as well as their measurement category as per IAS 39 and the hierarchy for the determination of fair value according to IFRS 13:

In EUR thousand	Measured at	Level	Carrying amount Dec 31, 2017	Carrying amount Dec 31, 2016	Fair Value Dec 31, 2017	Fair Value Dec 31, 2016
NON-CURRENT FINANCIAL ASSETS						
Equity instruments – listed companies	FV	1	728,913	30,193	728,913	30,193
Equity instruments – unlisted companies	FV	3	136,363	1,419,774	136,363	1,419,774
thereof Europe			109,593	1,393,704	109,593	1,393,704
thereof United States			21,490	21,683	21,490	21,683
thereof Rest of World			5,280	4,387	5,280	4,387
Subsidiaries outside consolidation	C	n/a	1,359	1,888	n/a	n/a
Derivative financial assets	FV	3	3,431	2,577	3,431	2,577
Asset backed securities issued by third parties	AC	3	3,381	3,446	3,381	3,446
Receivables from the sale of investments	AC	3	4,655	5,662	4,655	5,662
Loan receivables from associated companies	AC	3	7,661	2,000	7,661	2,000
Loan receivables from third parties	AC	3	43,979	70,826	43,826	70,826
Other non-current financial assets measured at fair value	FV	3	4,329	3,627	4,329	3,627
Other non-current financial assets	AC	3	3,800	2,076	3,800	2,076
CURRENT FINANCIAL ASSETS						
Loan receivables from associated companies and joint ventures	AC	n/a	5,668	31,633	5,668	31,633
Asset backed securities issued by associated companies	AC	n/a	7,500	6,000	7,500	6,000
Receivables from the sale of investments	AC	n/a	8,777	11,711	8,777	11,711
Bank deposits	AC	n/a	150,017	163,379	150,017	163,379
Equity instruments – listed companies	FV	1	737,875	0	737,875	0
Equity instruments – unlisted companies (Europe)	FV	3	46,363	0	46,363	0
Derivative financial assets	FV	2	845	0	845	0
Loan receivables from third parties	AC	n/a	45,201	370	45,201	370
Other current financial assets	AC	n/a	11,990	3,249	11,990	3,249
Trade receivables	AC	n/a	5,368	7,584	5,368	7,584
Cash and cash equivalents	AC	n/a	1,716,569	1,401,022	1,716,569	1,401,022
FINANCIAL ASSETS CLASSIFIED AS HELD FOR SALE						
Equity instruments – unlisted companies (Europe)	FV	3	0	166,311	0	166,311
Other financial assets	AC	n/a	0	21	0	21
Cash and cash equivalents	AC	n/a	0	632	0	632

In EUR thousand	Measured at	Level	Carrying amount Dec 31, 2017	Carrying amount Dec 31, 2016	Fair Value Dec 31, 2017	Fair Value Dec 31, 2016
NON-CURRENT FINANCIAL LIABILITIES						
Liabilities from convertible bonds [1]	AC	3	283,371	332,643	290,304	330,768
Loan liabilities	AC	3	1,564	0	1,564	0
Other non-current financial liabilities	AC	3	204	0	204	0
INTEREST-BEARING LOANS AND BORROWINGS (CURRENT)						
Liabilities from convertible bonds	AC	n/a	3,928	4,658	3,928	4,658
Loan liabilities	AC	n/a	1,374	2,279	1,374	2,279
Bank liabilities	AC	n/a	18	1	18	1
OTHER CURRENT FINANCIAL LIABILITIES						
Liabilities from capital calls	AC	n/a	14,993	25,791	14,993	25,791
Derivative financial liabilities	FV	2	78,329	0	78,329	0
Contingent contractual payment obligations	FV	3	0	3,779	0	3,779
Mandatorily redeemable non-controlling interests issued by a consolidated subsidiary	AC	n/a	1,547	0	1,547	0
Other current financial liabilities	AC	n/a	884	819	884	819
Trade payables	AC	n/a	12,363	11,737	12,363	11,737
FINANCIAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE						
Other current financial liabilities	AC	n/a	0	8	0	8
Trade payables	AC	n/a	0	34	0	34
THEREOF AGGREGATED ACCORDING TO THE MEASUREMENT CATEGORIES OF IAS 39						
Available-for-sale (afs)			1,473,111	1,282,803	1,471,751	1,280,915
Financial assets measured at fair value through profit or loss mandatorily (fvtpl)			4,276	2,577	4,276	2,577
Financial assets measured at fair value through profit or loss under fair value option (fvfvo)			182,091	338,990	182,091	338,990
Loans and receivables (lar)			2,014,566	1,709,611	2,014,413	1,709,611
Financial liabilities at fair value through profit or loss (flfvtpl)			78,329	3,779	78,329	3,779
Other financial liabilities (ofl)			320,245	377,970	327,179	376,095

1) Fair value measurement based on the price of the convertible bond as of December 31, 2017 of 103.88% (December 31, 2016 93.49%) excluding warrant (Level 3).

The following **measurement methods** were used:

AC – Amortized cost,
C – Cost,
FV – Fair value

In accordance with IFRS 13, the following hierarchy is used to determine and disclose the fair value of financial instruments:

Level 1: Fair values based on quoted prices in active markets.

Level 2: Fair values that are determined on the basis of valuation techniques which use inputs that are based on observable market data.

Level 3: Fair values that are determined on the basis of valuation techniques which use inputs that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the date of the event or change in circumstances that caused the transfer.

In 2017, the shares of Delivery Hero AG were transferred from Level 3 to Level 1 due to the initial public offering of Delivery Hero AG. There were no transfers between fair value measurement at Level 1, Level 2 and Level 3 in 2016.

Change in financial assets measured at fair value (Level 3, by class)

2017

In EUR thousand	Equity instrument – unlisted companies	Derivative financial assets	Other non-current financial assets measured at fair value	Total
Opening balance as of Jan 1, 2017	**1,586,085**	**2,577**	**3,627**	**1,592,289**
Additions	29,988	0	441	30,429
Reclassifications [1]	-1,242,839	0	1,044	-1,241,795
Changes in fair value recognized in profit or loss	95,803	1,007	-784	96,026
Changes in fair value recognized in OCI	-6,436	0	0	-6,436
Disposals	-279,876	-153	0	-280,029
Closing balance as of Dec 31, 2017	**182,726**	**3,431**	**4,329**	**190,485**
Changes in unrealized gains or losses for the period included in profit or loss for assets held at the end of the period	13,025	853	-784	13,095

1) Reclassifications during 2017 relate with EUR 1,246,566 thousand to the initial public offering of Delivery Hero AG. As a result the shares in DH have been reclassified to Level 1 of the measurement hierarchy.

The following table presents the reconciliation of level 3 fair value measurements for the abovementioned unlisted equity instruments classified by geographical location:

In EUR thousand	Equity instruments – unlisted companies: Europe	USA	Rest of World	Total
Opening balance as of Jan 1, 2017	**1,560,015**	**21,683**	**4,387**	**1,586,085**
Additions	18,947	10,199	842	29,988
Reclassifications	-1,242,349	-1,004	514	-1,242,839
Changes in fair value recognized in profit or loss	105,417	-9,151	-463	95,803
Changes in fair value recognized in OCI	-6,436	0	0	-6,436
Disposals	-279,639	-237	0	-279,876
Closing balance as of Dec 31, 2017	**155,956**	**21,490**	**5,280**	**182,726**
Changes in unrealized gains or losses for the period included in profit or loss for assets held at the end of the period	22,639	-9,151	-463	13,025

The changes in fair value recognized in profit or loss of unlisted equity instruments of EUR 95,803 thousand in 2017 predominantly relate to higher valuations for transactions in the underlying shares, e.g. financing rounds or acquisitions. They primarily include gains realized from the sale of Lazada amounting to EUR 74,645 thousand and valuation gains of Goodgame Studios amounting to EUR 38,003 thousand.

2016

In EUR thousand	Equity instrument – unlisted companies	Derivative financial assets	Other non-current financial assets measured at fair value	Total
Opening balance as of Jan 1, 2016	**1,280,541**	**0**	**8,692**	**1,289,233**
Additions	220,153	2,405	0	222,558
Reclassifications[1)]	186,965	0	0	186,965
Changes in fair value recognized in profit or loss	-189,088	172	-5,065	-193,981
Changes in fair value recognized in OCI	96,355	0	0	96,355
Disposals	-8,841	0	0	-8,841
Closing balance as of Dec 31, 2016	**1,586,085**	**2,577**	**3,627**	**1,592,289**
Changes in unrealized gains or losses for the period included in profit or loss for assets held at the end of the period	-190,055	172	-5,065	-194,948

1) Reclassifications in 2016 mainly relate with EUR 153,663 thousand to Lazada and with EUR 26,816 thousand to TravelBird which were previously accounted for as associated companies using the equity method.

The following table presents the reconciliation of level 3 fair value measurements for the abovementioned unlisted equity instruments classified by geographical location:

	Equity instruments – unlisted companies			
In EUR thousand	Europe	USA	Rest of World	Total
Opening balance as of Jan 1, 2016	**1,229,419**	**27,927**	**23,195**	**1,280,541**
Additions	215,892	3,960	301	220,153
Reclassifications	184,491	2,406	68	186,965
Changes in fair value recognized in profit or loss	-157,301	-12,610	-19,177	-189,088
Changes in fair value recognized in OCI	96,355	0	0	96,355
Disposals	-8,841	0	0	-8,841
Closing balance as of Dec 31, 2016	**1,560,015**	**21,683**	**4,387**	**1,586,085**
Changes in unrealized gains or losses for the period included in profit or loss for assets held at the end of the period	-158,267	-12,610	-19,177	-190,055

The changes in fair value recognized in profit or loss of unlisted equity instruments of EUR -189,088 thousand in 2016 predominantly relate to valuation losses due to changes in growth, profitability and risk expectations. New expectations have been considered with reduced margins, lower long-term growth rates and increased discount rate because of higher risk premiums. The parameters have been assessed individually for each investment. The major fair value losses of unlisted equity instruments result from Goodgame Studios of EUR 76,917 thousand, TravelBird of EUR 18,244 thousand, Jimdo of EUR 11,717 thousand and Craftsvilla of EUR 10,417 thousand.

The changes in fair value recognized in other comprehensive income (OCI) mainly relate to gains from the valuation of shares in Delivery Hero.

Change in financial liabilities accounted at fair value through profit and loss (Level 3)

In EUR thousand	2017	2016
Opening balance as of Jan 1	**3,779**	**7,622**
Additions	1,660	3,491
Changes in fair value recognized in profit or loss	0	-384
Changes in scope of consolidation	-1,535	0
Disposals	-3,904	-6,950
Closing balance as of Dec 31	**0**	**3,779**
Changes in unrealized gains or losses for the period included in profit or loss for liabilities accounted at the end of the period	0	-384

The profit or loss from changes in fair value is shown in the financial result.

Fair value measurement

IFRS 13.9 defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The majority of trade receivables, other financial assets, cash and cash equivalents, trade payables and other financial liabilities have short maturities. Thus, the carrying amounts of these instruments approximated their fair values as of the balance sheet date.

The book values of other financial assets and liabilities measured at amortized cost approximate their fair values, as there were no significant changes in the applicable valuation parameters since these instruments were recognized initially.

The fair value of equity instruments traded on an active market is based on the market prices listed on the balance sheet date. The listed market price used for the Group's financial assets is the current bid price.

When determining the fair value of other financial instruments, the method which allows the best estimation of fair value is selected for each individual case. For assets and liabilities maturing within one year, a nominal value adjusted for interest payments and premiums is assumed to provide a good approximation to fair value.

Fair value measurement of unlisted equity instruments

Rocket Internet's unlisted equity instruments are valued in accordance with IFRS 13 by using the valuation method that is deemed to be most suitable for each individual company.

Firstly, it is considered whether any significant, recent transactions were made at arm's length in the companies (e.g. transaction where shares were issued to a new investor). For new share issues, it is taken into account whether the newly issued shares have better preference to the company's assets than earlier issued shares in the event of sale or liquidation of the company. If preferential rights have a significant impact on the assessment of the respective equity classes, the fair value is determined by using an option pricing model based on the last financing rounds and under consideration of liquidation preferences attached to the respective equity classes as stipulated in the entities' shareholder agreements. The value of such liquidation preferences is dependent on the probability of future exit scenarios. Given that there are multiple classes of equity at the network company level, we employ the hybrid method in order to allocate values to the various equity classes. The hybrid method is a hybrid between the probability-weighted expected return method and the option pricing method, which estimates the probability-weighted value across future exit scenarios, but uses the option-pricing-model to estimate the remaining unknown potential exit scenarios. Relevant valuation inputs include assumptions on the allocation of exit proceeds to share classes in future exit scenarios (liquidation preferences), but also consist of peer group assumptions (stock price volatility), dividend yield (estimated at zero) and the risk-free interest rate at the end of the reporting period. Furthermore, exit scenarios in which liquidation preferences were considered relevant to the fair value were estimated with probability percentages that lie between 0% and 100% (previous year between 0% and 75%).

For companies where no or few recent arm's length transactions have been carried out, a valuation is conducted based on future cash flows which are discounted to receive their present value. Inputs used for discounted cash flow (DCF) valuations are business plans, cost of capital plus a risk premium and assumptions used to determine a sales proceed at the end of the detailed planning phase. Costs of capital are derived based on the capital asset pricing model, where capital market data for peer groups and risk-free rates are used. In addition, a risk premium is added to the cost of capital. The risk premium reflects the uncertainty that results from the fact that the companies are still in the start-up or early development phase. The risk-free rate is calculated using the Svensson's method and amounts to 1.25% (previous year 1.0%). Country risk premiums between 0% and 12.08% (previous year 0% and 14.21%) and a small cap premium of 3.67% (previous year 3.58%) are also applied. Long term inflation rates between 1.0% and 14.5% (previous year 1.0% and 20.0%) (with the exception of Venezuela at 4,664% (previous year 4,600%)) as estimated by the International Monetary Fund (IWF) are also used in the calculation. For additional risk premiums, surcharges of between 7% and 49% (previous year 8% and 50%) are applied, depending on the age and planning risk of each company. To determine the sales proceeds at the end of the detailed planning phase, sales multiples in the range of 0.6x to 11.5x (previous year 0.8x to 10.7x) and / or EBITDA multiples in the range of 4.7x to 31.8x (previous year 4.7x to 31.6x) are applied. The multiples are derived from comparable transactions. Other parameters include an estimate of working capital assumptions, tax rates and assumptions for investment activity and depreciation.

Share price risk

The Group is exposed to financial risks in respect of share prices, meaning the risk of changes in the value of the shareholdings. Rocket Internet's operations include management of shareholdings (equity instruments) measured at fair value comprising investments in a multitude of unlisted companies. Accordingly, Rocket Internet's financial position and results are dependent on how well these companies develop. Rocket Internet's strategy is to be a long-term shareholder. Therefore, Rocket Internet does not actively manage short-term fluctuations in share prices.

Equity instruments measured at fair value through profit or loss

On December 31, 2017, less than 1% (previous year 1%) of Rocket Internet's total assets were listed equity instruments and 4% (previous year 7%) were unlisted equity instruments measured at fair value through profit or loss. The fair value was determined based on market prices or the discounted cash flow method.

On December 31, 2017, 3% (previous year 6%) of the total assets were unlisted equity instruments based on transaction prices, as well as 1% (previous year 1%) of the total assets were unlisted equity instruments measured using the DCF method.

Equity instruments measured at fair value through other comprehensive income (OCI)

As of December 31, 2017, 32% (previous year 0%) of the total assets of Rocket Internet's balance sheet comprise listed equity instruments that are measured at fair value through OCI.

As of December 31, 2017, less than 1% (previous year 31%) of the total assets of Rocket Internet's balance sheet comprise unlisted equity instruments that are measured at fair value through OCI, thereof less than 1% (previous year 31%) of the total assets measured based on transaction prices and 0% (previous year 0%) of the total assets measured using the DCF method.

Sensitivity analysis of equity instruments of unlisted companies – Impact of valuation parameters

The effects of a change in the critical input factors of the two valuation methods (use of arm's length transactions and DCF valuation technique) on the fair value of unlisted equity instruments measured at fair value through profit or loss is shown in classes (Europe, United States, Rest of World) in the following tables. The sensitivity analysis was carried out for the main input factors: the probability of occurrence for exit scenarios as well as the cost of capital.

Sensitivity analysis as of December 31, 2017

Europe		**Cost of capital**		
In EUR thousand		**+20%**	**0%**	**-20%**
	-20%	132,737	141,362	149,901
Probability of occurrence for exit scenarios	**0%**	147,331	**155,956**	164,496
	+20%	161,441	170,066	178,606

United States		**Cost of capital**		
In EUR thousand		**+20%**	**0%**	**-20%**
	-20%	18,964	19,919	22,514
Probability of occurrence for exit scenarios	**0%**	20,534	**21,490**	24,084
	+20%	19,307	20,262	22,857

Rest of World		**Cost of capital**		
In EUR thousand		**+20%**	**0%**	**-20%**
	-20%	4,881	5,021	5,883
Probability of occurrence for exit scenarios	**0%**	5,140	**5,280**	6,142
	+20%	5,271	5,412	6,273

Sensitivity analysis as of December 31, 2016

Europe In EUR thousand		Cost of capital +20%	0%	-20%
Probability of occurrence for exit scenarios	-20%	1,537,855	1,550,683	1,569,854
	0%	1,545,789	**1,560,015**	1,577,788
	+20%	1,550,670	1,563,498	1,582,669

United States In EUR thousand		Cost of capital +20%	0%	-20%
Probability of occurrence for exit scenarios	-20%	20,208	21,279	23,707
	0%	20,612	**21,683**	24,111
	+20%	20,505	21,576	24,004

Rest of World In EUR thousand		Cost of capital +20%	0%	-20%
Probability of occurrence for exit scenarios	-20%	3,230	4,231	6,635
	0%	3,386	**4,387**	6,791
	+20%	3,498	4,499	6,903

Derivative financial instruments measured at fair value through profit or loss

The Group concludes derivative financial instruments with different parties, especially with financial institutions with high credit rating (investment grade). Forward exchange contracts are measured on the basis of valuation techniques which use inputs that are based on observable market data. The valuation techniques most frequently used are Forward-Price-Models that use discounted cash flow valuation. Those models include different parameters, e.g. credit worthiness of the business partners, exchange rates, spot rates and forward rates, yield curves of selected foreign currencies, currency spreads between selected foreign currencies, interest yield curves and forward curves of the underlying foreign currencies. The derivative financial instruments measured at market value (marked-to-market) include an allowance for credit worthiness, which relates to the default risk of the counterparty of the derivative financial instrument. The change of the default risk of the counterparty did not have a material impact on the fair value of the recognized financial instruments.

Details of material associated companies measured at fair value

The following material investments in associated companies are measured at fair value.

December 31, 2017

Company	Marley Spoon	TRUSTED SHOPS	Yamsafer
Measurement method	OPM	DCF	OPM/DCF
Effect on result in EUR thousand	-2,585	2,832	-2,486

December 31, 2016

Company	Marley Spoon	TRUSTED SHOPS	TravelBird
Measurement method	OPM	DCF	OPM
Effect on result in EUR thousand	177	1,529	-18,244

There are no significant restrictions on the ability of the associated companies to transfer funds to Rocket Internet in the form of cash dividends or to repay loans or advances made by Rocket Internet. For information on dividends from associated companies, refer to Note 17. The following table summarizes the financial information of material associated companies as included in the companies' own financial statements.

Summarized financial information (in thousands) for financial year 2017:

Company	**Marley Spoon**	**TRUSTED SHOPS**	**Yamsafer**
Reporting date	Dec 31, 2017	Dec 31, 2017	Dec 31, 2017
Scope of financial statements	Consolidated	Consolidated	Consolidated
GAAP	IFRS	Local	Local
Currency	EUR	EUR	USD
Revenue	53,244	26,340	3,626
Profit or loss	-27,881	740	-3,253
Total comprehensive income/loss	**-27,957**	**740**	**-3,253**
Non-current assets	3,166	696	2
Current assets	7,056	14,630	2,158
Non-current liabilities	7,619	0	0
Current liabilities	14,267	8,722	431
Net assets	**-11,663**	**6,604**	**1,729**

Summarized financial information (in thousands) for financial year 2016:

Company	**Marley Spoon**	**TRUSTED SHOPS**	**TravelBird** [1]
Reporting date	Dec 31, 2016	Dec 31, 2016	Dec 31, 2016
Scope of financial statements	Consolidated	Separate	Consolidated
GAAP	IFRS	Local	Local
Currency	EUR	EUR	EUR
Revenue	20,192	21,978	191,116
Profit or loss	-23,950	125	-2,987
Total comprehensive income / loss	**-23,915**	**125**	**-2,987**
Non-current assets	2,136	706	23,935
Current assets	13,122	13,191	17,110
Non-current liabilities	3,740	0	6,246
Current liabilities	4,162	7,533	35,706
Net assets	**7,356**	**6,364**	**-907**

1) TravelBird reports revenue (commission fees and booking fees) on a gross basis.

Investments in associated companies measured at FVTPL

The investments made in the financial year 2016 in associated companies accounted for at FVTPL (IAS 28.18) amounted to EUR 1,219 thousand. No such investments were made during 2017.

36. Balances and Transactions with Related Parties

Related parties are shareholders with significant influence on the Rocket Internet Group, associated companies, joint ventures, unconsolidated subsidiaries and individuals that exercise significant influence on the Group's financial and business policy. Persons who exercise significant influence on the Group's financial and business policy comprise all individuals in key positions and their close family members. Within Rocket Internet Group, this relates to the parent Company's members of the Management Board and the Supervisory Board.

Shareholder with significant influence

Trade Name	**Company Name**	**Voting rights**
Global Founders	Global Founders GmbH, Grünwald (Germany) [1]	37.1%

1) 33.3% of the shares in Global Founders GmbH are indirectly held by Oliver Samwer Familienstiftung.

Transactions with shareholders with significant influence

No transactions were conducted with Global Founders GmbH in the years 2017 and 2016.

Transactions with associated companies, joint ventures and unconsolidated subsidiaries

Parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The transactions in 2017 and 2016 and outstanding balances with associates under significant influence of the Group are as follows:

In EUR thousand	2017	2016
Sales to associates	4,016	9,624
Sale of subsidiaries to associates	675	0
Purchases from associates	-157	-374
Purchase of shares from associates	-1,200	0
Interest income from associates	3,033	5,812
Interest expense from associates	-45	-3
Dividends received from associates	3,250	438

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Amounts owed by associates:		
Non-current loan receivables	7,661	2,000
Trade receivables	455	1,613
Other current financial receivables	1,909	30,457
Asset backed securities issued by associated companies	7,500	6,000
Derivative financial instruments (warrant)	3,431	2,577
Amounts owed to associates:		
Trade payables	20	27
Liabilities from capital calls	0	1,899
Other current financial liabilities	913	524

The transactions in 2017 and 2016 and outstanding balances with joint ventures of the Group are as follows:

In EUR thousand	2017	2016
Purchase of subsidiaries from joint ventures	0	-1,207
Sales to joint ventures	2,531	4,247
Purchases from joint ventures	-67	-140
Interest income from joint ventures	33	20
Interest expense from joint ventures	-1	-7
Dividends received from joint ventures	557	0

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Amounts owed by joint ventures:		
Trade receivables	559	1,005
Other current financial receivables	3,759	1,176
Amounts owed to joint ventures:		
Trade payables	107	45
Liabilities from capital calls	14,993	23,333
Other current financial liabilities	23	22

The transactions in 2017 and 2016 and outstanding balances with non-consolidated subsidiaries controlled by Rocket Internet are as follows:

In EUR thousand	2017	2016
Sales to non-consolidated subsidiaries	489	553
Purchases from non-consolidated subsidiaries	-1,414	-1,432

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Amounts owed by non-consolidated subsidiaries:		
Trade receivables	263	402
Other current financial receivables	209	565
Amounts owed to non-consolidated subsidiaries:		
Trade payables	77	123
Other current financial liabilities	16	59

Receivables and payables are unsecured and payable in cash. Other financial receivables and liabilities in the tables above relate to loans.

Key management compensation

Remuneration of the Management Board

The members of the Management Board are as follows:

Name	Position held
Oliver Samwer	Chief Executive Officer (CEO)
Peter Kimpel	Chief Financial Officer (CFO)
Alexander Kudlich	Group Managing Director

As part of their remuneration, members of the Management Board were granted options of Rocket Internet SE and shares in subsidiaries at the nominal amount of EUR 1 under equity-settled share-based payment plans described in more detail in Note 33. The compensation paid or payable to key management for their services is shown below:

In EUR thousand	2017	2016
Short-term benefits (cash and non-cash compensation)	4,574	3,294
Share-based payments (expense in the reporting period)	18,622	20,728
Total	**23,196**	**24,022**

At the balance sheet date, liabilities from cash-settled share-based payments and similar liabilities to members of the Management Board amounted to EUR 7,695 thousand (previous year EUR 4,918 thousand).

Additional disclosures on total remuneration pursuant to Sec. 314 (1) No. 6 HGB

In 2017, the members of the Management Board have received 2,207,320 share options (previous year 292,680 share options) under the Stock Option Program 2014/II (modified by resolution of the annual general meeting on June 2, 2017) with a grant date fair value of EUR 17,609 thousand (previous year EUR 2,401 thousand). The total remuneration granted to the members of the Management Board in return for the fulfilment of their duties in the parent Company and its subsidiaries was EUR 20,315 thousand (previous year EUR 5,695 thousand).

According to the resolution of an extraordinary shareholders' meeting of Rocket Internet SE held on August 22, 2014, we do not disclose the individual compensation for each member of the Management Board in accordance with Secs. 285 No. 9a Sentence 5, 315e (1) and 314 (1) No. 6a Sentence 5 to 8 of the German Commercial Code (Handelsgesetzbuch – HGB) in connection with Sec. 286 (5) and Sec. 314 (3) Sentence 1 German Commercial Code as well as Art. 61 of the SE-Regulation.

The members of the Management Board have not been granted any advances or loans. At the balance sheet date, there are no contingencies in favor of members of the Management Board.

Further information regarding Sec. 314 (1) No. 6a German Commercial Code (HGB) can be found in the remuneration report, which is presented as part of the combined management report.

Remuneration of the Supervisory Board

Remuneration (short-term benefits only) of the Supervisory Board of the parent Company for performing its functions at the parent Company and the subsidiaries amounted to EUR 286 thousand (previous year EUR 303 thousand). No loans or advances were granted to the members of the Supervisory Board.

Further information on members of the Supervisory Board and disclosures pursuant to Sec. 314 (1) No. 6a German Commercial Code can be found in the remuneration report, which is presented as part of the combined management report.

Transactions with members of the key management personnel

In December 2017, Oliver Samwer (CEO) acquired shares of Rocket Internet SE in an off market transaction with a volume of EUR 33,825 thousand for EUR 20.50 per share.

In June 2017, Norbert Lang (vice-chairmen of the Supervisory Board), through an entity owned by him and his wife, sold convertible bonds of Rocket Internet SE with a principal amount of EUR 2,000 thousand. These convertible bonds were purchased in January 2016. The convertible bonds mature in July 2022 and have an interest rate of 3% per annum payable semi-annually on January 22 and July 22. As of December 31, 2016, the carrying amount of the liabilities from convertible bonds held by Norbert Lang totaled EUR 1,907 thousand. In February 2017, Norbert Lang, purchased shares of Rocket Internet SE with an aggregated volume of EUR 920 thousand at a share price of EUR 18.40. In June 2017, the entity owned by Norbert Lang and his wife, purchased shares of Rocket Internet SE with an aggregated volume of EUR 963 thousand at a share price of EUR 19.27.

Transactions with close family members of the Management Board

In 2016, the Group incurred expenses of EUR 21 thousand (in 2017 none) for reimbursement of travel costs based on a consulting agreement with Marc Samwer. As of December 31, 2017, the respective liability amounted to EUR 0 thousand (previous year EUR 9 thousand).

37. Contingent Liabilities and other Contractual Obligations

As of the reporting date, as in the previous year, there are no contingencies for external liabilities.

The Group reports other contractual obligations for the following items:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Rental and lease agreements	86,876	85,951
Capital contribution obligations to non-consolidated structured entities	77,935	75,399
Capital contribution obligations to associated companies	0	1,600
Capital contribution obligations to third parties	1,221	0
Loans granted to associated companies	0	25,000
Loans granted to third parties	16,931	20,000
Repurchase of treasury shares	85	0
Other	0	12
Total contractual obligations	**183,049**	**207,961**

Capital contribution obligations result from participation agreements concluded prior to the balance sheet date. They mainly result from capital increases of RICP.

The future minimum lease payments under non-cancellable operating lease agreements are as follows:

In EUR thousand	Dec 31, 2017	Dec 31, 2016
Not later than 1 year	6,900	3,919
Later than 1 year and not later than 5 years	27,643	30,636
Later than 5 years	52,334	51,396
Total operating minimum lease payment commitments	**86,876**	**85,951**
Lease payments recognized as expense during the period	6,863	3,113

The leasing arrangements include warehouse and office rent as well as rental of IT equipment.

As of December 31, 2017, total future sublease payments receivable under the Company's operating subleases amount to EUR 7,089 thousand (previous year EUR 7,893 thousand).

Contractual obligations (except for leasing) were all payable within one year.

Tax Contingencies

Rocket Internet SE's tax audit started in October 2016 covering the financial years 2010 to 2015. In addition, in the following month further tax audits and special VAT audits started on the level of other companies in the Rocket Internet network with comparable audit periods. Given that the financial years from 2010 onwards of Rocket Internet SE's as well as of most of the companies in the Rocket Internet network have not yet been audited or not yet been conclusively audited by the relevant tax authorities, we cannot rule out being required to pay significant additional taxes following tax audits. Any tax assessments that deviate from our expectations could lead to an increase in the tax obligations of Rocket Internet SE and the companies in the Rocket Internet network and, additionally, could give rise to interest payable on the additional amount of taxes as well as late filing charges.

It is not practicable to disclose an estimate of financial effects, uncertainties relating to the amount or timing of any cash outflow, and the possibility of any reimbursement for the tax contingencies.

38. Information regarding the Auditor

The consolidated financial statements and the annual financial statements of Rocket Internet SE for the financial year 2017 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin Office. The lead auditors were Jan-Menko Grummer (since 2016) and Klaus Beckers (since 2013).

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft may audit the financial statements of the Company until 2023, after which the audit has to be put out for tender.

Total fees charged for the financial year by the auditor amount to EUR 0.7 million (previous year EUR 1.2 million) and comprise EUR 0.6 million (previous year EUR 0.9 million) for audit services, EUR 0.0 million (previous year EUR 0.3 million) for other audit-related services and EUR 0.0 million (previous year none) for tax advisory services.

39. Events after the Reporting Period

Under the share buy-back program the Group repurchased in January 2018 further 5,544 shares. Overall, since August 14, 2017, 1,041,167 treasury shares at a volume-weighted average price of EUR 20.41 were purchased.

Until February 23, 2018, Rocket Internet has sold ca. 5.7 million shares of Delivery Hero for a consideration of ca. EUR 196.8 million. This is equivalent to ca. 3% of the Delivery Hero shares outstanding. As a result, Rocket Internet's shareholding in Delivery Hero has decreased from 24% to 21%. Post the closing of the sale of ca. 22.3 million Delivery Hero shares to Naspers announced in September 2017 on March 27, 2018, which was subject to regulatory approval, Rocket Internet's stake decreased to ca. 8.4%.

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

40. List of Group shareholdings pursuant to Sec. 313 (2) HGB

No.	Company, registered office	Equity interest in %	via No.
1	Rocket Internet SE, Berlin		
	FULLY CONSOLIDATED SUBSIDIARIES		
	GERMANY		
2	Avala IV Sela DH Pool GmbH & Co. KG, Berlin	100	89
3	Bambino 106. V V UG (haftungsbeschränkt), Berlin	100	1
4	Bambino 53. V V UG (haftungsbeschränkt), Berlin	100	1
5	Bandist GmbH, Berlin	100	45
6	Campinga GmbH, Berlin	100	49
7	CarSpring Services GmbH, Berlin	100	54
8	Caterwings Germany GmbH, Berlin	100	56
9	Caterwings Services GmbH, Berlin	100	57
10	European Founders Fund GmbH & Co. Beteiligungs KG Nr. 2, Berlin	100	1, 106
11	European Founders Fund GmbH & Co. Beteiligungs KG Nr. 3, Berlin	100	1, 108
12	European Founders Fund Investment GmbH, Berlin	100	1
13	European Founders Fund Nr. 3 Beteiligungs GmbH, Berlin	100	11
14	Express Quality Food Global Services GmbH, Berlin	100	60
15	GFC Global Founders Capital GmbH, Berlin	100	1
16	GFC US Invest I UG (haftungsbeschränkt), Berlin	100	15
17	Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1, Berlin	100	18
18	International Rocket GmbH & Co. KG, Berlin	100	1
19	Jade 1317. GmbH, Berlin	100	1
20	Jade 1353. GmbH i.L., Berlin	86.0	4, 26
21	Juwel 131. UG (haftungsbeschränkt) & Co. Erste Verwaltungs KG, Berlin	100	4, 78
22	Juwel 190. V V UG (haftungsbeschränkt) & Co. 15. Verwaltungs KG, Berlin	100	4, 25
23	Juwel 190. V V UG (haftungsbeschränkt) & Co. 32. Verwaltungs KG, Berlin	100	4, 25
24	launchcircle GmbH, Berlin	100	1
25	LIH Subholding Nr. 2 UG (haftungsbeschränkt) & Co. KG, Berlin	100	4, 26
26	MKC Brillant Services GmbH, Berlin	65.0	1
27	OCM Online Car Marketplace Global Services GmbH, Berlin	100	50
28	Pflegetiger GmbH, Berlin	100	47
29	RCKT GmbH & Co. KG, Berlin	58.0	1
30	Rocket Asia GmbH & Co. KG, Berlin	100	18
31	Rocket Internet Munich GmbH, Munich	100	1
32	R2 International Internet GmbH, Berlin	59.2	1
33	Visito GmbH, Berlin	100	47
34	Zinsgold GmbH, Berlin	100	43

No.	Company, registered office	Equity interest in %	via No.
	OTHER COUNTRIES		
35	Campsy Nederland B.V., Amsterdam, Netherlands	100	49
36	Carspring Ltd., London, United Kingdom	100	55
37	Caterwings Holding S.à r.l., Senningerberg, Luxembourg	75.0	1, 42
38	CATERWINGS Ltd., London, United Kingdom	100	58
39	Caterwings Netherlands B.V., Amsterdam, Netherlands	100	40
40	Caterwings Niederlande S.C.Sp., Senningerberg, Luxembourg	100	4, 57
41	ClickBus Servicios S. de R.L. de C.V., Mexico City, Mexico	83.9	23, 133
42	Convenience Food Group S.à r.l., Senningerberg, Luxembourg	62.6	1
43	Digital Services L Top-Holding S.C.Sp., Senningerberg, Luxembourg	99.0	4, 65
44	Digital Services LIII S.à r.l., Senningerberg, Luxembourg	100	1
45	Digital Services LIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	98.6	4, 44
46	Digital Services LIV S.à r.l., Senningerberg, Luxembourg	69.8	1
47	Digital Services LIV Top-Holding S.C.Sp., Senningerberg, Luxembourg	72.9	4, 46, 146
48	Digital Services LV S.à r.l., Senningerberg, Luxembourg	99.3	1
49	Digital Services LV Top-Holding S.C.Sp., Senningerberg, Luxembourg	92.2	4, 48
50	Digital Services XL Top-Holding S.C.Sp., Senningerberg, Luxembourg	97.7	4, 82
51	Digital Services XL 1 S.C.Sp., Senningerberg, Luxembourg	100	4, 50
52	Digital Services XL 4 S.C.Sp., Senningerberg, Luxembourg	100	4, 50
53	Digital Services XLIII S.à r.l., Senningerberg, Luxembourg	100	1
54	Digital Services XLIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	96.0	4, 53, 102
55	Digital Services XLIII 1 S.C.Sp., Senningerberg, Luxembourg	100	4, 54
56	Digital Services XLVIII DE S.C.Sp., Senningerberg, Luxembourg	100	4, 57
57	Digital Services XLVIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	96.9	4, 37
58	Digital Services XLVIII UK S.C.Sp., Senningerberg, Luxembourg	100	4, 57
59	Digital Services XXX S.à r.l., Senningerberg, Luxembourg	86.8	42
60	Digital Services XXX Top-Holding S.C.Sp., Senningerberg, Luxembourg	97.4	4, 59, 112
61	Digital Services XXX UK S.C.Sp., Senningerberg, Luxembourg	85.2	4, 60
62	DS XL UK Ltd., London, United Kingdom	100	51
63	EatFirst UK Ltd., London, United Kingdom	83.1	61
64	Ecommerce Pay Holding S.à r.l., Senningerberg, Luxembourg	100	3
65	Finverum Capital S.à r.l., Senningerberg, Luxembourg	100	1
66	Food Delivery Holding 13 S.à r.l. (in liquidation), Senningerberg, Luxembourg	100	4, 71
67	Global Fin Tech Holding S.à r.l., Senningerberg, Luxembourg	100	1
68	Global Growth Capital Advisors Limited, London, United Kingdom	100	1
69	Global Growth Capital Fund I S.C.Sp., Luxembourg City, Luxembourg	100	1
70	Global Growth Capital GP S.à r.l., Luxembourg City, Luxembourg	100	1

No.	Company, registered office	Equity interest in %	via No.
71	Global Online Takeaway Group S.A., Senningerberg, Luxembourg	100	17
72	Holidays & Co. S.A.S., Saint-Malo, France	100	49
73	Lendico Brazil S.C.Sp., Senningerberg, Luxembourg	100	4, 67
74	Moneda Top-Holding S.à r.l., Senningerberg, Luxembourg	100	1
75	Moonshine eServices Pvt. Ltd., Gurgaon, India	100	21, 129
76	Online Car Marketplace Espana SL, Madrid, Spain	100	52
77	Printvenue Asia Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 78
78	Printvenue Asia S.à r.l., Senningerberg, Luxembourg	70.0	3
79	PRINTVENUE SINGAPORE PTE. LTD., Singapore, Singapore	100	80
80	Printvenue Singapore S.C.Sp., Senningerberg, Luxembourg	100	4, 77
81	RI Capital Advisors Ltd., London, United Kingdom	100	1
82	RideLink Global S.A., Senningerberg, Luxembourg	81.5	1, 4
83	Rocket Brasil Novos Negocios e Participacoes Ltda., São Paulo, Brazil	100	18, 114
84	Rocket eServices Ltd., London, United Kingdom	100	18
85	Rocket Internet Capital Partners Founder SCS, Luxembourg City, Luxembourg	75.0	1
86	Rocket Internet Capital Partners Lux S.à r.l., Luxembourg City, Luxembourg	100	1
87	R-SC Internet Services Luxembourg S.à r.l., Senningerberg, Luxembourg	100	18
88	R-SC Liquidation Services Luxembourg S.à r.l., Senningerberg, Luxembourg	100	18
89	TAC Special Opportunities I LLC, Wilmington, United States	97.1	17
90	Vayacamping, S.L.U., Barcelona, Spain	100	49
	OTHER SUBSIDIARIES [1]		
	GERMANY		
91	Bambino 107. V V UG (haftungsbeschränkt), Berlin	100	1
92	Bambino 110. V V UG (haftungsbeschränkt), Berlin	100	1
93	Bambino 52. V V UG (haftungsbeschränkt), Berlin	100	1
94	Bambino 54. V V UG (haftungsbeschränkt), Berlin	100	1
95	Bambino 82. V V UG (haftungsbeschränkt) i.L., Berlin	100	18
96	Blanko 12. UG (haftungsbeschränkt) & Co. KG, Berlin	99.8	4, 130
97	Blanko 7. GmbH & Co. KG, Berlin	98.4	4, 118
98	Bonativo GmbH, Berlin	100	179
99	Brillant 1390. GmbH & Co. Verwaltungs KG, Berlin	88.8	4, 127, 134
100	Brillant 2055. GmbH, Berlin	100	170
101	Camping Brothers UG (haftungsbeschränkt), Freiburg im Breisgau	100	49
102	Carspring Beteiligungs UG (haftungsbeschränkt), Berlin	100	53
103	CityDeal Management II UG (haftungsbeschränkt), Berlin	100	1
104	CityDeal Management UG (haftungsbeschränkt) & Co. KG, Berlin	100	103
105	CityDeal Management UG (haftungsbeschränkt), Berlin	100	1
106	European Founders Fund Nr. 2 Geschäftsführungs GmbH, Berlin	100	1
107	European Founders Fund Nr. 2 Verwaltungs GmbH, Berlin	100	1

No.	Company, registered office	Equity interest in %	via No.
108	European Founders Fund Nr. 3 Management GmbH, Berlin	100	1
109	European Founders Fund Nr. 3 Verwaltungs GmbH, Berlin	100	1
110	Global Founders Capital Management GmbH, Berlin	100	1
111	Global Founders Capital Verwaltungs GmbH, Berlin	100	18
112	Hauptstadtallee 115. V V UG (haftungsbeschränkt), Berlin	100	59
113	Jade 1085. GmbH & Co. Vierundzwanzigste Verwaltungs KG, Berlin	100	18
114	Jade 1085. GmbH, Berlin	100	1
115	Jade 1148. GmbH & Co. Verwaltungs KG, Berlin	100	4, 116
116	Jade 1158. GmbH i.L., Berlin	100	1
117	Jade 1207. GmbH & Co. Verwaltungs KG, Berlin	100	4, 119
118	Jade 1221. GmbH i.L., Berlin	71.0	1, 4, 26
119	Jade 1231. GmbH i.L., Berlin	100	1
120	Jade 1232. GmbH i.L., Berlin	100	1
121	Jade 1238. GmbH i.L., Berlin	73.7	1, 4
122	Jade 1265. GmbH i.L., Berlin	90.1	1, 4
123	Jade 1318. GmbH, Berlin	62.9	1, 4
124	Jade 1344. GmbH & Co. Verwaltungs KG, Berlin	86.7	4, 20, 136
125	Jade 1348. GmbH & Co. Verwaltungs KG, Berlin	100	4, 128
126	Jade 1348. GmbH, Berlin	100	128
127	Jade 1366. GmbH i.L., Berlin	86.7	1, 4, 26
128	Jade 1371. GmbH, Berlin	100	1
129	Juwel 131. V V UG (haftungsbeschränkt), Berlin	100	78
130	Juwel 156. V V UG (haftungsbeschränkt) i.L., Berlin	100	1
131	Juwel 190. V V UG (haftungsbeschränkt) & Co. 41. Verwaltungs KG, Berlin	100	4, 25
132	Juwel 190. V V UG (haftungsbeschränkt) & Co. 42. Verwaltungs KG, Berlin	100	4, 25
133	Juwel 190. V V UG (haftungsbeschränkt), Berlin	100	26
134	Juwel 197. V V UG (haftungsbeschränkt) i.L., Berlin	100	127
135	Juwel 200. V V UG (haftungsbeschränkt) & Co. Dritte Verwaltungs KG, Berlin	100	122
136	Juwel 202. V V UG (haftungsbeschränkt) i.L., Berlin	100	20
137	Juwel 219. V V UG (haftungsbeschränkt), Berlin	100	26
138	Juwel 223. V V UG (haftungsbeschränkt), Berlin	100	25
139	Lindentor 196. V V GmbH, Berlin	100	167
140	Lindentor 226. V V GmbH, Berlin	100	1
141	Lindentor 227. V V GmbH, Berlin	100	1
142	Online Marketplace Global Services GmbH, Berlin	100	178
143	RCKT Management GmbH, Berlin	100	1
144	Rocket Middle East GmbH, Berlin	100	1
145	Tripda Brazil Holding UG (haftungsbeschränkt) & Co. Verwaltungs KG, Berlin	100	4, 239
146	Visito Beteiligungs UG (haftungsbeschränkt), Berlin	100	46
147	VRB GmbH & Co. B-101 (Einhunderteins) KG, Berlin	100	1
148	VRB GmbH & Co. B-122 (Einhundertzweiundzwanzig) KG, Berlin	100	120
149	VRB GmbH & Co. B-125 (Einhundertfünfundzwanzig) KG, Berlin	98.8	4, 121
150	VRB GmbH & Co. B-147 KG, Berlin	100	18

No.	Company, registered office	Equity interest in %	via No.
151	VRB GmbH & Co. B-153 KG, Berlin	100	18
152	VRB GmbH & Co. B-154 KG, Berlin	100	18
153	VRB GmbH & Co. B-155 KG, Berlin	100	18
154	VRB GmbH & Co. B-96 (Sechsundneunzig) KG, Berlin	87.5	4, 116
	OTHER COUNTRIES		
155	Airu Produtos Criativos Ltda., São Paulo, Brazil	100	4, 97
156	Beijing VRB B-96 Technology Co., Ltd., Beijing, China	100	154
157	Beijing Ying Nai Le Qi Information Technology Co., Ltd., Beijing, China	100	18
158	Bonativo B.V., Amsterdam, Netherlands	100	180
159	Caterwings Netherlands S.C.Sp., Senningerberg, Luxembourg	100	4, 57
160	Clickbus Peru S.A.C., Lima, Peru	100	132, 133
161	Digital Lending Services US Corp., Wilmington, United States	100	162
162	Digital Services Holding IV S.à r.l, Senningerberg, Luxembourg	100	1
163	Digital Services LI S.à r.l. (in liquidation), Senningerberg, Luxembourg	100	1
164	Digital Services LI Top-Holding S.C.Sp., Senningerberg, Luxembourg	99.0	4, 163
165	Digital Services LIV (GP) S.à r.l., Senningerberg, Luxembourg	100	46
166	Digital Services LV (GP) S.à r.l., Senningerberg, Luxembourg	100	48
167	Digital Services LVII (GP) S.à r.l., Senningerberg, Luxembourg	100	4, 168
168	Digital Services LVII S.à r.l., Senningerberg, Luxembourg	100	1
169	Digital Services XL (GP) S.à r.l., Senningerberg, Luxembourg	100	82
170	Digital Services XL 2 S.C.Sp., Senningerberg, Luxembourg	100	4, 50
171	Digital Services XLIX (GP) S.à r.l., Senningerberg, Luxembourg	100	67
172	Digital Services XLIX S.à r.l., Senningerberg, Luxembourg	100	1
173	Digital Services XLVIII (GP) S.à r.l., Senningerberg, Luxembourg	100	37
174	Digital Services XVII Top-Holding S.C.Sp., Senningerberg, Luxembourg	99.6	4, 88
175	Digital Services XVIII (GP) S.à r.l., Senningerberg, Luxembourg	100	65
176	Digital Services XXI Germany Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 177
177	Digital Services XXI Top-Holding S.C.Sp., Senningerberg, Luxembourg	97.9	4, 232
178	Digital Services XXIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	96.3	4, 42
179	Digital Services XXIII 2 S.C.Sp., Senningerberg, Luxembourg	100	4, 178
180	Digital Services XXIII 3 S.C.Sp., Senningerberg, Luxembourg	100	4, 178
181	Digital Services XXIV 2 S.C.Sp., Senningerberg, Luxembourg	100	4, 242
182	Digital Services XXIV 3 S.C.Sp., Senningerberg, Luxembourg	100	4, 242
183	Digital Services XXX Germany S.C.Sp., Senningerberg, Luxembourg	100	4, 60
184	Digital Services XXX (GP) S.à r.l., Senningerberg, Luxembourg	100	59
185	Digital Services XXXIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 88
186	Emerging Markets Capital S.à r.l., Luxembourg City, Luxembourg	100	1
187	Food Delivery Holding 23 S.à r.l., Senningerberg, Luxembourg	100	1

No.	Company, registered office	Equity interest in %	via No.
188	Food Delivery Holding 27 S.à r.l., Senningerberg, Luxembourg	100	1
189	Furniture E-Services Holding USA, Inc., Wilmington, United States	100	122
190	Furniture E-Services Taiwan Co., Ltd., Taipei, Taiwan	100	135
191	GFC Western Europe S.A.S., Paris, France	100	81
192	GGC EUR S.à r.l., Luxembourg City, Luxembourg	100	69
193	GGC GBP S.à r.l., Luxembourg City, Luxembourg	100	69
194	GGC USD S.à r.l., Luxembourg City, Luxembourg	100	69
195	Goldstar eServices Pvt. Ltd., Gurgaon, India	100	242, 244
196	International Rocket Company Ltd., Road Town, British Virgin Islands	100	18
197	International Rocket Corporate Ltd., Road Town, British Virgin Islands	100	18
198	International Rocket Group Ltd., Road Town, British Virgin Islands	100	18
199	International Rocket Holding Ltd., Road Town, British Virgin Islands	100	18
200	International Rocket Ventures Ltd., Road Town, British Virgin Islands	100	18
201	Internet Services Netherlands B.V., Amsterdam, Netherlands	100	18
202	Internet Services Polen sp. z o.o., Warsaw, Poland	100	18
203	Inversiones Bazaya C.A., Caracas, Venezuela	100	18
204	Inversiones RTE Chile Limitada, Santiago de Chile, Chile	100	18, 114
205	Jade E-Services Azerbaijan MMC, Baku, Azerbaijan	100	96
206	Kaymu Albania S.C.Sp., Senningerberg, Luxembourg	100	4, 215
207	Kaymu Azerbaijan MMC, Baku, Azerbaijan	100	208
208	Kaymu Azerbaijan S.C.Sp., Senningerberg, Luxembourg	100	4, 215
209	Kaymu Belarus S.C.Sp., Senningerberg, Luxembourg	100	4, 215
210	Kaymu Bulgaria S.C.Sp., Senningerberg, Luxembourg	100	4, 215
211	Kaymu Croatia S.C.Sp., Senningerberg, Luxembourg	100	4, 215
212	Kaymu Georgia S.C.Sp., Senningerberg, Luxembourg	100	4, 215
213	Kaymu LLC, Tbilisi, Georgia	100	212
214	Kaymu Slovenia S.C.Sp., Senningerberg, Luxembourg	100	4, 215
215	Kaymu Top-Holding S.C.Sp., Senningerberg, Luxembourg	92.7	4, 88
216	KaymuBy (Unitary Enterprise), Minsk, Belarus	100	209
217	Place Mniej sp. z o.o., Warsaw, Poland	87.5	32
218	Ride Services (PVT.) Limited, Karachi, Pakistan	100	182
219	Rocket eServices Pvt. Ltd., Delhi, India	100	18, 114
220	Rocket Internet Scandinavia AB, Stockholm, Sweden	100	18
221	Rocket US, Inc., Wilmington, United States	100	18
222	R-SC Egypt for Import and Export, Cairo, Egypt	99.0	225
223	R-SC Internet Services Chile Limitada, Santiago de Chile, Chile	100	18, 114
224	R-SC Internet Services Colombia SAS, Bogotá, Colombia	100	18
225	R-SC Internet Services Egypt LLC, Cairo, Egypt	100	18, 114
226	R-SC Internet Services France SAS, Paris, France	100	18
227	R-SC Internet Services II Norway AS, Oslo, Norway	100	95
228	R-SC Internet Services Japan K.K., Tokyo, Japan	100	18

No.	Company, registered office	Equity interest in %	via No.
229	RSC Internet Services Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100	181
230	R-SC Internet Services Nigeria Ltd., Lagos, Nigeria	100	18, 114
231	R-SC Liquidation Services Luxembourg (GP) S.à r.l., Senningerberg, Luxembourg	100	88
232	ShopWings Global S.à r.l. (in liquidation), Senningerberg, Luxembourg	100	42
233	Solar eServices Pvt. Ltd., Gurgaon, India	100	113, 114
234	Somuchmore Global S.à r.l. (in liquidation), Senningerberg, Luxembourg	73.3	1
235	Somuchmore Holding S.à r.l. (in liquidation), Senningerberg, Luxembourg	91.1	4, 234
236	Somuchmore Spain SL, Alella, Spain	100	235
237	Spaceways UK Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 174
238	Tripda Argentina Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 242
239	Tripda Brazil Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 242
240	Tripda Chile Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 242
241	Tripda Chile S.p.A., Santiago de Chile, Chile	100	240
242	Tripda Group Holding S.C.Sp., Senningerberg, Luxembourg	98.0	4, 88
243	Tripda, Inc., Albany, United States	100	248
244	Tripda India Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 242
245	Tripda Mexico Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 242
246	Tripda South Korea Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 242
247	Tripda Uruguay Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 242
248	Tripda USA Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 242
249	VRB B-154 Group Ltd., Road Town, British Virgin Islands	100	152
250	VRB B-155 Corporate Ltd., Road Town, British Virgin Islands	100	153
251	VRB B-96 Holding Ltd., Road Town, British Virgin Islands	100	154
252	Wimdu Israel Ltd., Tel Aviv, Israel	100	18
	ASSOCIATED COMPANIES AND JOINT VENTURES		
	GERMANY		
253	AEH New Africa eCommerce II GmbH, Berlin [2)]	71.2	1, 4
254	Africa Internet Holding GmbH, Berlin	21.7	1
255	HC Brillant Services GmbH (former: FabFurnish GmbH), Berlin	29.2	1
256	HelloFresh SE, Berlin	44.0	1, 4
257	Home24 AG, Berlin	40.8	1, 4
258	Marley Spoon GmbH, Berlin	23.4	17
259	Paymill Holding GmbH, Berlin	48.5	4, 64
260	Rumble Media GmbH, Heiligenberg	38.3	17
261	Spark Networks SE, Munich	25.6	1
262	TravelTrex GmbH, Cologne	25.0	10
263	TRUSTED SHOPS GmbH, Cologne	25.0	17
264	Westwing Group GmbH, Berlin	32.3	1, 4, 19
265	Zanui Holding GmbH, Berlin	28.7	1, 4

No.	Company, registered office	Equity interest in %	via No.
	OTHER COUNTRIES		
266	Asia Internet Holding S.à r.l., Senningerberg, Luxembourg	50.0	1
267	Bus Servicos de Agendamento S.A., São Paulo, Brazil	50.0	22
268	Clariness AG, Stans, Switzerland	25.0	17
269	Digital Services XLVII S.à r.l., Senningerberg, Luxembourg [2)]	59.8	1
270	Digital Services XXVIII S.à r.l., Senningerberg, Luxembourg	47.3	1
271	ECommerce Holding II S.à r.l., Senningerberg, Luxembourg [2)]	52.7	4, 67, 92
272	Enuygun Com Internet Bilgi Hizmetleri Teknoloji ve Ticaret A.S., Istanbul, Turkey	48.8	32
273	Everdine Holding S.à r.l., Senningerberg, Luxembourg [3)]	71.4	4, 42
274	Girl Meets Dress Ltd., St. Albans, United Kingdom	23.7	17
275	Global Fashion Group S.A., Senningerberg, Luxembourg	20.2	1, 4, 26, 144
276	GoWorkaBit Ltd., London, United Kingdom	27.8	15
277	Helpling Group Holding S.à r.l., Senningerberg, Luxembourg	21.8	1, 4
278	Lendico Servicos de Administracao e Correspondente Bancario S.A., São Paulo, Brazil	50.0	73
279	Middle East Internet Holding S.à r.l., Senningerberg, Luxembourg	50.0	1
280	Order-In Pty Ltd., Sydney, Australia	20.3	1
281	Rocket Internet Capital Partners (EURO) SCS, Luxembourg City, Luxembourg	10.6	85
282	Rocket Internet Capital Partners SCS, Luxembourg City, Luxembourg	15.7	85, 86
283	Spotcap Global S.à r.l., Senningerberg, Luxembourg	39.9	4, 67
284	TravelBird Holding B.V., Amsterdam, Netherlands	25.2	17
285	Traveloka Holding Ltd., George Town, Cayman Islands	28.6	3
286	Ulmon GmbH, Vienna, Austria	22.8	15, 17
287	Vaniday Global S.à r.l., Senningerberg, Luxembourg	43.4	1
288	Voopter Internet do Brasil S.A., Rio de Janeiro, Brazil [4)]	49.3	17
289	Yamsafer, Inc., Wilmington, United States	21.9	15
290	ZipJet Global S.à r.l., Senningerberg, Luxembourg	47.9	1, 4

1) Not consolidated due to immateriality.
2) No control due to contractual arrangements or legal circumstances.
3) Everdine Holding S.à r.l.: voting rights of 50.0% differ from equity interest.
4) Voopter Internet do Brasil S.A.: voting rights of 48.0% differ from equity interest.

No.	Company, registered office	Equity interest in %	via No.	Currency	Net result in thousand	Equity in thousand
	OTHER INVESTMENTS PURSUANT TO SEC. 313 (2) NO. 4 HGB					
	GERMANY					
291	Altigi GmbH, Hamburg 8)	15.0	17	EUR	-10,570	18,910
292	Delivery Hero AG, Berlin 5), 6)	24.4	2, 71	EUR	-194,932	892,208
293	Global Savings Group GmbH, Munich 5), 10)	16.6	1, 4	EUR	-3,770	5,558
294	Jimdo GmbH, Hamburg 8)	17.1	17	EUR	-9,285	5,830
295	Thermondo GmbH, Berlin 8)	4.4	15	EUR	-10,714	12,526
	OTHER COUNTRIES					
296	Dealerdirect Global B.V., Enschede, Netherlands 8)	12.3	15	EUR	-6,726	3,130
297	Funding Circle Holdings Ltd., London, United Kingdom 9)	2.1	15, 67	GBP	-46,563	104,170
298	Iwoca Ltd., London, United Kingdom 10)	5.9	15, 17	GBP	-4,544	24,955
299	JRSK, Inc., Wilmington, United States	4.8	15	USD	n/a 7)	n/a 7)
300	WP XII Venture Holding S.à r.l., Luxembourg City, Luxembourg 8)	0.9	15	EUR	-5,471	-5,446

5) Values according to the last available consolidated financial statements (IFRS) as of December 31, 2016.
6) No significant influence due to legal circumstances, voting rights of 24.0% differ from equity interest.
7) The company does not publish its financial statements.
8) Values according to the last available unconsolidated annual financial statements (local GAAP) as of December 31, 2016.
9) Values according to the last available consolidated financial statements (local GAAP) as of December 31, 2016.
10) Global Savings Group GmbH: voting rights of 17.0% differ from equity interest.

The disclosure of 67 subsidiaries and 7 associated companies, which are in liquidation stage, and which are known to be no longer continued, has been waived.

41. Number of Employees pursuant to Sec. 314 (1) No. 4 HGB

The average number of staff employed was as follows:

	2017
Germany	508
Other countries	173
Total	**681**

As of December 31, 2017, the Group employed a total of 559 employees (previous year 837), thereof 151 abroad (previous year 194).

42. Declaration of compliance with German Corporate Governance Code

The declaration by the Management Board and the Supervisory Board regarding the German Corporate Governance Code pursuant to Sec. 161 German Stock Corporations Act ("Aktiengesetz" – AktG) is published on the parent Company's website https://www.rocket-internet.com/investors/corporate-governance.

43. Authorization of the Financial Statements for Issue

The Management Board authorized the issue of the consolidated financial statements on March 29, 2018.

Berlin, March 29, 2018

The Management Board

Oliver Samwer Peter Kimpel Alexander Kudlich

CHAPTER 4

Combined Management Report

1. Fundamentals of the Company and the Group

1.1 Business Model

1.1.1 General Information

Rocket Internet SE (hereinafter also referred to as "Rocket Internet", the "Company" or "parent Company") is registered in the commercial register Charlottenburg of the district court in Berlin (Registration No.: HRB 165662). The registered office of Rocket Internet SE is at Charlottenstraße 4, 10969 Berlin, Germany.

Rocket Internet SE is the parent Company of directly and indirectly held subsidiaries and holds directly or indirectly interest in associates and joint ventures (hereinafter together also referred to as the "Rocket Internet Group" or the "Group").

Subsidiaries, associated companies, joint ventures as well as the other companies in which the Group holds equity interests are summarized as "network companies".

The shares of Rocket Internet SE are admitted to trading in the Prime Standard (the regulated market segment with additional post-admission obligations) of the Frankfurt Stock Exchange and are included in the MDAX-index (until March 19, 2018 SDAX index).

This report combines the Group Management Report of the Rocket Internet Group and the Management Report of Rocket Internet SE. It should be read in conjunction with the Consolidated Financial Statements and the Annual Financial Statements, including the Notes to the Financial Statements. The Consolidated Financial Statements and the Annual Financial Statements have been prepared on the basis of a number of assumptions and accounting policies explained in greater detail in the respective Notes. The Consolidated Financial Statements were prepared in accordance with IFRS as adopted by the European Union. The Annual Financial Statements of Rocket Internet SE were prepared in accordance with German Commercial Code (HGB).

The Combined Management Report contains forward-looking statements about the business, financial condition and earnings performance. These statements are based on assumptions and projections which are based on currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected. Beyond disclosure requirements stipulated by law, Rocket Internet SE does not undertake any obligation to update forward-looking statements.

The Combined Management Report for the financial year 2017 is presented in million euros except where otherwise indicated. Unless otherwise indicated, all values are rounded up or down in accordance with a commercial rounding approach, which may result in rounding differences and percentage figures presented may not exactly reflect the absolute figures they relate to. The reporting period is January 1 to December 31, 2017.

1.1.2 Business Activities

Rocket Internet incubates and invests in Internet companies with proven business models. It provides operational support to its companies and helps them scale internationally. Rocket Internet focuses predominantly on four industry sectors of online and mobile retail and services that make up a significant share of consumer spending: Food & Groceries, Fashion, General Merchandise and Home & Living.

Rocket Internet empowers technology companies to grow. We provide both capital and operational support to the entrepreneurs and companies that we partner with and help them establish defensible market-leading positions internationally. We act on the premise that the offline to online shift will continue to disrupt almost all sectors and fundamentally change business models and entire industries.

We look for companies and business models that leverage technology to address basic needs of both consumers and companies, and that achieve over time significant scale, attractive levels of profitability and defensible market leading positions. We are unique in that our operational know-how enables us to both incubate new business models as well as invest in and support growing businesses.

We have significant capital available, enabling us to support companies over the full lifecycle of their development. Furthermore, we support our companies as they scale by providing deep functional expertise, proprietary technology solutions and access to an extensive ecosystem of global partnerships. This unique blend of operational support provides a competitive advantage to our companies, increases their probability of success and distinguishes us from competitors.

The functional experts of our network cover the full stack of technology companies including key areas such as product, engineering, customer acquisition and internationalization. This enables our companies to develop market leading positions in a shorter period of time. As they mature, companies continue to turn to Rocket Internet for support on special projects to cover temporary high demand or specialist know-how.

Rocket Internet has offices and extensive industry and operational experience around the globe. Our global network helps companies achieve economies of scale and synergies, and our people in target markets worldwide have deep local expertise (e.g. operations and logistics), thus reducing marginal costs for building new companies. Under certain circumstances, growth and a strong market position are more important to us than achieving profitability in the short-term. Since our strategy is focused on high absolute value creation, we understand that it will take several years of development to scale companies and have them reach profitability.

We have established strategic partnerships that offer extensive financial, operational and strategic support to our network of companies. In addition, framework agreements with leading global technology firms provide our companies with competitively priced leading technology and services.

Rocket Internet incubates, invests in and supports companies in the Internet sector worldwide.

Four Industry Sectors

Rocket Internet is focused on proven Internet-based business models that satisfy basic consumer needs across the following four industry sectors [1]:

- Food & Groceries (individualized fresh food at home and online food delivery and takeaway),
- Fashion (emerging markets online fashion),
- General Merchandise (emerging markets online retail as well as marketplaces for online merchandise) and
- Home & Living (international home & living eCommerce).

New Businesses

In addition to the companies in the four industry sectors, Rocket Internet owns stakes in companies at varying maturity stages, ranging from recently launched models to companies that are in the process of establishing leadership positions or still expanding their geographic reach.

GFC Investments

Besides founding new companies ourselves, we also invest in existing companies. The Venture Capital activities of the Rocket Internet Group are conducted by Global Founders Capital (GFC Investments). These investments are geared toward long-term commitments, where we seek to create value in the long-term by developing the business.

Services

Furthermore, Rocket Internet renders a range services, such as commercial consulting, letting of office space, IT systems engineering, product design, online marketing and other services, particularly for its subsidiaries and non-controlled equity investments. Rocket Internet is involved in the strategic leadership and tactical implementation of the business plans of its subsidiaries, associates and joint ventures, in particular in the early stage.

Rocket Internet has created the Rocket Internet 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.

1.1.3. Legal Structure of the Group / Locations

While Rocket Internet as well as some of its subsidiaries focus on providing services along the different functional areas of an Internet business, the operational business is carried out exclusively by Rocket Internet's subsidiaries, associates and joint ventures under the umbrella of specifically created consumer brands. In addition, in its role as Group holding, Rocket Internet fulfils central functions.

In the case of incubated network companies Rocket Internet typically owns directly or indirectly approximately 80% of its companies [2] at the time of launch, with the remainder set aside for equity participations of the management of the respective network company. In subsequent financing rounds, the companies attract the equity financing necessary to expand their business from Rocket Internet and other external

1) Sectors do not represent reportable segments.

2) All participation quotas for the network companies shown in the financial statements are based on the Group's ownership calculated pursuant to the respective accounting rules (e.g. reflecting the transaction closing dates, dates of change in control, considering trust shares allocated to the Group, excluding stakes indirectly held via RICP etc.) and may therefore differ from the respective information (beneficial interest including RICP) published on the Company's website which is based on the signing dates.

investors. The external equity financing is provided by strategic partners and other strategic and financial investors. These investments are made either directly into the company or indirectly into an intermediate holding company. In practice, this has meant that the direct and indirect stakes of Rocket Internet in a company have diluted over time to less than 50%. Furthermore, for several companies in which Rocket Internet holds a participation of more than 50%, shareholder agreements exist that lead to ongoing restrictions of Rocket Internet's control over those network companies. Therefore as of December 31, 2017, Rocket Internet does not consolidate most of its significant network companies, but accounts for them as associated companies or joint ventures. The most important associated companies and joint ventures in Rocket Internet Group as of December 31, 2017 are:

Associated company / joint venture	Consumer brands
HelloFresh SE	HelloFresh
Global Fashion Group S.A.	Dafiti, Lamoda, ZALORA & The Iconic, Namshi, Kanui and Tricae
Home24 AG	Home24, Mobly
Westwing Group GmbH	Westwing, Dalani
Jumia Group (Africa Internet Holding GmbH)	Jumia, Zando
Asia Internet Holding S.à r.l	Daraz, Zenrooms, Carmudi, Lamudi, Vaniday, Helpling, Shopwings
Middle East Internet Holding S.à r.l.	Jeeny, Wadi, Helpling, Carmudi, Lamudi

As of December 31, 2017 Rocket Internet Group included 90 (previous year 125) fully consolidated companies (including intermediary holdings), of which 56 (previous year 77) companies were located outside of Germany. In addition, Rocket Internet Group held investments in 45 associated companies and joint ventures (thereof 7 in liquidation; previous year 48, thereof 5 in liquidation). Please see Note 1 "Corporate and Group Information" in the Notes to the Consolidated Financial Statements for further information about the development of the consolidated Group and of the portfolio of associated companies and joint ventures. The list of Group shareholdings is presented in the Notes to the Consolidated Financial Statements.

Group's investments in other companies

The Group has designated certain associated companies and other equity investments with ownership percentages below 20% as financial assets at fair value through profit or loss. Those equity investments are primarily hold under the Global Founders Capital brand and are operated and measured on the basis of fair values in accordance with the risk management and investment strategies. Rocket Internet is acting as an investor within the meaning of IAS 28.18 and the Group is not intensely involved in the strategic leadership and tactical implementation of the business plans of such companies. Furthermore, Rocket Internet usually does not perform significant commercial and technical consulting services for these companies. Particularly this category includes the portfolio of investments in several Internet companies.

As of December 31, 2017 the Group holds a share of approximately 24% (previous year: approximately 40%) of the total outstanding share capital of Delivery Hero AG, Berlin (DH). On September 28, 2017, Rocket Internet agreed to sell 22,359,857 shares in DH for a cash consideration of EUR 659.6 million to the global internet and entertainment group Naspers, which was already an investor in DH. The transaction was subject to regulatory approval and was closed in March 2018. The Group did not obtain representation on the DH's supervisory board as specified in the post IPO Shareholders' Agreement of DH, which precludes Rocket Internet from the participation in financial and business policy-making processes of DH. In light of the lack of significant influence, the Group classified its equity investment in DH as available-for-sale financial asset.

1.1.4 Brands of the Company Network

The following illustration shows a selection of the most important brands used by network companies:

Food & Groceries	Delivery Hero, Hello FRESH
Fashion	GFG GLOBAL FASHION GROUP, lamoda, dafiti, ZALORA THE ICONIC, NAMSHI
General Merchandise	JUMIA
Home & Living	WESTWING HOME AND LIVING, home24
New Businesses	

1.2 Research and Development

Rocket Internet has developed proprietary technology that provides the network companies with standardized solutions for a range of Internet business models. The modular framework is built to serve the needs of our businesses as it can be adapted to the specific requirements of individual companies and different markets. While stand-alone companies have to develop their technology from scratch, the companies in the Rocket Internet network have access to a flexible and field tested framework, which allows our entrepreneurs to focus on their core business models.

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.

In its core business, the Group constantly develops new products for the needs of its customers. New developments are subject to user tests on a timely basis. Their experience flows, in turn, into the product optimization.

The entire industry is transitioning from classic desktop-Internet companies to mobile-first and even mobile-only, which requires the development of new products. Mobile people increasingly do their research and make choices on their way from one place to another. Smartphones and tablets are more and more replacing the home desktop PC. Further, new device classes are being added, such as Internet-capable TV sets and smart watches. The Group is committed to support its network companies in delivering products and rendering services to all relevant digital devices.

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

A large part of the IT staff not only works to ensure business continuity, but also to further develop the IT solutions that Rocket Internet provides to its network companies. In research and development, Rocket Internet attaches particular importance to providing network companies with convenient, reliable and secure technologies that can easily be scaled and adapted to the individual needs of the particular company. In addition, the change towards the increased use of mobile applications is also covered technologically.

The total expense of the Group in the IT area amounts to EUR 7.3 million (previous year: EUR 8.6 million). This corresponds to 20% of Group revenue in 2017 (previous year: 17%).

In 2017, no development expenses were capitalized in the consolidated financial statements as well as in the Annual Financial Statements of Rocket Internet SE (previous year capitalization of EUR 2.9 million). The amount of research expenses was insignificant.

2. Performance System

In line with our strategy, we have designed our internal performance system, and defined appropriate performance indicators. The performance system involves the consolidated network companies as well as the non-consolidated network companies. We differentiate between financial and non-financial performance indicators in measuring our success in implementing our strategy. These indicators are, or can be, so-called non-GAAP financial measures. Other companies, which use financial measures with a similar designation, may define them differently.

2.1 Most Significant Performance Indicators

Our most significant performance indicators at both Group and segment level are unchanged from the previous year.

Revenue

We aim to achieve sustainable market positions in the markets and sectors we enter. Profitable growth of revenues (as reported in the income statement) is an important factor for the long-term increase in corporate value.

EBITDA

The Group aims to make its network companies, depending on the type of business model, profitable within six to nine years after their launch. Rocket Internet primarily measures the profitability of its businesses on the basis of EBITDA. We define EBITDA as result before financial result, income taxes, depreciation, amortization and impairment. At Group level EBITDA comprises the result from deconsolidation of subsidiaries and the share of profit / loss from associates and joint ventures.

EBITDA margin

The EBITDA margin of network companies is defined as EBITDA divided by revenue.

Cash position

Sustained development of revenues and earnings is supported by a solid cash position. Rocket Internet provides companies with the financial means to start up, develop and grow their operations. Typically the network companies are funded through a mix of capital from Rocket Internet and third-party capital. As capital is a key component of growing companies, we strive for a solid financial position and want to secure access to financial resources. Our primary measure for monitoring and controlling our cash position is the balance sheet line item cash and cash equivalents.

2.2 Auxiliary Performance Indicators

In addition to the above-stated most significant performance indicators, the Group uses various auxiliary indicators in order to measure the economic success of business activities. For an assessment of the revenue potential of the companies, performance indicators such as GMV (gross merchandise value), number of orders, number of transactions, number of customers, number of active customers or number of homepage visitors are used. In the area of eCommerce for instance, Rocket Internet analyzes the turnover ratios of the operational net current assets, return rates in eCommerce and the quality of operational procedures in order to ensure the timely and correct shipping and invoicing of the ordered merchandise as part of the monitoring of operations.

The quality of products and solutions is a critical 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 as well as the resistance against targeted attacks, from hackers or through manipulation for example, are essential for providing customers with the promised services.

Rocket Internet's business approach and business policy is oriented towards sustainability. This approach is demonstrated particularly by high investments in customer relations, new fields of business and, accordingly, in future growth. With regard to customer loyalty and 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.

The Group presents the selected performance indicators for the major network companies on a quarterly basis on the website of the parent Company.

3. Economic Report

3.1 General Economic Conditions

According to the International Monetary Fund's (IMF) "World Economic Outlook" (update published in January 2018), global economic activity continues to firm up. Global growth for 2017 is now estimated at 3.7%, 0.1 percentage points higher than projected in the fall and 0.5 percentage points higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia.

The cyclical upswing underway since mid-2016 has continued to strengthen. Some 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010. Among advanced economies, growth in the third quarter of 2017 was higher than projected in the fall, notably in Germany, Japan, Korea, and the United States. Key emerging market and developing economies, including Brazil, China, and South Africa, also posted third-quarter growth stronger than the fall forecasts. World trade has grown strongly in recent months, supported by a pickup in investment, particularly among advanced economies, and increased manufacturing output in Asia in the run up to the launch of new smartphone models. Purchasing managers' indices indicate firm manufacturing activity ahead, consistent with strong consumer confidence pointing to healthy final demand.

An improving global growth outlook, weather events in the United States, the extension of the OPEC+ agreement to limit oil production, and geopolitical tensions in the Middle East have supported crude oil prices. These have risen by about 20% between August 2017 and mid-December 2017 to over USD 60 per barrel, with some further increase as of early January 2018. The increase in fuel prices raised headline inflation in advanced economies, but wage and core-price inflation remain weak. The European Central Bank intends, however, to maintain policy rates at current historically low levels until after quantitative easing ends and, should inflation underperform, extend the asset purchase program in amount and duration. Equity prices in advanced economies continued to rally, buoyed by generally favorable sentiment regarding earnings prospects, expectations of a very gradual normalization path for monetary policy in a weak inflation environment, and low expected volatility in underlying fundamentals.

The development of Gross Domestic Product (GDP) and exchange rates in selected countries is as follows:

		Change of GDP		Exchange rates (1 EUR = local currency)		
Country	Currency	2017	2016	Dec 31, 2017	Dec 31, 2016	Change
Australia	AUD	3.1%	2.9%	1.535	1.460	-5.1%
Brazil	BRL	0.2%	-3.3%	3.973	3.431	-15.8%
Germany	EUR	1.6%	1.7%	n/a	n/a	n/a
India	INR	7.2%	7.6%	76.606	71.594	-7.0%
Indonesia	IDR	5.1%	4.9%	16,239.120	14,173.430	-14.6%
Nigeria	NGN	0.8%	-1.7%	426.915	319.272	-33.7%
Russia	RUB	1.4%	-0.8%	69.392	64.300	-7.9%
Saudi Arabia	SAR	0.4%	1.2%	4.490	3.950	-13.7%
Singapore	SGD	2.2%	1.7%	1.602	1.523	-5.2%
United Arab Emirates	AED	1.5%	2.3%	4.399	3.869	-13.7%
United Kingdom	GBP	2.0%	1.8%	0.887	0.856	-3.6%
United States	USD	2.3%	1.6%	1.199	1.054	-13.8%

3.2 Industry-Specific Conditions

Venture Capital Market in Germany

An active market for venture capital plays a vital role in the financing of start-ups and innovation. According to the German government-owned development bank KfW, the number of start-up companies in 2017 fell sharply by 115,000 to the record low of 557,000, despite a favorable economic condition. Regardless the decline in start-up activity, the number of economically relevant new entrepreneurs launching market innovation (up 8%) and innovative start-ups (up 31%) engaging in research and development increased.

Against this backdrop, policies are required to improve venture capital through targeted measures. The coalition agreement between the CDU, CSU and SPD, published on February 7, 2018, emphasizes the promotion of the entrepreneurial culture in Germany with the aim of significantly increasing the volume of the venture capital market, in particular to support companies in the growth phase. These measures include among others the VAT exemption in the first two years after the founding and the de-bureaucratization of application, approval and taxation procedures as defined by the so-called "one-stop-shop". In addition, existing instruments for financing the founding and growth of start-up companies will be continued, refined and opened up to non-academics. The agreement also specifies new instruments such as the Tech Growth Fund, which has been created to supplement state funding instruments in the growth phase of start-ups by providing loans as venture debt. Traditional SME financing via banks needs to be secured and enhanced. Supporting co-operation of start-ups with the mainstream economy in appropriate ways, promoting the international exchange of start-ups and examining new alternatives for employee participation programs are other concerns of the coalition parties.

One of the most important challenges in Germany is a lack of exit opportunities for venture capitalists, which is partly due to the less developed capital market, compared to the USA. The sale of shares of young companies that still do not generate profits, on secondary markets or the stock exchange often proves to be difficult. This problem could be addressed through the creation of a pan-European stock market segment for growth-oriented companies. The first step is the start of the new segment "Scale" for growth capital for small and medium-sized companies (SMEs) by the Deutsche Börse AG on March 1, 2017.

On July 20, 2017, the new EU Prospectus Regulation entered into force. Their publication in the EU Official Journal took place on June 30, 2017. Regulation (EU) 2017 / 1129 of the European Parliament and of the Council of June 14, 2017 adopted a new regulatory regime on the prospectus to be drawn up, approved and published when securities are offered to the public or admitted to trading on a regulated market. The reform of the prospectus legislation is closely linked to the Capital Markets Union, planned by the EU by the end of 2019, with the aim of creating uniform, equivalent investor protection at Union level and further developing capital markets on the basis of increased investor confidence. In addition, the administration and costs of preparing the prospectus should be reduced, in particular for SMEs, issuers of secondary issues and long-term issuers. The prospectus regulation makes the preparation of securities prospectuses easier and more flexible than before. Most of the regulations will be effective from July 21, 2019. However, some particularly relevant prospectus exceptions apply from July 20, 2017 and July 21, 2018 respectively.

After the weak year 2016 with only eight new listings, twelve initial public offerings (IPOs) with total proceeds approximately EUR 2.8 billion took place in Germany in 2017. About one third of this amount is attributable to Delivery Hero and about 10% to HelloFresh. Globally 2017 was the best year for IPOs since 2007.

In terms of number of deals and proceeds global IPO activity surged in 2017 with 1,624 IPOs raising USD 188.8 billion. In the previous year 1,093 transactions were executed raising USD 134.5 billion.

General Industry Trends [3)]

eCommerce industry continues to not just grow but to exert greater influence on other channels, from brick-and-mortar stores to social networks. As omnichannel capabilities become better integrated into the stores and there are more digital channels influencing online sales (e.g. social, affiliates, etc.), the role of eCommerce within an organization will continue to grow in importance and complexity. Social commerce is becoming the largest customer acquisition source. In particular, investment in the eCommerce infrastructure and platforms to support a more disaggregated retail model (e.g. pop-ups, stores, events, social buying, etc.) will need to expand.

The modern eCommerce is about hardware enablement of seamless commerce everywhere, especially at home. The mCommerce (mobile commerce, eCommerce enabled by new mobile devices) let a ton of hardware enter consumers' homes, such as the Amazon's Dash Buttons and Echo as well as Google Home.

3) Quelle: interne Branchenanalyse der Rocket Internet SE.

Another trend is the increasing Big Data business, as more and more companies want to digitize their processes. This includes the management and storage of data, advanced cloud computing solutions, personalized data analyzing tools and data security. The foundation for predictive, actionable business analytics for regional, store, customer and product levels has the potential to become really powerful.

Chat commerce and AI-powered platforms provide personalized customer service and are becoming a new way to buy. Chat companies as WeChat, ReplyYes or Peachd text offers to shoppers and customers who can quickly text back a quick affirmative response to buy an item. The new mobile tools (e.g. "Macy's On Call") answer questions of the customer about products, services or facilities. The augmented reality finds more and more fields to be used: e.g. virtual try-on solutions for customers as a measure to reduce product return rates in eCommerce fashion; a game having the potential to become an emotional adventure; travelling with a "personal guide"; as well as all links in the value-added chain (research and development, production, marketing, service) using it as a possibility of 3-dimension demonstration.

Internet of Things (IoT), network connectivity of every physical object (such as cars and houses), could revolutionize the targeted marketing of products and services by moving away from the traditional approach of using newspapers or television and reaching targeted consumers at optimal times in optimal locations instead.

The mobile is increasingly becoming a means of payment. With the development of smartphones, the mobile Internet and Near Field Communication (NFC) technology, numerous functions and applications can now be integrated, such as vouchers, tickets, loyalty points and payment services. People are now experiencing a new form of convenience with their mobile phones, such as travelling on public transport using mobile tickets rather than coins or physical tickets, using their smartphones to pay contactless while at the same time redeeming coupons and collecting loyalty points or making secure bank payments. Mobile apps are becoming more valuable for consumers and more integral to their everyday lives. This trend can be demonstrated by the development of sales using the Internet via mobile devices for the following countries (according to eMarketer December 2017):

Share of Mobile Commerce of Retail eCommerce Sales (in %)

Country	**2013**	**2014**	**2015**	**2016**	**2017**	**2018 (Estimate)**
Brazil	4.7%	7.9%	11.7%	21.2%	26.4%	30.2%
Germany	9.0%	15.9%	26.3%	33.2%	36.8%	38.7%
United Kingdom	19.0%	27.7%	33.3%	38.6%	43.3%	45.6%
United States	16.0%	19.0%	23.6%	29.1%	34.0%	39.0%

Currently, high investments in online food retailing (OFR) can be observed. The eCommerce share of online food retailing is currently low, especially compared to other categories such as electronics and fashion. However, due to its size, the market offers attractive growth potentials. For example, an increase in the online share of food retailing to only one percentage point in Germany would generate an additional sales volume of approximately EUR 1.9 billion in eCommerce.

Voice search is starting to be a bigger factor. More than half of the Generation Y, according to recent studies, uses voice search at least once a month. It is predicted that 50% of all search will be voice search by 2020 which greatly affects the eCommerce world. It is estimated that 55 million individuals in the US will use a voice-enabled digital assistant at least monthly this year, while Amazon Echo is estimated to have an install base of more than 128 million by 2020. Voice assistants will be the new normal before we know it. These offer companies, especially retailers a whole range of interaction opportunities with their customers and will revolutionize the shopping experience. Many orders from detergents to food delivery and toys can soon be processed via voice recognition through Google Assistant or Siri.

Autonomous vehicles are getting better every day with millions of miles already tested both physically and virtually. Trucking and ocean transportation companies are already putting plans into place with YARA Birkeland – the first autonomous container ship – scheduled next year to sail fertilizer from a production facility to port. Using a combination of GPS, radar, cameras and sensors, the electric ship can navigate itself around other boat traffic and dock on its own. Food delivery services are also in pilot. San Francisco-based DoorDash recently partnered with robotics startup Marble for a test to deliver orders via an unmanned machine. Ford and Domino's are now working on autonomous pizza delivery. And of course, the epic battle of the Amazon vs. Walmart drone delivery patents continues. Especially overseas next step in the delivery process is to have drone delivery via GPS system, where you don't necessarily need roads per se.

Augmented reality and virtual reality used in a variety of both digital and physical settings also are about to change the future of retail. They offer retailers the opportunity to transform shopping experiences such as product selection; elevate customer service; and create a differentiated, personalized customer experience. As smartphones are increasingly compatible with this technology, it will be used by more and more consumers.

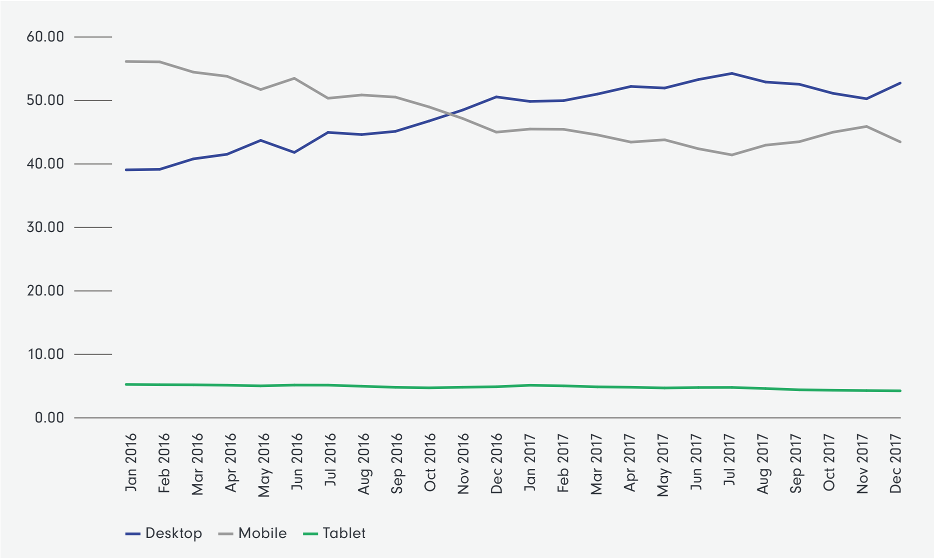
Rakuten Institute of Technology's Computational Interaction Group in Tokio has invented a mixed reality (MR) device called MR Shoppingu which is a head mounted device (HMD) being able to display product info, reviews, webpages, and even videos of nearby real world products like supermarket items. Users can interact with this content through natural gestures. MR encompasses both augmented reality, which adds some data or graphics to real-world views, and virtual reality, which is a fully immersive, complete virtual representation of a world. MR allows for responses to what is going on in the physical world. So for example it can be made to recognize and respond to objects and their orientation. While HMDs such as HoloLens are currently rather bulky, they're expected to become as lightweight and unobtrusive as eyeglasses in the future, replacing smartphones as consumers' main mobile devices.

According to the "D21-Digital-Index 2017 / 2018" by the "Initiative D21", a total of about 81% (previous year 79%) of all Germans (age groups above 14 years old) used the Internet in 2017. The mobile use of the Internet increased by 5 percentage points in 2017 to 64%, the share is 90% in the age group under 30 years old. The share of smartphone owners increased from 66% in 2016 to 70% in 2017. Due to the increasing share of Digital Natives mobile internet will continue to grow in importance requiring a powerful mobile network infrastructure. Activities performed and applications used at least once a week include searching the internet for information and content (74%), while more specific applications are used far less frequently, such as working with office programs like Microsoft Office (45%); watching online videos (42%) and using navigation services like Google Maps (38%). The share of those who engage in online shopping on a regular basis, minimum once a week, amounts to 36%. The share of those who pay online, e.g. via PayPal, Paydirekt or Bitcoin regularly is 30%, while the share in the age group of the 30- to 49-year-old users is even higher with 41%. Significantly more people than in the previous year made use of digital services in 2017. 43% of all Germans booked transport or a hotel room online which represents an increase by 18 percentage points compared to the previous year, 26% of the German population (increase by 16 percentage points) booked private accommodation e.g. via Airbnb and 21% (increase by 8%) made use of a delivery services (meals and food) representing the three most frequently mentioned services.

According to "StatCounter GlobalStats" the global mobile traffic surpasses the traffic via desktop computers and tablets for the first time in 2017 (see chart below).

Desktop vs. Mobile vs. Tablet Market Share Worldwide

in %



According to the "Measuring the Information Society Report 2017" by the International Telecommunication Union (ITU) there has been rapid growth in mobile-broadband services. The number of mobile-broadband subscriptions worldwide now exceeds 50 per 100 inhabitants, enabling improved access to the Internet and online services. The introduction of new mobile technologies is accelerating this trend, with LTE or higher capabilities now available to most mobile users. There has been slower growth in the number of fixed-broadband subscriptions worldwide, although this now marginally exceeds that for fixed telephone lines. There is a significant gender digital divide. It is relatively small in developed countries, more pronounced in developing countries and substantial in LDCs (least developed countries), where only one in seven women is using the Internet compared with one in five men. The gender digital divide in Africa appears to have grown significantly over the past five years.

3.3 Course of Business

We look back on a year 2017 that was very eventful and successful for our Group. Our focus on Food & Groceries paid off with the two successful IPOs of our selected companies Delivery Hero and HelloFresh. In addition, we have closed further transactions that prove our ability to found, grow and successfully exit Internet companies. The execution of Rocket Internet's strategy to expand existing significant Selected Companies, to develop new and existing business models and to invest in existing and new businesses was continued in the financial year 2017. Regarding new business models we focused on numerous investments, amongst others in the early-stage segment, due to given market opportunities. The market opportunities for own incubations, however, were lower than in previous years.

The Group focused primarily on investments. On average, Global Founders Capital made one new and one follow-up investment per week and increasingly invested in the United States. By contrast, the incubation played only a minor role in 2017.

In June 2017, Delivery Hero successfully completed its initial public offering raising approximately EUR 465 million (net proceeds) in primary capital. The shares were placed at the upper end of the price range at a price of EUR 25.50 per share. The market capitalization of Delivery hero at IPO amounted to EUR 4.4 billion. Due to the sale of shares and capital increases at DH the participation quota of the Group decreased to 24% in the financial year 2017. The Group held a share of approximately 40% of DH at the beginning of the year. On September 28, 2017, Rocket Internet agreed to sell 22,359,857 shares in Delivery Hero for a cash consideration of EUR 659.6 million to the global internet and entertainment group Naspers, which was already an investor in Delivery Hero. The transaction was subject to regulatory approval and was closed in March 2018. In accordance with IFRS, the share purchase agreement with Naspers is accounted for as a derivative financial liability in the amount of EUR 78.3 million (carrying amount as of December 31, 2017) and has negatively impacted the financial result in the income statement by this amount. In contrast, the corresponding share price rise of Delivery Hero is recognized in the statement of comprehensive income increasing equity.

On November 2, 2017, HelloFresh was listed at the stock exchange for the first time raising from its IPO approximately EUR 285.5 million (gross proceeds including exercise of the greenshoe option) in primary capital. The shares were sold in the mid-point of the initial price range at a price of EUR 10.25 per share. The market capitalization of HelloFresh after the IPO amounted to EUR 1.6 billion. Due to the capital increase at HelloFresh the participation quota of the Group decreased to 44.0% (considering treasury shares and excluding the shares held as trustee). Immediately prior to the IPO the Group held a share of 53.3% of HelloFresh.

In June 2017, Rocket Internet sold its remaining stake of 8.8% (fully-diluted) in Lazada Group S.A. ("Lazada") to Alibaba Group Holding Limited ("Alibaba") for USD 276 million, equating to an implied USD 3.2 billion valuation of Lazada. Already in April 2016 Rocket Internet divested half of its stake in Lazada to Alibaba. The transaction in 2017 is the result of the exercise of the put-call agreement entered into in conjunction with the sale in April 2016. The sale of Lazada shares contributed a realized gain of EUR 74.6 million to the financial result of the Group.

On July 27, 2017, Traveloka completed a funding round, in which the lead investor Expedia, Inc. made a USD 350.0 million primary minority investment. Expedia and Traveloka also agreed to deepen their existing cooperation on global hotel supply. Over the course of its last two funding rounds, East Ventures, Hillhouse Capital Group, JD.com and Sequoia Capital also contributed funding, bringing the total investment amount to approximately USD 0.5 billion within the last year.

The Rocket Internet Capital Partners Fund (RICP) held its final close on January 18, 2017 which took total combined commitments to USD 1.0 billion (hard cap). The USD 137 million new commitments were subscribed by third party investors and Rocket Internet.

The program for the partial repurchase of the convertible bonds, concluded in February 2016, was continued in 2017. In total, the Group repurchased convertible bonds with a nominal value of EUR 251.7 million (thereof EUR 55.5 million in current financial year) as of December 31, 2017, representing 45.8% of the initial total nominal value of EUR 550.0 million.

Most of Rocket Internet SE's network companies in the four key focus sectors showed two digit revenue growth in 2017 as compared to 2016, particularly HelloFresh (52%), Delivery Hero (60%), Jumia (11%), Home & Living (10%) and GFG (7% or 23% on a like for like basis excluding Namshi operations). Furthermore they showed an improvement of the EBITDA margin, particularly HelloFresh, GFG as well as the Home & Living companies Westwing and Home24.

Overall, HelloFresh's performance in 2017 is within and partially above the forecast. HelloFresh fulfilled the forecasted mid double-digit percentage revenues' expansion with 52% growth in 2017 as compared to 2016 and outperformed EBITDA growth in a high single digit percentage range instead of the forecasted EBITDA decrease in a low double-digit range. Consequently, HelloFresh improved its EBITDA margin from negative 14% to negative 9%, thus for the first time overcoming the negative double-digit percentage range.

Global Fashion Group fulfilled the anticipated low double-digit percentage range revenue growth on a like for like basis (without Namshi), outperformed the forecasted slight improvement in EBITDA by a moderate increase, thereby also improving the EBITDA margin moderately to a high single digit instead of a low double-digit negative percentage range.

Jumia fulfilled the expected revenue growth with a stronger change to marketplace models by a low double-digit percentage during the financial year 2017. However, EBITDA losses increased by a mid-double digit instead of the forecasted increase by a low single-digit percentage range. Accordingly, EBITDA margin moderately decreased instead of slightly improving.

Home & Living fulfilled all forecasted developments of the KPIs: an increase in revenues by a low double-digit percentage, EBITDA improvement by a double-digit percentage and reached the negative EBITDA margin in the single-digit percentage range.

In line with the previous year report's forecast for the financial year 2017, the international expansion of our companies has continued accompanied by the development and acquisition of various new business models. During 2017, the Group made several new and follow-on GFC investments. In contrast to the forecast, no new network companies with new business models were included in the scope of consolidation of the Group apart from the acquisition of the subsidiaries Holidays & Co. S.A.S. (www.camping-and-co.com) and und Vayacamping, S.L.U. (www.vayacamping.net). Furthermore, the financial year 2017 was influenced by the selective sale and shutdowns of subsidiaries. Rocket Internet sold amongst others Rocket Labs and sparks42.

Furthermore, Carspring, RideLink, Bandist, Zenrooms Brazil and Clickbus Colombia, whose business was not viable anymore, were closed. The number of fully consolidated companies fell by 28% from 125 to 90 and did not remain stable, unlike the forecast for the year 2017 in the Combined Management Report for 2016.

The forecasted slight increase of Group revenue for the financial year 2017 has not occurred, especially due to the small volume of incubations. Contrary to expectations, the Group revenue for all New Businesses fell from EUR 21.2 million in 2016 by 19% to EUR 17.2 million in 2017.

The previous year report's forecast for the financial year 2017 of a significant increase in consolidated revenue of New Businesses for those companies that continued to be fully consolidated after December 31, 2016, was not realized. New Businesses which continued to be consolidated showed in total a decline in revenues. Especially, Carspring in the UK showed an unexpected significant decrease in revenues. The revenue growth realized by RideLink was far below the forcast. Therefore Carspring and RideLink were considered not to be viable on a long-term and stand alone basis and were discontinued. However, Pflegetiger, Printvenue, Eatfirst, Caterwings, Campsy as well as the two deconsolidated entities Zipjet and Instafreight recorded a growth in revenue. Overall, due to deconsolidations and closings, revenues from New Businesses decreased.

The area of New Businesses realized a negative EBITDA and thus contributed to the projected negative EBITDA. The average EBITDA margin of the Group relating to New Businesses remained negative but improved slightly regarding subsidiaries, which were fully consolidated by the Rocket Internet Group in 2016 and 2017.

The result from deconsolidation of subsidiaries in 2017 in the amount of EUR 11.6 million (previous year EUR 48.3 million) has decreased significantly as it had been forecasted for the year 2017.

Contrary to the previous year report's forecast in which a substantial negative result from associates and joint ventures was expected, the overall result is positive. The net gain of EUR 2.6 million reflects the positive earnings development and thus lower proportionate losses of the Group's share of profit / loss from associated companies and joint ventures. Those effects were more than compensated by deemed disposal gains from financing rounds at Traveloka and HelloFresh and by reversal of 2016 impairment losses at Global Fashion Group. Furthermore, the Group also recorded significantly lower impairment losses (net balance of losses and reversals) of EUR 50.8 million (previous year: EUR 568.0 million). In 2017, there were gains from the disposal of associates and joint ventures of EUR 4.1 million (previous year: EUR 177.2 million). In total, the share of profit / loss from associates and joint ventures improved from EUR -539.6 million by EUR 542.2 million to EUR 2.6 million.

According to the previous year forecast for the total year 2017, the EBITDA of the Group improved from EUR -565.3 million in 2016 by EUR 510.5 million to EUR -54.8 million in 2017. This improvement was mainly due to the significantly improved share of profit / loss of associates and joint ventures as well as decreased other operating expenses which is only partially offset by a lower result from deconsolidation of subsidiaries, an increase in employee benefits expenses and a decrease in revenue.

Overall, the Group generated a loss of EUR 6.0 million for the period (previous year loss of EUR 741.5 million).

The total comprehensive income for the period, net of tax, improved significantly from EUR 623.2 million by EUR 994.6 million to a gain of EUR 371.4 million. Apart from the EUR 735.5 billion reduced loss this results mainly from the net gain of available for sale financial instruments recognized in other comprehensive income and reflecting mainly the positive share price development of Delivery Hero.

As projected for the financial year 2017, payments in the RICP fund were increased in 2017. Investments in the larger network companies that are part of the segments decreased as projected.

Cash and cash equivalents of the Group (previous year including balances in assets classified as held for sale) increased from EUR 1,401.7 million as of December 31, 2016 to EUR 1,716.6 million as of December 31, 2017 reflecting the proceeds from disposals of shares in Delivery Hero and Lazada.

In the 2016 Combined Management Report, decreasing revenues from rendering services in a low double digit percentage range was forecast for the parent Company due to the increased individual independence of the network companies. As reflected in the parent Company's Annual Financial Statements, revenues for services rendered by Rocket Internet decreased more extensively than forecast from EUR 28.1 million by 39% to EUR 17.1 million. At the Group level the revenues for other services decreased from EUR 29.2 million by 33% to EUR 19.5 million.

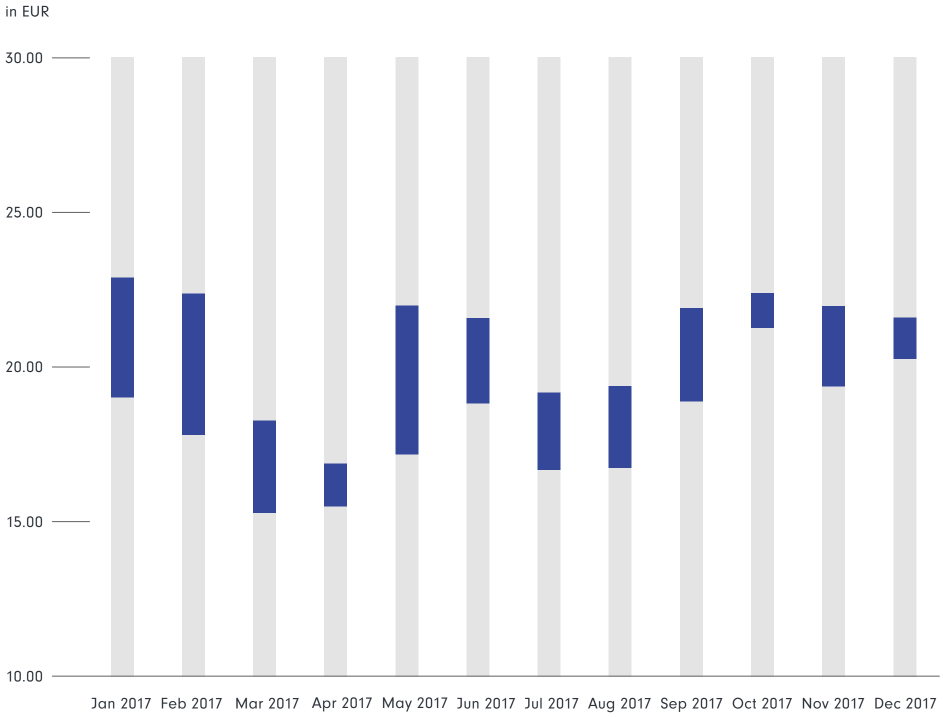
In the Annual Financial Statements of the parent Company in 2017, a net profit of EUR 153.0 million (previous year net gain of EUR 41.4 million) was recognized, which resulted primarily from the gains from disposals of participations reported in the line item other operating income. Therefore, contrary to the forecast for the financial year 2017 the EBITDA in the Annual Financial Statements was not negative but in total positive with an amount of EUR 149.6 million.

3.4 Rocket Internet Share and Share Capital Structure

During the year 2017, the Rocket Internet share price increased from EUR 19.14 as of December 31, 2016 by EUR 1.99 to EUR 21.13 as of December 31, 2017. On August 14, 2017, Rocket Internet announced to carry out a share buy-back program with a total maximum consideration (excluding ancillary costs) of up to EUR 100 million and a maximum volume of up to 5,000,000 shares, representing a maximum of up to 3.03% of the outstanding share capital of Rocket Internet. The buy-back started on August 14, 2017 and will end on April 30, 2018. The repurchased shares are intended to be redeemed, and Rocket Internet's share capital is intended to be reduced accordingly. Until December 31, 2017, the Group repurchased 1,035,621 shares at a volume-weighted average price of EUR 20.41. Please see the Notes and the Notes to the Financial Statements for further information about the repurchased shares. The market capitalization changed from about EUR 3.2 billion on December 31, 2016 to about EUR 3.5 billion on December 31, 2017.

The development of the Xetra closing share prices in 2017 is as follows:

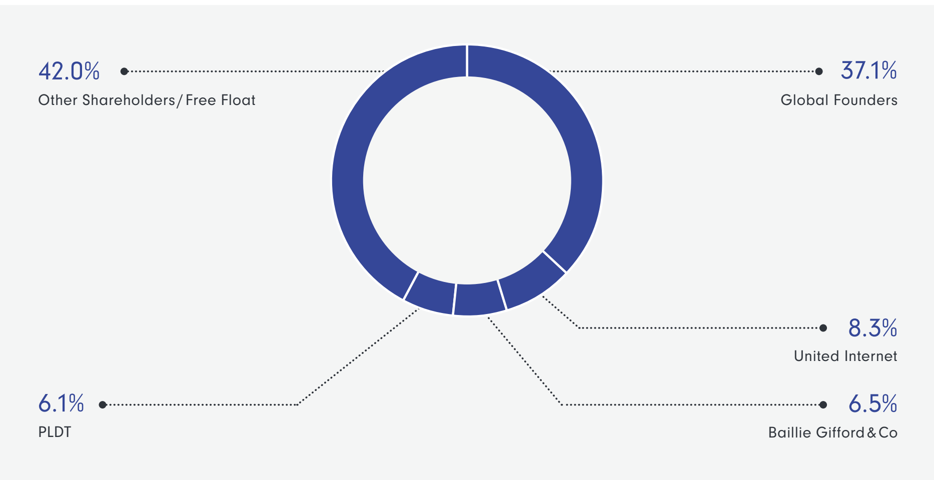
Xetra closing share prices



In the financial year 2017, average daily trading via the electronic computer trading system Xetra recognized on average 434,000 shares (previous year 188,000 shares) with an average value of EUR 8.4 million (previous year EUR 3.8 million) traded daily. The ISIN code for the shares is DE000A12UKK6.

The subscribed capital of Rocket Internet SE amounted to EUR 165,140,790 on December 31, 2017 (previous year EUR 165,140,790), and was split into 165,140,790 (previous year 165,140,790) ordinary bearer shares with no-par value (Stückaktien ohne Nennbetrag). Every share grants one vote. Other share classes do not exist. As of December 31, 2017, 164,105,169 shares were outstanding.

Shareholder structure as of December 31, 2017



Shareholding percentages are based on the shareholdings as last notified to Rocket Internet by its shareholders pursuant to Sec. 33, 34 German Securities Trading Act (WpHG) in relation to the current registered subscribed capital (treasury shares are not considered). Please note that these shareholding percentages could have changed within the respective thresholds without triggering an obligation of the shareholders to notify Rocket Internet.

The shareholdings of Global Founders GmbH, Grünwald, are attributed to its controlling shareholder Rocata GmbH, Grünwald, and to Rocata GmbH's controlling shareholder Zerena GmbH, Grünwald. As a shareholder of Zerena GmbH, Oliver Samwer Familienstiftung indirectly holds the Rocket Internet SE shares previously held by Oliver Samwer through Global Founders GmbH.

Other shareholders / free float refer to shareholdings with less than 3%.

Rocket Internet convertible bond

In July 2015, Rocket Internet issued a convertible bond amounting to EUR 550.0 million, maturing in seven years with a nominal interest rate of 3.0% per year The bond has been listed on the Open Market on the Frankfurt Stock Exchange and is also traded on German stock markets. The ISIN code for the bond is DE000A161KH4.

During the year 2017, the Group repurchased convertible bonds with an aggregate principal amount of EUR 55.5 million (previous year EUR 196.2 million). As of December 31, 2017, the aggregate outstanding principal amount of the convertible bonds amounted to EUR 298.3 million (previous year EUR 353.8 million). The buyback reduces interest expenses and potential shareholder dilution.

3.5 Position of the Group

The Consolidated Financial Statements of Rocket Internet were prepared in accordance with IFRS as adopted by the European Union.

3.5.1 Earnings Position of the Group

General remark on the earnings position of the Group

Driven by the business model of Rocket Internet, the earnings position can vary substantially from year to year, which can be demonstrated by the actual performance of the Group in the financial years 2013–2017:

In EUR million	2017	2016	2015	2014	2013
Revenue	36.8	50.4	128.3	128.2	99.8
Result from deconsolidation of subsidiaries	11.6	48.3	167.0	452.6	0.0
Share of profit / loss of associates and joint ventures	2.6	-539.6	-188.6	75.1	1,449.0
EBITDA	-54.8	-565.3	-200.8	424.4	1,317.8
Financial result	47.0	-168.0	29.7	12.0	91.8
Profit / loss for the period	-6.0	-741.5	-197.8	428.8	1,395.6
Other comprehensive income for the period, net of tax	377.3	118.3	36.4	78.2	9.2
Total comprehensive loss / income for the period, net of tax	371.4	-623.2	-161.4	507.0	1,404.8
Earnings per share (in EUR) – basic = diluted	**0.01**	**-4.22**	**-1.24**	**3.24**	**11.93**

Earnings position of the Group during the reporting period

In EUR million	2017	2016
Revenue	36.8	50.4
Internally produced and capitalized assets	0.0	2.9
Other operating income	1.5	1.2
Result from deconsolidation of subsidiaries	11.6	48.3
Purchased merchandise and purchased services	-15.8	-24.2
Employee benefits expenses	-63.7	-59.0
Other operating expenses	-27.7	-45.3
Share of profit/loss of associates and joint ventures	2.6	-539.6
EBITDA	**-54.8**	**-565.3**
Impairment of non-current assets, depreciation and amortization	-2.0	-13.7
Financial result	47.0	-168.0
Income taxes	3.8	5.5
Profit/loss for the period	**-6.0**	**-741.5**
Other comprehensive income for the period, net of tax	**377.3**	**118.3**
Total comprehensive income/loss for the period, net of tax	**371.4**	**-623.2**

Revenue was structured as follows:

In EUR million	2017		2016	
New Businesses	17.2	47%	21.2	42%
Other Services	19.5	53%	29.2	58%
Total	**36.8**	**100%**	**50.4**	**100%**

The revenues from other services are mainly comprised of income from consulting services performed for non-consolidated network companies and letting of office space. The decrease of revenues from other services primarily results from transfer of functions and employees from Rocket Internet to non-consolidated network companies as well as from disposals, discontinuance and reduced operations of non-consolidated network companies. Revenue of New Businesses decreased due to deconsolidations, sales and the winding down of fully consolidated subsidiaries.

Of the total consolidated revenues, 54% were generated in Germany (previous year 45%), 19% in the United Kingdom (previous year 25%), 10% in Luxembourg (previous year 7%), 3% in France (previous year 1%), 3% in Australia (previous year 1%), 2% in Mexico (previous year 1%) and 9% in the rest of the world (previous year 20%).

The result from deconsolidation of subsidiaries in the amount of EUR 11.6 million (previous year EUR 48.3 million) has decreased significantly as had been forecast in the 2016 Consolidated Financial Statements. It mainly originated from the deemed disposal of Instafreight (EUR 7.6 million) and Zipjet (EUR 4.3 million). In 2016, the gain from deconsolidation primarily comprised gains from the deconsolidation of Spotcap (EUR 13.4 million), Clickbus Brazil (EUR 12.7 million), Vaniday (EUR 9.5 million) and Everdine (EUR 8.5 million).

The cost of purchased merchandise and purchased services decreased from EUR 24.2 million by 35% to EUR 15.8 million. The decrease is mainly due to the deconsolidation of subsidiaries.

Employee benefits expenses, which amounted to EUR 63.7 million (previous year EUR 59.0 million), included the current remuneration as well as expenses arising from equity-settled and cash-settled share-based payments. The increase by EUR 4.7 million results from the following:

Employee benefits expense reconciliation	**Impact on expense in EUR million**
Reduced expenses for salaries, bonuses and social security due to decreased average number of own staff employed by consolidated companies mainly driven by the deconsolidation of subsidiaries as well as the reduction of expenses for freelancers and temporary agency workers	-14.1
Revaluation of liabilities for cash-settled share-based payments and other incentives mainly driven by the increase in fair value of the underlying equity instruments (primarily Global Fashion Group)	12.7
Increase of expenses for equity-settled share-based payments mainly driven by front-loading recognition of expenses (graded vesting)	6.1
Total	**4.7**

Other operating expenses included mainly legal and consultancy fees (EUR 5.8 million; previous year EUR 16.6 million), marketing expenses (EUR 3.7 million; previous year EUR 7.5 million), rental, office and IT costs (EUR 6.9 million; previous year EUR 7.1 million), derecognition and impairment of receivables (EUR 2.2 million; previous year EUR 1.9 million), currency translation losses (EUR 2.1 million; previous year EUR 0.3 million) and expenses for external services (EUR 1.3 million; previous year EUR 2.2 million). The total decrease by EUR 17.6 million was mainly due to lower legal and consultancy fees and lower marketing expenses. The high legal and consultancy expenses in 2016 were mainly incurred in connection with the setup of RICP.

The share of profit/loss from associates and joint ventures is overall positive and amounts to EUR 2.6 million (previous year EUR -539.6 million). The significant increase by EUR 542.2 million results from the following:

Share of profit/loss from associates and joint ventures reconciliation	**Impact on result in EUR million**
Increased Group's share of profit/loss from associates and joint ventures including adjustments made by the Group using the equity method and gains from deemed disposals	198.1
Decrease of impairment losses (net balance of losses and reversals)	517.2
Reduction of gains from disposal	-173.1
Total	**542.2**

On the one hand the share of profit/loss from associates and joint ventures in 2017 results from positive effects arising from the reversal of impairment losses of the Global Fashion Group and the financing round of HelloFresh of EUR 113.0 million. On the other hand, these positive effects are offset by proportionate operating and impairment losses attributable to other associated companies and joint ventures. A total of EUR 21.6 million is attributable to the Global Fashion Group, of which EUR 22.5 million relates to impairment reversals and EUR -0.9 million to proportionate operating losses. A gain of EUR 90.5 million was recorded for HelloFresh, which includes both proportionate operating losses and positive effects from the financing round of HelloFresh (deemed disposal). At Group level impairment losses attributable particularly to the Middle East Internet Group (EUR 39.9 million) and Asia Pacific Internet Group (EUR 24.1 million) were recognized. Additionally, the share of profit/loss from associates and joint ventures includes the deemed disposal gain and the proportionate share of operating losses from Traveloka (net gain of EUR 53.4 million), as well as the proportionate share of operating losses from Jumia (EUR 30.4 million), Asia Pacific Internet Group (EUR 36.3 million; thereof proportionate impairment losses of EUR 10.2 million) Middle East Internet Group (EUR 10.0 million) and Westwing (EUR 8.2 million).

The Group's negative share of profit/loss of associates and joint ventures in 2016 was primarily driven by impairment losses recognized on the level of associates and joint ventures as well as on Group level. In total, these impairment losses contributed in aggregate EUR 568.0 million to the share of profit/loss of associates and joint ventures. The impairment losses were primarily attributable to Global Fashion Group (EUR 424.7 million, thereof EUR 334.2 million proportionate share of impairments recognized at the Global Fashion Group level), Linio (EUR 58.7 million), Asia Internet Holding (EUR 18.5 million, thereof EUR 14.9 million proportionate share of impairments recognized at Asia Internet Holding level), EasyTaxi (EUR 16.9 million), Lendico (EUR 16.6 million), Nestpick (EUR 8.5 million), Zanui (EUR 8.4 million) and Helpling (EUR 7.1 million). Losses for the period attributable to HelloFresh of EUR 44.0 million also contributed to the share of profit/loss of associates and joint ventures in 2016. Lazada contributed a total net gain of EUR 75.1 million in 2016. This amount includes the share of losses for the period according to the equity method amounting to EUR 18.1 million and a disposal gain of EUR 93.2 million, which includes both a gain relating to the portion of shares sold in April 2016 as well as a fair value gain due to the revaluation of the interest retained.

EBITDA improved significantly from EUR -565.3 million in 2016 to EUR -54.8 million in 2017. This improvement was mainly due to the significantly improved share of profit/loss of associates and joint ventures as well as decreased other operating expenses which is only partially offset by a lower result from deconsolidation of subsidiaries, an increase in employee benefits expenses and a decrease in revenue.

The impairments of non-current assets and the depreciation and amortization amount in total to EUR 2.0 million (previous year EUR 13.7 million). Depreciation and amortization decreased from EUR 4.4 million to EUR 1.2 million primarily due to the decrease of amortization of intangible assets. In 2017 the impairment charges of EUR 0.7 million (previous year EUR 9.3 million) mainly relate to internally generated software.

The financial result improved from negative 168.0 million in 2016 by EUR 214.9 million to positive EUR 47.0 million in 2017 and primarily includes net changes (gains and losses) in fair value of equity instruments accounted for at fair value through profit or loss of EUR 99,8 million (previous year EUR 187.2 million), other comprehensive income reclassified to profit or loss ("OCI recycling") from the partial sales of available-for-sale financial assets (AFS) amounting to EUR 65.9 million (previous year EUR 0.0 million), net foreign exchange losses that relate to loans as well as to cash and cash equivalents of EUR 45.3 million (previous year gain of EUR 13.2 million) and interest expense from convertible bonds of EUR 12.6 million (previous year EUR 18.4 million). The net changes in fair value of equity instruments accounted for at fair value through profit or loss primarily include gains realized from the sale of Lazada amounting to EUR 74.6 million and valuation gains of Goodgame Studios amounting to EUR 38.0 million. Furthermore, the agreement with Naspers to sell 22,359,857 shares in Delivery Hero that is accounted for as a derivative financial liability hit the financial result by EUR -78.3 million in 2017. In contrast, the corresponding share price rise of Delivery Hero AG is recognized in the statement of comprehensive income increasing equity.

Other comprehensive income for the period, net of tax of EUR 377.3 million (previous year EUR 118,3 million) mainly includes the net gain on AFS amounting to EUR 399.2 million (previous year EUR 96.4 million) recognized in other comprehensive income which almost exclusively reflect the positive share price performance of Delivery Hero measured at fair value. Furthermore, this line item mainly includes the share of the changes in the net assets of associates / joint ventures that are recognized in the OCI of associates / joint ventures amounting to EUR -17.6 million (previous year EUR -21.3 million). Furthermore it includes the share in the changes of net assets of the associates and joint ventures, which were recognized in the other comprehensive income of the associates and joint ventures, in the amount of EUR -17.6 million (previous year EUR 21.3 million).

3.5.2 Financial Position of the Group

3.5.2.1 Cash flows and cash position

In EUR million	2017	2016
Cash flow from operating activities	-148.2	-85.7
Cash flows from investing activities	554.2	-123.6
Cash flows from financing activities	-62.1	-162.2
Net change in cash and cash equivalents	**343.9**	**-371.6**
Net foreign exchange difference in cash and cash equivalents	-29.0	4.6
Cash and cash equivalents at the beginning of the period	1,401.7	1,768.6
Cash and cash equivalents at the end of the period	**1,716.6**	**1,401.7**

Cash and cash equivalents at the end of the previous year comprise cash and cash equivalents that are included in the assets classified as held for sale in the amount of EUR 0.6 million (in 2017: nil). Due to exchange rate changes, the cash and cash equivalents of the Group decreased by EUR 29.0 million (previous year increase of EUR 4.6 million).

The negative cash flow from operating activities is typical for the industry and is mainly attributable to the start-up losses incurred by consolidated subsidiaries. The higher cash outflows in 2017 compared to the previous year are primarily due to the first-time acquisition of operating financial assets and the higher payouts for cash-settled share-based payments. These negative effects were partially offset by the deconsolidation of subsidiaries, the higher interest payments on loans granted and the decrease in cash outflows for the interest on the convertible bond.

The cash flows from investing activities consist on the one hand of the cash outflows for the Group's acquisitions of non-consolidated equity investments and the participation in financing rounds of network companies on the other. In total, payments in the amount of EUR 78.3 million (previous year EUR 59.7 million) were made for acquisitions of non-consolidated companies and of EUR 2.8 million, net of cash acquired (previous year EUR 5.9 million) for the acquisition of consolidated companies. On the other hand, investing activities contain the cash-inflows from the sale of subsidiaries as well as from the sale of non-consolidated equity investments. In total, the Group received EUR 569.7 million (previous year EUR 226.8 million) in cash for the sale of subsidiaries and non-consolidated equity investments, which mainly relates to the sale of Lazada and Delivery Hero (previous year La Nevera Roja, Pizzabo and Lazada). Cash paid in connection with short-term financial management of cash investments in the amount of EUR 92.8 million (previous year EUR 248.4 million) mainly relates to short-term bank deposits as well as to short-term loans granted to associated companies, joint ventures and other network companies. The cash flows from investing activities also include cash received in connection with short-term financial management of cash investments in the amount of EUR 119.1 million (previous year EUR 56.0 million) that relates to the repayments of short-term loans to associates, joint ventures and other network companies as well as short-term bank deposits. In 2017, the Group made payments for acquisition of non-current financial assets of EUR 12.9 million (previous year EUR 77.0 million). In the course of changes in scope of consolidation, the Group's cash position decreased by EUR 2.2 million (previous year decreased by EUR 9.0 million).

The cash flows from financing activities include the cash outflows for the repurchase of convertible bonds at the level of the parent Company in the amount of EUR 52.4 million (previous year EUR 165.0 million) as well as cash outflows for the repurchase of own shares of EUR 21.1 million (previous year EUR 0 million). Moreover, the Group received payments from non-controlling shareholders in the course of the equity capital increases at the level of consolidated subsidiaries totaling EUR 9.9 million (previous year EUR 3.3 million). During the reporting period, no cash dividends were paid to non-controlling shareholders of consolidated subsidiaries (previous year EUR 2.3 million). In 2017, consolidated subsidiaries received loans in the amount of EUR 2.9 million (previous year EUR 2.0 million).

The Group continues to be very well funded, with available cash and cash equivalents of EUR 1,716.6 million (previous year EUR 1,401.7 million) as of December 31, 2017. In addition to cash and cash equivalents, the Group had short-term bank deposits of EUR 150.0 million (previous year EUR 163.4 million) as of December 31, 2017.

The Group was able to meet all its payment obligations at all times.

3.5.2.2 Capital Structure

The capital structure as of the balance sheet date is characterized by a high equity ratio of 90.6% (previous year 89.5%). Historically, the Group obtained its financing primarily through equity capital financing both at the level of the parent Company and through attracting investors at the level of subsidiaries (non-controlling interests). In 2015 the Group issued convertible bonds (a cash inflow of EUR 550.0 million, less transaction costs totaling EUR 2.8 million, of which an amount of EUR 37.7 million was recorded as an equity component). During 2017, the Group has prematurely repurchased bonds with a principal amount of EUR 55.5 million (previous period EUR 196.2 million).

3.5.2.3 Investments

The investment activities undertaken in the financial years 2017 and 2016 are as follows:

In EUR million	2017	2016
Cash investing activities	-554.2	123.6
Non-cash investing activities	0.0	255.2
Total divestments / investments	**-554.2**	**378.8**

For further details concerning cash investing activities, please refer to the statements regarding the cash flows from investing activities. In 2017, the proceeds from divestments exceeded the cash outflows for investing activities.

Significant non-cash investing activities in the year 2016 relate to the contribution of foodpanda into Delivery Hero, the exchange of shares in Linio for shares in AEH New Africa eCommerce II GmbH as well as to outstanding payables for investments in a joint venture. In 2017, the Group did not perform any significant non-cash investing activities.

The capital contribution obligations as of December 31, 2017 totaling EUR 79.2 million (previous year EUR 77.0 million) will be financed by existing cash and cash equivalents. They result from contracts concluded before the reporting date and primarily relate to commitments to RICP Fund.

3.5.3 Asset Position of the Group

Assets

In EUR million	Dec 31, 2017		Dec 31, 2016	
Non-current assets	1,803.7	40%	2,385.6	57%
Current assets	2,751.6	60%	1,631.6	39%
Assets classified as held for sale	0.0	0%	167.4	4%
Total	**4,555.3**	**100%**	**4,184.6**	**100%**

Equity and Liabilities

In EUR million	Dec 31, 2017		Dec 31, 2016	
Equity	4,126.1	91%	3,745.0	90%
Non-current liabilities	298.7	6%	342.6	8%
Current liabilities	130.5	3%	96.5	2%
Liabilities directly associated with assets classified as held for sale	0.0	0%	0.3	0%
Total	**4,555.3**	**100%**	**4,184.6**	**100%**

The Company's largest asset items are cash and cash equivalent (38% of the balance sheet total; previous year 33% of the balance sheet total), shares in associates and joint ventures, accounted for using the equity method (19% of the balance sheet total; previous year 20% of the balance sheet total), non-current available-for-sale financial assets (16% of the balance sheet total; previous year period 31% of the balance sheet total) as well as current available-for-sale financial assets (16% of the balance sheet total; previous year period 0% of the balance sheet total.

Non-current assets went down from EUR 2,385.6 million by EUR 581.9 million to EUR 1,803.7 million. The non-current financial assets decreased from EUR 1,542.1 million by EUR 604.2 million to EUR 937.9 million. The main causes for the decline are the disposal and reclassification of shares of Delivery Hero as well as the fair value changes of available for sale financial assets. The decline of investments in joint ventures from EUR 308.3 million by EUR 148.9 million to EUR 159.4 million mainly results from impairments at the Middle East Internet Group (EUR 39.9 million) and Asia Pacific Internet Group (EUR 34.3 million, thereof EUR 10.2 million proportionate impairment) as well as the proportionate losses of Jumia (EUR 30.4 million) and Clickbus Brazil (EUR 10.2 million). On the other side there is an increase in investments in associates which increased from EUR 529.1 million by EUR 164.5 million to EUR 693.7 million resulting mainly from the positive effects from the financing round of HelloFresh as well as the financing round of Traveloka and the reversal of impairment of the Global Fashion Group on group level.

The increase of intangible assets from EUR 2.1 million by EUR 6.8 million to EUR 8.9 million was mainly attributable to the acquisition of the subsidiary Holidays & Co. S.A.S. (www.camping-and-co.com).

Current assets increased from EUR 1,631.6 million by EUR 1,120.1 million to EUR 2,751.6 million. The change is mainly due to the increase of current securities due to the reclassification of shares of Delivery Hero in other current financial assets in the amount of EUR 737.9 million, the increase of cash and cash equivalents by EUR 315.5 million and the increase of loan receivables against third parties by EUR 44.8 million. An offsetting effect to the other current financial assets results from the decrease of loan receivables against associated companies by EUR 28.5 million. For details concerning the development of liquidity, refer to Sec. 3.5.2 Financial Position of the Group.

As of December 31, 2016, assets classified as held for sale mainly consisted of shares in Lazada that were sold completely in June 2017.

Total consolidated equity increased from EUR 3,745.0 million by EUR 381.0 million to EUR 4,126.1 million. The increase results from the total comprehensive gain for the period, net of tax of EUR 371.4 million comprising both the loss for the period (EUR 6.0 million) and the other comprehensive income for the period, net of tax (EUR 377.3 million). Other changes in equity primarily result from the repurchases of treasury shares, the proceeds from non-controlling interests, the increase of the reserves for equity-settled share-based payments and changes in the scope of consolidation.

Non-current liabilities decreased from EUR 342.6 million by EUR 43.9 million to EUR 298.7 million. The decrease is mainly due to the decreased liabilities from convertible bonds from EUR 332.6 million by EUR 49.3 million to EUR 283.4 million, arising from the partial buyback of the convertible bonds.

Current liabilities increased from EUR 96.5 million by EUR 34.0 million to EUR 130.5 million. The change mainly results from the increase of derivative financial liabilities of EUR 78.3 million which is partly balanced by the decrease of liabilities from cash-settled share-based payments by EUR 29.6 million as well as from the partial settlement of the liability for capital calls in connection with the acquisition of shares in Jumia of EUR 8.3 million.

3.5.4 Key Developments of Reportable Segments

As of December 31, 2017 the reportable segments HelloFresh, GFG, Jumia and Home & Living reflect the most mature business activities of Rocket Internet SE. The segment information is presented on a 100% basis (i.e. 100% of the revenues, segment results and cash and cash equivalents). The figures presented in this section have been taken or derived from Segment Information. For further details please refer to Note 6 of the Consolidated Financial Statements.

Comparability of the reportable segments in 2017 with the prior period is affected by the following transactions:

- Effective December 31, 2016, foodpanda was sold to Delivery Hero, thus, ceasing to represent an operating segment starting from 2017.
- On May 24, 2017, GFG announced a strategic partnership with Emaar Malls PJSC, Dubai (a subsidiary of Emaar Properties PJSC, Dubai), which was closed on August 16, 2017. Under the partnership, Emaar Malls acquired a 51% stake in Namshi. The reportable segment GFG classified Namshi (operations in the Middle East) as discontinued operations in 2017.

HelloFresh is a leading global online provider of cooking boxes. The company delivers recipes and fresh, pre-portioned ingredients to its subscribers to conveniently prepare healthy and delicious home-cooked meals. Founded in 2011, the company is currently active in ten markets including the United States, the United Kingdom, the Netherlands, Australia, Germany, Belgium, Canada, Austria, Switzerland and Luxembourg.

HelloFresh maintained its growth trajectory. Revenue increased from EUR 597.0 million in 2016 by 52% to EUR 904.9 million in 2017. This mainly results from increased number of servings delivered as well as higher number of active customers. Whilst EBITDA saw meaningful growth of 6% with negative EUR 86.2 million in 2016 and negative EUR 80.7 million in 2017, EBITDA margin improved respectfully from negative 14% in 2016 to negative 9% in 2017. Cash and cash equivalents increased from EUR 57.5 million to EUR 339.9 million mainly triggered by IPO proceeds.

GFG is a leading online fashion destination focused on emerging markets. The company is active in 24 countries across four continents and operates through four branded platforms, uniting the leading fashion eCommerce companies Lamoda (Russia / CIS), Dafiti (Brazil / Latin America), and ZALORA (Southeast Asia) including The Iconic (Australia and New Zealand). The previously fully consolidated Namshi (Middle East) has become an associate since August 2017.

Revenue increased by 7% from EUR 1,023.1 million in 2016 to EUR 1,095.0 million in 2017. Revenue growth was slower in comparison to previous year given that the 2016 figure includes and the 2017 figure excludes revenues of Namshi. During 2016 Namshi contributed revenues of EUR 136.2 million to the GFG segment. Excluding Namshi revenue of the segment would have increased by 23% in 2017 in comparison to 2016. EBITDA improved by 31% from negative EUR 146.0 million in 2016 to negative EUR 100.3 million in 2017. The EBITDA margin improved respectively from negative 14% in 2016 to negative 9% in 2017. These changes were mostly due to operational improvements. Cash and cash equivalents increased from EUR 244.2 million to EUR 251.4 million primarily due to the financing round in 2017 and the proceeds from the disposal of Namshi offset by negative cash flow from operating activities.

Jumia is a leading pan-African eCommerce ecosystem with presence in 14 countries. Jumia core marketplace provides world-class, affordable and convenient products (fashion, beauty, electronics, phones, grocery, etc.) and online services (hotel and flight booking, restaurant delivery, bills payment, airtime top-up, etc.) to consumers in Africa that help them fulfill basic everyday needs. The company's goal is to offer a platform for merchants, brands and SMEs (small and medium-sized entities) and larger companies to grow, connect and transact with the next billion consumers.

On August 30, 2016 the former operating segment Jumia, that represented the general merchandise business by the group under Africa eCommerce Holding GmbH (AEH), was merged into Africa Internet Holding GmbH (AIG). Consequently, starting from September 30, 2016 the performance of the entire African operations (Jumia general merchandise businesses together with other marketplace and classifieds businesses in Africa) is reviewed at AIG-level solely and is subsumed within the new operating segment Jumia.

Revenue of Jumia increased by 11% from EUR 84.4 million in 2016 to EUR 93.8 million in 2017, mainly impacted by customer base growth and increased number of transactions. EBITDA for 2017 of negative EUR 147.0 million (previous year negative EUR 104.5 million) and EBITDA margin of negative 157% (previous year negative 124%) are attributable to the early stage of the contributed businesses. Cash and cash equivalents remained constant with EUR 29.5 million in 2016 and EUR 29.0 million in 2017.

Home & Living includes the business of Home24, a leading online retailer for home and living products operating in Europe and Latin America, and Westwing, an online retailer offering a frequently changing, curated selection of home design products in Europe, CIS and Latin America.

Revenue of our Home & Living segment increased by 10% from EUR 494.2 million in 2016 to EUR 541.5 million in 2017 driven by strong loyalty of customers and higher average order value (AOV). EBITDA improved by 24% from negative EUR 64.1 million in 2016 to negative EUR 48.7 million in 2017, as a result of operational improvements. The EBITDA margin improved from negative 13% in 2016 to negative 9% in 2017. The change of cash and cash equivalents from EUR 51.9 million to EUR 33.7 million results from operating losses as well as investments in technology and infrastructure partially compensated by proceeds from financing rounds and external borrowings during the reporting period.

For further discussion please refer to the Note 6 of the Consolidated Financial Statements.

3.5.5 Overall Statement regarding the Earnings, Financial and Asset Position of the Group

2017 has been a successful year for the Group. We delivered on our promise to create sustainable value. Our investment focus on Food & Groceries paid off with the two successful IPOs of our selected companies Delivery Hero and HelloFresh. In addition, we have closed further transactions that prove our ability to found, grow and successfully exit market-leading Internet companies. In June 2017, Rocket Internet sold its remaining 8.8% stake in the leading Southeast Asian online retailer Lazada to the leading Chinese eCommerce company Alibaba. Our selected companies were able to further expand their market positions in their respective markets in 2017. At the same time, they have come closer to reaching break-even in medium-term. Operationally, we continue to work on growing the revenues of our selected companies, while at the same time reducing absolute EBITDA losses. We continued to invest in new business models addressing basic customer needs, limited competition and scalable technology. We invest early and benefit from being close to network companies. The investments were largely supported by co-investments by RICP. Given the strength of Rocket Internet's balance sheet, we are able to make larger investments in promising businesses around the globe and support our network companies in their growth phase with operational expertise and capital.

3.6 Position of the Company

The Annual Financial Statements of Rocket Internet SE were prepared in accordance with German Commercial Code (HGB).

3.6.1 Earnings Position of the Company

General remark on the earnings position of the Company

Driven by the business model of Rocket Internet SE, the earnings position can vary substantially from year to year, which is also due to occasional sales of participations. This can be demonstrated by the actual performance of the Company in the financial years 2010–2017:

In EUR million	2017	2016	2015	2014	2013	2012	2011	2010
Revenue	17.1	28.1	34.2	28.8	26.0	24.3	6.8	5.4
Other operating income	274.2	150.6	30.5	5.9	187.5	176.8	14.7	1.7
EBITDA	149.6	80.5	-65.1	-44.6	161.7	165.7	13.8	0.8
Financial and investment result	4.0	-32.0	-7.3	-0.6	-2.4	215.3	37.3	46.3
Net income/loss for the year	153.0	41.4	-73.5	-45.9	147.1	378.1	50.7	45.3

Earnings position of the Company during the reporting period

In EUR million	2017	2016
Revenue	17.1	28.1
Changes in work in progress	0.9	-0.8
Other own work capitalized	0.0	2.9
Other operating income	274.2	150.6
Cost of materials	-7.6	-10.8
Personnel expenses	-54.6	-51.3
Other operating expenses	-80.4	-38.2
EBITDA	**149.6**	**80.5**
Amortization / depreciation of property, plant and equipment and of intangible assets	-0.6	-7.1
Financial and investment result	4.0	-32.0
Income taxes, other taxes	0.0	0.0
Net income for the year	**153.0**	**41.4**

The Company's revenues have decreased significantly by EUR 11.0 million to EUR 17.1 million, due to services previously provided by Rocket Internet being moved inhouse by network companies or those network companies being sold or closed.

The disposal of participations during the reporting period impacted the other operating income position by EUR 263.0 million (previous year EUR 118.8 million), the majority of which resulted from the sale of Lazada Group S.A. in the amount of EUR 232.6 million, the sale of shares in Zalando SE in the amount of EUR 26.6 million, the sale of Beauty Trend Holding GmbH in the amount of EUR 1.6 million and the contribution of Affinitas GmbH into Sparks Networks SE in the amount of EUR 1.4 million (previous year Lazada EUR 104.8 million and Zalando EUR 8.0 million).

The average number of employees during the financial year 2017 decreased in comparison to the previous financial year from 321 to 211. The total personnel expenses increased by 6.4% to EUR 54.6 million (previous year EUR 51.3 million). The reduction of the workforce led to decreased current personnel expenses of EUR 17.2 million (previous year EUR 24.6 million). Additionally, the accounting for equity-settled share-based payment plans generated expenses amounting to EUR 21.3 million (previous year EUR 21.8 million), which were recorded as personnel expenses. Moreover, the expenses for compensation obligations of EUR 16.1 million (previous year EUR 4.9 million) were recognized in personnel expenses as well.

Other operating expenses in the financial year include equity-settled share-based payment plans which generated expenses of EUR 1.8 million (previous year EUR 1.6 million). Moreover, the expenses for compensation obligations generated expenses of EUR 11.2 million (previous year EUR 3.2 million).

The gain from participations in the financial year 2017 amounted to EUR 1.2 million (previous year EUR 6.5 million), the majority of which resulted from distribution in kind received from Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1 in the amount of EUR 0.9 million and Rocket Labs GmbH & Co. KG in the amount of EUR 0.3. Interest income of EUR 21.0 million (previous year EUR 10.1) mainly results from loans granted (EUR 15.3 million, previous year EUR 8.0 million) and cash on banks (EUR 4.8 million, previous year EUR 0.9 million). Interest expense on convertible bonds amounts to EUR 14.9 million (previous year EUR 19.1 million). Furthermore, the financial and investment result includes financial asset impairment charges amounting to EUR 3.0 million (previous year EUR 29.5 million).

The net income for the financial year amounts to EUR 153.0 million (previous year net income for the year of EUR 41.4 million). The Company realized a return on equity of 5.0% (previous year 1.4%). EBIT totaled EUR 149.0 million (previous year EUR 73.4 million) and EBITDA amounted to EUR 149.6 million (previous year EUR 80.5 million).

3.6.2 Financial and Asset Position of the Company

Assets

In EUR million	Dec 31, 2017		Dec 31, 2016	
Fixed assets	2,542.3	70%	2,642.6	76%
Current assets	1,072.2	29%	814.2	23%
Prepaid expenses	28.5	1%	34.0	1%
Total	**3,643.0**	**100%**	**3,490.8**	**100%**

Equity and Liabilities

In EUR million	Dec 31, 2017		Dec 31, 2016	
Equity	3,068.0	84%	2,913.1	83%
Provisions	8.5	0%	17.7	1%
Liabilities	566.5	16%	560.0	16%
Total	**3,643.0**	**100%**	**3,490.8**	**100%**

The financial position of the Company can be described as strong. It continues to offer opportunities for investments into new companies and for participations in capital increases in existing ones. The increase of cash and cash equivalents to EUR 896.1 million as of December 31, 2017 (previous year EUR 653.6 million) despite the repurchase of convertible bonds and own shares mainly results from the sale of investments. Thus, the Company experienced a positive cash flow of EUR 242.5 million (previous year negative cash flow of EUR 1,066.4 million).

The Company remains financed mainly through equity with an equity ratio as of December 31, 2017 of 84% (previous year 83%). No dividends were paid in 2017 and 2016.

The asset position comprises participations amounting to EUR 2,539.2 million (70% of total assets; previous year EUR 2,639.1 million, 76% of total assets), receivables from subsidiaries and companies in which a participation is held in the amount of EUR 156.4 million (4% of total assets; previous year EUR 139.1 million, 4% of total assets) as well as cash and cash equivalents in the amount of EUR 896.1 million (25% of total assets; previous year EUR 653.6 million, 19% of total assets).

The decrease in participations by EUR 100.0 million is mainly due to the withdrawal regarding the participation in International Rocket GmbH & Co. KG in the amount of EUR 234.0 in line with the IPO of its indirect participation in Delivery Hero AG. Moreover, the Company invested into the development of diverse new business models, mainly through its participation in Rocket Internet Capital Partners SCS, International Rocket GmbH & Co. KG as well as GFC Global Founders Capital S.à r.l. In the financial year, the financial assets were impaired in the amount of EUR 3.0 million, thereby being clearly below last year's figure (previous year EUR 29.5 million). The impairments resulted primarily from proportionate impairments of Vaniday Global S.à r.l. as well as the liquidation of Emerging Markets Internet Fund SCS and der Piccolo 22. UG. The reversals of impairment losses amounted to EUR 4.0 million (previous year EUR 0.6 million) and mainly result from the sale of the participation in Beauty Trend

Holding GmbH in the amount of EUR 2.3 million as well as Global Savings Group GmbH in the amount of EUR 1.3 million after as successful capital round.

In 2017, loan receivables were impaired by EUR 5.0 million (previous year EUR 20.1 million). The majority thereof relate to Finverum Capital S.à r.l., RideLink Global S.A. and Digital Services XLIII S.à r.l., for which the loan receivables became irrecoverable.

3.6.3 Overall Statement with regard to the Earnings, Financial and Asset Position of the Company

Rocket Internet SE has successfully addressed its multifaceted challenges during the financial year 2017. Rocket Internet SE's economic position is characterized by investments and development of its network of companies. The total earnings exceeded the expenses in the financial year. This is mainly attributable to the sold shares of the Lazada Group S.A. The overall business development can be considered as satisfactory. The development of investment activities and expansion of the network companies continued after the reporting date. Based on the Company's noticeably solid balance sheet structure, Rocket Internet SE is in a good position to achieve future growth both organically and through future investments.

4. Forecast Report, Report of Opportunities and Risks

4.1 Forecast Report

The International Monetary Fund (IMF) published its "World Economic Outlook" (update January 2018), in which the stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9% for both years.

For the two-year forecast horizon, the upward revisions to the global outlook result mainly from advanced economies, where growth is now expected to grow by 2.3% in 2018 and 2.2% in 2019. This forecast reflects the expectation that favorable global financial conditions and strong sentiment will help maintain the recent acceleration in demand, especially in investment, with a noticeable impact on growth in economies with large exports. In addition, the U.S. tax reform is expected to temporarily raise U.S. growth to 2.7% in 2018, with favorable demand spillovers for U.S. trading partners – especially Canada and Mexico. Growth rates for many of the euro area economies have been marked up, especially for Germany, Italy, and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand.

Emerging market and developing economies growth is projected to reach 4.9% for 2018 and further pickup in growth to 5.0% is projected for 2019, with marked differences in the outlook across the regions. Emerging and developing Asia will grow at around 6.5% over 2018 and 2019. The region continues to account for over half of world growth. In emerging and developing Europe activity in 2018 and 2019 is projected to firm up stronger than previously anticipated with a growth rate of about 4%. In Latin America, the recovery is expected to strengthen, with growth of 1.9% in 2018 and 2.6% in 2019. This primarily reflects an improved outlook for Mexico, a firmer recovery in Brazil, and favorable effects of stronger commodity prices and easier financing conditions on some commodity-exporting countries. Growth in the Middle East, North Africa, Afghanistan, and Pakistan region is also expected to pick up in 2018 and 2019, but remains subdued at around 3.5%. While stronger oil prices are helping a recovery in domestic demand in oil exporters, the fiscal adjustment that is still needed is projected to weigh on growth prospects. The growth pickup in

Sub-Saharan Africa (from 2.7% in 2017 to 3.3% in 2018 and 3.5% in 2019) is broadly as anticipated, with a modest upgrade to the growth forecast for Nigeria but more subdued growth prospects in South Africa, where growth is now expected to remain below 1% in 2018 and 2019, as increased political uncertainty weighs on confidence and investment. Growth in 2018 and 2019 is projected to remain above 2.0% in the Commonwealth of Independent States, supported by a slight upward revision to growth prospects for Russia in 2018 to 1.7%.

According to eMarketer worldwide retail sales – including in-store and Internet purchases – amounted to USD 22.7 trillion in 2017, up 6.0% from 2016. Retail eCommerce sales, those purchased over the Internet, make up 10.1% of the total retail market worldwide, or USD 2.3 trillion. By 2021, that share will jump to USD 4.5 trillion. eMarketer expects online sales will grow at double-digit rates on average each year (25%) throughout the forecast period through 2021, this includes products or services ordered using the Internet via any device, regardless of the method of payment or fulfillment and excludes travel and event tickets. The number of digital buyers worldwide increases by 6.5% on an annual basis from 2017 on until 2021, fueled by new Internet users in Asia-Pacific, Latin America, the Middle East and Africa making digital purchases for the first time.

Regarding RICP, Rocket Internet expects to increase its investment into the fund by means of capital calls.

Investments into most of our larger network companies are expected to decrease to a large extent due to their improving profitability. On the other hand, it is to be expected that investments into existing network companies in the area of New Businesses will remain stable. Consequently, we expect the number of fully consolidated entities to decrease due to models that are not economically viable and therefore discontinued or sold, whereas the number and overall size of the GFC investments will increase.

Exposure in debt securities will probably continue to increase in number and volume and thus make a positive contribution to the financial result for 2018.

Regarding New Businesses, Rocket Internet Group expects a significant increase in consolidated revenue for the financial year 2018 for those companies that continue to be fully consolidated after December 31, 2017. Overall, however, due to deconsolidations of ZipJet (in May 2017) and Instafreight (in October 2017), discontinued business activities of subsidiaries (e.g. Carspring, RideLink) and potentially also by the deconsolidation of further subsidiaries we expect the consolidated revenues of New Businesses to remain at the prior-year period’s level. Due to the early stage of our fully consolidated subsidiaries, we continue to expect negative operating results (EBITDA) in the area New Businesses for 2018 in the range between EUR 7 to 14 million.

Due to the decline in incubation activities in 2017, a lower deconsolidation result is expected for 2018.

Results from associated companies and joint ventures 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. For most associated companies and joint ventures, we expect negative proportionate contributions from their operational results, which should be compensated partly by the effects from financing rounds. Overall, we expect a substantial negative result from associated companies and joint ventures but estimate the degree of predictability to be low given the market movements in our business environment.

The earnings position of the Company and the Group can vary substantially from year to year due to dilution or occasional sales of participations. The earnings position of the Group can also be subject to high volatility due to the results from deconsolidation. Overall, therefore, we estimate the predictability of EBITDA with regard to the timing and its amount to be low, as in previous years. Against this backdrop, corporate planning does not include a quantified projected result for 2018, but EBITDA is forecast to deteriorate for 2018 in comparison with 2017.

Rocket Internet SE expects revenues to decrease by a low double-digit percentage in 2018 as compared to 2017 due to the increased individual independence of the network companies. A similar development is expected at Group level for revenues from other services.

Through the provision of essential administrative company functions and the recognition of expenses from share-based payment plans in the income statement we expect a negative operating result (EBITDA) in the range between EUR 18 to 22 million in the Annual Financial Statements of Rocket Internet SE for the reporting year 2018 provided there are no material divestments of participations.

Outlook for the segments

Following the changes in the internal reporting to the Chief Operating Decision Maker (CODM) in January 2018 the Company comprises a single operating and reportable segment.

4.2 Risk Report

4.2.1 Risk Management System – Principles and Organization

Rocket Internet has implemented a management system to handle opportunities and risks arising out of its economic activities. The objective of the risk and opportunity management is to develop a risk management strategy and establish goals that create an optimal balance between growth and profitability on the one hand and the related risk on the other.

Risk is defined as the possibility of negative deviations of actual business performance from the planned targets or objectives, while opportunities represent the possibility of positive deviations. We do not seek to avoid risks in general, but to carefully weigh the opportunities and risks associated with our decisions and our business activities, from a well-informed perspective. Accordingly, opportunities should be exploited to generate income or increase the Company's value and risks should be assumed only if they remain within appropriate limits that are acceptable to the Company. Thus, risks should be limited to a level deemed acceptable by the Company's Management by taking appropriate measures, be transferred to third parties in full or in part, or, in those cases where risk mitigation is not considered advisable, be avoided or monitored closely. All employees are duty-bound to handle risks responsibly within their own area of responsibility. The risk policy principles and risk strategy are coordinated and closely aligned with the business strategy and business objectives.

The concept, organization and task of Rocket Internet SE's risk management system are defined by the Management Board and Supervisory Board and documented in a risk policy. These requirements are regularly adapted to changing legal conditions and continually developed.

The general form of structure and processes in the risk management system at Rocket Internet are based on the internationally recognized "Enterprise Risk Management Framework", a framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This links the risk management process to the internal control system. The use of this holistic, integrated approach should ensure that countermeasures and monitoring activities are systematically focused upon the strategic, operational, reporting-related and compliance-related objectives of Rocket Internet Group and their risks.

The Risk Management department coordinates the implementation and ongoing development of the risk management system. All activities of the Risk Management department are closely coordinated with the Compliance department to ensure appropriate interlinking of individual subsystems (risk management, compliance management and internal control system) as well as related reporting with the aim to establish Group-wide effective monitoring systems. The systematic identification and assessment of opportunities is included in the strategic planning process.

The examination of the effectiveness and efficiency of the risk management system is generally within the responsibility of the Internal Audit department. In addition, the Audit Committee set up by the Supervisory Board monitors the effectiveness of the internal control, risk management and internal audit system. As part of his statutory auditing obligations for the Annual Financial Statements and Consolidated Financial Statements, the external auditor also examines whether the early risk recognition system is generally suitable for the early identification of risks and developments which might endanger the Company so that suitable countermeasures can be swiftly introduced.

4.2.2 Risk Management System – Methodology and Reporting

The risk management system comprises those measures which enable Rocket Internet SE to identify, assess and monitor from an early stage all possible risks for the attainment of its corporate objectives.

The risk management system covers Rocket Internet SE and generally all significant network companies where risks could occur that might have a material impact on the Rocket Internet Group, independent of their consolidation status. The consolidation group for risk management purposes is hereby derived based on an individual assessment considering the risk-bearing capacity of the Rocket Internet Group and the potential risks per network company.

Due to the limited risk expertise at the network companies and often restricted control over the network companies the individual risks of the network companies that are included in the risk consolidation group are then assessed on Rocket Internet level using a top down approach.

The analysis of the potential risk consolidation group during the last annual risk assessment concluded that no single network company could currently create risks that would materially impact the Rocket Internet Group. As a result no network company was individually included in the risk consolidation group.

Nonetheless, Rocket Internet's risk register includes overall network company-related risks from its financing and investment activities.

Whilst overall responsibility for risk management lies with the Management Board, the operational management of the individual risks falls primarily within the area of responsibility of the respective company departments or network companies. This includes the early detection and identification, assessment, definition of appropriate measures, the management and monitoring of such measures and adequate documentation and reporting processes.

All risks have to be assessed by using defined classes for likelihood of occurrence and impact on Rocket Internet's objectives. These classes are used for assessing gross risks, i.e. before mitigation measures are in place, and net risks, i.e. considering mitigation measures already existing, in order to display the effectiveness of the mitigation measures.

The likelihood of occurrence refers to the estimated probability of a risk issue occurring during the time horizon under review. It is stated as percentage. The likelihood of occurrence is determined by choosing one of the given probability ranges which are shown in the following table:

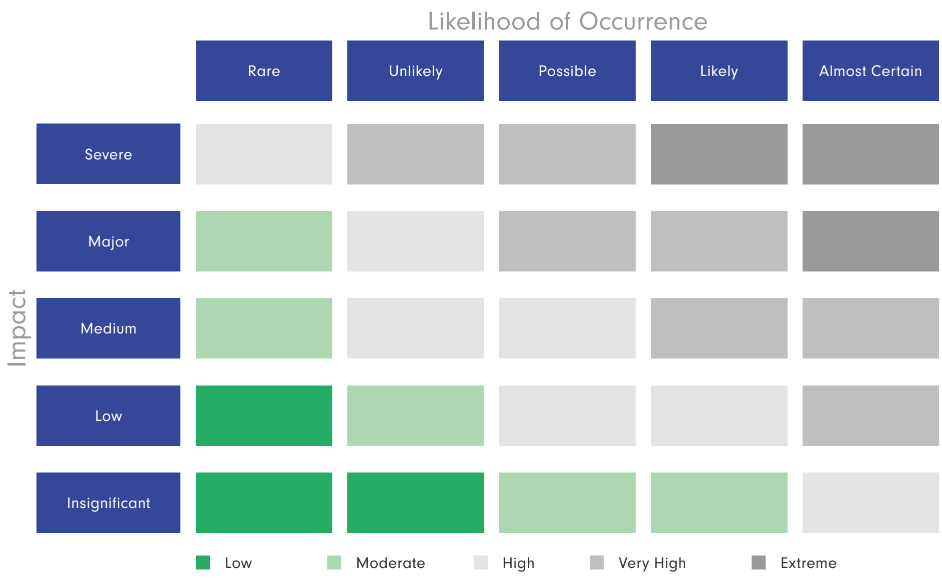
Likelihood of Occurrence	**Assessment**
Almost Certain	75%–100%
Likely	50%–74,9%
Possible	25%–49,9%
Unlikely	5%–24,9%
Rare	0%–4,9%

Risk is defined as the possibility of negative deviations of actual business performance from the planned targets or objectives of Rocket Internet. The impact assessment can be conducted either on a quantitative scale which is the preferred method or a qualitative scale, if risks cannot be quantified or qualitative aspects predominate, e.g. for compliance risks.

The quantitative classes are based on a scale relating to the potential EBIT impact and will be adjusted continuously considering Rocket Internet's risk bearing capacity. The qualitative classes are based on criteria considering reputational damage or criminal prosecution impact effects with special focus on compliance-relevant risks.

Impact	**Qualitative and quantitative assessment**
Insignificant	Insignificant negative impact on business operations, financial position and performance or reputation <EUR 0.5 million individual risk
Low	Limited negative impact on business operations, financial position and performance or reputation EUR 0.5 million–EUR 10 million individual risk
Medium	Some negative impact on business operations, financial position and performance or reputation >EUR 10 million–EUR 50 million individual risk
Major	Substantial negative impact on business operations, financial position and performance or reputation >EUR 50 million–EUR 100 million individual risk
Severe	Severe damaging negative impact on business operations, financial position and performance or reputation >EUR 100 million individual risk

Based on the assessment of likelihood of occurrence and impact, all identified risks are classified and visualized in a risk matrix.



The risk matrix facilitates the comparison of the risks' relative priority and increases transparency over Rocket Internet's total risk exposure. In addition, the rating of risks from "Low" to "Extreme" is used to determine which risk information needs to be provided in more detail to the Management Board as well as to the Supervisory Board, respectively Audit Committee.

The systematic and standardized risk inventory is conducted once a year. However, the risk owners must continuously monitor any changing risk situations within their department or Company. Significant changes in the risk situation must be reported immediately to the Risk Manager or Management Board.

The annual risk report prepared for the Management Board, Audit Committee and Supervisory Board focuses primarily on existential risks and significant risks, along with the countermeasures adopted.

4.2.3 Risk Areas

Companies with business models that include founding, operational support, financing and investing in young companies in the Internet sector take deliberate entrepreneurial risks. Rocket Internet is primarily exposed to operational, investment and valuation 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. Moreover, the worldwide expansion particularly 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 of target markets and their development deviating from pre-entry expectations.

The overall risk situation is determined by assessing the following risk clusters as the result of a consolidated consideration:

- Investment Risk,
- Financing Risk,
- Legal and Compliance Risk,
- Finance and Reporting Risk,
- Operational Risk.

Risk clusters, which from the current perspective could significantly affect the results of operations, the financial position and net assets of the Rocket Internet Group are presented below. These are not necessarily the only risks to which the Group is exposed. Further risks, which could affect our operations are currently not foreseen, or we assess these to be non-substantial.

Risks are typically presented in the order of their priority for the Group and risk assessments are given on a net risk basis considering existing mitigation measures.

Investment Risk

Rocket Internet builds and invests in Internet companies that take proven online and mobile business models to new, fast-growing markets. Our companies are “first movers” that quickly capture sizeable market share, the foundation for strong and lasting profitability.

Identification of new, promising business models and proper judgement of the business opportunities are therefore key risks for the Rocket Internet Group. Misjudging the current market environment, demands and competition can lead to missed chances to establish promising businesses or unsuccessful implementation of new business models. All new business concepts and products bear the risk that they are technically, procedurally or organizationally (e.g. availability of service providers) not feasible for implementation.

Experienced scouts for certain regions or business models are constantly identifying new opportunities. A structured process for identifying and evaluating new business opportunities based on information on e.g. business models and markets is in place. To assess the risks connected to new business concepts Rocket Internet performs a standardized, tool-based market and competition analysis prior to taking any investment or launch decisions with individual evaluations on the market situation, proper launch date and technical feasibility. Those research tools are constantly extended. However, due to a high uncertainty the risk of wrong investment decisions is considered to be high.

In the fast pacing Internet environment speed is one of the key factors for success. Rocket Internet's goal is to start operations within 100 days from the decision of establishing a business model.

Rocket Internet has industrialized the process of incubation with its platform approach. The launch process is standardized which connects the new network company (or product) with all departments and provides best practice guidelines and support. Milestones are set and tracked by a dedicated management team which actively supports new network companies from day one. This combines unique launching knowledge with the flexibility to adapt to the individual needs of each network company. The scalability of standard processes and IT platforms hereby reduces implementation costs and time.

Guidance to develop their operations and accelerating their operational development is provided to the network companies by giving access to Rocket Internet's technology and by sharing our proprietary knowledge with the network companies.

After investment or incubation, 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. The analysis is focused on operational performance of the network company thereby benchmarking relevant KPIs compared with other network companies and external competitors, customer needs, market developments and technical performance and innovation to reduce the risks of wrong management and business decisions.

Rocket Internet provides companies with the financial means to start up, develop and grow their operations. As capital is a key component in growing companies, we aim to maintain a strong financial position as well as access to funding. Rocket Internet typically funds the network companies through a mix of own and third-party capital based on a financial budgeting planning including detailed cash planning according to the respective stage of the network company. Regular cash reporting is implemented which ensures an early identification of cash requirements.

All measures taken in regards of investment management, including the launch process, reduce the risks to a moderate level. This does not mean that all launches or investments will be successful.

Required value adjustments are recorded at an early stage to maintain a conservative business view of the asset position at all times.

Financing Risk

Due to the predominant equity financing via public markets, the Group is directly affected by developments and risks relevant to capital markets. The growth and expansion of Rocket Internet continuously requires additional capital. Problems in network company financing may have a negative impact on the ability to further develop network companies. Founding, investing and financing of a company depend 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. A critical success factor is to be able to provide promptly full and reliable information on the status and development of the Group companies. Communication of incorrect or incomplete information can result in reputational damage and might negatively impact the investor relations or even result in the loss of investors.

To properly manage the investor relations the Corporate Finance team implemented standard capital market communication and due diligence processes to collect and standardize all required information. An investment controlling department manages relevant information regarding the network companies. Although management of due diligence processes on Group company level are within the responsibility of the local management the experienced Rocket Internet teams support the network companies in providing correct and complete information. In addition, Rocket Internet and the Group companies are supported by specialized law firms.

The financing of new and existing network companies by several co-investors permits the distribution of risks across several parties. The Company also systematically ensures risk diversification by starting and financing businesses in different operational business fields and geographic areas. In addition, the Rocket Internet Group has access to a variety of investors as well as existing strategic partnerships. As a result the investor relation risk could be decreased to a moderate risk.

Rocket Internet has currently a sufficient cash position to fulfil its capital requirements relating to the financing of new and existing companies and the operating business.

Legal and Compliance Risk

The great number of contractual relationships and agreements concluded by the Group on a regular basis give rise to various legal risks. This refers especially to legal risks in corporate law, intellectual property law as well as competition / antitrust law and tax risks in connection with corporate reorganizations and resulting from interaction with the network companies.

These risks are reduced to a moderate level through mandating renowned corporate and tax law firms. A system of contract templates is in place for standard agreements. In addition, specialized law firms often located outside Europe are also increasingly engaged at the level of the company network, with a view to minimizing the risks resulting from legal uncertainty and capital recoverability. However, because of outsourcing, dependencies on the corporate and tax law firms can occur, which can be reduced by the assignment of engagements to multiple professional firms. Rocket Internet is involved in the strategic leadership and tactical implementation of the business plans of its subsidiaries, associates and joint ventures, in particular in the early stage. It also performs a range of IT, marketing and other services, particularly commercial and technical consulting services for its subsidiaries and non-consolidated equity investments. However, the management of the network companies is in the responsibility of the local management. Rocket Internet's control over many network companies is limited as it does not hold shareholding majority in many cases or shareholder agreements exist that lead to ongoing restrictions of Rocket Internet's control over those network companies. Notwithstanding Rocket Internet is aware that reputational risks can arise for Rocket Internet Group resulting from non-compliance of network companies with relevant legal or regulatory requirements.

To reduce the risk of non-compliance Rocket Internet prepared guidelines for implementing adequate management systems in various areas, such as compliance management, internal controls, risk management and further standardized processes to apply legal requirements, due diligence requirements and financial statement closing. Business and compliance activities are, where possible, closely monitored through board representation. In addition, key business decisions and corporate changes of the network companies are subject to investor approval. A standard monitoring and approval process for investor approvals is implemented. However, given the control restrictions the risk of network company non-compliance is still considered to be high.

Other compliance-related risks that could possibly result from violation of internal or external laws and regulations, such as capital market or data protection regulations are managed and monitored by Rocket Internet's Compliance department. Rocket Internet established a Group-wide code of conduct which provides guidance on various professional situations, a compliance hotline which should support the detection of relevant infringements as well as training on special topics such as competition issues or the proper handling of insider information. Compliance risks are identified on an ongoing basis and adequate measures implemented as relevant. In consideration of the mentioned awareness-raising measures we classify this risk as moderate.

Finance and Reporting Risk

Finance and Reporting risks mainly comprise:

- the Rocket Internet accounting process,
- the consolidation process, incl. accounting and reporting of network companies,
- the valuation of investments, as well as
- treasury.

Rocket Internet has implemented a system of internal controls over financial reporting to manage and reduce the finance and reporting risks to a moderate level. Due to limited control over processes at network company level, risks depending on information from network companies, i.e. reporting from network companies and input for valuation of investments, are assessed as high. For details refer to Sec. 6 "Internal Control and Risk Management System for Financial Reporting".

In regard to treasury Rocket Internet is mainly exposed to liquidity and market risks. Rocket Internet has currently a sufficient cash position to finance investment activities. As a result the liquidity risk is considered to be moderate. Currency and interest rate risk resulting from the international business activities are not material and therefore assessed to be low. The risks arising from the use of financial instruments are discussed in detail in Note 34 and Note 35 of the Notes to the Consolidated Financial Statements and in Sec. 5 "Risk Report Concerning the Use of Financial Instruments" in this Management Report.

Operational Risk

Technology

Rocket Internet has created core technology platforms for the network companies, which allow a "plug and play" setup, and which are used as the starting point in the process of establishing a new company. Rocket Internet provides technology development services for its network companies to adapt those platforms to their individual requirements, optimize the existing offerings or establish innovative products in the market. Delayed developments, developments not addressing future business models or technical innovation as well as changes not meeting business needs might have a negative impact on the economic success of Rocket Internet Group and its network companies.

Rocket Internet manages the program development risks by following a standardized tool supported program development and change management process with a constantly increased amount and sophistication of automated unit-, integration- and functional tests to bring them to a moderate level. Each new project has to pass a technology strategy review for the best possible technical strategy and IT planning is constantly monitored and adapted to the current needs.

Especially due to steadily growing cybercrime, Rocket Internet assesses the risks regarding the availability of the utilized IT systems as well as the confidentiality and integrity of data as a major risk. The outage of IT systems can lead to disturbances of business operations, but it can also have a reputational impact.

The main causes, complexity of systems and infrastructure 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. Due to the high dependency on the Internet and constantly evolving cybercrime activities, breaches of network and data security are considered to be a high risk.

Personnel

Berlin is increasingly becoming an established location for Internet and venture capital companies, which leads to increased competition for specialized management staff and functional experts. Especially IT specialist staff is increasingly in demand, particularly with regards to the increasing digitization of business models. Rocket Internet has set up an in-house recruiting team that is very successful in discovering candidates for digital business activities. As an international company which is attractive for many people willing to work in the Internet business and start up environment Rocket Internet can and does recruit many positions globally. Therefore, the recruiting risk is deemed to be moderate.

The individual skills, professional competence, and commitment of our employees contribute greatly to the success of the Rocket Internet Group. As a consequence, the loss of specialist staff and management and the associated loss of expertise and the capacity issue is a high risk which we actively look to counter. This personnel-related risk is addressed through various personnel retention measures, targeted development of employees and motivation through attractive salary and incentive schemes.

4.2.4 Management Board's overall assessment of the Group's risk position

In summary, it should be noted that the Group performs systematic and regular analyses of the business risks based on qualified early risk detection systems and minimizes the risks through deliberate measures such as risk prevention, limitation of risks, risk diversification and risk insurance.

The assessment of the overall level of risk is based on a consolidated view of all significant risk fields and individual risks, also taking account of their interdependencies. At present, there are no discernible risks that could threaten the continued existence of the Rocket Internet Group, or could significantly affect the Group's financial position, financial performance and liquidity in the forecast period 2018.

4.3 Opportunities Report

As mentioned above the risk management system is maintained by the Risk Management Department. A systematic identification and assessment of opportunities is currently included in the strategic planning process. Strategic planning and the management of opportunities is shared between the Management Board, operational managers and the venture development team.

Rocket Internet's business largely depends on the identification of business opportunities. Rocket Internet has dedicated teams to identify both interesting ideas which can be pursued by Rocket Internet itself in creating a new dedicated network company or promising start-ups where it makes more sense to participate as an investor. Management relies on the work of these independent teams to propose ideas and target entities and to prepare investment memos and business plans on the basis of which the decisions are made.

Rocket Internet regularly reviews and weighs opportunities of existing businesses in order to decide if the business activities should be continued or ceased. Equally, Rocket Internet scans and evaluates all potential options for exits from an investment and the resulting gain or loss.

Depending on the size of the engagement or divestment different levels of approval are necessary.

Participation in the growth of the Internet sector

The Internet sector is still one of the fastest growing sectors of the economy. This offers generally good opportunities for companies that 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.

Identification and implementation of new business models

The Group is very well established in the industry. As a result, it has many opportunities to make use of innovations and trends in the Internet market within a short time frame through the creation of viable businesses. Rocket Internet'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 that Rocket Internet 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.

Standardized network company development process

Furthermore, Rocket Internet has standardized the process of building companies. The goal is to start operations within 100 days from the decision of establishing the business model.

The parallel development of various business models also enables synergies through 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. Consequently, Rocket Internet 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 in Europe.

Emerging markets engagement

While our network companies have substantial operations in developed markets, they typically strive to expand their emerging market activities. We include these emerging markets because we believe their growth in terms of gross domestic product ("GDP"), population and Internet penetration, combined with the absence of a sophisticated offline retail infrastructure, presents a significant market opportunity to leapfrog the development of traditional brick-and-mortar retail industries, which involves the maintenance of stores and other sales facilities. At the same time, the existence of high barriers of entry in these markets may bar competitors and may allow defending a leading market position. Some of the network companies operate in markets in which logistics, delivery and payment infrastructure do not exist and had to be built from the ground up. Competitors would have to first make similar significant efforts before they could enter the respective market.

Rocket Internet's investor reach

The existing capitalization and access to investors as well as the existing strategic partnerships enable Rocket Internet 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.

Rocket Internet infrastructure, technology partners and deep knowledge sharing
As soon as a viable idea is identified, Rocket Internet 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 Internet 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 enables Rocket Internet 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 scalable.

5. Risk Report Concerning the Use of Financial Instruments

The major financial instruments of Rocket Internet Group are cash (38% of total assets; previous year 33%) and short-term bank deposits (3% of total assets; previous year 4%), available-for-sale equity investments (32% of total assets; previous year 31%), equity instruments at fair value through profit or loss (FVTPL) (4% of total assets; previous year 8%) and other non-current financial assets (2% of total assets; previous year 2%), as well as liabilities from convertible bonds (6% of total assets; previous year 8%). The Group also records trade receivables and trade liabilities as well as loan receivables and loan liabilities mainly from associated companies and joint ventures, which arise in the ordinary course of business.

The major financial instruments in the Annual Financial Statements prepared in accordance with German GAAP (HGB) of Rocket Internet SE are cash (25% of the total assets, previous year 19%), investments in subsidiaries (52% of total assets, previous year 59%), participations (11% of total assets, previous year 11%), as well as the liabilities from convertible bonds (15% of total assets, previous year 16%).

For information about the functions and objectives of our financial management, please refer to Note 34 "Financial Risk Management" in the Notes to the Consolidated Financial Statements. The information disclosed therein also applies for the Annual Financial Statements of the parent Company.

6. Internal Control and Risk Management System for Financial Reporting

The (consolidated) financial reporting-related risk management system and the connected internal control system are important elements of the internal management system of Rocket Internet SE.

The concept and organization of these systems is based on the internationally recognized framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The effective interplay of the risk management system and internal control system is meant to ensure the effectiveness and efficiency of Rocket Internet's business activities, the completeness and reliability of its financial reporting as well as compliance with relevant laws and standards.

The (consolidated) financial reporting related risk management and internal control system comprise all organizational regulations and measures aimed to identify, assess and manage all risks that might have a material impact on the (consolidated) financial statements.

However, even an effective, and therefore adequate and well-functioning internal control system cannot guarantee the prevention or detection of all irregularities or inaccurate disclosures.

We consider the following elements of the risk management and internal control system to be significant with respect to the (consolidated) financial reporting process:

- Identification of all significant financial reporting-related processes and risk areas including supporting IT systems and definition of corresponding key controls.
- Documentation and regular update of risk and controls in a risk-control-matrix for each business process and accounting system comprising control description, control type and frequency and control owner.
- Implementation of entity level, preventive and detective controls (manual and automated controls, 4-eye-principle and segregation of duties).
- Continuing analysis of new or changing accounting principles, laws and other regulations and assessment of their effect on the financial statements. Regular update of Group-wide accounting and reporting directives in the form of accounting guidelines, charts of accounts and reporting procedures.
- Quarterly communication of information to all consolidated Group companies on current developments related to accounting, reporting, and the process of preparing the financial statements as well as the reporting deadlines to be observed.
- Support of Group companies in implementation of adequate accounting processes and systems, e.g. by providing accounting services, guidelines and checklists for financial statement closing as well as key risks and standard controls within the business processes.

- Centralized preparation of the Consolidated Financial Statements (including Combined Management Report), employing manual and automated controls and quality checks.
- Assuring requisite expertise of employees involved in the financial accounting and reporting process by means of appropriate selection procedures and training as well as employing specialists for specific valuation and IFRS topics such as valuation of investments and share-based payments.
- Monthly internal reports (income statement, statement of financial position) and monthly reports on all cost units of Rocket Internet, including analysis and reporting of significant developments and budget/actual variances.

The Internal Audit department independently audits effectiveness and efficiency of the accounting related risk management and internal control system. The audit procedures are based on a risk-oriented annual audit plan. In addition, the effectiveness of the financial reporting-related internal control system is subject to the risk-based financial statement audit of the external auditor.

If significant control weaknesses or opportunities for improvement are detected, they are assessed and countermeasures are developed with the responsible persons to further improve the effectiveness of the internal control system. Implementation of the management measures is monitored by the Internal Audit department and may be subject of subsequent audits. In order to ensure the high quality of the accounting-related internal control system the Internal Audit department is closely involved during all stages.

7. Explanatory Report by the Management Board

in accordance with Sec. 176 (1) sentence 1 German Stock Corporation Act (AktG) on disclosures relating to takeover law in accordance with Secs. 289a (1) and 315a (1) German Commercial Code (HGB)

In accordance with Sec. 176 (1) sentence 1 German Stock Corporation Act ("AktG"), the Management Board of Rocket Internet SE has prepared the following explanatory report on the disclosures relating to Takeover law in accordance with Sec. 289a (1) and Sec. 315a (1) German Commercial Code (HGB).

Composition of share capital

Rocket Internet SE's share capital currently amounts to EUR 165,140,790. It is divided into 165,140,790 bearer shares with no-par value (Stückaktien), each such share represents a notional share of EUR 1.00 in the share capital. The share capital has been fully paid in. There are no other share classes. As of December 31, 2017, the Company held 1,035,621 treasury shares.

Restrictions relating to the voting rights or the transfer of shares

Rocket Internet SE held treasury shares as of the reporting date with restrictions relating to voting rights according to Sec. 71b AktG. The external shareholders' voting rights are not subject to any restrictions other than any possible statutory prohibitions on voting rights. There are no restrictions regarding the transfer of shares.

Shareholdings that exceed 10% of the voting rights

At the end of the financial year 2017 Global Founders GmbH, Grünwald held 37.1% of the shares in Rocket Internet SE.

The Management Board is not aware of further participations in capital exceeding 10% of voting rights. The current notifications of changes in voting rights in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) are also published on the website https://www.rocket-internet.com/investors/share.

Holders of shares with special rights conveying powers of control

Rocket Internet SE has not issued any shares with special rights conveying powers of control.

Type of voting rights control for the event that employees hold an interest in the share capital and do not directly exercise their control rights

In addition, there are no interests held by employees in the share capital under which employees cannot exercise their control rights directly.

Statutory provisions and provisions of the Articles of Association regarding the appointment and removal from office of Management Board members and modifications of the Articles of Association

According to Art. 9 (1), Art. 39 (2) and Art. 46 of the SE Regulation, Secs. 84 and 85 AktG and Art. 7 (4) of the Articles of Association, the Supervisory Board appoints the members of the Management Board for a maximum term of five years. Reappointments are allowed. In accordance with Art. 7 (1) of the Articles of Association, the Management Board consists of one or more members. The number of members of the Management Board is determined by the Supervisory Board.

The annual general meeting passes the resolutions to amend the Articles of Association. Sec. 20 (2) sentence 2 of the Articles of Association states that, unless this conflicts with mandatory legal provisions, amendments to the Articles of Association require a majority of two-thirds of the valid votes cast or, if at least one-half of the share capital is represented, the simple majority of the valid votes cast. The Articles of Association thereby make use of the option set out in Sec. 51 of the SE Implementation Act (SEAG), which is based upon Article 59 (1) and (2) of the SE Regulation. A majority of two-thirds of the valid votes cast is required, inter alia, for a change in the corporate object and the relocation of the registered office to another E.U. member state.

Authority of the Management Board to issue shares

The Management Board is hereby authorized to increase the registered capital of the Company until August 21, 2019, with the consent of the Supervisory Board once or repeatedly, by up to a total of EUR 15,012,592 by the issuance of up to 15,012,592 new no-par value bearer shares against contributions in cash or in kind (Authorized Capital 2014). In principle, the shareholders are to be offered subscription rights. The new shares may be taken over by one or more banks with the obligation to offer them to the shareholders (so-called indirect subscription right). The subscription right of the shareholders is excluded for one or more capital increases in several circumstances specified in Art. 4 (3) of the Articles of the Association. The new shares shall bear the right to participate in the profits of the Company from the first day of the year in which they have been issued. The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the Supervisory Board's approval. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2014 or after the period for the utilization of the Authorized Capital 2014 has expired.

The share capital of the Company is 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 2014/I may only be used to fulfil the subscription rights which have been granted to the member of the Management Board of the Company, Mr. Oliver Samwer, in connection with the Stock Option Program 2014/I in accordance with the resolution of the general meeting on September 8, 2014. The conditional capital increase will only be implemented to the extent that such subscription rights have been or will be issued in accordance with the Stock Option Program 2014/I as resolved by the general meeting on September 8, 2014, the holder of the subscription rights exercises his rights and the Company does not deliver treasury shares to satisfy the subscription rights, whereas the Supervisory Board shall be exclusively competent regarding the granting and settlement of subscription rights to the member of Management Board. The new no-par value shares participate in the profit from the beginning of the financial year for which at the time of the issue of the new shares no resolution of the general meeting on the application of the balance sheet profit was passed, to the extent legally and factually admissible.

The share capital of the Company is conditionally increased by up to EUR 6,005,113 by issuance of up to 6,005,113 new no-par value bearer shares (Conditional Capital 2014/II). The Conditional Capital 2014/II may only be used to fulfil the subscription rights which have been granted 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 in the meaning of Secs 15 et seq. AktG in connection with the Stock Option Program 2014/II in accordance with the resolution of the general meeting on September 8, 2014, amended by the general meeting on June 2, 2017. The conditional capital increase will only be implemented to the extent that such subscription rights have been or will be issued in accordance with the Stock Option Program 2014/II as resolved by the general meeting on September 8, 2014, the holders of the subscription rights exercise their rights and the Company does not deliver treasury shares to satisfy the subscription rights, whereas the Supervisory Board shall be exclusively competent regarding the granting and settlement of subscription rights to the members of Management Board. The new no-par value shares participate in the profit from the beginning of the financial year for which at the time of the issue of the new shares no resolution of the general meeting on the application of the balance sheet profit was passed, to the extent legally and factually admissible.

The basic capital will be conditionally increased by up to EUR 72,000,000 by the issue of up to 72,000,000 new bearer no-par value shares with profit entitlement (Conditional Capital 2015/2017). The conditional capital increase serves the granting of shares on the exercise of conversion or option rights or the fulfilment of conversion or option obligations to the bearer or creditor of conversion bonds, option bonds, profit rights and/or profit bonds (or a combination of these instruments) (hereinafter together "Bonds") issued on the basis of the authorizing resolution of the General Meeting of June 23, 2015 or the authorizing resolution of the General Meeting of June 2, 2017. The issue of new shares is based on the conversion or option price to be determined in accordance with the authorizing resolution of the General Meeting of June 23, 2015 or the authorizing resolution of the General Meeting of June 2, 2017. The conditional capital increase will only be implemented to the extent that the bearers or creditors of Bonds which are issued or guaranteed by the Company or company dependent on or directly or indirectly majority-owned by it on the basis of the above authorizing resolution of the General Meeting of June 23, 2015 or are issued or guaranteed on the basis of the authorizing resolution of the General Meeting of June 2, 2017 up to June 8, 2021, avail of their conversion or option right or satisfy the conversion or option obligations under such Bonds or to the extent the Company grants shares in the Company instead of paying the amount due and to the extent the conversion or option rights or conversion or option obligations are not serviced by the Company's own shares but by shares from Authorized Capital or other consideration. The new shares participate in the profit from the beginning of the financial year in which they are created and for all subsequent financial years. In deviation here from, the Management Board can, insofar as legally admissible, with the approval of the Supervisory Board, determine that the new shares participate in profit from the beginning of the financial year for which at the time of the exercise of the conversion or option rights, the fulfilment of the conversion or option obligations or the grant (of shares) instead of the amount of money due a resolution of the General Meeting as to the appropriation of the balance sheet profit has not yet been passed. The Management Board is authorized to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend Art. 4 (6) and Art. 4 (1) and (2) of the Articles of Association in accordance with the claims in each case on the Conditional Capital and after the expiry of all option and conversion periods.

The Management Board is authorized with the consent of the Supervisory Board to increase the basic capital of the Company in the period up to June 1, 2022 by up to EUR 67,557,803 once or several times by the issue of up to 67,557,803 new bearer no-par value shares for cash and/or contributions in kind (Authorized Capital 2017). A subscription right is in principle to be granted to the shareholders. The shares can thereby be taken up according to Sec. 186 (5) Stock Corporation Act even by one or more financial institutions with the obligation to offer them to the shareholders of the Company (indirect subscription right). The Management Board is however authorized to exclude the subscription right of the shareholders with the approval of the Supervisory Board for one or more capital increases in several circumstances specified in Art. 4 (7) of the Articles of Association.

The Management Board is also authorized with the consent of the Supervisory Board to specify the additional content of the rights attached to the shares and the Conditions of the share issue. The Supervisory Board is authorized after the exhaustion of the Authorized Capital 2017 or after expiry of the period for the use of the Authorized Capital 2017, to amend the version of the Articles of Association accordingly.

Material agreements of the Company that take effect in the event of a change of control following a takeover bid

There are no material agreements of the Company that take effect in the event of a change of control following a takeover bid.

Compensation agreements agreed by the Company with members of the Management Board or employees in the event of a takeover bid

There are no compensation agreements agreed by the Company with the members of the Management Board or employees in the event of a takeover bid.

8. Remuneration Report

8.1 Remuneration of the Management Board

Basic features of the remuneration system for the members of the Management Board

Total remuneration consists of a fixed base salary and a long-term incentive through option programs.

The total remuneration is appropriate to the tasks and performance of each member of the Management Board. The criteria used to determine what remuneration is appropriate relate to the responsibilities of the individual members of the Management Board, the personal achievement together with the Company's economic situation, performance and future development. The industry environment and the remuneration structure that otherwise applies in the Company is also considered.

Pursuant to the resolution passed at the Company's extraordinary general meeting held on August 22, 2014, information on the individual remuneration of each member of the Management Board is not disclosed in accordance with Secs. 285 No. 9a) Sentence 5, 315a (2) and 314 (1) No. 6a Sentences 5–8 HGB in conjunction with Secs. 286 (5) and 314 (3) Sentence 1 HGB as well as Art. 61 of the SE Regulation.

Non-share-based payments (non-performance-based remuneration)

The members of the Management Board receive non-share-based remuneration, such as salaries, non-cash payments and other benefits.

The salaries of the members of the Management Board are paid in monthly installments. The members of the Management Board received in total annual salaries of EUR 1,750 thousand in the financial year 2017 (previous year: EUR 1,750 thousand).

Additionally, Rocket Internet SE bears 50% of the costs of the Management Board members' private health insurance, but no more than the cost that would occur in the public health insurance system. Rocket Internet SE pays a monthly gross amount of the applicable employer's contribution to the statutory pension and unemployment insurance, taking into account the contribution ceiling (Beitragsbemessungsgrenze).

All members of the Management Board received reimbursements of their out-of-pocket expenses, including travel expenses. In the event of a temporary incapacity to work as a result of health reasons, all Management Board members' service agreements provide that the relevant base salary will continue to be paid for up to six weeks, but not beyond the expiry of the service agreement. In the case of a Management Board member's death, the member's surviving spouse, or registered partner, and eligible surviving children are entitled jointly to the relevant base salary for the remainder of the month of death and the following three months.

The members of the Management Board are covered by directors and officers ("D&O") insurance policies with coverage in line with best market practice and a deductible in line with the respective provisions of the AktG. The D&O insurance policies also cover the risk of criminal prosecution.

Share-based payments (long-term incentives)

Share options in Rocket Internet SE

The members of the Management Board participated in the Stock Option Programs 2014 in financial year 2017 (as well as in the previous year). Under the Stock Option Programs 2014 ("SOP I" and "SOP II"), one share option grants the holder the right to subscribe for one share of the Company. Rocket Internet has the right, without any obligation, to pay the entitlements in cash instead of shares.

All 4,541,712 share options under the SOP I were granted to the Company's CEO after the listing of the Company's shares on the Open Market of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse or the "Open Market") on October 2, 2014. These share options have an exercise price of EUR 42.63 per share option and will vest in monthly installments over a five-year vesting period and can be, subject to certain conditions, exercised after a waiting period of four years commencing on the date the share options were granted.

The options granted under the SOP I can only be exercised if (amongst others):

(i) the Company successfully launches an average of at least four companies per year during the four-year waiting period; and

(ii) the stock price reflects, on at least one single trading day within the waiting period, a Company valuation of EUR 4 billion plus the total of all amounts paid in through capital increases or payments into the capital reserves since May 27, 2014 until the relevant trading day.

Under the SOP II in accordance with the resolution of the General Meeting of September 8, 2014, amended by the resolution of the General Meeting of June 2, 2017, the Supervisory Board is authorized to grant up to 3,408,342 share options to each of the other two members of the Management Board (i.e. the CFO and the Group Managing Director).

The SOP II provides for an overall ten-year vesting period with a certain number of share options vesting after an initial four-year vesting term and the remaining share options vesting in yearly installments thereafter. The share options can be, subject to their vesting and certain other conditions, exercised after a four-year waiting period commencing on the date the respective share options are granted.

The exercise price of the share options granted prior to listing of the Company's shares in the Open Market amounts to EUR 26.14 per share option. For share options granted subsequent to the listing of the Company's shares in the Open Market the exercise price per share option corresponds to the volume-weighted average closing price of the shares twenty consecutive trading days prior to the relevant grant date.

The exercise of share options under the SOP II requires that:

(i) the shares of the Company are included in the Open Market until October 31, 2014; and
(ii) the Company successfully launches an average of at least four companies per year during the four-year waiting period.

If the performance targets are not achieved by the end of the waiting period, the share options granted under the Stock Option Programs 2014 will forfeit completely without any further consideration. In addition, the share options are only exercisable within three weeks after publication of interim financial reports or annual financial reports.

The table below provides an overview of the movements in the share option awards of SOP I and SOP II during the reporting period:

	2017		2016	
Share options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding as of January 1	**EUR 38.76**	**5,742,734**	**EUR 39.88**	**5,450,054**
Granted during the period	EUR 19.96	2,207,320	EUR 17.90	292,680
Forfeited during the period	–	–	–	–
Exercised during the period	–	–	–	–
Outstanding as of December 31	**EUR 33.54**	**7,950,054**	**EUR 38.76**	**5,742,734**
Exercisable as of December 31	–	–	–	–

Furthermore, members of the Management Board receive shares respectively share options in single, incubated portfolio entities of Rocket Internet SE at the date of founding of these portfolio entities.

Ordinary shares in subsidiaries

The respective share-based payment arrangements provide for equity participation via a trust relationship. The trustee entity holds a certain amount of shares in accordance with the terms and conditions of a trust agreement for the benefit of the trustor, who can be the participant or an investment entity controlled by such a participant. A separate agreement, between the trustor and the relevant company receiving services, governs certain obligations regarding, inter alia, vesting-rights and non-compete obligations that relate to the indirect shareholding of the relevant participant in the relevant company.

The vesting scheme requires a certain period of continued services. According to the currently mainly applied agreements 50% respectively 66.67% of the participant's shares vest quarterly over a period of typically four years (3.125% respectively 4.167% per quarter) with typically a 6-month or 12-month cliff. Partially the vesting period is only three years. Typically the vesting of 33.33% to 50% of the participant's shares is dependent on a change of control event (i.e. this part vests only in the later of the following events (i) occurrence of a change of control event – in some cases plus 12 months – or (ii) four years after the granting of the shares). If a leaver event occurs prior to the expiration of the cliff period, typically all shares can be clawed back. Thereafter, in the case of a bad leaver event, the Company can usually claw back all vested and unvested shares, while in case of a good leaver event, the Company may only claw back the unvested shares. A bad leaver event is typically triggered, if, for example, the respective service agreement between a participant and a subsidiary is terminated by such company for cause, the participant demonstrably committed a criminal offence against the company, or such member breached its non-compete obligation. A good leaver event is typically triggered, if, for example, the service agreement is terminated by either party properly.

Shares in subsidiaries of the Group have been issued to participants at the nominal value of the shares of EUR 1. If the applicable vesting conditions are not met (typically if a participant's employment is terminated), Rocket Internet SE or a subsidiary has a right to reacquire these shares at the nominal value or – if lower – at market value.

Movements in the number of shares in subsidiaries issued to members of the Management Board are as follows:

	2017	2016
Number of unvested shares as of January 1	**204**	**519**
Deconsolidation of subsidiaries	-50	-228
Granted during the period	–	–
Vested during the period	47	72
Forfeited during the period	–	15
Number of unvested shares as of December 31	**107**	**204**
Number of vested shares as of December 31	536	489

Share options in subsidiaries

Call option arrangements entitle the members of the Management Board to acquire a pre-defined number of shares in a subsidiary. The currently generally applied agreements correspond typically to the above-mentioned conditions for ordinary shares in subsidiaries. In the case of a change of control event the subsidiary is entitled to request that the members of Management Board exercise all call options outstanding at such point in time. Upon the occurrence of a bad leaver event, all call options that have not been exercised lapse. In the case of a good leaver event, all call options lapse for which the exercise period has not yet commenced.

Movements in the number of share options in subsidiaries granted to members of the Management Board and their related weighted average exercise prices are as follows:

	2017		2016	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding options as of January 1	**EUR 1.00**	**61**	**EUR 1.00**	**332**
Deconsolidation of subsidiaries	EUR 1.00	-25	EUR 1.00	-296
Granted during the year	EUR 1.00	0	EUR 1.00	25
Exercised during the year	EUR 1.00	0	EUR 1.00	0
Forfeited during the year	EUR 1.00	0	EUR 1.00	0
Outstanding options as of December 31	**EUR 1.00**	**36**	**EUR 1.00**	**61**
Exercisable as of December 31	EUR 1.00	20	EUR 1.00	28

The contractual lives for the options are not specified in the option agreements. As a result, the weighted average remaining contractual life for the options outstanding at the reporting date is dependent on future exit events. In accordance with individual agreements, the outstanding options have an exercise price of EUR 1 per share.

Other disclosures

During the period of employment most additional jobs of the members of the Management Board outside of the Group require the previous written consent of the Supervisory Board. Additionally, the employment contracts contain non-compete obligations, which prohibit that members of the Management Board work for an entity that is a direct or indirect competitor of the Company or one of its portfolio companies or that is related to one of such competitor. However, each member of the Management Board is allowed to invest in a competitor as long as such an investment does not exceed a certain, individually agreed percentage of the voting rights of this entity.

The employment contracts of the Management Board are effective until March 15, 2020. In this period the employment contracts may be terminated for cause. Through the dismissal of a member of Management Board the employment contract does not end automatically.

According to the provisions of the German Stock Companies Act (Aktiengesetz) the members of the Management Board are covered by a directors and officers ("D&O") insurance policy with a reasonable coverage and a retention of 10% of the damage, but within a year maximum 1.5 times the annual fix salary. The D&O insurance covers financial damages occurred through breach of duty by the members of Management Board in line with their activity as Member of the Management Board and their operating activity.

There are no other service or employment contracts between Alexander Kudlich and Peter Kimpel and their related parties and the Company or its subsidiaries. Oliver Samwer receives a regular salary of an indirect, wholly owned subsidiary of Rocket Internet, which is completely (100%) subtracted from its salary paid by Rocket Internet SE.

Total compensation

The members of the Management Board received in 2017 a total remuneration of EUR 20,315 thousand (previous year: EUR 5,695 thousand).

In EUR thousand	**2017**	**2017 (min)**	**2017 (max)**	**2016**
Fixed compensation	1,750	1,750	1,750	1,750
Fringe benefits	47	47	47	21
Non-cash compensation	909	909	909	1,523
One-year variable compensation	–	–	–	–
Total short-term compensation	**2,706**	**2,706**	2,706	**3,294**
Multi-year variable compensation (share-based payments)	17,609	17,609	17,609	2,401
Service cost	–	–	–	–
Granted compensation – Total	**20,315**	**20,315**	**20,315**	**5,695**

The following table shows the remuneration during the reporting period for fixed compensation, fringe benefits, non-cash compensation, one-year variable compensation and multi-year variable compensation according to the year of cash flow as well as the service cost. The expenses for share-based payments relate to the share-based payments granted during the current reporting period as well as to those granted in previous years and recognized as expenses during the reporting period 2017 respectively 2016.

In EUR thousand	**2017**	**2016**
Fixed compensation *)	1,750	1,750
Fringe benefits *)	47	21
Non-cash compensation	2,777	1,523
One-year variable compensation	–	–
Total short-term compensation	**4,574**	**3,294**
Multi-year variable compensation (share-based payments)	18,622	20,728
Service cost	–	–
Expenses in the reporting period – Total	**23,196**	**24,022**

*) Cash flow during the reporting period

8.2 Remuneration of the Supervisory Board

The remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association. It consists of fixed annual payments based on the responsibility and extent of the function of each member of the Supervisory Board as well as on the economic situation of the Company.

According to the Articles of Association effective at the end of the reporting period each member of the Supervisory board receives a fixed annual remuneration in the amount of EUR 25,000. The chairman of the Supervisory Board receives three times the amount and the chairman of the Audit Committee receives twice the amount. Members of the Supervisory Board who hold their office in the Supervisory Board or who hold the office as chairman of the Supervisory Board or of the Audit Committee only during a part of the financial year receive a corresponding portion of the remuneration. The remuneration for the members of the Supervisory Board is due after the Annual Shareholders' Meeting that decides on the Consolidated Financial Statements for the annual period for which the remuneration is paid.

In addition to the remuneration paid, the Company reimburses the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as Supervisory Board members as well as the value added tax on their remuneration and out-of-pocket expenses.

The members of the Supervisory Board are covered by a D&O insurance of the Company.

In the financial years 2017 and 2016 the following remuneration was paid:

In EUR thousand	2017	2016
Prof. Dr. Marcus Englert	65	50
Norbert Lang	25	25
Prof. Dr. h.c. Roland Berger	25	25
Stefan Krause (starting June 9, 2016)	25	14
Pierre Louette (starting June 9, 2016)	25	14
Prof. Dr. Joachim Schindler	50	50
Daniel Shinar	25	25
Christopher H. Young (starting June 2, 2017)	15	0
Dr. Martin Enderle (till June 2, 2017)	10	25
Napoleon L. Nazareno (till June 2, 2017)	10	25
Lorenzo Grabau (till June 9, 2016)	0	11
Erik Mitteregger (till June 9, 2016)	0	11
Total fixed annual remuneration	**275**	**275**
Out-of-pocket expenses	11	28
Expenses in the reporting period – Total	**286**	**303**

9. Corporate Governance Statement, Non-financial Consolidated Declaration

The corporate governance statement issued in accordance with Sec. 289f HGB/ Sec. 315d HGB and the non-financial consolidated declaration in accordance with Sec. 315b HGB will be made publicly available separately on the website of the parent Company under: https://www.rocket-internet.com/investors/corporate-governance.

Berlin, March 29, 2018

Oliver Samwer   Peter Kimpel   Alexander Kudlich

Independent auditor's report

To Rocket Internet SE

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of Rocket Internet SE, Berlin, its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from 1 January to 31 December 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Rocket Internet SE, which has been combined with the management report of the Company for the financial year from 1 January to 31 December 2017.

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

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2017, and of its financial performance for the financial year from 1 January to 31 December 2017, and

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

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

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

Key audit matters in the audit of the consolidated financial statements

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

Below, we describe what we consider to be the key audit matters:

1. Recognition and classification of company shares

Reasons why the matter was determined to be a key audit matter

The purpose of Rocket Internet SE comprises the founding of and investing in shares in companies, holding these shares and the subsequent sale of these shares. This results in regular changes in Rocket Internet SE's shareholding in such companies, in particular due to dilutive effects, arrangements concerning the exercise of voting rights and share sales.

When recognizing and classifying company investments, Rocket Internet SE's executive directors consider all criteria relevant to decision-making, especially shareholdings, voting rights, representation on management and supervisory boards, arrangements concerning voting rights, information and notification rights, transactions requiring approval, provision of major services and other rights from other contractual arrangements. After considering these criteria, the executive directors decide whether the companies are included in accordance with the principles of full consolidation, as a joint venture, as an associate or as a financial investment.

The executive directors' decisions have a particular material effect on the classification of the shares in HelloFresh SE as an associate and Delivery Hero AG as a financial investment in the consolidated financial statements as of 31 December 2017.

As the assessment of criteria relevant to decision-making is partly dependent on the executive directors' judgment, considers a number of different criteria and the accounting consequences have a material impact on the consolidated financial statements, we determined the recognition and classification of company shares to be a key audit matter.

Auditor's response

As part of our audit, we analyzed the process regarding the recognition and classification company shares implemented by the executive directors of Rocket Internet SE and gained an understanding of the process steps and the internal controls in place.

In addition to HelloFresh SE and Delivery Hero AG, we drew a sample of 23 transactions from all foundings, investments, and partial sales of company shares in the financial year based on risk factors. The executive directors of Rocket Internet SE presented us the corresponding accounting estimates for all transactions and we verified them. In addition, we reviewed all documents relevant in this context, such as articles of association, purchase and service agreements as well as meeting minutes and shareholder agreements.

Our audit procedures did not lead to any reservations relating to the recognition and classification of company shares.

Reference to related disclosures

For information about the accounting policies applied, we refer to the disclosures in the notes to the consolidated financial statements in note 3 (Summary of Significant Accounting Policies).

2. Calculation of fair values of company shares

Reasons why the matter was determined to be a key audit matter

Rocket Internet SE's executive directors determine the fair values of company shares as of the reporting date. The fair values are used in the measurement of financial investments and associates recognized at fair value as well as, where necessary, reviews of impairment of joint ventures and associates accounted for using the equity method.

Rocket Internet SE's executive directors determine the fair values initially using quoted market prices or recent market transactions. If this information is not available, fair values are determined using valuation models based on the Company's business plans for a multi-year period. Rocket Internet SE's executive directors select the valuation model as well as the underlying assumptions (discount rates, estimate of future cash flows, growth rates and liquidation preferences in particular) which is subject to judgment.

The fair values have a material impact on the measurement of shares in associates and joint ventures as well as financial investments in the consolidated financial statements as of 31 December 2017. Against the background of the material significance, complexity of the valuation models as well as the judgment-based assumptions made by the executive directors, we consider the calculation of fair values of company shares to be a key audit matter.

Auditor's response

In our audit, we analyzed the process implemented by the executive directors of Rocket Internet SE as well as the accounting and measurement principles used in calculating the fair value of company shares and gained an understanding of the process steps and the internal controls in place.

We verified the compatibility of specific measurement principles in the internal Fair Value Policy with IFRSs as well as their implementation by the executive directors of Rocket Internet SE.

We analyzed the business plans by comparing them against the actual results generated in the past and the current development of business figures. We reviewed the major assumptions concerning growth and business development used in business plans by discussing them in detail with Rocket Internet SE's executive directors and the Company's management. Based on this, we assessed the adequacy of these assumptions.

The adequacy of other main valuation assumptions, such as discount rates or growth rates, for example, were tested using input from internal valuation experts on the basis of an analysis of market indicators. As even small changes in the discount rates can have a material effect on fair value, we verified the parameters used in determining discount rates by comparing these with our own market information. We reviewed the risk of fair value impairment from changes in valuation assumptions using sensitivity analyses. Moreover, we checked the mathematical accuracy of the valuation model.

Our procedures did not lead to any reservations relating to the calculation of fair values.

Reference to related disclosures

For information about the accounting policies applied, we refer to the disclosures in the notes to the consolidated financial statements in note 3 (Summary of Significant Accounting Policies).

Other information

The supervisory board is responsible for the supervisory board report. In all other respects, the executive directors are responsible for the other information. Other information comprises the other components of the annual report that we expect to receive after we have issued our independent auditor's report, including:

- the supervisory board report pursuant to Sec. 171 (2) AktG ["Aktiengesetz": German Stock Corporations Act] and
- the responsibility statement pursuant to Sec. 297 (2) Sentence 4 in conjunction with Sec. 315 (1) Sentence 5 HGB.

We received a copy of this "Other information" by the time this auditor's report was issued.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, it is our responsibility to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, if applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

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

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

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

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

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 2 June 2017. We were engaged by the supervisory board on 9 November 2017. We have been the group auditor of Rocket Internet SE without interruption since financial year 2013.

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

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Jan-Menko Grummer.

Berlin, 29 March 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer	Beckers
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Combined Management Report (Management Report for the Group and Parent Company) includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, March 29, 2018

The Management Board

Oliver Samwer Peter Kimpel Alexander Kudlich

Imprint

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