



Annual Report 2016

Key Figures

Rocket Internet Group (according to IFRS)

Financials (in EUR million)	2016	2015	Change
Revenue	50.4	128.3	(61%)
EBITDA	(565.3)	(200.8)	n.a.
Cash and cash equivalents	1,401.0	1,758.9	(20%)
Loss/profit for the period	(741.5)	(197.8)	n.a.
Earnings per share (in EUR)	(4.22)	(1.24)	n.a.

Selected Companies

Revenue (in EUR million)	2016	2015	Change
Food & Groceries	894	471	90%
HelloFresh	597	305	96%
Delivery Hero	297	166	79%
Fashion			
Global Fashion Group	1,023	808	27%
General Merchandise			
Jumia	84	145	(42%)
Home & Living	494	453	9%
Westwing	250	219	14%
Home24	244	234	4%

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•— **Oliver Samwer,**
Chief Executive Officer

Dear Shareholders and Friends of Rocket Internet,

Our company will celebrate its 10th anniversary this year. We are still a very young company, yet proud of our achievements over the last decade. We have created and supported some of the largest Internet companies in Europe and in emerging markets and continue to focus on our core competency of building and investing in new Internet-based business models. We have the necessary capital and financial flexibility to continue to execute on the core of our strategy.

In 2016, Rocket Internet continued to make progress on the execution of its strategy. In particular, we focused on reducing the complexity at the group level, as well as at the individual company level and continued to show steady improvements across our selected companies. Furthermore, we continued to identify new and attractive online business models and companies.

On April 12, 2016, we announced the sale of a 9.1 percent stake in Southeast Asian General Merchandise online retailer Lazada for USD 137 million to the leading Chinese eCommerce company Alibaba. We retained an 8.8 percent shareholding, which is subject to a put-call agreement. This transaction is a testament to Rocket Internet's ability to build, scale and successfully exit market-leading Internet companies, while also further reducing the complexity of the portfolio.

On December 10, 2016, Delivery Hero announced the acquisition of foodpanda in an all share transaction, further consolidating the online food delivery market and creating the leading international online food delivery company. Delivery Hero is now present in over 40 international markets and processes more than 170 million orders annually.

USD 137 million
proceeds from partial sale of Lazada

EUR 366 million

Jumia cash & capital commitments

At the individual company level, we also strive to reduce complexity to improve operating efficiencies and leverage brand value. The merger of the African General Merchandise business activities with the other online marketplace and classifieds businesses in the region under the Jumia brand in June 2016 significantly simplifies the organizational structure of our African businesses. The single brand results in improved efficiency and increased focus, simplifies access to products and services for Jumia's customers and enables a broader reach for vendors and service providers across Jumia's 35 African countries of operation. With EUR 365.5 million of cash and committed capital from leading international investors including AXA, Orange and MTN, Jumia is well capitalized to build out its position as Africa's leading online company.

EUR 234 million

EBITDA improvement

Operationally in 2016, we focused on top-line growth of the selected companies while simultaneously reducing absolute EBITDA losses. Rocket Internet's selected companies operate in the four sectors Food & Groceries (HelloFresh and Delivery Hero), Fashion (Global Fashion Group), General Merchandise (Jumia) and Home & Living (Westwing and Home24), which make up a significant portion of mobile and online consumer spending. These selected companies have achieved market-leading positions in their respective markets since their launch several years ago. They have access to capital from leading international Internet investors, as demonstrated in recent financing rounds, but are focused on profitable growth. They aim to become independent of external funding and expect to reach break-even in the near- to medium-term. Aggregate adjusted EBITDA losses for this group of selected companies significantly improved from EUR -590.0 million in 2015 to EUR -356.3 million in 2016.

EUR 1.5 billion

cash position

Rocket Internet's consolidated 2016 IFRS results with revenue of EUR 50.4 million and a consolidated loss of EUR -741.5 million have respectively been impacted primarily by the deconsolidation of subsidiaries and non-cash impairment related charges of associated companies, in particular pertaining to Global Fashion Group. Rocket Internet continues to be well capitalized, with an available gross cash position of EUR 1.5 billion as of the end of March 2017. The reduction of gross cash relative to EUR 1.8 billion in 2015 is primarily the result of investment activity and convertible bond buy-backs.

One of our stated goals was the uplisting to the regulated market (Prime Standard) of the Frankfurt Stock Exchange, which we achieved in September 2016. Our shares were subsequently included in the SDAX index.

Rocket Internet had 276 employees as of year-end 2016 at its headquarters in Berlin and its selected companies employed over 28,000 people worldwide. I am grateful for the dedication, vision and resourcefulness with which the team builds great Internet companies around the globe.

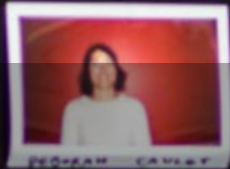
Our business model remains unchanged. We build and invest in great Internet companies around the globe and support our companies with operational expertise and capital over their development lifecycle, thereby enabling entrepreneurship and providing our shareholders with a diversified exposure to the global Internet sector.

Berlin, April 2017



Oliver Samwer

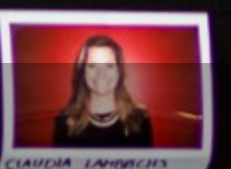
Chief Executive Officer Rocket Internet SE



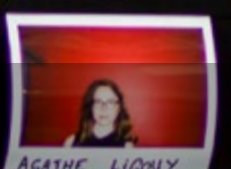
DEBORAH CAVLEY



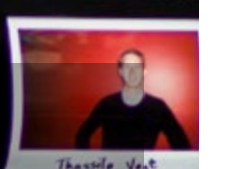
DANIEL WINKLER



CLAUDIA LAHRHIES



AGATHE LISCHY



Thasilo Vogt



SERGIO TOMAS



Christian Kohl



BRIGITTA STELLA JANDRA



Stefan Kevber



Katja Aaryskanova



Anja Birkner



Ulens Klöpper



Hanna Gölzner



Janna Foberts



Peter Seiber



VIGNOLA EZZARDI



Christopher Kist



EVELY WERNER



Edith Reinhold



Tina Gubler



Corina Guder



Alex Fenzler



Anneli Kimm



Janina Böttcher-Pöhlke



Vanessa Gump



Alexander Egorov



Benedikt Kötter



INGRID WEITZEL



Tarek Williams



Alexander Pankovskij



LISA KROLLERT



Christian Kötter



Steve Demaschke



Lou Gindai



MICHAEL OMERIK



ALINA HOYST



SORIN STANCU



Vladimir Borshakov



DANIEL PANKOVSKIJ



MARIATA VEKRELLI



Tobias Hill



SHERAZ
KHIJJI



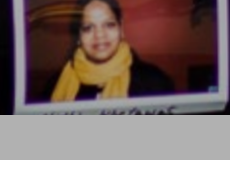
NADINE HIRTZ



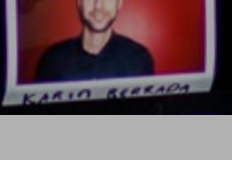
CARSTEN HITZ



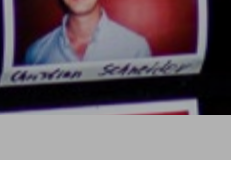
MIRZA RESCHTLBAUER



Anja Birkner



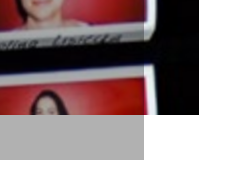
KARLO BERRADA



CHRISTIAN SCHICKEL



Ewald Ewald



Anja Birkner

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About Rocket Internet

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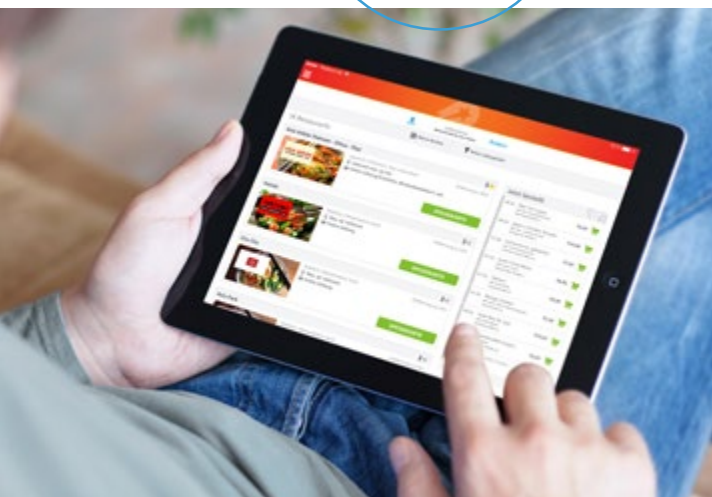


We have extensive experience in building and investing in online business models

Introduction to Rocket Internet

Rocket Internet incubates and invests in Internet companies with proven business models. We provide operational support to our companies and help them establish defensible market-leading positions internationally.

We support our companies with deep functional expertise and technological know-how



We deploy capital 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 are agnostic to building versus investing in great Internet companies and look for companies and business models that can achieve significant scale, as well as a high level of profitability and defensible market leading positions over time. We have significant capital available, which enables us to provide financing to companies over their development lifecycle. Furthermore, we support our companies as they scale by providing deep functional expertise, proprietary technology and access to an extensive ecosystem of global partnerships.

Headquartered in Berlin, Germany and listed on the Frankfurt Stock Exchange since 2014, Rocket Internet has offices and extensive experience in building and investing around the globe. We focus predominantly on four online and mobile retail and services sectors that represent a significant share of consumer spending: Food & Groceries, Fashion, General Merchandise and Home & Living. At the end of 2016, Rocket Internet's selected companies employed more than 28,000 people worldwide.

Jumia, our General Merchandise business in Africa, is one specific example of Rocket Internet's experience in scaling companies to market leaders. The group offers all its services including a General Merchandise marketplace/eCommerce platform, several online classifieds businesses, an online payment service provider and a logistics provider on a unified platform. Further information on Jumia, the leading online ecosystem in Africa, and its transition to a single brand presence can be found on pages 8 and 9. Detailed information on all selected companies in the focus sectors is available in chapter two.

Rocket Internet's know-how to scale businesses distinguishes it from competitors. Recently founded companies greatly benefit from having access to this know-how and experience, giving them a competitive advantage: they benefit from strong network



effects, our technological, functional and regional expertise, strategic partnerships and in-house knowledge sharing. These benefits taken together enhance a company's probability of success.

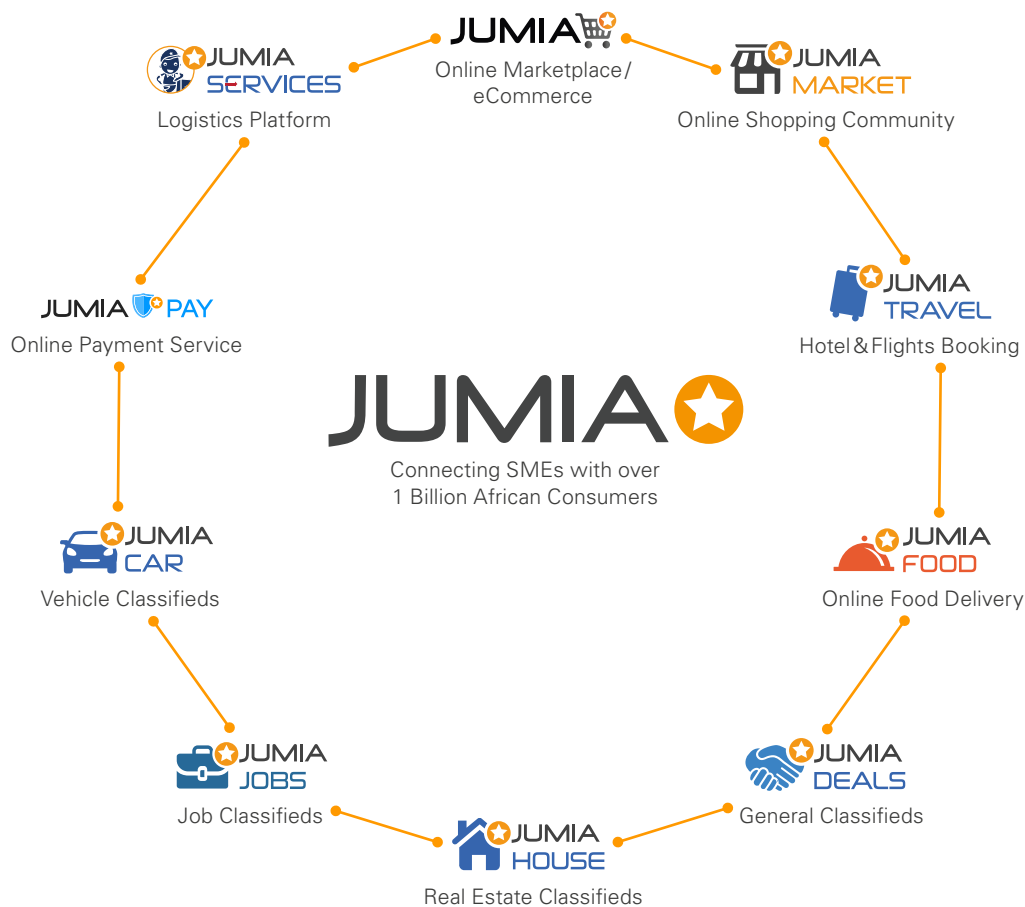
Our functional experts support companies in key areas such as systems engineering, product design and online marketing. This enables companies to develop a market leading presence in a shorter period of time and with best-in-class functional know-how. As they mature, companies continue to turn to Rocket Internet for support on special projects to cover temporary high demand or specialist know-how.

Rocket Internet's global network helps companies achieve economies of scale and synergies. Our people in target markets worldwide have deep local expertise (e.g. operations and logistics), 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.

Through incubation, investment and growth, Rocket Internet supports companies in the Internet sector worldwide and provides investors with a diversified exposure to the global Internet sector.

Jumia – The Leading Online Ecosystem in Africa



Jumia's Transition to a Single Brand Presence

In 2016, Jumia focused on building one highly recognized brand throughout Africa by integrating its nine operating business models and the logistics platform into the Jumia brand. Jumia is benefiting from this single brand presence in three ways:

- improved efficiency and increased focus
- incremental value for customers, as they can now access all services through one platform
- added value for sellers through increased exposure to the African market

The synergy effects between the services will further strengthen Jumia's position as Africa's leading online ecosystem.

Strategic Partnerships with Key Investors



Orange



AXA Africa



Millicom International

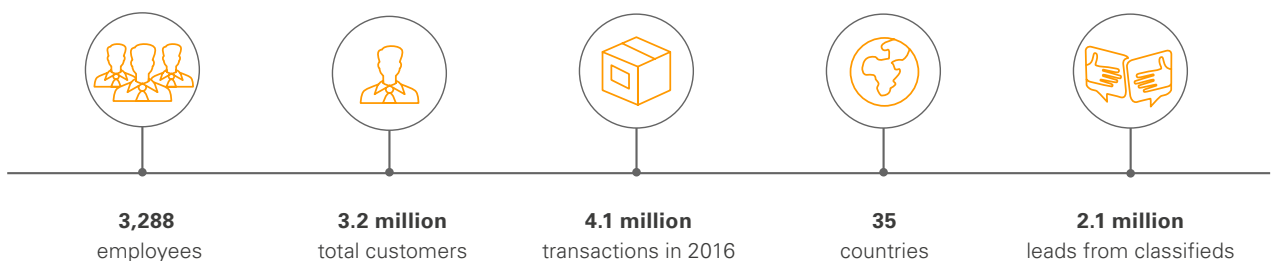


Mobile Telephone Networks

Jumia's Presence in 35 African Countries



Key Statistics



Our Technology

Ronny Rentner has been working in the field of web development and eCommerce for more than 15 years. As a software engineer and consultant, Ronny led large-scale content management system projects for Fortune 500 companies and served as Chief Technology Officer (CTO) for several technology start-ups. Ronny joined Rocket Internet in 2011 and became CTO in 2016. He is responsible for all engineering at Rocket Internet.

Ronny Rentner,
Chief Technology Officer



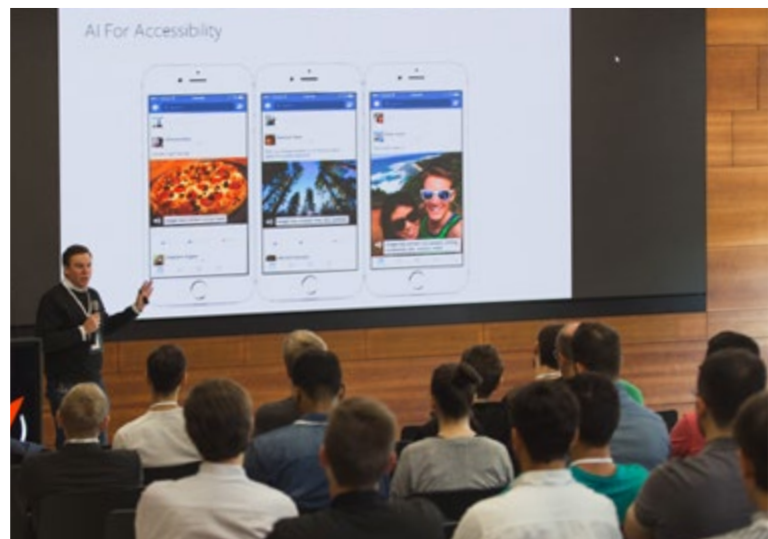
What are some of the highlights that the engineering team worked on in 2016?

The engineering team is continuously developing best-in-class technological solutions for our companies. The scope of the individual projects varies significantly – from small prototype applications for recently launched companies to comprehensive web applications that integrate into existing infrastructure for our more mature companies. Our ambition is to support the companies in our network in all aspects of information technology and enable their operations through our state-of-the-art technology platform.

In 2016, we further developed our proprietary application framework SkyRocket, in particular focusing on its mobile capabilities. The first mobile app built on SkyRocket was a trucker app for our digital freight forwarding company, InstaFreight. It allows truck drivers to see order details, navigate to customers, track their position and get customer signatures digitally – so no more pen and paper.

Do larger or smaller companies receive more support?

All of our companies are equally important to us, irrespective of their size. However, they often have different needs. The engineering team supports companies on a project basis, whenever there is demand for a technological solution, ranging from small enhancements provided on a consulting basis to full project outsourcing. This includes new companies even before their commercial launch, as well as more mature ones like Delivery Hero and Global Fashion Group.



We develop best-in-class technological solutions for our companies



How is the engineering team structured?

The large variety of tasks and projects is exciting and challenging at the same time. The engineering team needs to be nimble and flexible and is therefore organized in cross-functional teams. It includes system engineers and devops, test analysts, test automation engineers, mobile engineers, security engineers, frontend and backend engineers, as well as Salesforce consultants that all work closely together with the product managers and designers at Rocket Internet. This set-up provides our companies with access to deep and varied technological expertise that recently launched companies in particular don't usually have, but also allows more mature companies to run nimble information technology operations and expand resources on a project basis.

How do individual companies benefit from being part of the Rocket Internet network?

Rocket Internet and its companies form a unique network that allows for knowledge sharing and economies of scale. We encourage exchange among the technology experts and using learnings from all our business models and regions of operation to further improve our products and infrastructure. Last year, we hosted our global "Rocket Tech Summit" for the third time where 200 engineering leaders came together to discuss the latest technology trends and exchange best practices. At Rocket Internet, we regularly host competitions to motivate and challenge our team and encourage creative problem-solving. Through framework agreements for services like cloud hosting (Amazon Web Services), location-based services (Google Maps) and online advertising, we can provide our companies with significant savings and early access to new features and tools.

Which tech trends do you consider most important to keep an eye on? How do you integrate these trends into your work?

We closely observe all major technology trends including conversational user interfaces, artificial intelligence and virtual reality. We also continuously screen for opportunities to create value for our companies' customers using these new developments, e.g. integration of chatbots (computer program that allows human-like conversations). Our technology platform is constantly evolving based on a strong foundation of scalable architecture, third-party industry leading applications and custom-built solutions.

Our Global Footprint



Rocket Internet's selected companies are active in a large number of countries around the globe with more than 28,000 people on the ground. You find our companies and local offices in many of the world's emerging capitals and cities.

EUROPE

9,100

HEADCOUNT

RUSSIA & CIS

4,800

HEADCOUNT

London

Berlin

Paris

Dubai

New Delhi

Lagos

Singapore

AFRICA & MIDDLE EAST

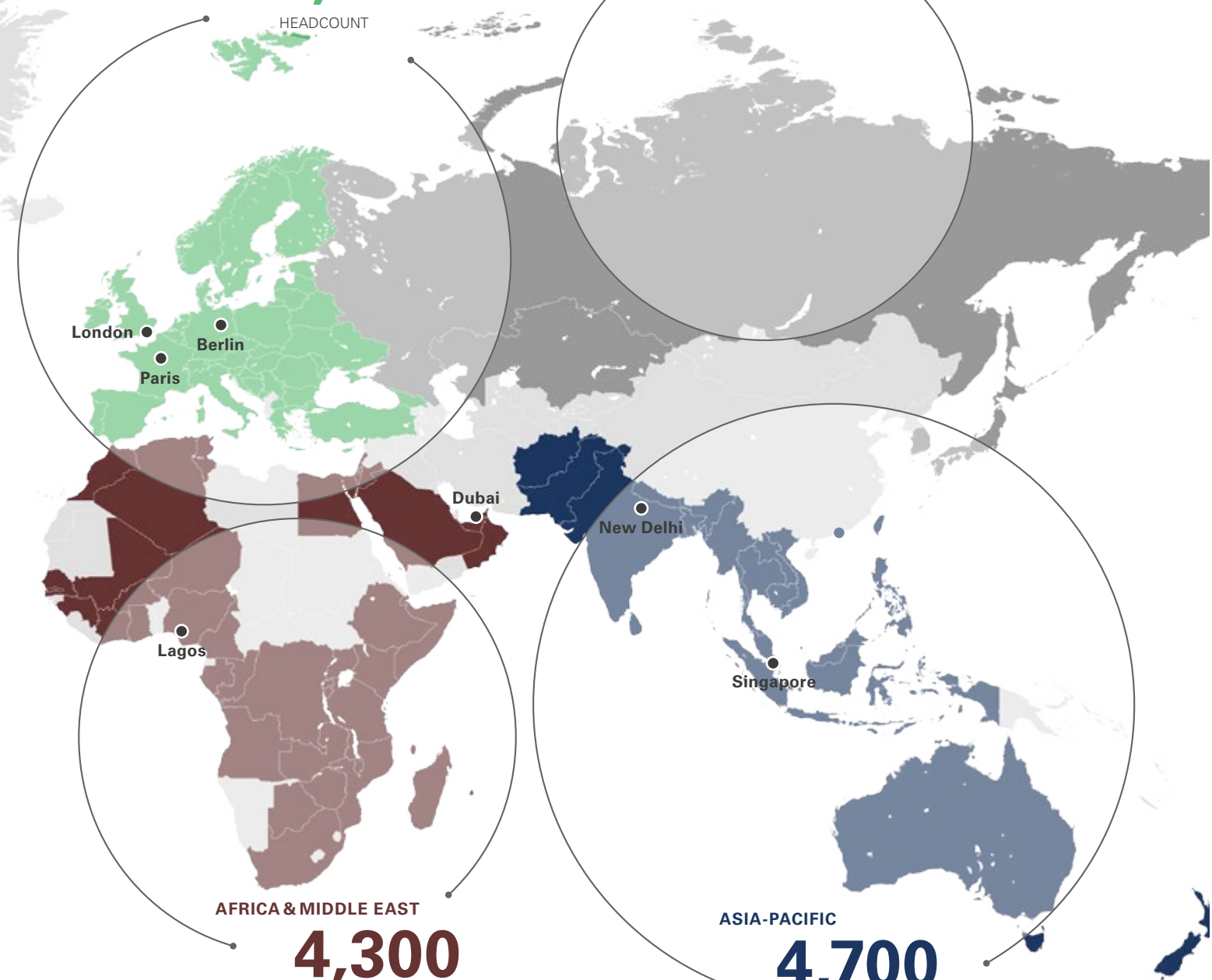
4,300

HEADCOUNT

ASIA-PACIFIC

4,700

HEADCOUNT



Our Employees

Employees at Rocket

Rocket Internet has created a unique culture where each individual is empowered to take initiative and assume greater responsibility. Highly talented individuals from all backgrounds always have been, and will remain, the cornerstone of Rocket Internet's success. The combination of our unique corporate culture and career opportunities attracts international talent with exceptional potential – to both the Rocket Internet headquarters in Berlin and our global network of companies. As such, we have access to a highly skilled and agile group of talents.

Recruitment of Talent

Rocket Internet's priority is to recruit the people who will enrich the company with new capabilities and will ensure our current and future success. Our central recruiting team uses the latest processes and technologies to build talent pipelines for all departments and functions. The strong Rocket Internet brand not only helps us to recruit talent for our headquarters functions, but also, through its wide reach, helps our companies as they are scaling. At the end of 2016, Rocket Internet's selected companies employed more than 28,000 people, compared to over 26,000 people in 2015.

Talent Engagement

Just as important as acquiring talent, is ensuring employee engagement and retaining top performers. We constantly evolve

towards ever more experienced and agile teams, building on three pillars:

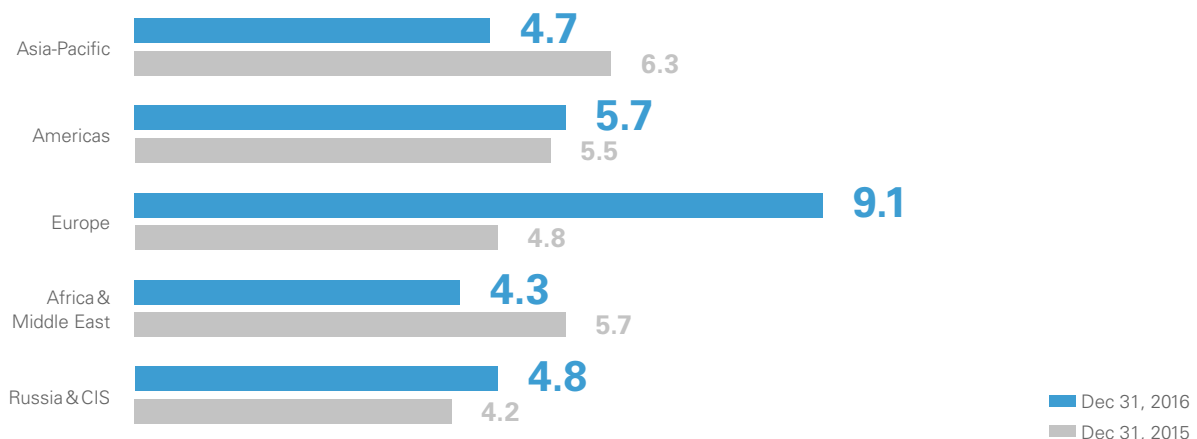
1. Rocket Internet offers people exciting and impactful roles in a very dynamic and international environment. Employees from all areas are entrusted with exceptional responsibilities and are encouraged to take initiative.
2. We offer various development opportunities. Through the "Rocket University", employees train each other in functional areas. Additionally, they can attend general training courses on core competencies, such as leadership or time management, for example.
3. We offer competitive compensation. This includes base salary, bonus and/or stock options depending on the position.

A Talent and Career Network

Rocket Internet powers a unique and global network of companies. Strongly performing employees are offered careers across the entire network. Employee resources and talent are optimally allocated between Rocket Internet and its network of companies leading to transfers to and from our network of companies. This exchange of talent strengthens Rocket Internet and its companies alike and helps us to develop entrepreneurs, technology and functional experts of tomorrow.

Selected Companies' Headcount by Region

numbers in thousand

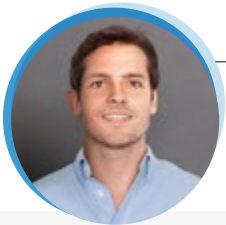




• **Christian Hardenberg,**
Chief Technology Officer,
Delivery Hero

**Transfer from Rocket Internet to
Company Network**

Christian Hardenberg joined Delivery Hero as Chief Technology Officer in October 2016, having spent the past four and a half years at Rocket Internet. Rocket Internet's effort is to constantly strengthen our companies' core capabilities.



• **Enrico Ferrari,**
Chief Marketing Officer,
Rocket Internet

**Transfer from Company Network to
Rocket Internet**

Enrico Ferrari joined Rocket Internet as Chief Marketing Officer in June 2016. Prior to that, Enrico held several marketing and co-founder roles at Rocket Internet's network companies, including Carmudi. Enrico is a great example of mobility within our network.

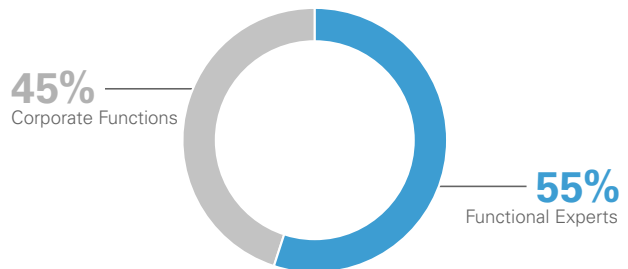
Apart from employee development and rotations, knowledge exchange across all entities and experts is one of Rocket Internet's greatest assets. For example, more than 100 Chief Technology Officers from our companies joined this year's "Rocket Tech Summit" in Berlin and discussed the latest tech trends and learnings.

Talent and Diversity

As of the end of December 2016, Rocket Internet had 276 employees at its headquarters in Berlin, compared to 425 in 2015. This reduction in headcount is primarily driven by our network companies becoming more autonomous and therefore requiring less support and employees from the functional teams joining existing companies or newly launched businesses. We continue to be focused on our operational platform and the highest quality expert teams.

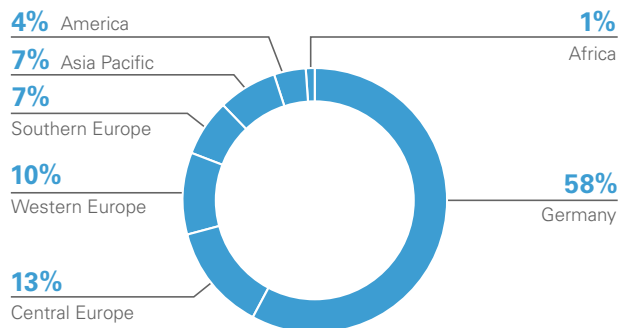
The majority of Rocket Internet's employees (55 percent) supports the companies in our network with their specific functional expertise (e.g. product design, mobile and online marketing, systems engineering). The remaining 45 percent of employees perform corporate functions (e.g. finance, legal, human resources).

Rocket Internet HQ



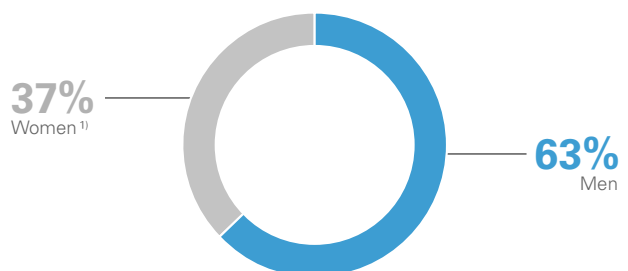
Rocket Internet is active in many regions of the world and it is particularly important for us to provide great career opportunities to our employees with such diverse backgrounds, talents and competencies. We are convinced that our overall performance as a company tremendously benefits from diversity in our teams. The employees at our headquarters in Berlin come from 42 different countries, with only 58 percent being German. This is why English is our working language.

Nationalities



We are committed to equal opportunity. More than 37 percent of our employees are women and without the IT department, for which we tend to receive only few female applications, women represent 52 percent of Rocket Internet's employees. Diversity is central to our culture and makes Rocket Internet an attractive employer.

Gender Diversity



1) 52% excluding employees of the IT department

Rocket Internet Stock Information

Rocket Internet's shares, which are listed on the Frankfurt Stock Exchange under the ticker symbol RKET, traded in the range of EUR 16.77 to EUR 29.00 in 2016. At year-end, the Company had a market capitalization of ca. EUR 3.2 billion.

Since the IPO on October 2, 2014, the shares were listed on the non-regulated Entry Standard of the Frankfurt Stock Exchange. On September 23, 2016, Rocket Internet applied for admission of its shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange, where the shares commenced trading on September 26, 2016. A Prime Standard listing requires a company, amongst other things, to report under the International Financial Reporting Standards (IFRS) and to report financials on a quarterly basis.

[www.rocket-internet.com/
investors](http://www.rocket-internet.com/investors)



Being listed on the Prime Standard makes Rocket Internet eligible for index inclusion. Shortly after Rocket Internet's uplisting to the Prime Standard, the Frankfurt Stock Exchange announced Rocket Internet's inclusion in the SDAX index, effective as of October 14, 2016, further increasing the shares' relevance for institutional investors.

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 February 2, 2016, the Company announced a convertible bond buyback program with an investment of up to EUR 150 million, which by September 20, 2016 resulted in a buyback volume of EUR 164 million (nominal), almost completing the initially announced buyback program. On September 22, 2016, Rocket Internet announced that it may spend an additional EUR 85 million on convertible buybacks by September 30, 2017. The buyback reduces interest expenses and potential shareholder dilution.

Share Information

as of March 31, 2017

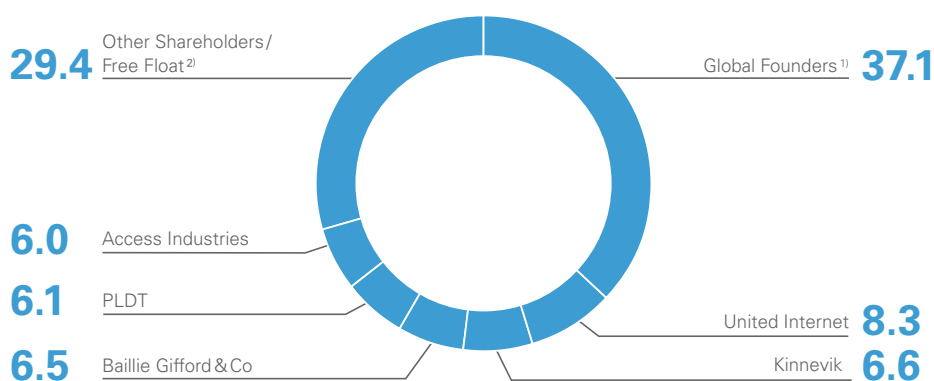
Issuer	Rocket Internet SE
TYPE OF SHARES	ORDINARY BEARER SHARES WITH NO PAR VALUE (STÜCKAKTIEN)
STOCK EXCHANGE	FRANKFURT STOCK EXCHANGE, LUXEMBOURG STOCK EXCHANGE
MARKET SEGMENT	REGULATED MARKET (PRIME STANDARD)
TOTAL NUMBER OF SHARES OUTSTANDING	165,140,790
ISSUED SHARE CAPITAL	EUR 165,140,790
ISIN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

Shareholder Structure

The following chart shows the voting rights pursuant to Sections 21, 22 German Securities Trading Act (WpHG) as notified last by the shareholders in relation to the Company's share capital as of March 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

in percent



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, 16	Dec. 31, 15	Change
Rocket Internet share (EUR)	19.14	28.24	(32.2%)
DAX	11,481.06	10,743.01	6.9%
MDAX	22,188.94	20,774.62	6.8%
SDAX	9,519.43	9,098.57	4.6%
STOXX Europe 600	361.42	365.81	(1.2%)
MSCI Emerging Markets Index	862.27	794.14	8.6%

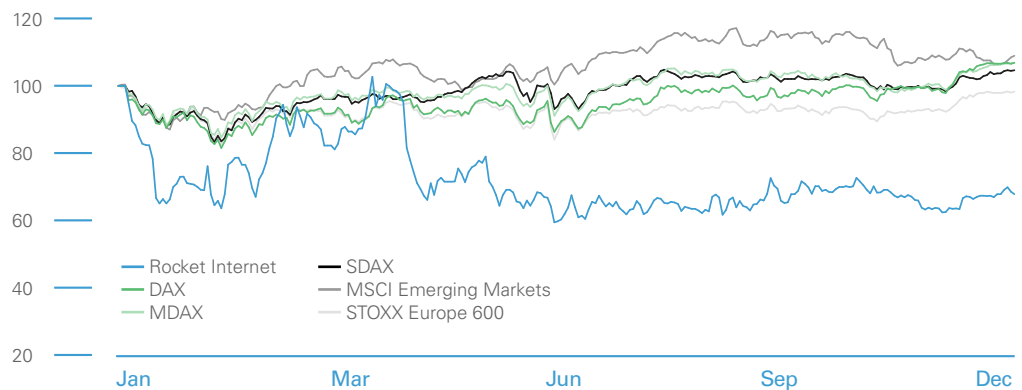
In 2016, as in recent years, equity market performance in Europe continued to be characterized by significant volatility. Q1 2016 represented the worst start to a year since the 1970s, driven by global growth concerns over the weakening Chinese economy and poor macroeconomic data, also impacting the commodity markets. Q2 2016 saw the highest volatility in five years, as measured by the VSTOXX index, when the United Kingdom voted to leave the European Union. The second half of 2016 provided a more stable capital markets environment – with the STOXX Europe 600 finishing down by –1.2 percent and the MSCI Emerging Markets index up by 8.6 percent for the year. The divergence of monetary policy between the European Central Bank and the U.S. Federal Reserve has been a major theme in 2016, impacting interest rate and foreign exchange markets.

Globally, equity markets finished the year strongly on the back of optimism around expansionary U.S. fiscal policy post presidential elections and an agreement by OPEC to limit oil production. From a regional standpoint, performance was mixed: whilst US indices reached all-time highs in 2016, Europe closed the year broadly down, largely driven by Southern European countries. The UK, Germany and France ended up on the year, as the Q4 2016 tailwind saw a significant recovery from the lows of –17.0 percent.

Following a weak start to the year, with the Rocket Internet share trading just below EUR 18.00 by mid-February, the share price recovered over the following months, reaching its intra-year closing high of EUR 29.00 on April 13, 2016. The Rocket Internet share price subsequently declined and traded in the range of EUR 17.00–21.00 for the remainder of the year, closing at EUR 19.14 on December 30, 2016, a decrease of 32.2 percent for the year.

Relative Share Price Performance

Jan 1 to Dec 31, 2016, indexed



Annual General Meeting 2015

On June 9, 2016, Rocket Internet SE held its Annual General Meeting in Berlin. A total of 88.98 percent of the capital stock was present. All proposed resolutions were approved with a majority of at least 83.3 percent.

Financial Calendar

May 31, 2017	Q1 2017 Results for Rocket Internet & Selected Companies
June 2, 2017	FY 2016 Rocket Internet SE Annual General Meeting
September 28, 2017	H1 2017 Results for Rocket Internet & Selected Companies
November 30, 2017	9M 2017 Results for Rocket Internet & Selected Companies

Report of the Supervisory Board



of Rocket Internet SE for the Financial Year 2016

•— **Professor Dr. Marcus Englert,**
Chairman of the Supervisory Board

Dear Shareholders,

In the financial year 2016, the Supervisory Board of Rocket Internet SE (“Rocket Internet”) 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 directly 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 2016, the Management Board reported extensively to the Supervisory Board on the Company in the four meetings of the Supervisory Board, including the development of the revenue and profitability of the Company, the selected companies and regional groups, 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, potential deviations from the actual course of the business to the plan were discussed. The reports of the Management Board meet the legal requirements, good corporate governance standards and the requirements of the Supervisory Board with regard to their content and their scope. The Supervisory Board has dealt in depth with the Management Board’s reports and further information and has questioned, critically analyzed and evaluated and in certain instances supplemented by further information from 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 annual general meeting on June 9, 2016, Mr. Stefan Krause and Mr. Pierre Louette were elected to the Supervisory Board as successors of Mr. Lorenzo Grabau and Mr. Erik Mitteregger. The Supervisory Board thanks Mr. Grabau and Mr. Mitteregger 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, and statutory regular reporting in particular, the following topics were comprehensively discussed and analyzed by the Supervisory Board:

- The annual financial statements and group financial statements for the financial year 2015, as well as the result for the first half of the year 2016
- Development of the business during the course of the year
- Rocket Internet's revenue and earnings budget (stand-alone basis) for the year 2017
- Strategic positioning and structuring of the group and business organization
- Development and strategy of Rocket Internet's material investments
- The uplisting to the Prime Standard of the Frankfurt stock exchange
- The audit planning and quarterly reports of the internal audit department
- The invitation to and the agenda of the annual general meeting 2016, including the proposals for resolution
- Granting of further stock options to the Management Board as part of their remuneration package and the introduction of a new employee participation plan
- Creation 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
- Buyback of the Company's convertible bonds
- The amount of cash and cash equivalents, and the cash management strategy
- The sale of LaNeveraRoja and pizzabo to JustEat
- The sale of Lazada shares to Alibaba as well as the USD 500 million investment in Lazada by Alibaba
- The financing round in Home24 in the amount of EUR 20 million with the participation of Rocket Internet
- The financing round in Global Fashion Group in the amount of EUR 330 million with the participation of Rocket Internet
- The contribution of foodpanda into Delivery Hero
- Adaptions to the Supervisory and Management Board's rules of procedure
- Declaration of conformity to the German Corporate Governance Code and, in this context, the determination of further goals regarding the composition of the Supervisory Board
- The election of new members to the Supervisory Board: Stefan Krause and Pierre Louette
- Conclusion of a contract between the Company and an agency, in which a member of the Supervisory Board temporarily held a minority stake. The contract was concluded with a fixed-term and at market conditions

Meetings and Attendance

In the financial year 2016, there were four Supervisory Board meetings in which all Management Board members participated, as well as four meetings of the Audit Committee in which the CFO of the Company participated. During these meetings, the Management Board informed the Supervisory Board in detail about the economic state and development of the Company and the group, as well as about material business events. The average attendance rate at Supervisory Board meetings was 89 percent. The attendance rate at Audit Committee meetings was 100 percent. All absent members voted on all agenda items in writing. In addition to the meetings, the Supervisory Board, Audit Committee and Nomination Committee held telephone conferences on particular topics and a multitude of resolutions were passed in circulation procedure. Furthermore, the Supervisory Board and the Management Board met for a strategy day.

Corporate Governance

In the context of the up-listing to the Prime Standard of the Frankfurt stock exchange in 2016, the Supervisory Board assessed whether the recommendations of the German Corporate Governance Code (GCGC) were implemented in the Company for the first time. In the prospectus of September 2016, the predominant implementation was confirmed. In the second quarter of 2017, the Supervisory Board and Management Board jointly issued the declaration of conformity with the GCGC, according to section 161 of the German stock corporation act (Aktiengesetz), and published it permanently on the Company website. Any deviations from the GCGC are laid out in the declaration.

Discussion of the Annual and Group Financial Statements 2016

The annual general meeting of Rocket Internet resolved on June 9, 2016 to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin branch, as auditor for the financial year 2016. 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 2016. 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 as well as the audit reports of the auditor were made available to all members of the Supervisory Board in due course. The Audit Committee and the Supervisory Board, during their Accounts Meeting on April 6, 2017, in detail discussed the reports. On both occasions, the auditor submitted a report and was present during the discussions. After its own examination, 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. The Supervisory Board, with a resolution dated April 6, 2017, confirmed the annual financial statements and the group financial statements of Rocket Internet for the financial year 2016. The annual financial statements of Rocket Internet for the financial year 2016 are thereby approved.

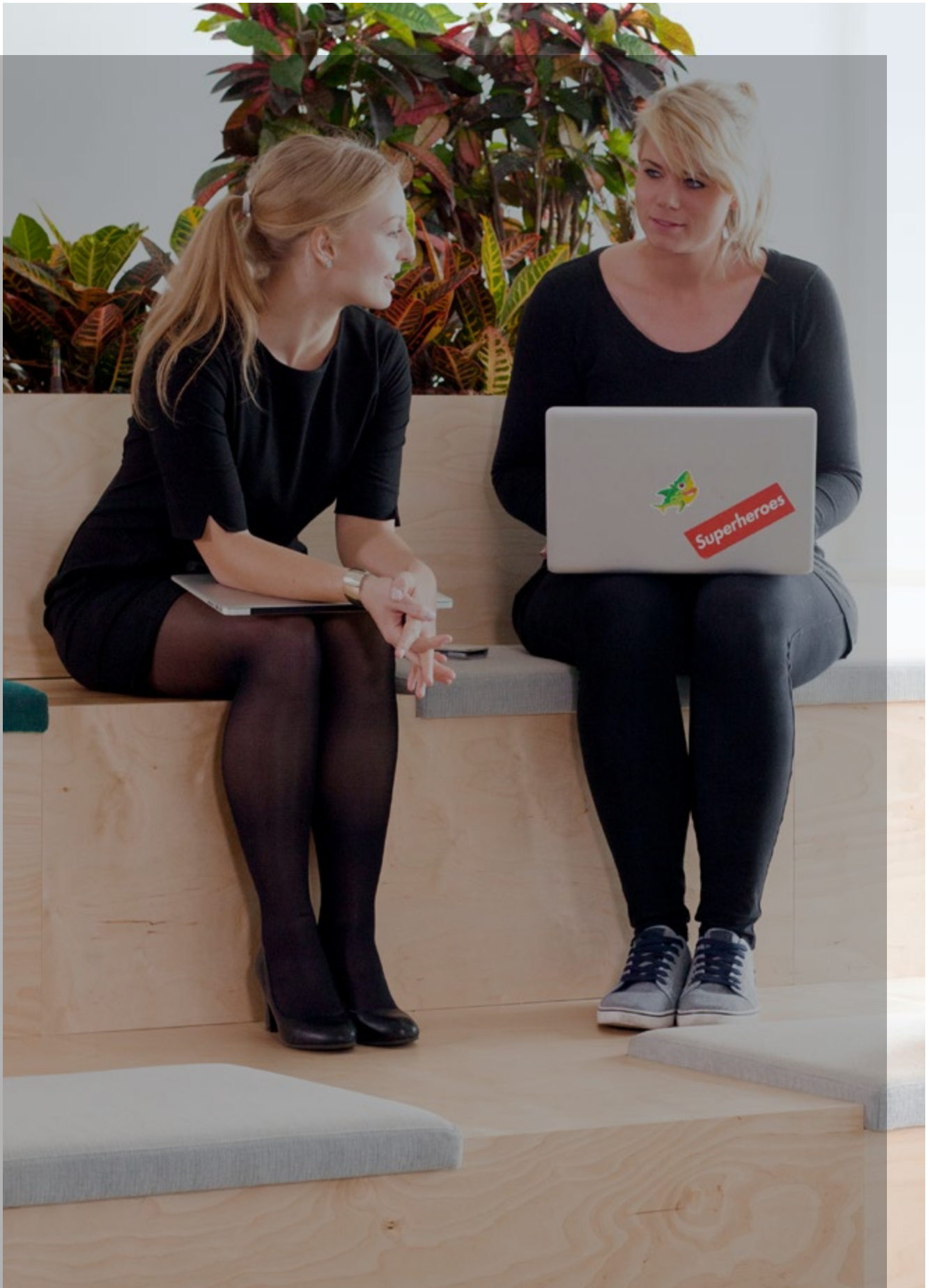
The Supervisory Board thanks the members of the Management Board, as well as the employees of Rocket Internet and all group companies, for their successful work in the financial year 2016.

Berlin, April 19, 2017

On behalf of the Supervisory Board



Professor Dr. Marcus Englert
Chairman of the Supervisory Board



2

Our Companies

Content

- 24 Food & Groceries
- 30 Fashion
- 42 General Merchandise
- 46 Home & Living





Food & Groceries

Our companies in the Food & Groceries sector include HelloFresh, a leading online provider in the personalized fresh food at home market, and Delivery Hero, our online marketplace for food takeaway. Both companies took steps to expand their global reach during 2016: HelloFresh expanded its businesses into Canada and Switzerland, while Delivery Hero has added 20 new countries to its platform through the acquisition of foodpanda. In 2016, our companies in the Food & Groceries sector generated EUR 894 million in revenue, an increase of 90 percent over 2015.

EUR 894 million
2016 Revenue



2011

Founded

**Subscription
Commerce**

Business Model

1,969

Dec 2016, Headcount

**Europe,
North America,
Asia-Pacific**

Regions

Sector

**Fresh Food
at Home**

Rocket Internet Stake
December 2016

53.0%

HelloFresh is a leading global online provider of personalized fresh food at home. Founded in 2011, the company is currently active in nine markets including the United States, Canada, the United Kingdom, the Netherlands, Australia, Belgium, Germany, Austria and Switzerland. HelloFresh delivers recipes and fresh, pre-portioned ingredients to its subscribers to enable them to conveniently prepare healthy and delicious home-cooked meals. Consumers can choose between different meal plans and recipes, which cater to their dietary preferences, schedule and household size. A flexible subscription model allows subscribers to pause, modify or cancel their plans at any time. In each regional market, HelloFresh employs local chefs and nutritionists, who create diverse recipes reflecting the corresponding market's seasonality and its consumers' preferences. HelloFresh has thereby amassed a global database of over 10,000 recipes. The premium quality ingredients are selectively purchased from local suppliers and purveyors. To guarantee the freshness of vegetables and preservability of meat, HelloFresh uses insulated packaging for its meals and processes them in a just-in-time model at its fulfilment centers. As a result of the company's data-centric approach, it is able to gather insights into its customers' meal preferences and purchasing behavior. As of the end of December, HelloFresh employed 1,969 people.

In the first half of 2016, HelloFresh expanded its operations into Canada and Switzerland. Furthermore, it expanded delivery in Belgium into Wallonia in the third quarter, providing nationwide service in both Dutch and French. The geographical expansion was strategically chosen to reflect the demand for the product, eating and lifestyle trends and the size of the addressable market. Throughout the year, the company made strong progress in developing its infrastructure by moving into larger and more sophisticated fulfilment centers: with the introduction of automation, HelloFresh is now able to offer more choice and further

Food & Groceries



HelloFresh serves more than 857,000 customers in 9 countries

personalization at higher efficiencies. In 2016, the company has raised additional capital to further strengthen its financial position.

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

HelloFresh's revenue increased by 95.8 percent from EUR 305.0 million in 2015 to EUR 597.0 million in 2016, driven by the strong increase (84.2 percent) in the number of servings delivered.

Adjusted EBITDA margin increased from –28.3 percent in 2015 to –13.8 percent in 2016, driven by process efficiencies and increasing economies of scale in procurement, production and logistics, and marketing.

Net working capital changed from EUR –32.1 million as of December 31, 2015 to EUR –31.0 million as of December 31, 2016.

HelloFresh's cash and cash equivalents decreased from EUR 109.2 million as of December 31, 2015 to EUR 57.5 million as of December 31, 2016.

Key Figures

Key Financials (in EUR million)	FY 2016	FY 2015 ⁶⁾
Revenue	597.0	305.0
% growth	95.8%	
Adjusted EBITDA ¹⁾	(82.6)	(86.2)
% margin	(13.8%)	(28.3%)
Capex ²⁾	37.4	5.6
% of revenue	6.3%	1.8%

Balance Sheet (in EUR million)	Dec 31, 16	Dec 31, 15
Net working capital ³⁾	(31.0)	(32.1)
Cash position	57.5 ⁷⁾	109.2

Key Performance Indicators (in million)	FY 2016	FY 2015
Number of servings delivered ⁴⁾	90.8	49.3
% growth	84.2%	
Active subscribers ⁵⁾ (in thousand)	857.1	620.9
% growth	38.0%	

1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets, share-based compensation expenses and non-recurring items.

2) Capital expenditure is calculated as purchase of property, plant and equipment plus acquisition of intangible assets, including software development expenses and excluding goodwill.

3) Net working capital is calculated as inventories plus trade receivables and receivables from value-added and similar taxes minus trade payables, deferred revenue and liabilities from value-added and similar taxes.


4) Number of all servings/meals sold and shipped to customers in period.

5) Number of people subscribed to services and having ordered at least once during the last three months of the period presented.

6) EBITDA for FY 2015 differs from the one shown in Rocket Internet SE's audited financial statement for the year ended December 31, 2016 (EBITDA of EUR –109.5 million). The difference in EBITDA results mainly from a different classification of expenses for management incentive plans and foreign exchange gains and losses for Rocket Internet SE group reporting purposes and in HelloFresh's FY 2015 unaudited consolidated accounts.

7) Pro-forma cash position of ca. EUR 140 million includes cash on balance sheet and capital commitments.





Delivery Hero

<p>2011 Founded</p>	<p>Marketplace Business Model</p>
<p>10,778¹⁾ Dec 2016, Headcount</p>	<p>Worldwide Regions</p>
<p>Sector</p>	<p>Food Takeaway</p>
<p>Rocket Internet Stake December 2016</p>	<p>37.7%²⁾</p>

Delivery Hero is one of the leading online food ordering and delivery marketplaces. Founded in 2011, the company is operating one of the world’s largest food networks with operations in more than 40 countries. In addition to the highly recognized Delivery Hero brand, the company also serves its customers through several distinct brands, including foodora, Lieferheld and Pizza.de in Germany, Yemeksepeti in Turkey, foodpanda in Asia and Eastern Europe, Talabat in the Middle East, PedidosJá and ClickDelivery in Latin America, Mjam in Austria, DameJidlo in Czech Republic, PizzaPortal in Poland, OnlinePizza in Sweden, Pizza-online in Finland, and Yogiyo and Baedaltong in South Korea. Customers can access the vast variety of restaurants via Delivery Hero’s websites as well as through mobile and tablet apps, which have user-friendly interfaces and state-of-the-art technology. The company focuses on convenience, reliability and quality of the ordering and delivery process. Delivery Hero sets itself by its fast order processing and a vertically integrated point of sale technology, comprising best-in-class analytics. The value adding, fast and smart services result in high loyalty of customers and restaurant partners. Currently, the company is processing more than 20 million orders per month. As of the end of December 2016, the company employed 10,778 people.

In 2016, Delivery Hero reorganized its food delivery business to fully concentrate all delivery related operations at its premium brand foodora. The company also consolidated its Australian business under foodora to meet the increasing demand for high quality food. Furthermore, the company announced the sale of hungryhouse (United Kingdom) to Just Eat, and the successful acquisition of foodpanda, the leading marketplace for food delivery and takeaway in emerging markets. The company thereby

1) Including foodpanda.
2) Ownership shown on a fully diluted basis.



Delivery Hero is active in more than 40 countries

successfully strengthened its market position by adding 20 new countries in Eastern Europe, MENA and Asia to its platform. In 2016, Delivery Hero raised additional capital, to further strengthen its financial position for the future.

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

Delivery Hero's GMV increased by 62 percent from EUR 1,430 million in 2015 to EUR 2,324 million in 2016.

The number of orders increased by 65 percent from 103 million in 2015 to 171 million in 2016.

Delivery Hero's revenue significantly increased from EUR 166 million in 2015 to EUR 297 million in 2016, an increase of 79 percent.

Key Figures

Key Performance Indicators (in million)	FY 2016 ³⁾	FY 2015 ³⁾
GMV ¹⁾ (in EUR million)	2,324	1,430
% growth	62%	
Orders ²⁾	171	103
% growth	65%	
Revenue (in EUR million)	297	166
% growth	79%	

1) GMV represents the value of goods including value added tax transmitted to restaurants, which is used as basis to assess the commissions.

2) Order numbers capture the orders made by the end consumers in the respective period.

3) All numbers excluding UK operations (discontinued operations) and foodpanda (only acquired on December 31, 2016). Yemeksepeti, Talabat and e-Food are only included from the time of their respective acquisition in 2015.



Fashion

EUR 1,023 million
2016 Revenue

Global Fashion Group, our company in the online Fashion sector, comprises four emerging markets fashion eCommerce companies: Lamoda, Dafiti, Namshi and Zalora. During 2016, the group made continuous progress on its path to profitability by effectively optimizing its operations. In 2016, Global Fashion Group generated EUR 1,023 million in revenue, an increase of 27 percent over 2015.



GFG GLOBAL FASHION GROUP

2014
Founded

eCommerce
Business Model

9,850
Dec 2016, Headcount

Emerging Markets
Regions

Sector **Fashion**

Rocket Internet Stake December 2016 **20.4% ¹⁾**

Global Fashion Group (GFG) is a leading online fashion destination focused on emerging markets. Founded in 2014, the company is currently active in 24 countries across four continents. GFG provides a best-in-class shopping experience by offering a wide assortment of more than 8,000 leading international and local fashion brands, as well as private labels. The company’s addressable market includes over 1.9 billion potential customers who increasingly purchase online via eCommerce platforms. GFG operates through four branded platforms: Lamoda (CIS), Dafiti (Latin America), Namshi (Middle East) and Zalora (Asia Pacific) including The Iconic (Australia and New Zealand). The group’s companies distinguish themselves through a high degree of customer service, advanced technology platforms and user-friendly mobile apps. Given that GFG operates its own integrated and controlled value chain, the company is able to fulfill orders in a fast and efficient manner. The integrated group enables the transfer of knowledge and global best practices, resulting in economies of scale across key divisions of its businesses. As of the end of December, the company employed 9,850 people.

In 2016, GFG continued to leverage its increasing commercial scale across all platforms. The group-wide brand acquisitions and improved commercial terms further strengthened the assortment offering and customer experience. Simultaneously, GFG pursued the roll-out of its curated marketplace platform to complement the inventory-based model. The company also achieved several key milestones in, for example, warehouse operations and the delivery process through continuous technology and infrastructure investments, catering to future growth and improved unit economics. In 2016, GFG refocused on its core markets and further accelerated the path to profitability by selling its Indian business Jabong to Flipkart and divesting operations in Thailand and Vietnam. The company successfully raised additional capital from existing shareholders in 2016 to further strengthen its financial position.

1) Including beneficial interest through RICP.

Fashion



Global Fashion Group operates four branded platforms across 24 countries



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

GFG's revenue increased by 26.6 percent from EUR 808.0 million in 2015 to EUR 1,023.1 million in 2016, despite macroeconomic challenges faced by Dafiti, Lamoda and Namshi as well as increased pricing pressure and focus on profitability.

Gross profit increased from EUR 326.7 million in 2015 to EUR 433.5 million in 2016, while the gross profit margin increased by 2.0 percentage points, from 40.4 percent in 2015 to 42.4 percent in 2016.

Adjusted EBITDA margin improved substantially by 14.4 percentage points from –26.9 percent in 2015 to –12.5 percent in 2016, driven by improved inventory management, as well as fixed cost optimizations across all group operations.

Net working capital was EUR –0.3 million as of December 31, 2016.

GFG's cash and cash equivalents amounted to EUR 244.2 million as of December 31, 2016.

Key Figures

Key Financials (in EUR million)	FY 2016 ⁷⁾	FY 2015 ^{7),8)}
Revenue	1,023.1	808.0
% growth	26.6%	
Gross profit	433.5	326.7
% margin	42.4%	40.4%
Adjusted EBITDA ¹⁾	(127.9)	(217.2)
% margin	(12.5%)	(26.9%)
Capex ²⁾	36.4	24.4
% of revenue	3.6%	3.0%

Balance Sheet (in EUR million)	Dec 31, 16	Dec 31, 15
Net working capital ³⁾	(0.3)	16.4
Cash position	244.2 ⁹⁾	76.7

Key Performance Indicators (in million)	FY 2016	FY 2015
NMV ⁴⁾ (in EUR million)	1,038.1	796.9
% growth	30.3%	
Total transactions ⁵⁾	25.2	19.8
% growth	27.3%	
Active customers (LTM) ⁶⁾	9.5	8.6
% growth	10.5%	

1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets, impairment losses 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 minus trade and other payables.

4) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections.

5) 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 in the period (eCommerce and marketplace).

6) Number of customers having made at least one order as defined in "total transactions" less actual and provisioned returns and rejections within the last 12 months before end of period.

7) Derived from GFG's audited consolidated financial information based on IFRS, excluding discontinued operations of Jabong (balance sheet items in FY 2015 include Jabong).

8) Revenue and EBITDA for FY 2015 differ from those shown in Rocket Internet SE's audited financial statement for the year ended December 31, 2015 (revenue of EUR 930.1 million and EBITDA of EUR –318.6 million), which is primarily due to the retrospective exclusion of Jabong from GFG's FY 2015 results.

9) Pro-forma cash position of EUR 255.0 million includes cash on balance sheet and disposal proceeds.



lamoda

2010

Founded

eCommerce

Business Model

4,641

Dec 2016, Headcount

CIS

Regions

Sector

Fashion

Lamoda is a leading online shop for fashion, beauty and sports goods in the CIS region. Having originally launched its business in Russia in 2011, Lamoda expanded to Kazakhstan and Belarus in the following years and soon became the most recognized online retailer for fashion in these countries. Lamoda's assortment of goods consists of women's, men's and children's clothing, shoes and accessories, which are sourced from well-known designers and constantly updated to suit customers' needs and preferences. Customers can choose from more than 160,000 distinct products from over 1,500 regional and international brands. The promising young international and local brands are complemented by Lamoda's fast growing private labels. In addition to its eCommerce business, the company operates a marketplace model. Local retailers have the possibility to sell their own products online via the Lamoda website, thereby expanding the company's product range and enhancing the potential for market share gains and further growth. As of the end of December, the company employed 4,641 people.

In 2016, Lamoda continued its successful brand acquisitions to further strengthen the assortment offering. Current brands include, amongst others, Nike, Michael Kors, Lacoste, Benetton, Replay, GAP and Armani Exchange. In order to extend the capacity for future order growth, the company has improved the automation of warehouse operations and has decreased delivery costs through supplier optimization. Lamoda's own logistics network, which includes own distribution and delivery channels, has enabled the company to successfully overcome the logistics challenge in Russia. Lamoda's advanced logistics network even allows for next day delivery in over 150 Russian cities. Through the establishment and further development of strategic partnerships with logistics service providers, the company also managed to expand its coverage of pick-up locations and increased its offline presence. On its path to profitability, Lamoda has made notable progress in back office and fixed cost control in 2016.

Fashion



Lamoda offers more than 160,000 products

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 by 29.7 percent, from EUR 235.2 million in 2015 to EUR 305.1 million in 2016, despite a weak retail environment and strong macroeconomic headwinds. The results were driven by an increase in active customers (21.1 percent) and total transactions (40.0 percent).

Gross profit margin decreased slightly from 41.0 percent in 2015 to 39.5 percent in 2016.

Adjusted EBITDA margin improved by 6.5 percentage points from -14.6 percent in 2015 to -8.1 percent in 2016.

Key Figures

Key Financials (in EUR million)	FY 2016	FY 2015
Revenue	305.1	235.2
% growth	29.7%	
Gross profit	120.5	96.5
% margin	39.5%	41.0%
Adjusted EBITDA ¹⁾	(24.7)	(34.4)
% margin	(8.1%)	(14.6%)

Key Performance Indicators (in million)	FY 2016	FY 2015
NMV ²⁾ (in EUR million)	299.9	230.8
% growth	29.9%	
Total transactions ³⁾	7.7	5.5
% growth	40.0%	
Active customers (LTM) ⁴⁾	2.3	1.9
% growth	21.1%	

1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets, impairment losses and share-based compensation expenses.

2) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections.

3) 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 in the period (eCommerce and marketplace).

4) Number of customers having made at least one order as defined in "total transactions" less actual and provisioned returns and rejections within the last 12 months before end of period.



dafiti

2010
Founded

eCommerce
Business Model

2,898
Dec 2016, Headcount

Latin America
Regions

Sector

Fashion

Dafiti has become one of the best-known online fashion retailers in Latin America since its launch in 2011. Active in Brazil, Argentina, Chile and Colombia, Dafiti offers a broad range of apparel, shoes, accessories, as well as beauty and home decor products, which are sourced from over 5,000 third-party vendors. Besides designer and popular high-street brands, the product range also includes Dafiti's own top selling private labels. With one of the largest online portfolio covering more than 350,000 products from over 4,300 different international brands, the company targets more than 300 million potential customers. Customers can browse and shop Dafiti's fashion online through its website, as well as through its proprietary apps, which have been downloaded more than six million times. The mobile sales penetration has become increasingly important with a share of more than 40 percent of total sales. As part of GFG, Dafiti especially focuses on providing a superior shopping experience. The company offers fast and convenient delivery, free shipping and returns, and an excellent customer care service to increase customer retention. Dafiti has also established its own storage, distribution and delivery capabilities, including its own warehouses and transporters. As of the end of December 2016, the company employed 2,898 people.

In 2016, Dafiti increased its product offering by attracting new international brands, such as Abercrombie & Fitch, Givenchy and Samsonite, and continuously invested in logistics and delivery infrastructure to stimulate future growth. Renegotiations with suppliers and a favorable regional mix have led to a positive development in delivery costs per order in addition to the successful implementation of express delivery in Chile.

Fashion



Dafiti operates
in four countries
across Latin
America

In 2016, the company also implemented a new proprietary inventory management, pricing and planning system. Initiatives like headcount optimization, process review and fees renegotiation led to further profitability improvements. Dafiti achieved additional operational efficiencies and economies of scale with the integration of Kanui and Tricae. Moreover, a successful recruitment of key C-level management, including the Chief Finance Officer and Chief Technology Officer, was fundamental to sustain Dafiti's development and nurture further growth.

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.

In 2016, Dafiti's revenue increased by 24.0 percent from EUR 254.4 million in 2015 to EUR 315.5 million, despite a challenging macro and retail environment. Revenue was driven by a 40.3 percent increase in total transactions from 6.2 million in 2015 to 8.7 million in 2016.

The gross profit margin improved by 4.5 percentage points from 38.9 percent in 2015 to 43.4 percent in 2016.

The adjusted EBITDA margin improved from –25.2 percent in 2015 to –6.0 percent in 2016.

Key Figures

Key Financials (in EUR million)	FY 2016 ⁵⁾	FY 2015 ⁵⁾
Revenue	315.5	254.4
% growth	24.0%	
Gross profit	136.8	99.0
% margin	43.4%	38.9%
Adjusted EBITDA ¹⁾	(18.9)	(64.0)
% margin	(6.0%)	(25.2%)

Key Performance Indicators (in million)	FY 2016	FY 2015
NMV ²⁾ (in EUR million)	330.8	252.2
% growth	31.2%	
Total transactions ³⁾	8.7	6.2
% growth	40.3%	
Active customers (LTM) ⁴⁾	4.0	3.5
% growth	14.3%	

1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets, impairment losses and share-based compensation expenses.

2) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections.

3) 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 in the period (eCommerce and marketplace).

4) Number of customers having made at least one order as defined in "total transactions" less actual and provisioned returns and rejections within the last 12 months before end of period.

5) Kanui and Tricae are included since their acquisition in September, 2015. Dafiti Mexico is excluded since its divestment in November 2015.



NAMSHI

2012
Founded

eCommerce
Business Model

330
Dec 2016, Headcount

Middle East
Regions

Sector

Fashion

Namshi has successfully built an online fashion eCommerce presence in the Middle East since its inception in 2012. The company is benefiting from the ongoing shift to online purchases in its markets Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. Namshi has grown into a brand that spurs digital innovation, is known for its strongly independent spirit and encourages its fashion loving customers to experiment with their style. Namshi's product assortment for women, men and children includes collections of international well-known brands, as well as exclusive in-house collections ranging from clothing, shoes and accessories to sports and active wear. Customers can access the portfolio of more than 40,000 products from over 450 international brands through the company's website as well as their mobile apps. Mobile sales already contribute over 80 percent of Namshi's total revenue. As of the end of December 2016, the company employed 330 people.

Throughout the year, the company pursued strategic investments in logistics infrastructure and technology to create additional efficiencies across warehousing, customer service and logistics operations. Furthermore, the company achieved improvements in fulfilment lines from delivery mix optimization. Namshi also benefited from operational scale effects by maintaining a low fixed cost base. In 2016, the challenging macroeconomic environment caused by oil price developments has heavily impacted the Middle Eastern retail climate. Despite this subdued retail environment, Namshi has grown further during 2016.

Fashion



Namshi's mobile sales contribute more than 80 percent of total revenue

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

Namshi's revenue increased by 26.3 percent from EUR 107.8 million in 2015 to EUR 136.2 million in 2016, accompanied by a strong increase in NMV of 26.1 percent, despite continued macroeconomic uncertainty and increasing competition in the online retail landscape.

Gross profit margin remained at a high level of 52.9 percent in 2016, compared to 54.1 percent in 2015.

Namshi achieved a positive adjusted EBITDA margin of 1.8 percent in 2016, up 3.4 percentage points, from -1.6 percent in 2015.

Key Figures

Key Financials (in EUR million)	FY 2016	FY 2015
Revenue	136.2	107.8
% growth	26.3%	
Gross profit	72.1	58.3
% margin	52.9%	54.1%
Adjusted EBITDA ¹⁾	2.5	(1.7)
% margin	1.8%	(1.6%)

Key Performance Indicators (in million)	FY 2016	FY 2015
NMV ²⁾ (in EUR million)	128.5	101.9
% growth	26.1%	
Total transactions ³⁾	1.6	1.2
% growth	33.3%	
Active customers (LTM) ⁴⁾	0.6	0.5
% growth	20.0%	

1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets, impairment losses and share-based compensation expenses.

2) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections.

3) 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 in the period.

4) Number of customers having made at least one order as defined in "total transactions" less actual and provisioned returns and rejections within the last 12 months before end of period.



ZALORA

2011

Founded

eCommerce

Business Model

1,893

Dec 2016, Headcount

Asia Pacific

Regions

Sector

Fashion

ZALORA Group is a leading group of online fashion retailers in Asia Pacific offering apparel, shoes, accessories and beauty products. The company was founded in 2011 and is active under the ZALORA brand in nine countries, including Indonesia, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Vietnam, Brunei and China/Hong Kong. In Australia and New Zealand, GFG is active with “The Iconic”. The company has a unique value proposition amongst fashion retailers, offering more than 240,000 products of over 2,500 top international and local brands. The group caters to the increasing demand for affordable high street fashion products in the Southeast Asian region. Customers can purchase the company’s fashion products through its websites and through its award-winning mobile apps, which have been downloaded more than ten million times. ZALORA Group has managed to continuously grow its loyal customer base, characterized by high repurchase rates. To further strengthen its brand presence, the company is partnering with the “Asia’s Next Top Model” TV show, featuring aspiring models from ten countries across Asia, and “Fit for Fashion”, a reality TV show transforming ordinary people into stylish individuals. Furthermore, ZALORA Group is focused on increasing brand awareness through its own fashion blog and multiple social media platforms. As of the end of December 2016, the company employed 1,893 people.

Throughout 2016, the group continued its strong brand acquisition across the regions including Superdry, Coccinelle, Under Armour, Ivy Park, Sportscraft and Ralph Lauren amongst others. ZALORA Group further managed to significantly reduce fulfilment expenses by consolidating its warehouse activities across Malaysia, Taiwan, Hong Kong and Singapore. ZALORA successfully transitioned its payment transaction processes from Singapore to the newly created finance shared service center in Malaysia. In May, the company successfully exited ZALORA Thailand and ZALORA Vietnam in order to streamline its services and focus

Fashion



Zalora covers more than 2,500 international and regional brands in each market

on core markets. In addition, the group strengthened the team through key senior leadership additions.

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.

In 2016, ZALORA increased its revenue by 25.8 percent, from EUR 207.6 million in 2015 to EUR 261.2 million in 2016, while total transactions increased by 4.3 percent.

Gross profit margin changed from 34.9 percent in 2015 to 39.5 percent in 2016.

Adjusted EBITDA margin improved by 22.5 percentage points from -43.6 percent in 2015 to -21.1 percent in 2016.

Adjusted EBITDA amounted to EUR -55.2 million in 2016.

Key Figures

Key Financials (in EUR million)	FY 2016 ⁵⁾	FY 2015
Revenue	261.2	207.6
% growth	25.8%	
Gross profit	103.2	72.4
% margin	39.5%	34.9%
Adjusted EBITDA ¹⁾	(55.2)	(90.5)
% margin	(21.1%)	(43.6%)

Key Performance Indicators (in million)	FY 2016	FY 2015
NMV ²⁾ (in EUR million)	278.9	212.0
% growth	31.6%	
Total transactions ³⁾	7.2	6.9
% growth	4.3%	
Active customers (LTM) ⁴⁾	2.6	2.7
% growth	(3.7%)	

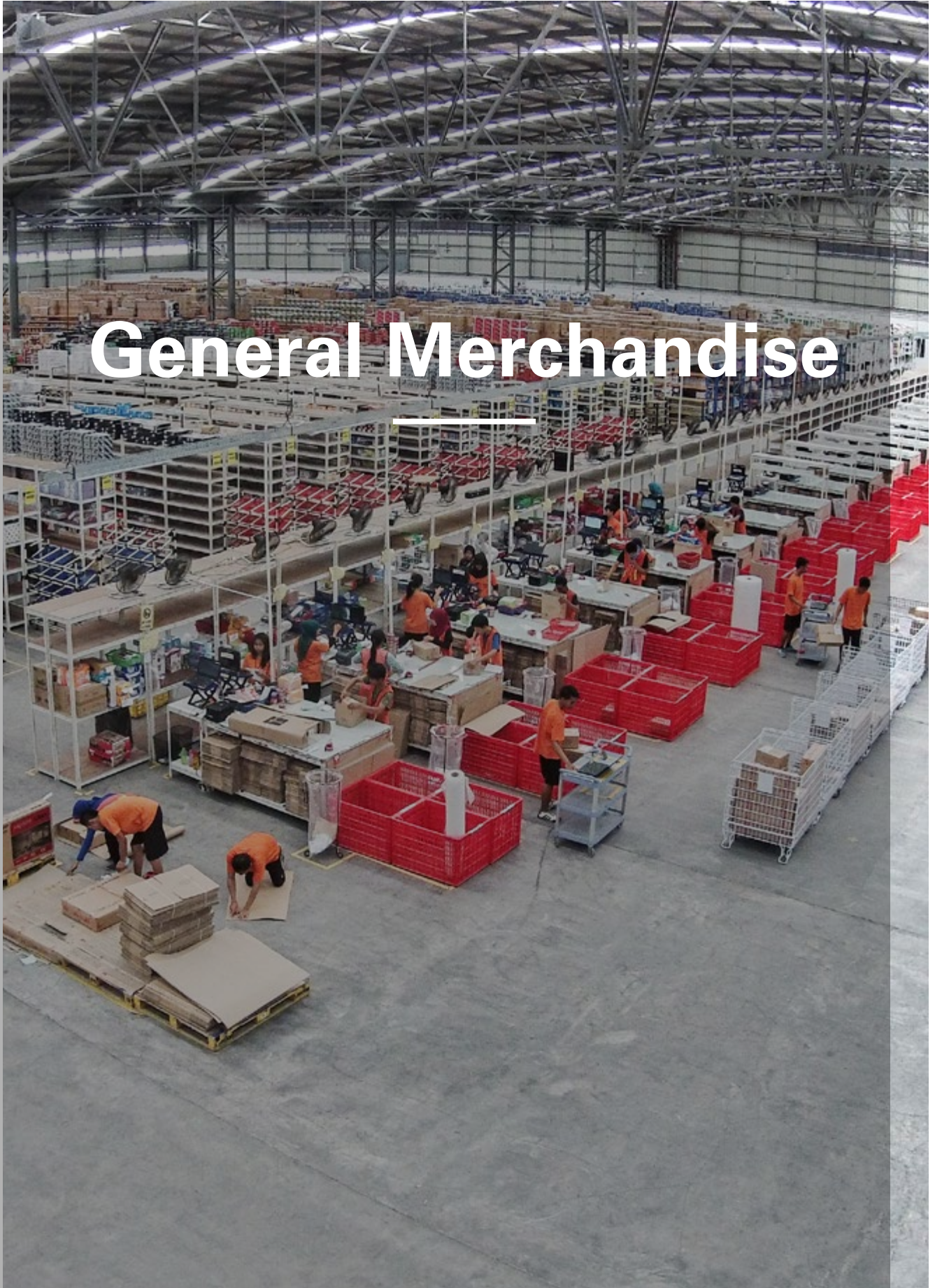
1) Adjusted EBITDA is calculated as operating profit or loss before depreciation of property, plant and equipment, amortization of intangible assets, impairment losses and share-based compensation expenses.

2) Net Merchandise Value ("NMV") is defined as the value of goods sold after actual and provisioned returns and rejections.

3) 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 in the period (eCommerce and marketplace).

4) Number of customers having made at least one order as defined in "total transactions" less actual and provisioned returns and rejections within the last 12 months before end of period.

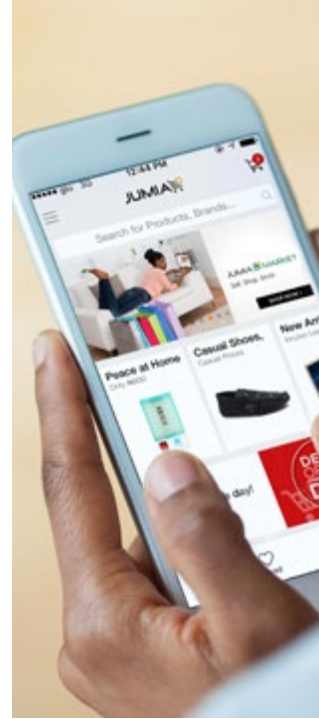
5) FY 2016 includes operations in Thailand and Vietnam only until their disposal in May 2016.




General Merchandise

In 2016, Africa Internet Group rebranded all of its services under the Jumia brand and could therefore perceptibly increase its brand awareness and bundle all of its services on a unified platform. Jumia is Africa's leading online company with its main business in the General Merchandise sector. Additional services and categories include travel, food delivery, real estate, vehicles, jobs and general classifieds. In 2016, Jumia generated EUR 84 million in revenue.

EUR 84 million
2016 Revenue





<p>2012 Founded</p>	<p>eCommerce / Marketplace Business Model</p>
<p>3,288 Dec 2016, Headcount</p>	<p>Africa Regions</p>
<p>Sector</p>	<p>General Merchandise and Other Business Models</p>
<p>Rocket Internet Stake December 2016</p>	<p>28.4% ¹⁾</p>

Jumia has become Africa's leading online company with operations in 35 countries since its inception in 2012. The company's goal is to offer a platform for merchants, brands and vendors to connect and transact with over one billion African consumers. In 2016, Jumia, formerly Africa Internet Group (AIG), rebranded all its services under the Jumia brand. The single brand presence allows the company to leverage the well-known brand across the existing customer base of all models. Additional benefits include improved operational efficiencies and focus, increased exposure in the African market for sellers, and eased access of customers to all services through one single account. Jumia's main business is the General merchandise eCommerce model, which makes up the largest fraction of the company's business. Other services and categories include travel, food delivery, real estate, vehicle markets, jobs and general classifieds. In order to facilitate transactions between customers and merchants, the group launched JumiaPay in 2016. As of the end of December 2016, the company employed 3,288 people.

Throughout 2016, Jumia accelerated the shift from retail to marketplace on its general merchandise business and towards a more variable logistics infrastructure. The group continued investments in its sustainable ecosystem to further strengthen its position as Africa's leading online platform. Jumia intensified its strategic partnerships with the telecommunication providers MTN, Millicom and Orange and was able to attract AXA as an additional key investor at the beginning of 2016. In the first half of the year, Jumia raised additional capital in order to ensure its strategic flexibility in the future and to further strengthen its financial position.

1) Including beneficial interest through RICP.

General Merchandise



Jumia leverages its well-known brand across all models

Key Figures

Key Financials (in EUR million)	FY 2016 ⁷⁾	FY 2015 ⁸⁾
Revenue	84.4	144.6
% growth	(41.7%)	
Gross profit	30.8	24.6
% margin	36.5%	17.0%
Adjusted EBITDA ¹⁾	(91.9)	(161.3)
% margin	(109.0%)	(111.5%)
Capex ²⁾	1.5	4.7
% of revenue	1.8%	3.3%

Balance Sheet (in EUR million)	Dec 31, 16	Dec 31, 15
Net working capital ³⁾	(11.6)	(18.2)
Cash position	29.5 ⁹⁾	27.9

Key Performance Indicators (in million)	FY 2016	FY 2015
GMV ⁴⁾ (in EUR million)	276.9	320.5
% growth	(13.6%)	
Total transactions ⁵⁾	4.1	4.3
% growth	(3.9%)	
Active customers (LTM) ⁶⁾	1.5	1.6
% growth	(4.2%)	

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.

Jumia's gross merchandise volume decreased by 13.6 percent from EUR 320.5 million in 2015 to EUR 276.9 million in 2016, driven by the downturn in the macro-economic environment in Jumia's largest markets, Nigeria and Egypt, that resulted in FX scarcity and devaluation.

Revenue in 2016 decreased by 41.7 percent from EUR 144.6 million in 2015 to EUR 84.4 million in 2016, due to a decrease of the gross merchandise volume and the shift from retail to marketplace model, in which only commissions are booked as revenue instead of the merchandise value.

Gross profit margin amounted to 36.5 percent in 2016, an increase of 19.5 percentage points compared to 17.0 percent in 2015.

Adjusted EBITDA improved from EUR –161.3 million in 2015 to EUR –91.9 million in 2016.

As of December 31, 2016 Jumia's net working capital was EUR –11.6 million and its cash position amounted to EUR 29.5 million.

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 transactions" sold in period, including taxes, including shipping costs.

5) 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 in the period (eCommerce and marketplace).

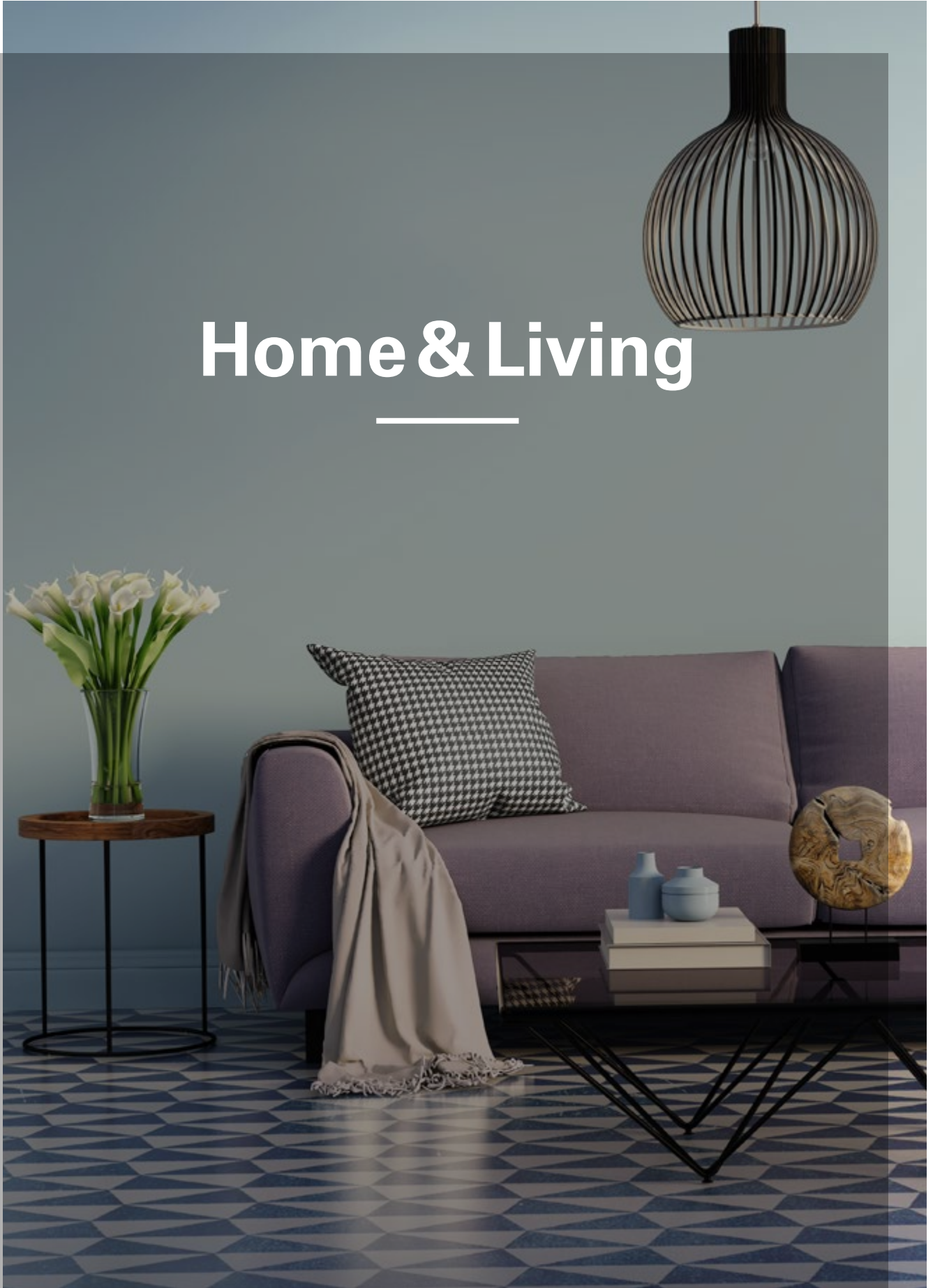
6) Number of customers having made at least one transaction as defined in "total transactions" within the last 12 months before end of period.

7) The improvement in gross profit margin, including decrease in revenue and cost of goods sold respectively, is predominantly explained by a continued shift from retail sales towards a marketplace business model.

8) Revenue, EBITDA and cash position for FY 2015 differ from those shown in Rocket Internet SE's audited financial statement for the year ended December 31, 2016 (revenue of EUR 134.6m, EBITDA of EUR –118.9 million and cash position of EUR 9.5million), which represents the financial information for FY 2015 of Jumia's general merchandise businesses only, excluding other African marketplace and classifieds businesses.

9) Pro-forma cash position of EUR 365.5 million includes cash on balance sheet plus capital commitments.

Home & Living



Our companies in the Home & Living sector are Westwing, a leading eCommerce company that is offering a curated selection of Home & Living products to its customers in eleven European countries as well as Brazil, Russia and Kazakhstan, and Home24, one of Europe's largest online furniture and home accessories shops. During 2016, both companies made remarkable progress in efficiency improvements and significantly improved profit margins. In 2016, our companies in the Home & Living sector generated EUR 494 million in revenue, an increase of nine percent over 2015.

EUR 494 million

2016 Revenue



WESTWING

2011

Founded

eCommerce

Business Model

1,554

Dec 2016, Headcount

**Europe, CIS,
Latin America**

Regions

Sector

Home & Living

Rocket Internet Stake
December 2016

31.8%

Westwing is a leading eCommerce company offering a curated selection of Home & Living products. The company was founded in 2011 and operates in eleven Continental European countries, as well as in Brazil, Russia and Kazakhstan. Westwing offers a range of decoration products, textiles for home & living and furniture in two formats to its customers. The Westwing Club, currently representing the majority of Westwing's business, features daily sales campaigns communicated through direct e-mails to registered members. It is supplemented by an interactive online lifestyle magazine. The products are offered at attractive discounts in limited quantities and for a fixed short-term period. The complementary WestwingNow platform was established in 2015, to additionally offer a permanent assortment with a wide selection of products. Through WestwingNow, customers can shop directly from pre-designed rooms featured as a "shoppable look". The company's high quality offering is complemented by a strong local presence of trend scouts in international markets. The Westwing brand has been carefully cultivated to represent quality, style, inspiration and value. By offering a unique online shopping experience, the company has built a highly loyal customer base. As of the end of December 2016, the company employed 1,554 people.

During 2016, Westwing expanded its product range by attracting new brands, resulting in a fresh, more diversified offering and enhanced customer experience. Westwing has further strengthened its brand and ability to control the depth and variety of its product offering by developing and marketing its own private label product range. The ongoing improvements in processes and efficiencies across multiple areas, such as the multinational logistics infrastructure and customer care, have resulted in higher profitability. Westwing maintained a high level of investments in technology, with a focus on optimizing platforms to facilitate growing sales from mobile devices, which currently represent

Home & Living



Westwing represents quality, style, inspiration and value

more than 50 percent of Westwing's revenue. In the second quarter of 2016, the company raised additional funds to strengthen its financial flexibility for the future.

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 14.2 percent from EUR 219.2 million in 2015 to EUR 250.4 million in 2016, mainly driven by an increase of 8.8 percent in the number of total orders.

Gross profit grew in line with sales resulting in a slightly improved margin of 42.5 percent in 2016 up from 42.2 percent in 2015.

Westwing's adjusted EBITDA margin improved significantly by 17.3 percentage points from -22.8 percent in 2015 to -5.5 percent in 2016.

During 2015 and 2016, Westwing showed negative net working capital slightly increasing to EUR -23.5 million at the end of 2016.

Cash and cash equivalents decreased from EUR 18.7 million as of December 31, 2015 to EUR 17.9 million as of December 31, 2016.

Key Figures

Key Financials (in EUR million)	FY 2016	FY 2015
Revenue	250.4	219.2
% growth	14.2%	
Gross profit	106.3	92.6
% margin	42.5%	42.2%
Adjusted EBITDA ¹⁾	(13.8)	(49.9)
% margin	(5.5%)	(22.8%)
Capex ²⁾	3.8	6.4
% of revenue	1.5%	2.9%

Balance Sheet (in EUR million)	Dec 31, 16	Dec 31, 15
Net working capital ³⁾	(23.5)	(21.8)
Cash position	17.9	18.7

Key Performance Indicators (in million)	FY 2016 ⁷⁾	FY 2015 ⁷⁾
GMV ⁴⁾ (in EUR million)	267.0	233.9
% growth	14.2%	
Total orders ⁵⁾	2.8	2.5
% growth	8.8%	
Active customers (LTM) ⁶⁾	1.0	0.9
% growth	7.6%	

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.

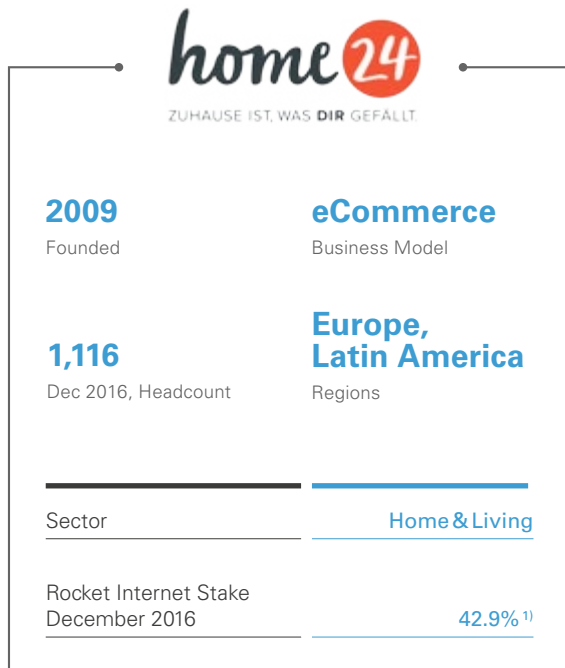
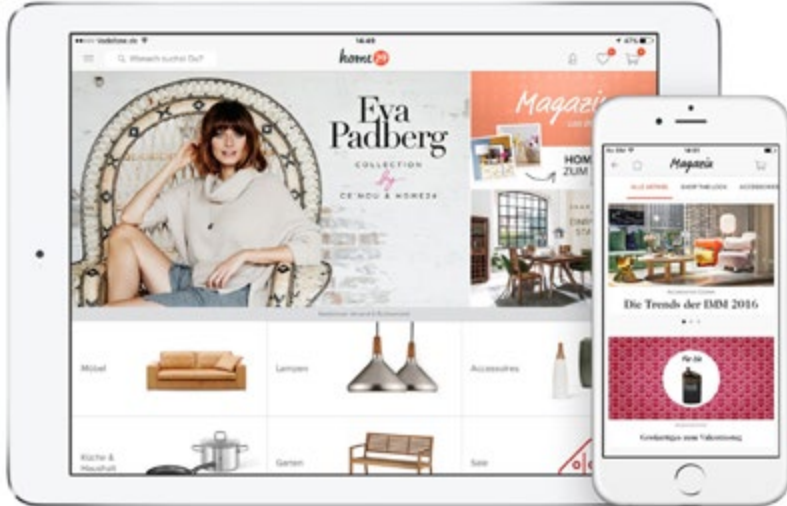
3) Net working capital is calculated as inventories including prepayments plus trade and other receivables minus trade payables and accruals minus advance payments received.

4) The total value of "total orders" sold in 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), i.e. total number of valid orders placed in 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 0.1 million in FY 2015 and EUR 1.6 million in FY 2016).



Home24 is one of Europe's largest online furniture and home accessories shops. Incorporated in 2009, the company is currently active in seven core markets within Europe: Germany, Austria, Switzerland, The Netherlands, Belgium, France and Italy. Home24 is also present in the Brazilian market under its "mobly" brand. The company offers a wide range of over 100,000 furniture and home accessories products from more than 700 manufacturers. The product offering includes well-known brands as well as Home24's own private labels. The product assortment ranges from larger item categories like upholstery and beds to small furniture, lamps and home accessories. Home24 sets itself apart through a high degree of product availability as well as through its best-in-class customer service and fulfilment processes. The company's inventory is minimized due to the use of several distinct logistics fulfilment channels. Low working capital requirements can be achieved while delivery times simultaneously remain at low levels. As of the end of December 2016, Home24 employed 1,116 people.

In 2016, Home24 focused on operational optimization by investing in fulfilment processes and systems as well as on building sustainable business partnerships. The company fully integrated "Fashion for Home" into the Home24 Group and achieved significant improvements in customer satisfaction ratings by optimizing the shopping experience. In order to further increase the brand awareness and customer reach, the company promoted the new marketing claim "Zuhause ist, was dir gefällt" ("Home is what you love") within a broad television advertisement campaign for the first time in 2016. In the third quarter of 2016, Home24 raised additional capital to further strengthen its financial position, therefore being able to extend its leading market position.

1) Including beneficial interest through RICP.

Home & Living



Home24
sources its
products
from over 700
manufacturers

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 moderately increased from EUR 233.7 million in 2015 to EUR 243.8 million in 2016, although the main focus was on increasing profitability.

Gross profit margin increased from 38.3 percent in 2015 to 41.9 percent in 2016, mainly driven by the consolidation of assortment and the focus on private label extension.

Home24's overall profitability strongly improved with an adjusted EBITDA margin of –16.5 percent in 2016, 15.8 percentage points better than the –32.2 percent in 2015. On a total basis, adjusted EBITDA improved from EUR –75.3 million in 2015 to EUR –40.1 million in 2016.

Home24's net working capital changed from EUR –2.8 million as of December 31, 2015 to EUR –7.4 million as of December 31, 2016.

Key Figures

Key Financials (in EUR million)	FY 2016 ⁷⁾	FY 2015
Revenue	243.8	233.7
% growth	4.3%	
Gross profit	102.1	89.5
% margin	41.9%	38.3%
Adjusted EBITDA ¹⁾	(40.1)	(75.3)
% margin	(16.5%)	(32.2%)
Capex ²⁾	14.7	16.6
% of revenue	6.0%	7.1%

Balance Sheet (in EUR million)	Dec 31, 16	Dec 31, 15
Net working capital ³⁾	(7.4)	(2.8)
Cash position	34.0	45.9

Key Performance Indicators (in million)	FY 2016	FY 2015
GMV ⁴⁾ (in EUR million)	250.8	244.1
% growth	2.7%	
Total orders ⁵⁾	1.2	1.2
% growth	5.6%	
Active customers (LTM) ⁶⁾	1.0	1.0
% growth	(0.3%)	

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.

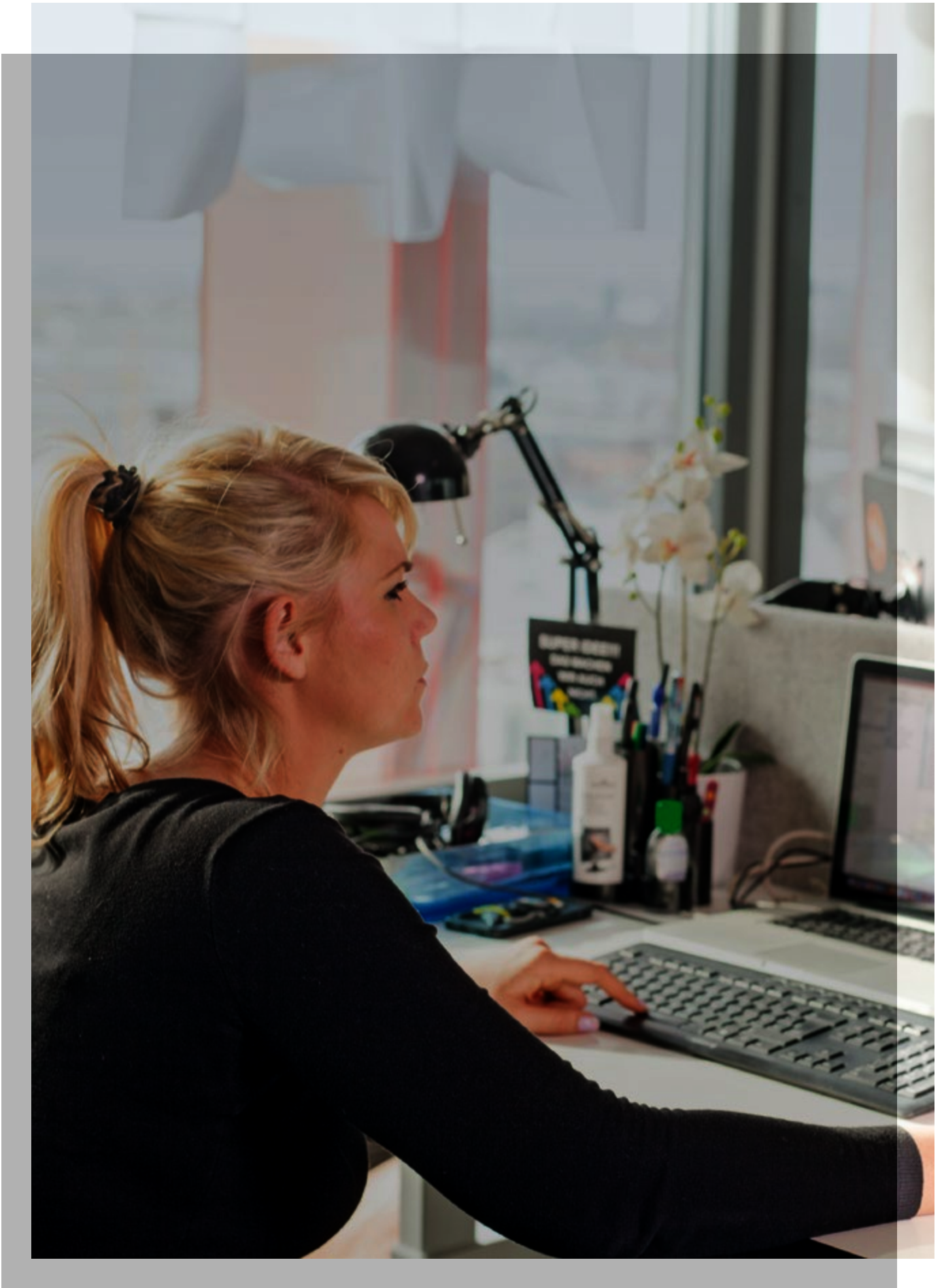
3) Net working capital is calculated as inventories plus trade and other receivables minus trade and other payables.

4) The total value of "total orders" sold in period, excluding taxes and shipping costs.

5) 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 in 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) Fashion For Home is included for the entire FY 2016.



3

Consolidated Financial Statements

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Consolidated Statement of Comprehensive Income

for the Period January 1 to December 31, 2016

Income Statement

In EUR thousand	Note	Jan 1– Dec 31, 2016	Jan 1– Dec 31, 2015
Revenue	6, 12	50,356	128,332
Internally produced and capitalized assets	13	2,893	5,719
Other operating income	14	1,216	4,994
Result from deconsolidation of subsidiaries	15	48,268	167,025
Purchased merchandise and purchased services	16	-24,197	-64,116
Employee benefits expenses	17	-59,002	-171,656
Other operating expenses	18	-45,269	-82,470
Share of profit/loss of associates and joint ventures	19	-539,609	-188,629
<i>EBITDA</i>		<i>-565,344</i>	<i>-200,801</i>
Depreciation and amortization	20	-4,386	-7,271
Impairment of non-current assets	25	-9,269	-18,050
<i>EBIT</i>		<i>-578,999</i>	<i>-226,122</i>
Financial result		-167,968	29,717
Finance costs	21	-237,853	-65,357
Finance income	21	69,884	95,074
<i>Loss before tax</i>		<i>-746,967</i>	<i>-196,406</i>
Income taxes	22	5,493	-1,395
<i>Loss for the period</i>		<i>-741,474</i>	<i>-197,801</i>
Loss/profit attributable to non-controlling interests		44,116	-4,658
<i>Loss attributable to equity holders of the parent</i>		<i>-697,358</i>	<i>-202,459</i>
Earnings per share (in EUR)	23	-4.22	-1.24

Consolidated Statement of
Comprehensive Income

Statement of Comprehensive Income

In EUR thousand	Note	Jan 1– Dec 31, 2016	Jan 1– Dec 31, 2015
Loss for the period		-741,474	-197,801
Exchange differences on translation of foreign operations		719	-1,144
Net gain on available-for-sale (AFS) financial assets		96,355	135,327
Deferred taxes on net gain on available-for-sale (AFS) financial assets		209	-209
Share of the changes in the net assets of associates/joint ventures that are recognized in OCI of the associates/joint ventures		21,255	-98,988
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		-273	1,443
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		<i>118,265</i>	<i>36,431</i>
<i>Other comprehensive income for the period, net of tax</i>		<i>118,265</i>	<i>36,431</i>
Total comprehensive loss for the period, net of tax		-623,209	-161,370
Total comprehensive loss/income attributable to:			
Equity holders of the parent		-579,620	-165,731
Non-controlling interests		-43,590	4,361

Consolidated Balance Sheet

as of December 31, 2016

Assets

In EUR thousand	Note	Dec 31, 2016	Dec 31, 2015
Non-current assets			
Property, plant and equipment	24	3,535	2,826
Intangible assets	25	2,075	129,127
Investments in associates and joint ventures	10, 11	837,453	1,696,421
Non-current financial assets	26, 41	1,542,069	1,333,184
Other non-current non-financial assets	30	482	523
Income tax assets	22	9	167
		<u>2,385,623</u>	<u>3,162,248</u>
Current assets			
Inventories	27	692	743
Trade receivables	28, 40, 41	7,584	10,085
Other current financial assets	29, 41	216,342	41,260
Other current non-financial assets	30	3,318	5,246
Income tax asset	22	2,618	482
Cash and cash equivalents	31, 40, 41	1,401,022	1,758,889
		<u>1,631,576</u>	<u>1,816,705</u>
Assets classified as held for sale	32	167,360	17,090
Total assets		<u>4,184,559</u>	<u>4,996,044</u>

Consolidated Balance Sheet

Equity and Liabilities

In EUR thousand	Note	Dec 31, 2016	Dec 31, 2015
Equity			
Subscribed capital	33	165,141	165,141
Capital reserves	33	3,099,427	3,105,477
Retained earnings	33, 34	210,623	883,912
Other components of equity	33	241,582	123,844
<i>Equity attributable to equity holders of the parent</i>		<i>3,716,772</i>	<i>4,278,373</i>
Non-controlling interests	33	28,275	73,735
<i>Total equity</i>		<i>3,745,048</i>	<i>4,352,108</i>
Non-current liabilities			
Non-current financial liabilities	35, 40, 41	332,643	526,898
Other non-current non-financial liabilities	38	5,013	398
Income tax liabilities	22	3	0
Deferred tax liabilities	22	4,983	8,169
		<i>342,643</i>	<i>535,465</i>
Current liabilities			
Trade payables	36, 40, 41	11,737	11,398
Other current financial liabilities	37, 40, 41	37,327	11,754
Other current non-financial liabilities	38	46,333	77,258
Income tax liabilities	22	1,152	512
		<i>96,549</i>	<i>100,922</i>
Liabilities directly associated with assets classified as held for sale	32	318	7,549
<i>Total liabilities</i>		<i>439,511</i>	<i>643,936</i>
Total equity and liabilities		4,184,559	4,996,044

Consolidated Statement of Changes in Equity

for the Period January 1 to December 31, 2016

Equity attributable to equity holders of the parent

In EUR thousand	Note	Subscribed capital	Capital reserves
Jan 1, 2015		153,131	2,482,643
Loss for the period			
Other comprehensive income for the period, net of tax	33		
<i>Total comprehensive loss for the period, net of tax</i>			
Proceeds from the issuance of shares to the equity holders of the parent (cash contribution)		12,010	576,491
Issuance of convertible bond	33, 35		37,659
Transaction costs, net of tax			-3,881
Proceeds from non-controlling interests			35,395
Dividends paid to non-controlling interests			
Changes in scope of consolidation and other changes in non-controlling interests			-22,830
Purchase of non-controlling interests without change in control			
Equity-settled share-based payments (IFRS 2)	33, 39		
Other changes			
		12,010	622,833
Dec 31, 2015		165,141	3,105,477
Loss for the period			
Other comprehensive income for the period, net of tax	33		
<i>Total comprehensive loss for the period, net of tax</i>			
Release of income tax benefit associated with transaction costs			-3,501
Proceeds from non-controlling interests			1,202
Non-cash contributions from non-controlling interests			597
Dividends paid to non-controlling interests			
Non-cash dividends to non-controlling interests			
Changes in scope of consolidation and other changes in non-controlling interests			-4,348
Equity-settled share-based payments (IFRS 2)	33, 39		
			-6,050
Dec 31, 2016		165,141	3,099,427

Consolidated Statement of Changes in Equity

				Non-controlling interests	Total equity
	Retained earnings	Other components of equity	Total		
	1,014,782	87,116	3,737,672	34,184	3,771,857
	-202,459		-202,459	4,658	-197,801
		36,728	36,728	-297	36,431
	-202,459	36,728	-165,731	4,361	-161,370
			588,501		588,501
			37,659		37,659
			-3,881		-3,881
			35,395	22,635	58,030
				-8,033	-8,033
	25,304		2,474	22,490	24,964
	-9,080		-9,080	-481	-9,560
	55,318		55,318	-1,422	53,895
	46		46	0	46
	-130,870	36,728	540,701	39,550	580,251
	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
			1,202	2,140	3,342
			597	264	861
				-2,329	-2,329
				-333	-333
	9,647		5,300	-1,795	3,505
	14,421		14,421	182	14,604
	-673,289	117,738	-561,601	-45,460	-607,060
	210,623	241,582	3,716,772	28,275	3,745,048

Consolidated Statement of Cash Flows

for the Period January 1 to December 31, 2016

In EUR thousand	Note	Jan 1– Dec 31, 2016	Jan 1– Dec 31, 2015
1. Cash flow from operating activities			
Loss before tax		-746,967	-196,406
Adjustments to reconcile loss before tax to net cash flow:			
+ Depreciation of property, plant and equipment	24	1,338	1,497
+ Amortization of intangible assets	25	3,048	5,774
+ Impairment of non-current assets	25	9,269	18,050
+ Equity-settled share-based payment expense	39	14,724	57,952
+/- Net foreign exchange differences		-13,072	-982
-/+ Gain/loss on disposal of intangible assets, property, plant and equipment		149	1,453
-/+ Gain/loss on disposal of non-current financial assets		105	3,685
-/+ Gain/loss from deconsolidations	15	-48,268	-167,025
+/- Other non-cash expenses/income		74	45
-/+ Fair value adjustments of equity instruments FVTPL	21	187,205	-33,015
- Finance income	21	-32,137	-2,309
+ Finance costs	21	26,111	12,188
-/+ Share of profit or loss of associated companies and joint ventures (equity method)	10, 19	539,609	188,629
Working capital adjustments:			
-/+ Increase/decrease in trade and other receivables and prepayments		-886	7,438
-/+ Increase/decrease in inventories		11	10,472
+/- Increase/decrease in trade and other payables		-17,422	-5,510
+ Dividends received		2,329	3,953
+ Interest received		4,357	1,499
- Interest paid		-14,949	-1,164
- Income tax paid		-351	-11,768
= <i>Cash flow from operating activities</i>		<i>-85,723</i>	<i>-105,543</i>

Consolidated Statement of Cash Flows

In EUR thousand	Note	Jan 1– Dec 31, 2016	Jan 1– Dec 31, 2015
2. Cash flows from investing activities			
+ Proceeds from sale of property, plant and equipment		38	701
– Purchase of property, plant and equipment	24	–2,960	–3,601
– Cash paid for investments in intangible assets	25	–3,530	–7,977
+ Proceeds from disposal of non-consolidated equity investments		123,436	47,112
– Cash outflows for acquisitions of non-consolidated equity investments		–59,735	–1,219,549
+ Proceeds from sale of subsidiaries ¹⁾		103,316	230
– Acquisition of subsidiaries, net of cash acquired		–5,879	–119,731
+ / – Cash inflows/outflows from changes in scope of consolidation		–8,972	2,667
+ Cash received in connection with short-term financial management of cash investments		56,029	27,478
– Cash paid in connection with short-term financial management of cash investments		–248,420	–66,479
– Cash paid in connection with the acquisition of financial assets and granting of long-term financial assets		–76,964	–8,692
= <i>Cash flows from investing activities</i>		–123,641	–1,347,841
3. Cash flows from financing activities			
+ Proceeds from issuance of shares to the equity holders of the parent	33	0	588,501
– / + Repurchase (previous period: Proceeds from issuance) of convertible bonds	35	–164,989	550,000
+ Proceeds from non-controlling interests		3,342	58,030
+ Proceeds from redeemable preference shares		0	1,000
– Purchase of non-controlling interest without change in control		0	–9,560
– Transaction costs on issue of shares		0	–14,943
+ Proceeds from borrowings		2,033	4,546
– Repayment of borrowings		–274	–4,333
– Dividends paid to non-controlling interests	34	–2,329	–8,033
= <i>Cash flows from financing activities</i>		–162,217	1,165,208
4. Cash and cash equivalents at the end of the period			
Net change in cash and cash equivalents (subtotal of 1 to 3)		–371,581	–288,176
Net foreign exchange difference		4,638	3,327
Cash and cash equivalents at the beginning of the period		1,768,599	2,053,448
Cash and cash equivalents at the end of the period	31	1,401,655	1,768,599

1) Cash disposed in conjunction with the sale of subsidiaries amounts to EUR 3,448 thousand (previous period EUR 4,988 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”. Since September 26, 2016, 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. Until September 26, 2016, the shares of the Company were included in the non-regulated Entry Standard of the Frankfurt Stock Exchange. The admission to the non-regulated Entry Standard did not represent a stock listing pursuant to Sec. 3 (2) AktG.

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 summarized 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 section 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 ca. 80% of its companies¹⁾ 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 or a Regional Internet Group (Jumia Group (Africa Internet Holding GmbH), Asia Internet Holding S.à.r.l. or Middle East Internet Holding S.à.r.l.). 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, 2016 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, 2016 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, Lamudi, Carmudi, Easy Taxi, Kaymu, Helpling, Jovago, Shopwings
Middle East Internet Holding S.à.r.l.	Carmudi, Lamudi, Easy Taxi, Helpling, Wadi

As of December 31, 2016 the consolidated Group comprised 124 (previous year 181) fully consolidated companies in addition to Rocket Internet SE.

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 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.

As a result of Rocket Internet being an operational Internet platform, the consolidated Group is subject to changes in each reporting period. During the reporting period, the consolidated Group has developed as follows:

	Germany	Other countries	Total
As of Jan 1, 2015	65	74	139
Acquisitions	2	2	4
Foundings	4	53	57
Spin-offs	3	0	3
First-time consolidation	14	42	56
Transition to associated companies/joint ventures	-1	-1	-2
Transition to subsidiaries of associated companies/joint ventures	-3	-1	-4
Disposals	-16	-21	-37
Deconsolidation of inactive subsidiaries and liquidations	-5	-29	-34
As of Dec 31, 2015	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

See Note 8 for information on the Group's principal subsidiaries and Note 9 for business combinations and acquisitions of subsidiaries. During the financial year 2016, Rocket Internet performed two insignificant business combinations.

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

Spin-offs occur when the Group receives an equity stake in a newly spun off subsidiary as a result of the division of an existing company (combined with creation of a new entity).

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.

Notes to the Consolidated Financial Statements

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, 2016 the Rocket Internet Group included 48 associated companies and joint ventures (thereof 5 in liquidation; previous year 51, thereof 2 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 portfolio of associated companies and joint ventures has developed as follows:

	Germany	Other countries	Total
As of Jan 1, 2015	37	16	53
Transition of formerly consolidated entities	1	1	2
Transition of former other investments	0	1	1
Transition to other investments	-3	0	-3
Acquisitions	1	3	4
Disposals and other changes	-7	1	-6
As of Dec 31, 2015	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
thereof at equity	19	15	34
thereof at FVTPL	5	9	14

See Note 10, 11, 41 and 46 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. 315a (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 2016, 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, 2016:

- Amendments to IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements,
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception,
- Amendments to IAS 1 Presentation of Financial Statements: Disclosure Initiative,
- Annual Improvements to IFRSs, 2012 – 2014 Cycle, that affect IFRS 5, IFRS 7, IAS 19 and IAS 34,
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization,
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations,
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants,
- Annual Improvements to IFRSs, 2010 – 2012 Cycle, that affect IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38,
- Amendments to IAS 19 Employee Benefits: Defined Benefit Plans: Employee Contributions.

These amendments did not have 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.

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, 2016.

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 concepts underlying the procedures used in accounting for the acquisition of a subsidiary are also adopted for the acquisition of an associate and joint venture (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 statement of comprehensive income 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 proportionate share of 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. 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.

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 then recognizes the loss as '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 the sale of goods (online and mobile trade/eCommerce), from rendering intermediation services (specialized online and mobile transaction platforms for goods and services/marketplaces) and from rendering other services including consulting services provided for network companies and other customers.

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 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 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.

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.

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.

Transactions are settled by prepayments, credit card, invoicing, PayPal and further country specific payment methods.

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. Interest income is included in 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 ultimately 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.

Application of the equity method of accounting – Equity-settled share-based payments at the level of associates / joint ventures

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.

As there is no change in the Group's share in the equity of the equity method investee, the proportionate share of expenses resulting from the equity-settled share-based payments at the level of associates and joint ventures do not have an impact on either, the subsequent measurement of associates and joint ventures in the Group's balance sheet or on the share of profit/loss of associates and joint ventures recognized in the Group's 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.

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	11–15 years
Customer base	2–13 years
Internally developed software	3–5 years
Acquired other intangible assets	1–15 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, 2016 and 2015.

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.

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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 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 41 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 loans and in other operating expenses for receivables.

Loans and receivables are included in current assets, except for those having maturities greater than 12 months at the end of the reporting period. These are classified as non-current 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, contingent considerations of an acquirer in a business combination, contingent contractual payment obligations and liabilities from mandatorily redeemable preference shares 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 only 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 liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other financial liabilities also contained liabilities from mandatorily redeemable preference shares issued by one of the consolidated subsidiaries to a third party investor (minority shareholder). The mandatorily redeemable preference shares took 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 23.

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 GmbH as AFS financial assets

During the 1st half of 2015, the Group successively purchased 157,679 shares in Delivery Hero GmbH (DH) which represented back then approximately 44% (prior to dilutive effects of convertible instruments issued by DH) of the total outstanding subscribed capital of DH as of June 30, 2015. Due to the capital increases performed by DH after June 30, 2015 Rocket Internet's share decreased to 40% until March 31, 2017 (prior to dilutive effects of convertible instruments issued by DH). Under the terms of the DH shareholders' Agreement, the Group's voting rights are limited to 30%.

The Group did not obtain representation on the DH's supervisory board (as specified in the DH's articles of incorporation) which precludes Rocket Internet from participating in the policy-making processes of DH.

In light of the lack of significant influence during the financial years 2016 and 2015, the Group classified its equity investment in DH as available-for-sale financial assets. This category includes investments intended to be held for the long-term. As of December 31, 2016 the carrying amount of the shares in DH amounted to EUR 1,271,748 thousand. During the financial year 2016, the Group recognized an unrealized gain for its DH investment in OCI. For more information reference is made to Note 41.

Classification of remaining shares in Lazada as asset held for sale

On April 12, 2016, Rocket Internet concluded a partial disposal of Lazada. Rocket Internet's remaining stake after the partial sale of Lazada shares is 9.3% (fully diluted 8.8%). Shareholders, including Rocket Internet, have also entered into a put-call arrangement with the buyer, giving the buyer the right to purchase, and the shareholders the right to sell collectively, the remaining stakes at fair market value within a 12 to 18 month period post-closing after the first sale of shares. The remaining shareholdings in Lazada are classified as assets held for sale. For more information reference is made to Note 32.

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.

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 acquired in August 2014 by a way of an exchange of shares held by United Internet and Global Founders GmbH in the Global Founders Capital Fund for shares in Rocket Internet (the so-called "GFC Investments"). In 2016 further GFC investments were made, such as Ace & Tate, Marley Spoon, Thermondo, Pets Deli, Goldbely, NatureBox and Sonovate. Moreover, the Group designated the remaining stake in Zalando SE as financial assets at fair value through profit or loss. See Note 41 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 11 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 39.

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 2016, 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, 2015	28.29	4,671,833
Jan 29, 2016	20.00	3,302,816
Feb 29, 2016	20.90	3,451,443
Mar 31, 2016	24.61	4,064,115
Apr 29, 2016	21.00	3,467,957
May 31, 2016	20.20	3,335,844
Jun 30, 2016	17.47	2,885,010
Jul 29, 2016	18.56	3,065,013
Aug 31, 2016	19.11	3,155,840
Sep 30, 2016	19.13	3,159,143
Oct 31, 2016	19.88	3,282,999
Nov 30, 2016	17.93	2,960,974
Dec 30, 2016	19.14	3,160,795

1) As per electronic computer trading system XETRA

2) Based on 165,140,790 ordinary shares

As of December 31, 2016, the market capitalization of the Group was below the book value of its equity. The Group tested its non-current assets for impairment and recognized impairment losses of EUR 9,269 thousand. As of December 31, 2016 the Group does not have any material goodwill or other material intangible assets. For more information reference is made to Note 25.

Critical Accounting Estimates and Assumptions

Impairment of shares in Global Fashion Group and other associates and joint ventures

In April 2016, the Management Board of Global Fashion Group approved a financing round for Global Fashion Group of up to EUR 330 million in form of a rights-issue. The rights-issue was agreed at a pre-money valuation of EUR 700 million, calculated on a fully diluted basis. This financing round resulted in significant impairments recognized during 2016. For more information on impairment of shares in associates and joint ventures reference is made to Note 10.

Measuring the fair value of financial assets

When the fair values of financial assets recognized in the balance sheet (especially of not listed 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 41 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 15.

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 22.

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 39.

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 2015 and 2016, 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 39.

5. New Accounting Pronouncements

New standards and amendments to existing standards issued but not yet effective up to the date of authorization for issue of the Group's financial statements which are relevant for the Group are listed below. The Group intends to adopt those standards when they become effective within the EU.

IFRS 9 Financial Instruments: Classification and Measurement (issued on July 24, 2014).

IFRS 9 will replace IAS 39 "Financial Instruments: Classification and Measurement". 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. However, since presently the majority of the Company's financial instruments are equity investments measured at fair value through profit or loss or OCI and plain vanilla other financial instruments, the impact is not expected to be significant. The Company will start to apply IFRS 9 starting January 1, 2018.

IFRS 15 Revenues from Contracts with Customers (issued on May 28, 2014) including amendments to IFRS 15 (issued on September 11, 2015) and clarifications to IFRS 15 (issued on April 12, 2016).

IFRS 15 establishes a comprehensive model for determining whether, how much and when revenue is recognized. It supersedes current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 governs recognition of revenue by the entity reflecting the transfer of goods or services to customers at such amount that represents the consideration the entity expects to receive. The entity recognizes revenue when the customer obtains control over the goods or services. IFRS 15 also contains guidance on the presentation of contract assets or contract liabilities. The standard also calls for additional disclosures, including a disaggregation of total revenue, on performance obligations, on reconciliations of opening and closing balances of net contract assets and contract liabilities as well as on significant judgments and estimates.

The application of IFRS 15 is most likely not going to have any material effect on the consolidated financial statements of Rocket Internet. 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 Company will start to apply IFRS 15 starting January 1, 2018.

IFRS 16 Leases (issued on January 13, 2016).

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 short-term leases 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 43). IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on September 11, 2014).

These narrow-scope amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In December 2015, the IASB decided to postpone the effective date of these amendments indefinitely. As a consequence EU postponed its endorsement.

Amendments to IAS 7: Disclosure Initiative (issued on January 29, 2016).

According to these amendments entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. The Company plans to apply the amendments to IAS 7 in periods starting January 1, 2017, insofar an endorsement from the EU will have been passed in time. The amendments to IAS 7 only refer to disclosure requirements and have no quantitative impact on the financial statements of Rocket Internet.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (issued on January 19, 2016)

According to these amendments the decreases below cost in the carrying amount of debt instruments measured at fair value resulting from a change in market interest rates give rise to deductible temporary differences. The Group plans to apply the amendments of IAS 12 in periods starting January 1, 2017, insofar an endorsement from the EU will have been passed. Rocket Internet does not expect a material impact on its financial statements through the amendments.

Amendments to IFRS 2: Classification and Measurement of share-based Payment Transactions (issued on June 20, 2016).

The amendments to IFRS 2 address the following three issues: the accounting for cash-settled share-based payment transactions that include a performance condition; the classification of share-based payment transactions with net settlement features; and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The Company plans to apply the amendments to IFRS 2 in periods starting January 1, 2018, insofar an endorsement from the EU will have been passed. Rocket Internet does not expect a material impact on its financial statements through the amendments.

Annual Improvements to IFRS Standards 2014–2016 Cycle (issued on December 8, 2016).

improvements affect IFRS 1, IFRS 12 and IAS 28. The Company plans to apply the amendments in periods starting January 1, 2017 respectively January 1, 2018, insofar an endorsement from the EU will have been passed. Rocket Internet does not expect a material impact on its financial statements through the improvements.

Unless otherwise described above, the new standards and interpretations issued by the IASB and to be adopted for the first time in the future are not expected to significantly affect the Group's financial statements.

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 six reportable segments could be identified: HelloFresh (formerly referred to as Food 1), foodpanda (formerly referred to as Food 2), GFG (formerly referred to as Fashion), Jumia, Home & Living and General Merchandise. 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.

Comparability of the reportable segments in 2016 with the prior period is affected by the following transactions:

- The reportable segment GFG disposed Jabong (operations in India) in August 2016.
- The new reportable segment Jumia was established following the merger of the general merchandise business activities with the other African marketplace and classifieds businesses combined in Africa Internet Holding GmbH.

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 nine markets including the United States, the United Kingdom, the Netherlands, Australia, Germany, Belgium, Canada, Austria and Switzerland.

foodpanda operates the leading emerging economies online marketplace for food delivery and takeaway. Effective December 31, 2016, foodpanda was sold to Delivery Hero, thus, ceasing to represent an operating segment starting from 2017.

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). During 2016, the segment GFG excludes Jabong (operations in India), which was disposed of in August 2016.

Jumia is a leading online shopping portal in Africa. Customers across the continent can shop from the widest assortment of high quality products with everything from fashion, consumer electronics and home appliances to beauty products on offer at affordable prices. The company's goal is to

offer a platform for merchants, brands and SMEs (small and medium-sized entities) to connect and transact with African 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.

Historically, the Group reported the segment **General Merchandise** which included operations of Linio, Jumia (AEH) and Lazada.

In April 2016, Lazada was partially sold to Alibaba Group Services Limited, Hong Kong (Alibaba) and ceased to represent an operating segment due to the loss of significant influence from thereon. Accordingly, Lazada was only presented as part of the reportable segment General Merchandise until its partial disposal in April 2016.

Starting from July 1, 2016 Linio ceased to represent an operating segment, due to the loss of significant influence as a result of non-participation of Rocket Internet SE in the most recent financing round. Accordingly, in the Group's consolidated financial statements for 2016 Linio was only presented as part of the reportable segment General Merchandise until July 1, 2016.

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). 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. For comparability the financial information of the former operating segment Jumia for 2015 was reclassified from the segment General Merchandise into the new reportable segment Jumia.

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 Lendico, Helpling, Traveloka, Global Savings Group, Zanui, Spotcap 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 2016, Rocket Internet SE generated service revenue from not consolidated companies of EUR 20,605 thousand (previous year EUR 27,870 thousand) which is included in the revenue of the segment "Other". Cash and cash equivalents held by Rocket Internet SE as of December 31, 2016 amount to EUR 653,572 thousand (previous year EUR 1,720,010 thousand). In addition, subsidiaries which do not meet the definition of an operating segment have cash and cash equivalents of EUR 910,876 thousand (previous year EUR 38,879 thousand). These cash and cash equivalents are included in the "Reconciliation" column.

Despite not having control of some of its network companies throughout 2016 and 2015, the chief operating decision maker of the Group reviewed 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 2016 and 2015, the "reconciliation" column reflects, besides consolidation adjustments for inter-segment business relations, adjustments between aggregated segment revenue and expenses and consolidated revenue and expenses.

Segment information for the reportable segments for the year ended December 31, 2016 is set out below (in EUR thousand):

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

2) The reconciliation column includes the elimination of EUR 2,511,088 thousand revenues and adjustments of EBITDA of EUR 700,677 thousand from non-consolidated network companies. Moreover, the effects from consolidation are included in the reconciliation column.

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

Segment information for the reportable segments for the year ended December 31, 2015 is set out below (in EUR thousand):

	HelloFresh	food-panda	GFG	Jumia	Home & Living	General Merchandise	Other	Reconciliation ⁴⁾	Total
2015									
Revenue	304,952	31,544	930,082	134,639	452,844	315,297	200,969	-2,241,995	128,332
EBITDA	-109,506	-108,663	-318,613	-118,862	-131,693	-357,054	-229,456	1,173,046	-200,801
Cash and cash equivalents ⁵⁾	109,235	97,906	75,181	9,477	64,609	101,474	1,901,486	-600,479	1,758,889

4) The reconciliation column includes the elimination of EUR 2,272,242 thousand revenues and adjustments of EBITDA of EUR 1,304,484 thousand from non-consolidated network companies. Moreover, the effects from consolidation are included in the reconciliation column.

5) Except for cash and cash equivalents included in the assets held for sale amounting to EUR 9,710 thousand in Rocket Internet Group as well as to EUR 1,466 thousand in the Fashion segment.

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

Revenue by country	In EUR thousand	
	2016	2015
Germany	22,695	32,913
United Kingdom	12,761	4,115
Brazil	1,585	67,408
Other	13,315	23,896
Total	50,356	128,332

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

Non-current assets for each region for which it is material are reported separately as follows:

Non-current assets by country	In EUR thousand	
	2016	2015
Germany	4,382	12,122
Singapore	706	0
Spain	0	79,557
Italy	0	38,915
Other	522	1,359
Total	5,610	131,953

The non-current assets reported in the table above only contain intangible assets and property, plant and equipment pursuant to IFRS 8.33(b).

The Rocket Internet Group has a diversified customer base.

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 risk. 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 2016 and 2015.

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.

Except for the decision to repurchase the convertible bonds (refer to Note 35), no changes were made in the objective, policies or processes for managing capital during the years 2016 and 2015.

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:

Name of subsidiary	Place of business and incorporation	Nature of Business	Ownership Dec 31, 2016	Ownership Dec 31, 2015
Bonnyprints GmbH ¹⁾	Berlin	eCommerce	n/a	77.1%
Bus Servicos de Agendamento S.A. ²⁾	São Paulo	marketplace	n/a	100%
Carspring Ltd.	London	eCommerce	56.1%	61.5%
Convenience Food Group S.à.r.l.	Luxembourg	interim holding	62.6%	62.6%
Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1	Berlin	interim holding	100%	100%
GFC Global Founders Capital S.à.r.l.	Luxembourg	interim holding	100%	100%
Global Online Takeaway Group S.A.	Luxembourg	interim holding	100%	100%
International Rocket GmbH & Co. KG	Berlin	other services	100%	100%
MKC Brilliant Services GmbH	Berlin	other services	65.0%	65.0%
RCKT GmbH & Co. KG	Berlin	other services	100%	100%
Spotcap Global S.à.r.l. ³⁾	Luxembourg	interim holding	n/a	58.3%
ZipJet Ltd.	London	rendering of services	59.6%	61.6%
ZipJet Global Services GmbH	Berlin	other services	73.1%	80.1%

1) Subsidiary deconsolidated in January 2016.

2) Subsidiary deconsolidated in March 2016.

3) Subsidiary deconsolidated in May 2016.

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 total non-controlling interests as of December 31, 2016 amount to EUR 28,275 thousand (previous year EUR 73,735 thousand).

Notes to the Consolidated Financial Statements

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:

2016	Voting rights	2015	Voting rights
AEH New Africa eCommerce II GmbH	71.2%	Beauty Trend Holding GmbH	59.8%
Beauty Trend Holding GmbH	59.6%	Digital Services XXVIII S.à.r.l.	70.0%
Digital Services XXVIII S.à.r.l.	70.0%	ECommerce Holding II S.à.r.l.	50.6%
HelloFresh SE	55.8%	HelloFresh SE	56.7%
Jade 1223. GmbH i.L.	73.8%	Jade 1158. GmbH	68.2%
PTH Brillant Services GmbH i.L.	79.6%	Jade 1223. GmbH	73.8%
		PTH Brillant Services GmbH	79.6%

Summarized financial information on subsidiaries with material non-controlling interests

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, 2016	Assets		Liabilities		Total	
	Non-current	Current	Non-current	Current	Net Assets	Attributable to NCI
In EUR thousand						
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

December 31, 2015	Assets		Liabilities		Total	
	Non-current	Current	Non-current	Current	Net Assets	Attributable to NCI
In EUR thousand						
Bonnyprints GmbH	14	176	0	1,323	-1,132	-259
Bus Servicios de Agendamento S.A.	80	3,444	0	1,580	1,945	549
Convenience Food Group S.à.r.l.	19,637	7,978	0	1,273	26,342	9,849
MKC Brillant Services GmbH	169,722	23,153	1,310	349	191,216	66,927
Spotcap Global S.à.r.l.	22	13,194	0	107	13,110	5,465

Summarized income statement

2016

In EUR thousand	Revenue	Profit (Loss)	Other comprehensive income	Total comprehensive income	Attributable to NCI
Bus Servicios 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.

2015

In EUR thousand	Revenue	Profit (Loss)	Other comprehensive income	Total comprehensive income	Attributable to NCI
Bonnyprints GmbH	5,346	-592	0	-592	-136
Bus Servicios de Agendamento S.A.	3,431	-4,703	-181	-4,884	-1,378
Convenience Food Group S.à.r.l.	125	57	0	57	21
Kanui Comercio Varejista Ltda. ¹⁾	31,557	-2,776	-515	-3,291	0
MKC Brillant Services GmbH	61	130,931	2,216	133,147	46,602
NewTIN Linio I GmbH ²⁾	0	-25,468	0	-25,468	-12,327
Tricae Comercio Varejista Ltda. ¹⁾	29,946	-4,540	-307	-4,848	0
Spotcap Global S.à.r.l.	82	-594	0	-594	-248

1) Until deconsolidation on September 26, 2015.

2) Fully consolidated from March 31, 2015 until December 14, 2015.

In 2016 some of the Group's subsidiaries paid dividends in the amount of EUR 2,329 thousand to non-controlling interests (previous year EUR 8,033 thousand) and made non-cash distributions in the amount of EUR 333 thousand (previous year EUR 0 thousand).

Summarized cash flows

2016

In EUR thousand	Cash flow from operating activities	Cash flows from investing activities	Cash flows from financing activities
Bus Servicios 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.

2015

In EUR thousand	Cash flow from operating activities	Cash flows from investing activities	Cash flows from financing activities
Bonnyprints GmbH	-62	-1	68
Bus Servicios de Agendamento S.A.	-4,161	-2	7,305
Convenience Food Group S.à.r.l.	923	-16,428	15,704
Kanui Comercio Varejista Ltda. ¹⁾	754	-772	0
MKC Brillant Services GmbH	-276	-4,952	-8,033
New TIN Linio I GmbH ²⁾	-28	-15,974	4,070
Tricae Comercio Varejista Ltda. ¹⁾	-6	-85	100
Spotcap Global S.à.r.l.	121	-7,115	9

1) Until deconsolidation on September 26, 2015.

2) Fully consolidated from March 31, 2015 until December 14, 2015.

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

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.

The Group lost control of the following subsidiaries through sale in 2015.

In September 2015, the consolidated subsidiary MKC Brillant Services GmbH contributed its shares in the outdoor and sport shop Kanui (Jade 1159. GmbH and their subsidiaries VRB GmbH & Co. B-195 KG and Kanui Comercio Varejista Ltda.), as well as in the online shop for children's products Tricae (Jade 1218. GmbH and their subsidiaries VRB GmbH & Co. B-196 KG and Tricae Comercio Varejista Ltda.), both located in Brazil, in exchange for shares in the associate Global Fashion Group S.A.

In October 2015, the consolidated subsidiary Global Fin Tech Holding S.à.r.l. contributed its 71.4% share in Zencap Global S.à.r.l. (Zencap) to Funding Circle Holding Limited, London (Funding Circle), in exchange for shares in this entity. The shares in Funding Circle are accounted for as other investment measured at fair value. Zencap operates a crowd lending platform focusing on small and middle-sized enterprises.

In January 2015, Rocket Internet's consolidated subsidiary MKC Brillant Services GmbH contributed its 97% stake in LIH Subholding Nr. 3 UG (haftungsbeschränkt) & Co. KG to Carmudi Global S.à.r.l. in exchange for shares in this entity. The LIH Subholding Nr. 3 UG (haftungsbeschränkt) & Co. KG (including its two subsidiaries) comprises the Mexican car classifieds services operating under the consumer brand Carmudi. The shares in Carmudi Global S.à.r.l. are classified as Available-for-sale (AFS) equity investments.

In January 2015, Rocket Internet's consolidated subsidiary MKC Brillant Services GmbH contributed its 97% stake in LIH Subholding Nr. 4 UG (haftungsbeschränkt) & Co. KG to Lamudi Global S.à.r.l. in exchange for shares in this entity. The LIH Subholding Nr. 4 UG (haftungsbeschränkt) & Co. KG (including its four subsidiaries) comprises the real estate classified services operating in Mexico, Colombia and Peru under the consumer brand Lamudi. The shares in Lamudi Global S.à.r.l. are classified as Available-for-sale (AFS) equity investments.

In the years 2016 and 2015 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 15. These deconsolidations as well as further minor divestments had no material effect on the financial statements.

The amount of consideration received:

In EUR thousand	2016			Total
	Pizzabo.it and La Nevera Roja	Bonnyprints	Other	
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

In EUR thousand	2015				Total
	Kanui	Tricae	Zencap	Other	
Cash received	0	0	0	230	230
Non-cash consideration received	63,388	44,497	24,428	16,309	148,622
Consideration received	63,388	44,497	24,428	16,539	148,852

Notes to the Consolidated Financial Statements

Analysis of assets and liabilities from subsidiaries over which control was lost through sale during the financial year:

In EUR thousand	2016			Total
	Pizzabo.it and La Nevera Roja	Bonnyprints	Other	
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 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 liabilities	2,972	1,314	3,255	7,540
Non-current liabilities	2,968	0	30	2,999
Net assets disposed	114,967	-1,123	445	114,289

In EUR thousand	2015				Total
	Kanui	Tricae	Zencap	Other	
Current assets	7,950	5,383	3,520	4,980	21,833
Cash and cash equivalents	133	125	2,381	2,348	4,988
Trade receivables	1,225	685	121	190	2,221
Inventories	6,366	4,359	0	511	11,236
Other	225	214	1,018	1,932	3,388
Non-current assets	1,201	793	1,141	1,762	4,897
Intangible assets	289	31	578	1,334	2,232
Property, plant and equipment	811	527	79	209	1,626
Other	101	235	483	218	1,038
Current liabilities	12,962	12,629	2,553	9,742	37,886
Non-current liabilities	0	56	840	2	898
Net assets disposed	-3,811	-6,510	1,268	-3,002	-12,054

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

In EUR thousand	2016			
	Pizzabo.it and La Nevera Roja	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

In EUR thousand	2015				
	Kanui	Tricae	Zencap	Other	Total
Consideration received	63,388	44,497	24,428	16,539	148,852
Net assets disposed of	3,811	6,510	-1,268	3,002	12,054
Non-controlling interests	-3,111	757	-27	-4,050	-6,431
Reclassification of currency translation effects previously recognized in OCI to profit or loss	1,558	2,244	0	-160	3,643
Other effects	-173	-227	-138	113	-425
Result from deconsolidation	65,473	53,780	22,995	15,443	157,692

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.

2016

Name of the former subsidiary	Month of deconsolidation	Transition to
Bus Servicios de Agendamiento 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.

2015

Name of the former subsidiary	Month of deconsolidation	Transition to
Digital Services XXVIII S.à.r.l. (Nestpick)	October 2015	Associate
New TIN Linio II GmbH (Linio Holding)	December 2015	Associate

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 15.

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 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.

In EUR thousand	Impact on equity attributable to owners of the parent company in 2015
Convenience Food Group S.à.r.l. ¹⁾	14,870
ZipJet Global S.à.r.l.	3,980
Vaniday Global S.à.r.l.	3,739
Digital Services XLIII S.à.r.l. (Carspring) ²⁾	3,496
Bus Servicios de Agendamento S.A.	94
Bonnyprints GmbH	no change
MKC Brilliant Services GmbH	no change
Spotcap Global S.à.r.l.	no change

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

2) Including subsidiaries of Digital Services XLIII S.à.r.l.

In January 2015, the Company purchased non-controlling interests in Jade 1317. GmbH for an amount of EUR 9,560 thousand, therefore reversing the corresponding previous allocation of profits to non-controlling interests of EUR 481 thousand and allocating EUR –9,080 thousand to other revenue reserves.

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:

In EUR thousand	Capital reserves		Total
	(Proceeds and non-cash contributions from non-controlling interests)		
	attributable to		
	shareholders of the parent	non-controlling interests	
2016	1,799	2,404	4,203
2015	35,395	22,635	58,030

9. Business Combinations and Similar Transactions

Business combinations during the financial year 2016

During 2016 the Group acquired in non-cash transaction (issuance of shares by consolidated subsidiaries to non-controlling shareholders) the following businesses:

Trade name of the business	Operations
Printvenue Singapore	Singapore-based web-to-print provider
Campingfinder Netherlands	Online booking platform for camping in the Netherlands

The total cash received in conjunction with these business combinations amounts to EUR 1,071 thousand. The above mentioned business combinations are individually and collectively immaterial.

10. Investments in Associates and Joint Ventures

Investments accounted for using the equity method

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Investments in associates ¹⁾	529,133	1,385,961
Investments in joint ventures	308,320	310,460
Total investments in associates and joint ventures	837,453	1,696,421

1) Regarding Group's investments in structured entities, please refer to Note 11.

The main changes in 2016 regarding investments accounted for using the equity method are shown below:

In EUR thousand	Associated Companies	Joint Ventures	Total
As of Jan 1, 2016	1,385,961	310,460	1,696,421
Additions	67,696	32,004	99,700
Transition of formerly consolidated entities	23,052	26,040	49,092
Group's share of the net income (including adjustments made by the Group under the equity method and gains from deemed disposals)	-114,627	-34,220	-148,847
Impairment losses:			
recognized on Group level	-198,955	-8,636	-207,591
recognized by equity-method investee (pro rata)	-345,479	-14,884	-360,363
Disposal gains	177,192	0	177,192
Share of the changes in the net assets that are recognized in other comprehensive income	22,274	-1,019	21,255
Reclassifications to assets classified as held for sale	-150,172	0	-150,172
Disposals and reclassifications	-364,499	-1,425	-365,924
Reorganizations and other changes	26,690	0	26,690
As of Dec 31, 2016	529,133	308,320	837,453

The decrease of investments in associates by EUR 856,828 thousand primarily originates from negative results of Global Fashion Group. During the financial year 2016, Rocket Internet recognized a proportionate share of loss from Global Fashion Group of EUR 371,462 thousand of which EUR 334,245 thousand relate to impairment losses recognized by Global Fashion Group. On the Group level, Rocket Internet recognized additional impairment losses related to Global Fashion Group of EUR 90,468 thousand. Furthermore, Rocket Internet recognized on the Group level losses from impairment of other associates in 2016 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). In 2016, a proportionate share of loss relating to HelloFresh in the amount of EUR 44,009 thousand was recognized. Moreover, Lazada was partially sold and therefore, the remaining interest in Lazada ceased to represent an associated company while foodpanda was contributed into Delivery Hero. The carrying amount of foodpanda at its contribution into Delivery Hero amounted to EUR 192,469 thousand and the carrying amount of Lazada recognized in the assets classified as held for sale as of the balance sheet date amounts to EUR 166,311 thousand.

The decrease of interest in joint ventures by EUR 2,140 thousand mainly results from the proportionate share of losses of Asia Internet Holding of EUR 24,192 thousand of which EUR 14,884 thousand relate to impairment losses recognized by Asia Internet Holding as well as the proportionate share of losses of Africa Internet Holding of EUR 25,005 thousand. On the Group level, additional impairment losses relating to Asia Internet Holding of EUR 3,581 thousand were recognized. These decreases were partially compensated by the Group's investment in Africa Internet Holding GmbH (AIH), as well as the deconsolidation and transition to joint venture of Clickbus Brazil and Everdine.

In the financial year 2016, the Group has invested EUR 32,004 thousand in joint ventures (thereof paid in cash EUR 8,671 thousand). The total investment made in associates accounted for using the equity method during the financial year 2016 amounted to EUR 67,696 thousand (thereof paid in cash EUR 31,081 thousand). In 2015, the Group invested EUR 0 thousand in joint ventures and EUR 490,481 thousand in associates accounted for using the equity method (thereof paid in cash EUR 382,591 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, 2016	Ownership Dec 31, 2015
AEH New Africa II ¹⁾ (holding for parts of Jumia)	AEH New Africa eCommerce II GmbH	Berlin	eCommerce/ marketplace	71.2%	34.6%
Global Fashion	Global Fashion Group S.A	Luxembourg	eCommerce	20.6%	26.9%
HelloFresh ¹⁾	HelloFresh SE	Berlin	eCommerce	55.8%	56.7%
Home24	Home24 AG	Berlin	eCommerce	42.8%	45.5%
Westwing	Westwing Group GmbH	Berlin	eCommerce	32.3%	32.2%
foodpanda	Emerging Markets Online Food Delivery Holding S.à.r.l.	Luxembourg	marketplace	n/a	49.1%
Lazada ²⁾	Lazada Group S.A.	Luxembourg	eCommerce/ marketplace	9.3%	22.8%
Linio ^{2), 3)}	New Tin Linio II GmbH	Berlin	eCommerce/ marketplace	9.7%	31.0%

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

2) No significant influence as of balance sheet date December 31, 2016.

3) For the purposes of the equity method, the economic ownership that was used in 2015 differs from the legal equity interest.

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. For more information on the merger, please refer to Note 6 (Segment Information).

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. After the registration of the capital increase with the commercial register, the Group holds 40.1% in Delivery Hero on an undiluted basis.

Reorganization of Big Commerce in 2015

Prior to reorganization, the Linio and Lazada businesses were operated via the intermediate holding company TIN Brillant Services GmbH (associated company of Rocket Internet):

Associated company of Rocket Internet	Trade name of the associate	Business operated by the associate prior to reorganization
TIN Brillant Services GmbH	Big Commerce	Linio and Lazada

During the financial year 2015, Rocket Internet together with co-investors dissolved Big Commerce and established the following holding entities, in which the two businesses are now operated separately:

Trade name of the associated company	New holding entity after reorganization
Lazada	Lazada Group S.A.
Linio	New TIN Linio II GmbH

In the course of the reorganization, New TIN Linio II was split off from Big Commerce in the first quarter of 2015. Big Commerce recognized the split off as a distribution in kind through profit or loss (one-time effect) in accordance with IFRIC 17. As a result of the split off, fair value changes amounting to EUR 29,452 thousand which have previously been recognized in OCI have been recycled through profit or loss.

In the second quarter of 2015, Big Commerce was contributed into the new holding company Lazada Group S.A. In the context of this contribution, no one-time effects were recognized in profit or loss.

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. Home24, HelloFresh, Westwing, foodpanda) as well as for associates being intermediate holding companies (e.g. AEH New Africa II, Big Commerce, Global Fashion). During the financial years 2015 and 2016, 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, 2016 (in thousands):

Company	AEH New Africa II	Global Fashion¹⁾	HelloFresh	Home24	Westwing
Currency	EUR	EUR	EUR	EUR	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 for 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	AEH New Africa II	Global Fashion	HelloFresh	Home24	Westwing
Currency	EUR	EUR	EUR	EUR	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

Notes to the Consolidated Financial Statements

Summarized financial information for the year ended December 31, 2015 (in thousands):

Company Currency	AEH New Africa II EUR	foodpanda EUR	Global Fashion EUR	HelloFresh EUR
Revenue	0	31,544	930,082	304,952
Profit or loss from continuing operations	-20,753	-118,216	-379,746	-121,454
Post-tax profit or loss from discontinued operations	0	0	0	0
Other comprehensive income	0	-4,373	-26,815	-221
Total comprehensive income	-20,753	-122,589	-406,561	-121,675
Dividends received from the associate during the year	-	-	-	-
Current assets	104	117,346	372,777	137,494
Non-current assets	81,670	98,254	1,989,591	108,782
Current liabilities	43	29,182	257,715	60,809
Non-current liabilities	0	10,164	160,202	34,480
Net assets	81,731	176,254	1,944,451	150,987

December 31, 2015 (continued) (in thousands):

Company Currency	Home24 EUR	Lazada EUR	Linio EUR	Westwing EUR
Revenue	233,650	247,845	67,122	219,194
Profit or loss from continuing operations	-93,866	-315,674	-69,425	-68,065
Post-tax profit or loss from discontinued operations	0	0	0	0
Other comprehensive income	691	3,193	178	3,167
Total comprehensive income	-93,176	-312,482	-69,247	-64,898
Dividends received from the associate during the year	-	98,037 ¹⁾	-	-
Current assets	100,403	123,945	41,138	41,142
Non-current assets	105,592	367,520	134,555	43,679
Current liabilities	73,460	107,184	25,332	52,997
Non-current liabilities	15,875	79,688	36,106	15,270
Net assets	116,660	304,593	114,255	16,554

1) The amount of EUR 98,037 thousand is due to the distribution in kind of Linio in the course of the reorganization of Big Commerce.

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, 2015 (in thousands):

Company Currency	AEH New Africa II EUR	foodpanda EUR	Global Fashion EUR	HelloFresh EUR
Net assets of the associate	81,731	176,254	1,944,451	150,987
Proportion of the Group's ownership interest in the associate	34.6%	49.1%	26.9%	56.7%
Goodwill	0	16,555	42,903	111,498
Impairment charge on Group level	–	–	–	–
Other adjustments	0	5,398	–19,066	242
Carrying amount of the Group's interest in the associate	28,260	108,421	547,048	197,287

December 31, 2015 (continued) (in thousands):

Company Currency	Home24 EUR	Lazada EUR	Linio EUR	Westwing EUR
Net assets of the associate	116,660	304,593	114,255	16,554
Proportion of the Group's ownership interest in the associate	45.5%	22.8%	31.0%	32.2%
Goodwill	15,151	121,302	61,403	5,337
Impairment charge on Group level	–	–	–	–
Other adjustments	4,069	606	–1,684	10,680
Carrying amount of the Group's interest in the associate	72,324	191,360	95,117	21,348

Notes to the Consolidated Financial Statements

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, 2016	Dec 31, 2015
Aggregate carrying amount of individually immaterial associates	105,759	124,795
Aggregate amounts of Group's share of:		
profit/loss from continuing operations	-36,193	-42,519
other comprehensive income/loss	-481	-186
total comprehensive income/loss	-36,674	-42,705

Unrecognized share of losses of associates

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Cumulative share of loss of associates	-5,126	-6,726
The unrecognized share of loss of associates for the year	-2,215	-2,840

Investments in joint ventures

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

Trade Name	Name of joint venture	Registered Office	Principal Activity	Ownership Dec 31, 2016	Ownership Dec 31, 2015
Jumia Group ^{1), 2)}	Africa Internet Holding GmbH	Berlin	eCommerce/ marketplace	21.7%	33.3%
Asia Pacific Internet Group ¹⁾	Asia Internet Holding S.à.r.l.	Luxembourg	eCommerce/ marketplace	50.0%	50.0%
Middle East Internet Group ¹⁾	Middle East Internet Holding S.à.r.l.	Luxembourg	eCommerce/ marketplace	50.0%	50.0%

1) Strategic partnership for the Company, providing access to new customers and markets in the respective regions Africa, Asia-Pacific and Middle East.

2) Referred to as Africa Internet Group in the previous year.

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 statements prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes.

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

Company	Jumia Group	Asia Pacific Internet Group¹⁾	Middle East Internet Group
Currency	EUR	EUR	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 for 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.

Notes to the Consolidated Financial Statements

December 31, 2016 (in thousands):

Company	Jumia Group	Asia Pacific Internet Group	Middle East Internet Group
Currency	EUR	EUR	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

Summarized financial information for the year ended December 31, 2015 (in thousands):

Company	Jumia Group	Asia Pacific Internet Group	Middle East Internet Group
Currency	EUR	EUR	EUR
Revenue	144,626	13,666	11,967
Profit or loss from continuing operations	–178,483	–50,544	–22,035
Post-tax profit or loss from discontinued operations	0	0	0
Other comprehensive income	–407	–121	32
Total comprehensive income	–178,890	–50,665	–22,002
The above profit or loss includes:			
Depreciation and amortization	–4,598	–5,175	–212
Interest income	207	157	0
Interest expense	–808	–185	0
Income tax expense/(income)	–142	918	–371
Dividends received from the joint venture during the year	–	–	–
Current assets	127,646	146,312	24,308
Non-current assets	12,442	124,500	20,394
Current liabilities	47,134	15,193	6,298
Non-current liabilities	10,769	8,366	57
Net assets	82,185	247,253	38,346
Assets and liabilities above include:			
Cash and cash equivalents	28,102	100,839	19,777
Current financial liabilities (excluding trade and other payables and provisions)	15	4,027	2,045
Non-current financial liabilities (excluding trade and other payables and provisions)	857	8,366	57

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, 2015 (in thousands):

Company Currency	Jumia Group EUR	Asia Pacific Internet Group EUR	Middle East Internet Group EUR
Net assets of the joint venture	82,185	247,253	38,346
Proportion of the Group's ownership interest in the joint venture	33.3%	50.0%	50.0%
Goodwill	82,677	18,402	29,443
Other adjustments	20,487	-11,981	1,238
Carrying amount of the Group's interest in the joint venture	130,560	130,047	49,854

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, 2016	Dec 31, 2015
Aggregate carrying amount of individually immaterial associates	15,613	n/a
Aggregate amounts of Group's share of:		
profit/loss from continuing operations	-1,976	n/a
other comprehensive income/loss	104	n/a
total comprehensive income/loss	-1,872	n/a

As of December 31, 2015 the Group did not have any immaterial joint ventures.

11. Investments in Structured Entities

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, 2016, the following companies of the Group were involved in the Fund:

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	10% ²⁾	Structured entities
Founder SCS	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 10% of the subscribed capital of the Fund via its participation in the Founder SCS. The remaining 90% of the 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 SCS amounts to USD 89,499 thousand (approx. EUR 84,906 thousand) of which a total amount of EUR 9,292 thousand was drawn-down during 2016.

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 will bear various administrative expenses. Rocket Internet SE has pledged short-term financial assets amounting to EUR 163,379 thousand as collateral for RICP's short-term credit facility. As of December 31, 2016, RICP has drawn down EUR 106,206 thousand of that credit facility. Rocket Internet did not provide further non-contractual support during the financial year 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 SCS is entitled to an increased share in profits (carry) for its services in relation to the Fund.

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 869,173 thousand as of December 31, 2016. The Fund's investments are measured at fair value through profit or loss.

Notes to the Income Statement

12. Revenue

Revenue for the year comprises the following:

In EUR thousand	2016	%	2015	%
Rendering of services	38,472	77	56,762	44
Sale of goods	11,215	22	70,733	55
Interest	669	1	837	1
Total	50,356	100	128,332	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. Somuchmore, Zipjet) are also included therein.

The decrease of revenues from sale of goods mainly results from the disposal of the subsidiaries Tricae Comercio Varejista Ltda. and Kanui Comercio Varejista Ltda. in 2015, which were fully consolidated until September 26, 2015, and contributed EUR 61,503 thousand to total revenues.

13. Internally Produced and Capitalized Assets

In the reporting period the internally produced and capitalized assets amount to EUR 2,893 thousand (previous year EUR 5,719 thousand) and result from capitalized intangible assets (mainly software platforms).

14. Other Operating Income

Other operating income comprises the following:

In EUR thousand	2016	2015
Currency translation gains	180	2,599
Gain on disposal of available-for-sale equity investments	52	329
Other	984	2,066
Other operating income	1,216	4,994

15. Result from Deconsolidation of Subsidiaries

In EUR thousand	2016	2015
Gains from deconsolidation		
sales of subsidiaries	2,346	158,375
deemed disposals (loss of control when subsidiary issues shares to third parties)	48,588	9,333
other (liquidations and deconsolidation of dormant subsidiaries)	1,954	1,277
Losses from deconsolidation		
sales of subsidiaries	-2,673	-1,845
other (liquidation and deconsolidation of dormant subsidiaries)	-1,947	-115
Result from deconsolidation of subsidiaries	48,268	167,025

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 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.

In 2015, the gain from deconsolidation primarily comprised gains from sales of subsidiaries mainly from the sale of Kanui and Tricae in exchange for shares in Global Fashion Group S.A. and the sale of Zencap in exchange for shares in Funding Circle.

16. Purchased Merchandise and Purchased Services

Purchased merchandise and purchased services comprise the following:

In EUR thousand	2016	2015
Purchased services	13,012	19,401
Purchased goods/merchandise	11,185	44,710
Other	0	5
Purchased merchandise and purchased services	24,197	64,116

17. Employee Benefit Expenses

Employee benefit expenses comprise the following:

In EUR thousand	2016	2015
Salaries, bonuses and other short-term employee benefits	45,728	74,383
Social security	7,763	11,460
Equity-settled share-based payments	14,724	57,952
Cash-settled share-based payments (income (-), expense (+))	-11,644	14,739
Other	2,431	13,123
Employee benefit expenses	59,002	171,656

Social security costs include contributions to the statutory pension insurance of EUR 3,483 thousand (previous year EUR 6,535 thousand).

Regarding the equity- and cash-settled share-based payments, please refer to Note 39.

18. Other Operating Expenses

Other operating expenses comprise the following:

In EUR thousand	2016	2015
Legal and consultancy	16,615	10,739
Marketing expenses	7,504	31,388
Rent and occupancy costs	3,113	5,381
Bookkeeping, year-end closing, auditing expenses	2,358	4,009
Office and infrastructure costs	2,205	4,180
External services	2,193	4,353
Derecognition and impairment of receivables	1,877	2,294
IT costs	1,734	6,323
Travel expenses	1,005	1,660
Other levies/insurance premiums	869	2,426
Currency translation losses	301	378
Other personnel-related expenses	238	1,037
Other	5,256	8,302
Other operating expenses	45,269	82,470

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

19. 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 –539,609 thousand (previous year EUR –188,629 thousand). It mainly results from Global Fashion Group, Linio, HelloFresh, Asia Internet Holding and Africa Internet Holding (previous year Global Fashion Group, Africa Internet Holding GmbH, foodpanda, HelloFresh and Linio). For further information on associated companies and joint ventures, please refer to Note 10.

20. Depreciation and Amortization

Please see the reconciliations of assets in Notes 24 and 25 for an overview of depreciation, amortization and impairment in the periods under review.

21. Financial Result

Financial result for the period comprises the following:

In EUR thousand	2016	2015
Interest and similar income	9,917	975
Gain on financial assets at FVTPL	24,254	86,172
Dividends received from associates at FVTPL	2,696	4,153
Other dividends	0	372
Gain from the derecognition of AFS equity investments FVTOCI	0	1,329
Gain from the revaluation of financial liabilities	672	5
Gain on repurchase of convertible bonds	18,853	0
Currency translation gains	13,493	2,068
Total finance income	69,884	95,074
Interest and similar expenses	–18,799	–11,829
Loss on financial assets at FVTPL	–211,459	–53,157
Loss from the impairment of AFS equity investments	–7,024	0
Loss from the revaluation of financial liabilities at FVTPL	–287	–355
Currency translation losses	–283	–17
Total finance expense	–237,853	–65,357
Net financial result	–167,968	29,717
thereof net gains/losses from financial instruments that are classified as held for trading	–45	0

For further information regarding the profit/loss from changes in fair value of financial assets and liabilities at FVTPL refer to Note 41.

22. Income Tax

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

In EUR thousand	2016	2015
Current tax expense/income	-237	958
thereof current period	-475	1,116
thereof previous years	238	-158
Deferred tax expense/income	-5,256	438
thereof current period	-3,974	535
thereof previous years	-1,282	-97
Income tax expense (+) / income (-) for the year	-5,493	1,395

Reconciliation between the tax expense 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	2016	2015
Loss before tax	-746,967	-196,406
Tax calculated at domestic tax rates applicable to profits in the respective countries	224,342	57,782
Income not subject to tax	7,638	25,400
Expenses not deductible for tax purposes	-60,197	-18,408
Tax losses for which no deferred income tax assets was recognized	-23,465	-39,485
Utilization of tax losses from previous years	992	555
Share-based payments not deductible for tax purposes	-4,807	-16,195
Results of associates/joint ventures and deconsolidation	-142,277	-6,702
Permanent differences (for previous year especially from the impairment of goodwill)	841	-5,585
Other tax effects	2,426	1,243
Income tax expense (-) / income (+) for the year	5,493	-1,395

The weighted average applicable tax rate was 30.03% (previous year 29.42%), 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, 2016	Dec 31, 2015
Intangible assets	-213	-5,480
Financial assets	-4,831	-3,812
Convertible Bonds	-5,878	-
Cash and cash equivalents in foreign currency	-5,227	-1,659
Accruals	8,363	10,692
Shares in associated companies and joint ventures	-5,540	-16,330
Deferred tax on tax loss carry forwards	10,605	8,398
Assets held for sale	-2,302	-
Other	40	22
Net deferred tax assets (+)/ liabilities (-)	-4,983	-8,169
Deferred tax assets and liabilities reported in balance sheet	-4,983	-8,169

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. Deferred tax asset for tax loss carryforwards of EUR 10,605 thousand has therefore been recognized as of December 31, 2016 (previous year EUR 8,398 thousand) and due to deductible temporary differences deferred tax asset of EUR 10,203 thousand has therefore been recognized as of December 31, 2016 (previous year EUR 10,692 thousand). Deferred tax assets from deductible temporary differences amounting to EUR 2,198 thousand (previous year EUR 106 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, 2016 and 2015, the parent Company has corporate income tax loss carry forwards originated and generally usable in Germany in the amount of approximately EUR 103,582 thousand and EUR 86,157 thousand respectively, as well as current accumulated trade tax losses amounting to approximately EUR 104,554 thousand and EUR 88,825 thousand, respectively. As of December 31, 2016 and 2015, the parent Company has unrecognized unused corporate income tax loss carry forwards originated and generally usable in Germany amounting to approximately EUR 85,299 thousand and EUR 69,936 thousand respectively, as well as current accumulated trade tax losses amounting to approximately EUR 86,271 thousand and EUR 72,603 thousand, respectively.

With regard to Germany, as of December 31, 2016, the consolidated subsidiaries have current accumulated corporate income tax loss carry forwards originated and generally usable in Germany in the amount of approximately EUR 24,891 thousand (previous year EUR 23,664 thousand), as well as current accumulated trade tax losses amounting to approximately EUR 23,360 thousand (previous year EUR 24,876 thousand). For those tax loss carryforwards no deferred tax assets have been recognized.

Tax loss carry-forwards in other countries

As of December 31, 2016 and 2015, the consolidated foreign subsidiaries have unrecognized unused accumulated corporate income tax loss carry forwards as follows:

In EUR thousand	2016	2015	Time of expiration
Luxembourg	204,218	25,762	unlimited
Spain	377	21,706	unlimited
United Kingdom	18,465	16,563	unlimited
Brazil	0	14,342	unlimited
Mexico	693	2,513	10 years
France	4,410	–	unlimited
India	4,806	–	8 years
Other countries	1,234	10,620	
thereof	38	3,897	unlimited
thereof	766	–	5 years
thereof	–	4,085	8 years
thereof	430	1,335	9 years
thereof	–	2,686	10 years
thereof	–	1,130	20 years
Unrecognized unused tax losses	234,203	91,507	

The decrease in income tax loss carry forwards for certain countries in comparison to the previous year primarily results from deconsolidation of subsidiaries. The increase of income tax loss carry forwards in Luxembourg particularly results from tax effective write-downs in the single financial statements relating to fully consolidated companies of the Group.

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 5,540 thousand (previous year EUR 14,961 thousand) were offset against deferred tax assets arising from unused tax loss carry forwards of EUR 3,186 thousand (previous year EUR 4,680 thousand), and deferred tax assets from deductible temporary differences of EUR 0 thousand (previous year EUR 7,161 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 40,975 thousand (previous year EUR 32,901 thousand) deferred tax liabilities are not recognized because the Management expects the temporary differences not to reverse in the foreseeable future.

23. 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.

As of January 1, 2015, subscribed capital amounted to EUR 153,131 thousand and was fully paid-in. The registered share capital was divided into 153,130,566 no-par value bearer shares.

On February 13, 2015, the subscribed capital of Rocket Internet SE was increased from EUR 153,130,566 to EUR 165,140,790, in partial utilization of the authorized capital and in exclusion of the subscription rights of shareholders. The 12,010,224 new ordinary bearer shares with no-par value have been sold to institutional investors in a private placement transaction.

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.

	2016	2015
Share options from SOP I/II (in thousands)	6,876	7,150
Potential ordinary shares from assumed conversion of convertible bond (in thousands) ¹⁾	7,443	11,570

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% p.a. payable semi-annually. During financial year 2016 the Company repurchased 1,962 bonds.

Earnings per share are calculated as follows:

	2016	2015
Loss attributable to equity holders of the parent (in EUR thousand)	-697,358	-202,459
Weighted average number of ordinary shares in issue (in thousands)	165,141	163,722
Earnings per share (basic and diluted) in EUR	-4.22	-1.24

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

After the reporting period end (December 31, 2016) there were no transactions involving ordinary shares of the Company.

Notes to the Balance Sheet

24. Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In EUR thousand	Leasehold improvements	Other property, plant and equipment	Total
<i>Cost</i>			
As of Jan 1, 2015	541	3,693	4,234
Additions	439	3,161	3,601
Disposals	-138	-666	-804
Changes in the basis of consolidation	-39	-1,911	-1,949
Reclassified to assets held for sale	0	-380	-380
Currency translation differences	-3	-215	-219
As of Dec 31, 2015	800	3,683	4,483
Additions	1,093	1,921	3,014
Disposals	-8	-277	-285
Changes in the basis of consolidation	-40	-889	-929
Reclassified to assets held for sale	0	-92	-92
Currency translation differences	-24	-15	-39
As of Dec 31, 2016	1,822	4,330	6,152
<i>Depreciation and impairment</i>			
As of Jan 1, 2015	-166	-938	-1,104
Depreciation charge for the year	-359	-1,138	-1,497
Disposals	10	117	127
Changes in the basis of consolidation	79	523	602
Reclassified to assets held for sale	0	166	166
Currency translation differences	2	46	48
As of Dec 31, 2015	-434	-1,223	-1,657
Depreciation charge for the year	-263	-1,075	-1,338
Disposals	3	55	58
Changes in the basis of consolidation	4	238	242
Reclassified to assets held for sale	0	52	51
Currency translation differences	22	6	27
As of Dec 31, 2016	-669	-1,948	-2,617
<i>Net book value</i>			
As of Jan 1, 2015	375	2,755	3,131
As of Dec 31, 2015	366	2,460	2,826
As of Dec 31, 2016	1,153	2,382	3,535

On December 31, 2016 and 2015, no property, plant and equipment was pledged to third parties as collateral.

25. Intangible Assets

Intangible assets developed as follows during the financial years 2016 and 2015:

In EUR thousand	Goodwill	Internally generated intangible assets	Purchased industrial and similar rights	Total
<i>Cost</i>				
As of Jan 1, 2015	0	8,555	2,625	11,181
Additions	0	5,719	2,258	7,977
Disposals	0	-392	-1,813	-2,205
Changes in the basis of consolidation	117,411	-1,100	22,198	138,510
Reclassified to assets held for sale	0	-1,128	-41	-1,169
Currency translation difference	0	0	-80	-80
As of Dec 31, 2015	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
<i>Amortization and impairment</i>				
As of Jan 1, 2015	0	-1,854	-302	-2,156
Amortization charge for the year	0	-3,387	-2,387	-5,774
Impairment	-18,050	0	0	-18,050
Disposals	0	117	82	199
Changes in the basis of consolidation	0	0	226	226
Reclassified to assets held for sale	0	458	4	462
Currency translation difference	0	0	6	6
As of Dec 31, 2015	-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
<i>Net book value</i>				
As of Jan 1, 2015	0	6,701	2,323	9,024
As of Dec 31, 2015	99,361	6,990	22,776	129,127
As of Dec 31, 2016	663	706	706	2,075

As of December 31, 2016 and 2015, 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, 2016	Dec 31, 2015
Pizzabo.it	0	30,847
La Nevera Roja	0	66,737
	0	97,584
Other units without significant goodwill	663	1,777
Total	663	99,361

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

In EUR thousand	2016	2015
Somuchmore	743	0
Pizzabo.it	0	14,400
La Nevera Roja	0	3,650
Total impairment loss recognized	743	18,050

The Management Board estimated the recoverable amount of these CGUs as part of the mandatory impairment testing following the acquisition of these CGUs during the current annual period.

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".

2015

The recoverable amounts of Pizzabo.it and La Nevera Roja were based on the fair value less costs of disposal estimated using the sales prices agreed on in the disposal transactions of these entities in February 2016. It was assumed that the transaction prices agreed on in the sale transactions were a reasonable approximation of the fair value of the respective CGUs at the impairment testing date, December 31, 2015.

The carrying amounts of Pizzabo.it and La Nevera Roja were determined to be higher than their recoverable amounts of EUR 36,375 thousand and EUR 75,625 thousand. Therefore, an impairment loss was recognized for each CGU.

The impairment loss was fully allocated to goodwill and included in the reportable segment "Other".

26. Non-Current Financial Assets

Non-current financial assets comprise the following:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
AFS equity investments	1,280,915	999,116
Equity instruments at FVTPL	167,330	322,349
Loan receivables from third parties	74,452	8,692
Receivables from the sale of investments	5,662	1,032
Other	13,710	1,996
Total non-current financial assets	1,542,069	1,333,184

For additional information regarding Equity instruments accounted for at fair value through profit or loss and AFS equity investments see Note 41.

27. Inventories

Inventories in the amount of EUR 692 thousand (previous year EUR 743 thousand) are mainly comprised of merchandise.

28. Trade Receivables

Trade receivables comprise the following:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Trade receivables from third parties	4,564	3,170
Trade receivables from associated companies and joint ventures	2,617	5,974
Trade receivables from subsidiaries (outside consolidation)	402	941
Trade receivables	7,584	10,085
Gross trade receivables	8,084	10,810
Valuation allowance	-500	-725
Trade receivables	7,584	10,085

The aging analysis of trade receivables is as follows:

In EUR thousand	Book value	Not past due and not impaired	Past due, but not impaired				Impaired receivables (gross)	Impairment amount
			1-30 days	31-90 days	91-180 days	> 180 days		
Dec 31, 2016	7,584	4,020	1,945	727	102	791	500	-500
Dec 31, 2015	10,085	7,126	1,140	1,045	427	347	725	-725

Valuation allowances on trade receivables developed as follows:

In EUR thousand	Valuation allowance
As of Jan 1, 2015	-712
Additions	-205
Usage	186
Reversal	6
As of Dec 31, 2015	-725
Additions	-394
Usage	605
Reversal	8
Change in scope of consolidation	6
As of Dec 31, 2016	-500

29. Other Current Financial Assets

Other current financial assets comprise the following:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Bank deposits	163,379	0
Loan receivables from associated companies and joint ventures	31,633	33,307
Receivables from the sale of investments	11,711	2,543
Asset backed securities issued by associated companies	6,000	0
Security deposits	653	625
Other financial assets	2,966	4,786
Total other current financial assets	216,342	41,260

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

In EUR thousand	Book value	Not past due and not impaired	Past due, but not impaired				Impaired receivables (gross)	Impairment amount
			1-30 days	31-90 days	91-180 days	> 180 days		
Dec 31, 2016	216,342	215,414	14	834	1	80	0	0
Dec 31, 2015	41,260	34,169	88	45	1,052	5,906	19	-19

30. Non-Financial Assets

Non-financial assets comprise the following:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Tax receivables	132	89
Prepayments	35	33
Other non-financial assets (non-current)	315	400
Other non-current non-financial assets	482	523
Receivables from sales tax/VAT	1,466	2,623
Prepaid expenses	1,221	1,793
Prepayments	287	172
Other non-financial assets (current)	345	657
Other current non-financial assets	3,318	5,246
Total non-financial assets	3,800	5,768

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

Cash and cash equivalents comprise the following:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Bank balances	1,400,998	1,758,870
Checks	0	1
Petty cash	24	18
Cash and cash equivalents	1,401,022	1,758,889

Additional information to the consolidated statement of 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 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.

In the financial year 2015, non-cash investing and financing activities and transactions of EUR 217,852 thousand were performed. The main non-cash investing activities relate to transactions concerning the acquisition of new shares of the Global Fashion Group via exchange of shares valued at fair value of Kanui and Tricae, as well as the exchange of shares of Yemek Sepeti for shares of Delivery Hero. Furthermore, LIH Subholding Nr. 3 UG (haftungsbeschränkt) & Co. KG was contributed to Carmudi in exchange for shares in this entity, while LIH Subholding Nr. 4 UG (haftungsbeschränkt) & Co. KG was contributed to Lamudi in exchange for shares in this entity. Shares of the crowdfunding platform Zencap were contributed to Funding Circle in exchange for shares in this entity.

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, 2016	Dec 31, 2015
Balance sheet line item cash and cash equivalents	1,401,022	1,758,889
Cash and bank balances included in the assets held for sale	632	9,710
Cash and cash equivalents	1,401,655	1,768,599

32. 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, 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 – not listed	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

Notes to the Consolidated Financial Statements

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 is 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. The Management Board of Rocket Internet SE is committed to the plan to sell its remaining stake in Lazada.

As of December 31, 2015, assets classified as held for sale and liabilities associated with assets classified as held for sale comprise the following:

Dec 31, 2015

In EUR thousand	Spotcap	Other	Total
Intangible assets	395	9	404
Property, plant and equipment	54	86	140
Financial assets	13	13	26
Other non-current assets	130	0	130
Non-current assets	593	107	700
Inventories	0	23	23
Trade receivables	1	853	854
Other current financial assets	4,619	1,076	5,695
Other current non-financial assets	68	40	108
Cash and cash equivalents	5,898	3,812	9,710
Current assets	10,586	5,804	16,390
Assets classified as held for sale	11,179	5,911	17,090
Other non-current financial liabilities	50	0	50
Other non-current non-financial liabilities	53	0	53
Non-current liabilities	103	0	103
Current loans	3,989	0	3,989
Current bank liabilities	0	144	144
Trade payables	390	1,930	2,320
Other current financial liabilities	25	0	25
Other current non-financial liabilities	90	879	970
Current liabilities	4,493	2,953	7,446
Liabilities directly associated with assets classified as held for sale	4,596	2,953	7,549

An increase of capital of the online loan platform Spotcap Global S.à.r.l. was conducted with external investors in December 2015, which resulted in a dilution of Rocket Internet's interest to less than 50%. The transaction was completed on May 30, 2016 (closing) and as a result Rocket Internet lost control over Spotcap Global S.à.r.l. A capital increase of Bus Servicos de Agendamento Ltda. (Clickbus Brazil) was decided upon in October 2015, as a result of which the Group will hold a share of 50%. The relevant articles of association were signed in November 2015. The transaction was completed (closing) on March 30, 2016 and as a result Rocket Internet lost control over Clickbus Brazil. In accordance with the contract dated December 16, 2015 the sale of Bonnyprints GmbH to Planet Cards SAS was agreed. The transaction was completed on January 19, 2016 (closing) resulting in loss of control over Bonnyprints GmbH. The gain from deconsolidation of these entities in 2016 amounted to EUR 28,515 thousand.

33. Subscribed Capital and Reserves

As of January 1, 2015, subscribed capital amounted to EUR 153,131 thousand and was fully paid-in. The registered share capital was divided into 153,130,566 no-par value bearer shares. As of January 1, 2015, no treasury shares were held.

On February 13, 2015, the subscribed capital of Rocket Internet SE was increased from EUR 153,130,566 to EUR 165,140,790 in partial utilization of the authorized capital and in exclusion of the subscription rights of shareholders. The 12,010,224 new ordinary bearer shares with no-par value have been sold to institutional investors in a private placement transaction. The shares have been issued at a price of EUR 49.00 per share. Rocket Internet received proceeds from this issue of shares in the amount of EUR 588,501 thousand (before transaction costs). In connection with the capital increase, Rocket Internet incurred transaction costs directly attributable to the raising of capital, amounting to EUR 2,852 thousand, before income tax benefit associated with this in the amount of EUR 846 thousand. This was recognized as a deduction from the capital reserve. In addition, the transaction costs, net of tax, include a release of income tax benefit associated with transaction costs of EUR -1,744 thousand.

On July 22, 2015, Rocket Internet SE issued a convertible bond which increased the capital reserves by EUR 37,659 thousand. In connection with the issue, Rocket Internet SE incurred directly attributable transaction costs of EUR 188 thousand, before the income tax benefit associated with these costs in the amount of EUR 56 thousand. For more information, please refer to Note 35.

As of December 31, 2016 and as of December 31, 2015, 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. As of December 31, 2016 and as of December 31, 2015, no treasury shares were held.

In 2016, capital reserves decreased by EUR 6,050 thousand from EUR 3,105,477 thousand to EUR 3,099,427 thousand. This decrease includes a release of income tax benefit associated with transaction costs, impacting capital reserves with EUR -3,501 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.

Equity-settled share-based payments recognized as increase/decrease in equity comprise the following:

In EUR thousand	2016	2015
Equity-settled share-based payments recognized as employee benefit expenses of the year	14,724	57,952
Changes due to deconsolidation and allocation to non-controlling interests	-120	-4,057
Equity-settled share-based payments (IFRS 2) as presented in consolidated statement of changes in equity	14,604	53,895

Notes to the Consolidated Financial Statements

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:

In EUR thousand	Other components of equity			Total
	Foreign currency differences	Associates and Joint Ventures	Available-for-Sale Assets	
As of Jan 1, 2015	113	87,258	0	87,371
Net other comprehensive income	-1,144	-97,544	135,119	36,431
Other changes	0	630	0	630
As of Dec 31, 2015	-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

Foreign currency differences in OCI of EUR 719 thousand (previous year EUR -1,144 thousand) include exchange differences arisen during the year of EUR 133 thousand (previous year EUR 891 thousand) and reclassification adjustments relating to foreign operations deconsolidated during the year of EUR 586 thousand (previous year EUR -2,035 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 15,012,529 by the issuance of up to 15,012,529 new no-par value bearer shares with the value of EUR 1 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 8, 2021, 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 with the value of EUR 1 against contributions in cash or in kind (Genehmigtes Kapital 2016).

34. Distributions Made and Proposed

During the financial years 2016 and 2015, no dividends were declared or paid to the shareholders of the parent Company.

During the financial year 2016 fully consolidated subsidiaries paid cash dividends of EUR 2,329 thousand (previous year EUR 8,033 thousand) and non-cash distributions of EUR 333 thousand (previous year EUR 0 thousand) to non-controlling shareholders.

35. Non-Current Financial Liabilities

Non-current financial liabilities comprise the following:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Liabilities from convertible bonds	332,643	511,968
Contingent consideration	0	7,622
Mandatorily redeemable preference shares issued by consolidated subsidiaries ¹⁾	0	5,950
Other financial liabilities	0	1,358
Total non-current financial liabilities	332,643	526,898

1) In 2016 reclassified to Equity as a transaction with owners in their capacity as owners.

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 bond has a term of seven years and an interest rate of 3% p.a. 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 93% as of December 31, 2016 (previous year 92%).

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. This was offset by transaction costs of EUR 188 thousand attributable to the equity instrument, which were charged to reserves. Furthermore, deferred tax assets of EUR 56 thousand were recognized in equity. 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 2016 Rocket Internet repurchased convertible bonds with an aggregate principal amount of EUR 196,200 thousand (previous year EUR 0 thousand).

As of December 31, 2016, the long-term portion of the debt component was EUR 332,643 thousand (previous year EUR 511,968 thousand).

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In the period under review, interest in the amount of EUR 18,434 thousand (previous year EUR 9,431 thousand) accrued on the convertible bonds.

Interest payable on the convertible bonds reported as other current liabilities amounted to EUR 4,658 thousand (previous year EUR 7,242 thousand) as of the reporting date.

36. Trade Payables

As of December 31, 2016, trade payables amount to EUR 11,737 thousand (previous year EUR 11,398 thousand). Thereof, EUR 2,580 thousand are due after 12 months (previous year EUR 29 thousand).

37. Other Current Financial Liabilities

Other current financial liabilities comprise the following:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Liabilities from capital calls	25,791	0
Convertible bond	4,658	7,242
Contingent contractual payment obligations	3,779	0
Loan liabilities	2,279	3,523
Other financial liabilities	819	990
Total other current financial liabilities	37,327	11,754

38. Non-Financial Liabilities

Other current non-financial liabilities comprise the following:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Liabilities from cash-settled share-based payments and similar liabilities	39,969	67,597
Tax liabilities	1,958	3,656
Personnel liabilities	1,654	2,600
Other non-financial liabilities	2,751	3,405
Other current non-financial liabilities	46,333	77,258
Operating leases – incentives	4,801	125
Other non-financial liabilities	212	273
Other non-current non-financial liabilities	5,013	398
Total non-financial liabilities	51,347	77,656

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).

39. 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, the Supervisory Board is authorized to grant up to 1,201,022 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 3,002,557 share options to members of the management of affiliated companies, and up to 600,511 share options to certain employees of affiliated companies. In 2016, a total of 725,180 options (2015: 80.000 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.

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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:

Share options	2016		2015	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Options outstanding as of Jan 1	EUR 36.62	7,149,654	EUR 36.57	7,180,488
Granted during the period	EUR 18.31	725,180	EUR 26.31	80,000
Forfeited during the period	EUR 26.14	999,176	EUR 26.14	110,834
Exercised during the period	–	–	–	–
Options outstanding as of Dec 31	EUR 36.21	6,875,658	EUR 36.62	7,149,654
Exercisable as of Dec 31	–	–	–	–

The weighted average remaining contractual life for the share options outstanding as of December 31, 2016, is 5.6 years (December 31, 2015: 5.7 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 2016 and 2015 are as follows:

	2016 SOP II	2015 SOP II
Fair value (EUR per Option)	8.97	18.22
Share price (EUR per share)	19.11	31.14
Exercise price (EUR per share)	18.31	26.31
Expected volatility (%)	37.99	46.09
Dividend yield (%)	0.00	0.00
Risk-free interest rate (%)	0.10	0.50
Expected life of share options (years)	10.00	10.00

The average of the vesting period and the contractual expiration date is considered the expected life for all options granted in 2016.

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:

	2016	2015
Number of unvested shares as of Jan 1	4,458	3,727
Deconsolidation of subsidiaries	-591	-2,804
Granted during the period	0	5,555
Vested during the period	-546	-1,397
Forfeited during the period	-1,806	-623
Number of unvested shares as of Dec 31	1,514	4,458
Number of vested shares as of Dec 31	14,505	13,959

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.

No shares were awarded in 2016. The weighted average grant date fair value of the shares awarded during 2015 amounts to EUR 58.

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.

Notes to the Consolidated Financial Statements

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

Options	2016		2015	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
Outstanding options at Jan 1	EUR 1.00	3,461	EUR 1.00	6,601
Deconsolidation of subsidiaries	EUR 1.00	-507	EUR 1.00	-6,306
Granted during the period	EUR 1.00	688	EUR 1.00	3,327
Exercised during the period	EUR 1.00	0	EUR 1.00	0
Forfeited during the period	EUR 1.00	-965	EUR 1.00	-162
Outstanding options at Dec 31	EUR 1.00	2,677	EUR 1.00	3,461
Exercisable at Dec 31	EUR 1.00	990	EUR 1.00	642

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:

	2016	2015
Range of share prices (EUR per share)	0–45,072	0–28,759
Exercise price (EUR per share)	1.00	1.00

The weighted average grant date fair value of the options granted during 2016 amounts to EUR 8,828 (previous year EUR 1,890) 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, 2016 was EUR 35,054 thousand (December 31, 2015: EUR 64,141 thousand). All cash settled awards had vested as of December 31, 2016 and 2015, 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	2016	2015
Equity-settled share-based payments	14,724	57,952
Cash-settled share-based payments (income (-), expense (+))	-11,644	14,739
Total share-based payment expense	3,080	72,691

40. 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 (33% of total assets; previous year 35%) and short-term bank deposits (4% of total assets; previous year 0%), available-for-sale equity investments (31% of total assets; previous year 20%), equity instruments at fair value through profit or loss (FVTPL) (8% of total assets; previous year 6%) and other non-current financial assets (2% of total assets; previous year < 1%), as well as liabilities from convertible bonds (8% of total assets; previous year 10%). 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 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, receivables from associates 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.

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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) and 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 receivables from associates 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, 2016	Dec 31, 2015
Trade and other financial receivables	313,305	67,666
Cash and cash equivalents	1,401,655	1,768,599
Maximum exposure to credit risk	1,714,959	1,836,264

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 Company'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, 2016, the Company's current assets, including assets classified as held for sale in the amount of EUR 1,798,936 thousand (previous year EUR 1,833,796 thousand) exceeded current liabilities in the amount of EUR 96,868 thousand (previous year EUR 108,471 thousand) by an amount of EUR 1,702,068 thousand (previous year EUR 1,725,325 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, 2016	Carrying amount	Cash flows <1 year		Cash flows 1–5 years		Cash flows >5 years	
		Principal	Interest	Principal	Interest	Principal	Interest
In EUR thousand							
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

Dec 31, 2015	Carrying amount	Cash flows <1 year		Cash flows 1–5 years		Cash flows >5 years	
		Principal	Interest	Principal	Interest	Principal	Interest
In EUR thousand							
Convertible bond	519,210	0	–16,500	0	–66,000	–550,000	–33,000
Interest-bearing loans and borrowings	4,746	–3,577	–10	–1,161	–8	–7	0
Other non-current financial liabilities	13,719	0	0	–13,719	0	0	0
Other current financial liabilities	978	–978	0	0	0	0	0
Trade payables	11,398	–11,369	0	–29	0	0	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.

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

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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 134,922 thousand (previous year USD 137,708 thousand) and other net financial assets in the amount of USD 134,931 thousand (previous year USD 2,280 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, 2016	Dec 31, 2015
Effect on the balance sheet and profit before tax		
Change in USD rate +10%	25,600	12,858
Change in USD rate -10%	-25,600	-12,858

In financial year 2016, a net foreign exchange gain of EUR 13,089 thousand (previous year net gain of EUR 4,272 thousand) was recognized.

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Net Foreign Exchange Gain – Operational	180	2,599
Net Foreign Exchange Gain – Financial	13,493	2,068
Net Foreign Exchange Loss – Operational	-301	-378
Net Foreign Exchange Loss – Financial	-283	-17
Net Foreign Exchange Gain	13,089	4,272

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 in general only 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 41.

41. 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 of IAS 39 and the hierarchy for the determination of fair value according to IFRS 13.

In EUR thousand	IAS 39 Measure- ment category	Measured at	Level	Carrying amount		Fair Value	
				Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Non-current financial assets							
Equity instruments – listed companies	fafvo	FVTPL	1	30,193	40,923	30,193	40,923
Equity instruments – not listed companies	fafvo	FVTPL	3	137,137	281,425	137,137	281,425
AFS equity investments ⁶⁾	afs	FVTOCI	3	1,280,915	999,116	1,280,915	999,116
Subsidiaries outside consolidation	afs	C	n/a	1,888	1,975	n/a	n/a
Derivative financial instruments	fvtpl	FVTPL	3	2,577	0	2,577	0
Asset backed securities issued by third parties	lar	AC	3	3,446	0	3,446	0
Receivables from the sale of investments	lar	AC	3	5,662	1,032	5,662	1,032
Convertible financial instruments	afs	C	n/a	1,722	0	n/a	n/a
Loan receivables from associated companies and joint ventures	lar	AC	3	2,000	0	2,000	0
Loan receivables from third parties	lar	AC	3	70,826	0	70,826	0
Other non-current financial assets measured at fair value	fafvo	FVTPL	3	3,627	8,692	3,627	8,692
Other non-current financial assets	lar	AC	3	2,076	21	2,076	21
Current financial assets							
Loan receivables from associated companies and joint ventures	lar	AC	n/a	31,633	33,307	31,633	33,307
Asset backed securities issued by associated companies	lar	AC	n/a	6,000	0	6,000	0
Loan receivables from subsidiaries outside consolidation	lar	AC	n/a	457	1,328	457	1,328
Receivables from the sale of investments	lar	AC	n/a	11,711	2,543	11,711	2,543
Bank deposits	lar	AC	n/a	163,379	0	163,379	0
Security deposits	lar	AC	n/a	653	625	653	625
Other current financial assets	lar	AC	n/a	2,509	3,457	2,509	3,457
Cash and cash equivalents	lar	AC	n/a	1,401,022	1,758,889	1,401,022	1,758,889
Trade receivables	lar	AC	n/a	7,584	10,085	7,584	10,085
Financial assets classified as held for sale							
Equity instruments – not listed companies	fafvo	FVTPL	3	166,311	0	166,311	0
Loan receivables	lar	AC	n/a	0	5,663	0	5,663
Other financial assets	lar	AC	n/a	21	32	21	32
Trade receivables	lar	AC	n/a	0	854	0	854
Cash and cash equivalents	lar	AC	n/a	632	9,710	632	9,710

6) As of December 31, 2016 mainly not listed shares in Delivery Hero of EUR 1,271,748 thousand (December 31, 2015: EUR 978,944 thousand).

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In EUR thousand	IAS 39 Measure- ment category	Measured at	Level	Carrying amount		Fair Value	
				Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Non-current financial liabilities							
Liabilities from convertible bonds ⁷⁾	ofl	AC	3	332,643	511,968	330,768	505,725
Contingent consideration	ffv	FVTPL	3	0	7,622	0	7,622
Mandatorily redeemable preference shares issued by a consolidated subsidiary	ofl	AC	3	0	5,950	0	5,950
Loan liabilities	ofl	AC	3	0	1,211	0	1,211
Other non-current financial liabilities	ofl	AC	3	0	147	0	147
Interest-bearing loans and borrowings (current)							
Liabilities from convertible bonds	ofl	AC	n/a	4,658	7,242	4,658	7,242
Loan liabilities	ofl	AC	n/a	2,279	3,523	2,279	3,523
Bank liabilities	ofl	AC	n/a	1	12	1	12
Other current financial liabilities							
Contingent contractual payment obligations	ffv	FVTPL	3	3,779	0	3,779	0
Liabilities from capital calls	ofl	AC	n/a	25,791	0	25,791	0
Other current financial liabilities	ofl	AC	n/a	819	978	819	978
Trade payables	ofl	AC	n/a	11,737	11,398	11,737	11,398
Financial liabilities directly associated with assets classified as held for sale							
Loan liabilities	ofl	AC	n/a	0	3,989	0	3,989
Bank liabilities	ofl	AC	n/a	0	144	0	144
Other current financial liabilities	ofl	AC	n/a	8	75	8	75
Trade payables	ofl	AC	n/a	34	2,320	34	2,320
Thereof aggregated according to the measurement categories of IAS 39							
Available-for-sale (afs)				1,284,525	1,001,091	1,280,915	999,116
Financial assets measured at fair value through profit or loss mandatorily (fvtpl)				2,577	0	2,577	0
Financial assets under fair value option (fafvo)				337,268	331,041	337,268	331,041
Loans and receivables (lar)				1,709,611	1,827,546	1,709,611	1,827,546
Financial liabilities at fair value (ffv)				3,779	7,622	3,779	7,622
Other financial liabilities (ofl)				377,970	548,955	376,095	542,712

7) Fair value measurement based on the price of the convertible bond as of December 31, 2016 of 93.49% (December 31, 2015: 91.95%) (Level 3).

The following **measurement methods** were used:

AC – Amortized cost,

C – Cost

FVTOCI – Fair value through other comprehensive income,

FVTPL – Fair value through profit or loss

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 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.

There were no reclassifications between fair value measurements at Level 1, Level 2 and Level 3 in 2016 and 2015.

Change in financial assets accounted to fair value through profit and loss

In EUR thousand	2016		2015	
	all	Level 3 only	all	Level 3 only
Opening balance as of Jan 1	331,041	290,117	336,547	280,962
Additions (including contributions in kind)	24,418	24,418	83,199	83,199
Reclassifications ¹⁾	186,626	186,626	-15,557	-15,557
Changes in fair value recognized in profit or loss	-187,205	-186,962	33,015	19,944
Disposals	-15,033	-4,546	-106,163	-78,431
Closing balance as of Dec 31	339,845	309,652	331,041	290,117

¹⁾ Reclassifications in 2016 mainly relate with EUR 153,663 thousand to Lazada and with EUR 26,816 thousand to TravelBird which were accounted for as associated companies measured at equity in the past. Reclassifications of EUR 15,557 thousand during 2015 mainly relate to TravelBird which is as of December 31, 2015 accounted for as an associated company measured at equity.

The changes in fair value of not listed equity instruments of EUR -187,205 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 not listed 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 of listed shares result from disposals and market share price changes of Zalando.

In 2015, the changes in fair value of not listed equity instruments of EUR 33,015 thousand primarily relate to gain from disposal of shares in Yemek Sepeti (in exchange for shares in DH) and gains from valuation of Marley Spoon and Motortalk. The changes in fair value of listed shares of EUR 13,304 thousand result from disposals and market share price changes of Zalando and care.com.

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Change in AFS equity investments

In EUR thousand	2016		2015	
	all	Level 3 only	all	Level 3 only
Opening balance as of Jan 1	999,116	999,116	0	0
Additions (including contributions in kind)	192,469	192,469	863,804	863,804
Changes in fair value recognized in OCI	96,355	96,355	136,657	136,657
Change in fair value recognized in profit/loss	-7,024	-7,024	0	0
Reclassification to profit or loss	0	0	-1,329	-1,329
Disposals	0	0	-15	-15
Closing balance as of Dec 31	1,280,915	1,280,915	999,116	999,116

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 or loss

In EUR thousand	2016		2015	
	all	Level 3 only	all	Level 3 only
Opening balance as of Jan 1	7,622	7,622	0	0
Addition	3,491	3,491	7,272	7,272
Changes in fair value	-384	-384	350	350
Disposals	-6,950	-6,950	0	0
Closing balance as of Dec 31	3,779	3,779	7,622	7,622

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

Fair value measurement

Fair value is 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 75% (previous year between 0% and 50%).

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 1.0% (previous year 1.5%). Country risk premiums between 0% and 14.21% (previous year 0% and 14.9%) and a small cap premium of 3.58% (previous year 3.8%) are also applied. Long term inflation rates between 1.0% and 20.0% (previous year 0% and 20.3%) (with the exception of Venezuela at 4,600% (previous year 155%)) as estimated by the International Monetary Fund (IMF) are also used in the calculation. For additional risk premiums, surcharges of between 8% and 50% (previous year 10% and 33.5%) 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 0.8x to 10.7x (previous year 1.4x to 13.3x) and/or EBITDA multiples in the range of 4.7x to 31.6x (previous year 10.7x to 24.8x) 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 considerable investments in a small number of unlisted companies. Accordingly, Rocket Internet's financial position and results are dependent on how well these companies develop. The concentration of the shareholdings leads to a risk that it is more difficult for Rocket Internet to make major changes in the composition of the shareholdings in a limited time. Rocket Internet's strategy is also to be a long-term shareholder. Therefore, there is no strategy for managing short-term fluctuations in share prices.

Equity instruments measured at fair value through profit or loss – impact of valuation parameters

On December 31, 2016, 1% (previous year 1%) of Rocket Internet's total assets were listed equity instruments and 7% (previous year 6%) were not listed 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, 2016, 6% (previous year 3%) of the total assets were not listed equity instruments based on transaction prices, as well as 1% (previous year 3%) of the total assets were not listed equity instruments measured using the DCF method.

The effect of changing critical input factors of the DCF valuation technique on the fair value of TRUSTED SHOPS, Rocket Internet's most significant not listed investment measured at fair value through profit or loss is shown below.

Simulation of the fair value as of December 31, 2016, in EUR thousand (DCF method):

TRUSTED SHOPS		Exit multiple		
		-20%	0%	+20%
Cost of Capital	-20%	11,424	12,454	13,484
	0%	10,768	11,732	12,696
	+20%	10,159	11,062	11,966

Simulation of the fair value as of December 31, 2016, in EUR thousand (DCF method):

TRUSTED SHOPS		Exit multiple		
		-20%	0%	+20%
Cost of Capital	-20%	10,071	10,794	11,517
	0%	9,529	10,203	10,876
	+20%	9,031	9,659	10,287

Equity instruments measured at fair value through other comprehensive income (OCI) – impact of valuation parameters

As of December 31, 2016, 31% (previous year 20%) of the total assets of Rocket Internet's balance sheet comprise not listed equity instruments that are measured at fair value through OCI.

As of December 31, 2016, 0% (previous year 20%) of the total assets were not listed equity instruments measured using the DCF method as well as 31% (previous year 0%) of the total assets were not listed equity instruments based on transaction prices.

The effect of changing critical input factors in the DCF valuation technique on the fair value of Delivery Hero, which was the most significant not listed investment that was measured at fair value through OCI, is shown below.

Simulation of the fair value as of December 31, 2015, in EUR thousand (DCF method):

Delivery Hero		Exit multiple		
		-20%	0%	+20%
	-20%	1,223,403	1,433,429	1,643,454
Cost of Capital	0%	843,079	978,938	1,114,798
	+20%	595,678	685,032	774,387

Fair value measurement of subsidiaries outside consolidation

The unquoted dormant subsidiaries outside consolidation are classified into the available-for-sale category. As for those there are no recent transactions with other investors and their fair value cannot be reliably measured, the Group measures them at cost. In the case of permanent impairment, a write-down to the present value of future cash flows is performed.

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Book value of financial assets accounted at fair value through profit or loss

Trade name	Company name	Type of holding	Registered office	Capital/ votes Dec 31, 2016	Capital/ votes Dec 31, 2015	Fair Value Dec 31, 2016	Fair Value Dec 31, 2015
Non-current securities at FVTPL – listed							
Zalando	Zalando SE	Other investment	Germany	0.3%	0.5%	30,193	40,478
Other companies				n/a	n/a	0	445
Associated companies at FVTPL – not listed							
Marley Spoon	Marley Spoon GmbH	Associated company	Germany	24.9%	28.6%	17,089	15,012
TRUSTED SHOPS	TRUSTED SHOPS GmbH	Associated company	Germany	25.0%	25.0%	11,732	10,203
TravelBird ¹⁾	TravelBird Holding B.V.	Associated company	Netherlands	25.2%	n/a	8,572	n/a
Other companies				n/a	n/a	14,304	19,934
Other investments at FVTPL – not listed							
Funding Circle	Funding Circle Holdings Ltd.	Other investment	Great Britain	1.8%	1.7%	9,202	24,428
Goodgame Studios	Altigi GmbH	Other investment	Germany	15.0%	15.0%	8,359	85,276
NatureBox	NatureBox Inc	Other investment	USA	7.1%	10.1%	6,376	9,152
Jimdo	Jimdo GmbH	Other investment	Germany	18.9%	18.9%	5,747	17,464
Dealerdirect	Dealerdirect Global BV	Other investment	Netherlands	12.3%	12.5%	5,221	5,000
SumUp	SumUp Holdings S.à.r.l.	Other investment	Luxembourg	3.3%	n/a	4,289	n/a
Iwoca	Iwoca Ltd.	Other investment	Great Britain	5.9%	7.2%	4,176	5,351
Thermondo	Thermondo GmbH	Other investment	Germany	5.3%	4.3%	3,689	1,250
DaWanda	DaWanda GmbH	Other investment	Germany	8.4%	8.4%	2,910	6,062
Dreamlines	Dreamlines GmbH	Other investment	Germany	3.6%	4.0%	2,411	3,607
MediaMath	MediaMath, Inc.	Other investment	USA	1.9%	1.9%	2,314	9,830
Other companies				n/a	n/a	30,745	68,857
Other investments at FVTPL – not listed – classified as asset held for sale							
Lazada	Lazada Group S.A.	Other investment	Luxembourg	9.3%	n/a	166,311	n/a
Other non-current financial assets at FVTPL							
Other non-current financial assets				n/a	n/a	3,627	8,692
Total						337,268	331,041

1) As of December 31, 2015, an associated company accounted for using the equity method.

Details of material associated companies measured at fair value

The following material investments in associated companies are measured at fair value. 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 19. The following table summarizes the financial information of material associated companies as included in the companies' own financial statements.

Summarized balance sheets (in thousands) for financial year 2016:

Company	Marley Spoon	TRUSTED SHOPS	TravelBird
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
Current assets	13,122	12,769	27,359
Non-current assets	2,136	706	24,555
Current liabilities	4,162	7,206	46,397
Non-current liabilities	3,740	0	7,638
Net assets	7,356	6,269	-2,120

Summarized income statements (in thousands) for financial year 2016:

Company	Marley Spoon	TRUSTED SHOPS	TravelBird¹⁾
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	22,070	191,116
Profit or loss	-23,950	30	-4,440
Total comprehensive income/loss	-23,915	30	-4,440

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

Summarized balance sheets (in thousands) for financial year 2015:

Company	TRUSTED SHOPS	Marley Spoon
Reporting date	Dec 31, 2015	Dec 31, 2015
Scope of financial statements	Separate	Consolidated
GAAP	Local	IFRS
Currency	EUR	EUR
Current assets	12,360	9,444
Non-current assets	785	1,586
Current liabilities	6,156	1,258
Non-current liabilities	0	0
Net assets	6,989	9,772

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Summarized income statements (in thousands) for financial year 2015:

Company	TRUSTED SHOPS	Marley Spoon
Reporting date	Dec 31, 2015	Dec 31, 2015
Scope of financial statements	Separate	Consolidated
GAAP	Local	IFRS
Currency	EUR	EUR
Revenue	19,137	2,708
Profit or loss	1,137	-8,970
Total comprehensive income/loss	1,137	-8,980

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 (previous year EUR 4,382 thousand).

42. 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 Names	Company Names	Significant influence period
Global Founders	Global Founders GmbH, Grünwald (Germany) ¹⁾	Jan 1, 2015–Dec 31, 2016

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 2016 and 2015.

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 2016 and 2015 and outstanding balances with associates under significant influence of the Group are as follows:

In EUR thousand	2016	2015
Sales to associates	9,624	20,529
Contribution of subsidiaries to associates	0	107,890
Purchases from associates	-374	-751
Interest income from associates	5,812	335
Interest expense from associates	-3	-12
Amounts owed by joint ventures:		
Other financial receivables (non-current)	2,000	0
Trade receivables	1,613	3,771
Other financial receivables (current)	30,457	29,164
Asset backed securities issued by associated companies	6,000	0
Derivative financial instruments (warrant)	2,577	0
Amounts owed to associates:		
Trade payables	27	958
Liabilities from capital calls	1,899	0
Other financial liabilities (current)	524	328

The transactions in 2016 and 2015 and outstanding balances with joint ventures of the Group are as follows:

In EUR thousand	2016	2015
Purchase of subsidiaries from joint ventures	-1,207	0
Sales to joint ventures	4,247	10,047
Purchases from joint ventures	-140	-905
Interest income from joint ventures	20	13
Interest expense from joint ventures	-7	-10
Amounts owed by joint ventures:		
Trade receivables	1,005	2,203
Other financial receivables (current)	1,176	4,143
Amounts owed to joint ventures:		
Trade payables	45	256
Liabilities from capital calls	23,333	0
Other financial liabilities (current)	22	2,573

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The transactions in 2016 and 2015 and outstanding balances with unconsolidated subsidiaries controlled by Rocket Internet are as follows:

In EUR thousand	2016	2015
Sales to non-consolidated subsidiaries	553	503
Purchases from non-consolidated subsidiaries	-1,432	-872
Amounts owed by non-consolidated subsidiaries:		
Trade receivables	402	941
Other financial receivables (current)	565	1,328
Amounts owed to non-consolidated subsidiaries:		
Trade payables	123	208
Other financial liabilities (current)	59	144

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 39. The compensation paid or payable to key management for their services is shown below:

In EUR thousand	2016	2015
Short-term benefits (cash and non-cash compensation)	3,294	5,173
Share-based payments (expense the reporting period)	20,728	37,155
Total	24,022	42,328

At the balance sheet date, liabilities from cash-settled share-based payments and similar liabilities to members of the Management Board amounted to EUR 4,918 thousand (previous year EUR 3,395 thousand).

Additional disclosures on total remuneration pursuant to Sec. 314 (1) No 6 HGB

In 2016, the members of the Management Board have received 292,680 share options under the Stock Option Program 2014/II with a grant date fair value of EUR 2,401 thousand. Furthermore in 2016, 25 options in subsidiaries with a grant date fair value of EUR 0 thousand have been issued to members of the Management Board. 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 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. 9, 315a (1) and 314 (1) of the German Commercial Code (Handelsgesetzbuch) in connection with 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 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 303 thousand (previous year EUR 305 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 HGB 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 2016, Norbert Lang (vice-chairman of the Supervisory Board), through an entity owned by him and his wife, purchased convertible bonds of Rocket Internet SE with a principal amount of EUR 2,000 thousand. 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 totals EUR 1,907 thousand.

Transactions with close family members of the Management Board

In 2016, the Group incurred expenses of EUR 21 thousand for reimbursement of travel costs based on a consulting agreement with Marc Samwer. As of December 31, 2016, the respective liability amounted to EUR 9 thousand.

43. Contingent Liabilities and other Contractual Obligations

As of the reporting date, as in the previous year, there are no contingencies for external liabilities.

The Company reports other contractual obligations for the following items:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Investment obligations to unconsolidated structured entities	75,399	0
Capital contribution and investment obligations to associated companies	1,600	999
Capital contribution and investment obligations to joint ventures	0	60,001
Rental and lease agreements	85,951	89,457
Loans granted to associated companies	25,000	4,000
Loans granted to third parties	20,000	0
Other	12	0
Total contractual obligations	207,961	154,457

Capital contribution and investment obligations result from participation agreements concluded prior to the balance sheet date. As of December 31, 2016, they mainly result from capital increases of Emerging Markets Capital Founder S.C.S. (previous year Africa Internet Holding GmbH and Global Savings Group GmbH).

The future minimum lease payments under non-cancellable operating lease agreements are as follows:

In EUR thousand	Dec 31, 2016	Dec 31, 2015
Not later than 1 year	3,919	3,112
Later than 1 year and not later than 5 years	30,636	27,408
Later than 5 years	51,396	58,937
Total operating lease commitments	85,951	89,457
Lease payments recognized as expense during the period	3,113	5,381

The leasing arrangements include warehouse and office rent as well as rental of IT equipment.

As of December 31, 2016, total future sublease payments receivable under the Company's operating subleases amount to EUR 7,893 thousand (previous year EUR 3,808 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 fiscal years 2010 to 2015. In addition, in the second half-year 2016 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 Rocket Internet SE's fiscal years from 2010 onwards as well as most of the companies in the Rocket Internet network have not yet been audited by the relevant tax authorities, we cannot rule out being required to pay significant additional taxes following tax audits. In addition, as some of the companies in the Rocket Internet network have historically been late in filing their tax declarations, no tax assessments have been received for some of these companies in recent years. 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.

44. Auditor's Fees

Total fees charged for the financial year by the Group's auditor (Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft) amount to EUR 1.2 million (previous year EUR 1.6 million) and comprise EUR 0.9 million (previous year EUR 1.2 million) for audit services and EUR 0.3 million (previous year EUR 0.4 million) for other audit-related services.

45. Events after the Reporting Period

The Rocket Internet Capital Partners fund held its final close on January 18, 2017, which took total combined commitments to USD 1.0 billion (hard cap). The USD 131 million new commitments were subscribed by third party investors and Rocket Internet. Overall, Rocket Internet has subscribed about 14% of the total commitments of the fund.

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

46. 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	121
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	58
6	Bonativo GmbH, Berlin	100	86
7	Campinga GmbH, Berlin	100	62
8	CarSpring Services GmbH, Berlin	100	70
9	Caterwings Germany GmbH, Berlin	100	74
10	Caterwings Services GmbH, Berlin	100	76
11	EatFirst Germany GmbH i.L., Berlin	100	87
12	European Founders Fund GmbH & Co. Beteiligungs KG Nr. 2, Berlin	100	1, 149
13	European Founders Fund GmbH & Co. Beteiligungs KG Nr. 3, Berlin	100	1, 151
14	European Founders Fund Investment GmbH, Berlin	100	1
15	European Founders Fund Nr. 3 Beteiligungs GmbH, Berlin	100	13
16	Express Quality Food Global Services GmbH, Berlin	100	89
17	Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1, Berlin	100	21
18	Global Founders Capital Management GmbH, Berlin	100	1
19	GSS Global Shopping Services GmbH i.L., Berlin	100	80
20	Instafreight GmbH, Berlin	100	73
21	International Rocket GmbH & Co. KG, Berlin	100	1
22	Jade 1317. GmbH, Berlin	100	1
23	Jade 1318. GmbH, Berlin	62.9	1, 4
24	Jade 1348. GmbH & Co. Verwaltungs KG, Berlin	100	4, 26
25	Jade 1353. GmbH i.L., Berlin	86.0	4, 33
26	Jade 1371. GmbH, Berlin	100	1
27	Juwel 131. UG (haftungsbeschränkt) & Co. Erste Verwaltungs KG, Berlin	100	4, 107
28	Juwel 190. V V UG (haftungsbeschränkt) & Co. Verwaltungs KG, Berlin	100	33
29	Juwel 190. V V UG (haftungsbeschränkt) & Co. 15. Verwaltungs KG, Berlin	100	4, 32
30	Juwel 190. V V UG (haftungsbeschränkt) & Co. 32. Verwaltungs KG, Berlin	100	4, 32
31	Juwel 190. V V UG (haftungsbeschränkt) & Co. 41. Verwaltungs KG, Berlin	100	4, 32
32	LIH Subholding Nr. 2 UG (haftungsbeschränkt) & Co. KG, Berlin	100	4, 33
33	MKC Brillant Services GmbH, Berlin	65.0	1

No.	Company, registered office	Equity interest in %	Via no.
34	OCM Online Car Marketplace Global Services GmbH, Berlin	100	64
35	Online Marketplace Global Services GmbH, Berlin	100	85
36	Pflegetiger GmbH, Berlin	100	60
37	RCKT GmbH & Co. KG, Berlin	100	1
38	Rocket Asia GmbH & Co. KG, Berlin	100	21
39	Rocket Internet Munich GmbH, Munich	100	1
40	Rocket Labs GmbH & Co. KG, Berlin	100	1
41	R2 International Internet GmbH, Berlin	59.2	1
42	SOG Shopping Operations Germany GmbH i.L., Berlin	100	79
43	Somuchmore GmbH i.L. (former: Somuchmore GmbH), Berlin	100	120
44	Somuchmore Marketplace UG (haftungsbeschränkt) i.L. (former: Somuchmore Marketplace UG (haftungsbeschränkt)), Berlin	100	120
45	sparks42 GmbH, Berlin	79.0	1
46	Visito GmbH, Berlin	100	60
47	Zinsgold GmbH, Berlin	100	56
48	ZipJet Global Services GmbH, Berlin	100	83
49	ZipJet GmbH, Berlin	100	82
Other countries			
50	Campsy Nederland B.V., Amsterdam, Netherlands	100	62
51	Carspring Ltd., London, United Kingdom	74.9	71
52	CATERWINGS Ltd., London, United Kingdom	100	77
53	ClickBus Servicios S. de R.L. de C.V., Mexico City, Mexico	83.9	30, 195
54	Clickbus Servicios SAS, Bogotá, Colombia	100	31
55	Convenience Food Group S.à.r.l., Senningerberg, Luxembourg	62.6	1
56	Digital Services L Top-Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 98
57	Digital Services LIII S.à.r.l., Senningerberg, Luxembourg	100	1
58	Digital Services LIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	99.0	4, 57
59	Digital Services LIV S.à.r.l., Senningerberg, Luxembourg	100	1
60	Digital Services LIV Top-Holding S.C.Sp., Senningerberg, Luxembourg	98.1	4, 59
61	Digital Services LV S.à.r.l., Senningerberg, Luxembourg	100	1
62	Digital Services LV Top-Holding S.C.Sp., Senningerberg, Luxembourg	88.3	4, 61
63	Digital Services XL S.à.r.l., Senningerberg, Luxembourg	85.7	1, 4
64	Digital Services XL Top-Holding S.C.Sp., Senningerberg, Luxembourg	98.7	4, 63
65	Digital Services XL 1 S.C.Sp., Senningerberg, Luxembourg	100	4, 64
66	Digital Services XL 4 S.C.Sp., Senningerberg, Luxembourg	100	4, 64
67	Digital Services XLII Top-Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 116
68	Digital Services XLII 2 S.C.Sp., Senningerberg, Luxembourg	100	4, 67
69	Digital Services XLIII S.à.r.l., Senningerberg, Luxembourg	83.3	1, 4

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No.	Company, registered office	Equity interest in %	Via no.
70	Digital Services XLIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	92.1	4, 69, 144
71	Digital Services XLIII 1 S.C.Sp., Senningerberg, Luxembourg	100	4, 70
72	Digital Services XLVII S.à.r.l., Senningerberg, Luxembourg	100	1
73	Digital Services XLVII Top-Holding S.C.Sp., Senningerberg, Luxembourg	99.6	4, 72
74	Digital Services XLVIII DE S.C.Sp., Senningerberg, Luxembourg	100	4, 76
75	Digital Services XLVIII S.à.r.l., Senningerberg, Luxembourg	100	55
76	Digital Services XLVIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	91.5	4, 75
77	Digital Services XLVIII UK S.C.Sp., Senningerberg, Luxembourg	100	4, 76
78	Digital Services XVI S.à.r.l., Senningerberg, Luxembourg	80.0	1, 4
79	Digital Services XXI Germany Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 80
80	Digital Services XXI Top-Holding S.C.Sp., Senningerberg, Luxembourg	94.7	4, 117
81	Digital Services XXII France Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 83
82	Digital Services XXII Germany Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 83
83	Digital Services XXII Top-Holding S.C.Sp., Senningerberg, Luxembourg	98.1	4, 123
84	Digital Services XXII UK Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 83
85	Digital Services XXIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	96.3	4, 55
86	Digital Services XXIII 2 S.C.Sp., Senningerberg, Luxembourg	100	4, 85
87	Digital Services XXX Germany S.C.Sp., Senningerberg, Luxembourg	100	4, 89
88	Digital Services XXX S.à.r.l., Senningerberg, Luxembourg	100	55
89	Digital Services XXX Top-Holding S.C.Sp., Senningerberg, Luxembourg	97.4	4, 88, 154
90	Digital Services XXX UK S.C.Sp., London, United Kingdom	85.0	4, 89
91	DS XL UK Ltd., London, United Kingdom	100	65
92	DS XXXVIII UK Ltd., London, United Kingdom	100	120
93	EatFirst UK Ltd., London, United Kingdom	75.0	90
94	ECommerce Business 11 S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	4, 102
95	Ecommerce Pay Emerging Markets S.à.r.l., Senningerberg, Luxembourg	90.9	4, 96
96	Ecommerce Pay Holding S.à.r.l., Senningerberg, Luxembourg	100	3
97	Emerging Markets Internet Fund SCS, Senningerberg, Luxembourg	66.7	1
98	Finverum Capital S.à.r.l., Senningerberg, Luxembourg	100	1
99	Food Delivery Holding 13 S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	4, 102

No.	Company, registered office	Equity interest in %	Via no.
100	GFC Global Founders Capital S.à.r.l., Senningerberg, Luxembourg	100	1
101	Global Fin Tech Holding S.à.r.l., Senningerberg, Luxembourg	100	1
102	Global Online Takeaway Group S.A., Senningerberg, Luxembourg	100	17
103	Moneda Top-Holding S.à.r.l., Senningerberg, Luxembourg	100	1
104	Moonshine eServices Pvt. Ltd., Gurgaon, India	100	27, 188
105	Online Car Marketplace Espana SL, Madrid, Spain	100	66
106	Printvenue Asia Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 107
107	Printvenue Asia S.à.r.l., Senningerberg, Luxembourg	70.0	3
108	PRINTVENUE SINGAPORE PTE. LTD., Singapore, Singapore	100	109
109	Printvenue Singapore S.C.Sp., Senningerberg, Luxembourg	100	4, 106
110	RI Capital Advisors Ltd., London, United Kingdom	100	1
111	Rocket Brasil Novos Negocios e Participacoes Ltda., São Paulo, Brazil	100	21, 157
112	Rocket eServices Ltd., London, United Kingdom	100	21
113	Rocket Internet Capital Partners Founder SCS, Luxembourg City, Luxembourg	75.0	1
114	Rocket Internet Capital Partners Lux S.à.r.l., Luxembourg City, Luxembourg	100	1
115	R-SC Internet Services Luxembourg S.à.r.l., Senningerberg, Luxembourg	100	21
116	R-SC Liquidation Services Luxembourg S.à.r.l., Senningerberg, Luxembourg	100	21
117	ShopWings Global S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	55
118	Somuchmore France SAS, Paris, France	100	120
119	Somuchmore Global S.à.r.l., Senningerberg, Luxembourg	73.3	1
120	Somuchmore Holding S.à.r.l. (in liquidation), Senningerberg, Luxembourg	91.1	4, 119
121	TAC Special Opportunities I LLC, Wilmington, United States	97.1	17
122	Zenrooms Servico de Administracao Hoteleira Ltda., São Paulo, Brazil	100	67, 68
123	ZipJet Global S.à.r.l., Senningerberg, Luxembourg	72.3	1, 4
124	ZipJet Ltd., London, United Kingdom	78.6	84
125	ZipJet SAS, Paris, France	100	81
Other subsidiaries¹⁾			
Germany			
126	Bambino 107. VV UG (haftungsbeschränkt), Berlin	100	1
127	Bambino 110. VV UG (haftungsbeschränkt), Berlin	100	1
128	Bambino 52. VV UG (haftungsbeschränkt), Berlin	100	1
129	Bambino 54. VV UG (haftungsbeschränkt), Berlin	100	1
130	Bambino 55. VV UG (haftungsbeschränkt) i.L., Berlin	100	1
131	Bambino 61. VV UG (haftungsbeschränkt) i.L., Berlin	100	21
132	Bambino 79. VV UG (haftungsbeschränkt) i.L., Berlin	100	21
133	Bambino 81. VV UG (haftungsbeschränkt) i.L., Berlin	100	21

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No.	Company, registered office	Equity interest in %	Via no.
134	Bambino 82. VV UG (haftungsbeschränkt) i.L., Berlin	100	21
135	Bambino 91. VV UG (haftungsbeschränkt) i.L., Berlin	100	21
136	Blanko 12. UG (haftungsbeschränkt) & Co. KG, Berlin	98.8	4, 192
137	Blanko 7. GmbH & Co. KG, Berlin	98.4	4, 165
138	Brillant 1259. GmbH i.L., Berlin	100	1
139	Brillant 1390. GmbH & Co. Verwaltungs KG, Berlin	88.8	4, 183, 196
140	Brillant 1390. GmbH i.L., Berlin	100	183
141	Brillant 1418. GmbH i.L., Berlin	100	181
142	Brillant 1423. GmbH i.L., Berlin	100	1
143	Brillant 2055. GmbH, Berlin	100	257
144	Carspring Beteiligungs UG (haftungsbeschränkt), Berlin	100	69
145	CD-Rocket Holding UG (haftungsbeschränkt), Berlin	100	1
146	CityDeal Management II UG (haftungsbeschränkt), Berlin	100	1
147	CityDeal Management UG (haftungsbeschränkt) & Co. KG, Berlin	100	146
148	CityDeal Management UG (haftungsbeschränkt), Berlin	100	1
149	European Founders Fund Nr. 2 Geschäftsführungs GmbH, Berlin	100	1
150	European Founders Fund Nr. 2 Verwaltungs GmbH, Berlin	100	1
151	European Founders Fund Nr. 3 Management GmbH, Berlin	100	1
152	European Founders Fund Nr. 3 Verwaltungs GmbH, Berlin	100	1
153	Global Founders Capital Verwaltungs GmbH, Berlin	100	21
154	Hauptstadtallee 115. VV UG (haftungsbeschränkt), Berlin	100	88
155	Jade 1085. GmbH & Co. Achtzehnte Verwaltungs KG, Berlin	100	4, 21
156	Jade 1085. GmbH & Co. Vierundzwanzigste Verwaltungs KG, Berlin	100	4, 21
157	Jade 1085. GmbH, Berlin	100	1
158	Jade 1148. GmbH & Co. Verwaltungs KG, Berlin	100	4, 161
159	Jade 1148. GmbH i.L., Berlin	100	161
160	Jade 1154. GmbH i.L., Berlin	100	171
161	Jade 1158. GmbH i.L., Berlin	100	1
162	Jade 1207. GmbH & Co. Verwaltungs KG, Berlin	100	4, 166
163	Jade 1207. GmbH i.L., Berlin	100	166
164	Jade 1217. GmbH i.L., Berlin	100	1
165	Jade 1221. GmbH, Berlin	71.0	1, 4, 33
166	Jade 1231. GmbH i.L., Berlin	100	1
167	Jade 1232. GmbH i.L., Berlin	100	1
168	Jade 1233. GmbH i.L., Berlin	100	167
169	Jade 1234. GmbH i.L., Berlin	100	1
170	Jade 1238. GmbH i.L., Berlin	73.7	1, 4
171	Jade 1240. GmbH i.L., Berlin	100	1
172	Jade 1241. GmbH, Berlin	100	1
173	Jade 1246. GmbH i.L., Berlin	99.5	1, 4
174	Jade 1247. GmbH i.L., Berlin	100	1

No.	Company, registered office	Equity interest in %	Via no.
175	Jade 1265. GmbH i.L., Berlin	90.1	1, 4
176	Jade 1279. GmbH i.L., Berlin	100	1
177	Jade 1319. GmbH i.L., Berlin	99.5	1, 4
178	Jade 1344. GmbH & Co. Verwaltungs KG, Berlin	86.7	4, 25, 200
179	Jade 1344. GmbH i.L., Berlin	100	25
180	Jade 1348. GmbH, Berlin	100	26
181	Jade 1356. GmbH i.L., Berlin	100	1
182	Jade 1361. GmbH i.L., Berlin	100	181
183	Jade 1366. GmbH i.L., Berlin	86.7	1, 4, 33
184	Jade 1368. GmbH i.L., Berlin	100	1
185	Jade 1372. GmbH i.L., Berlin	100	1
186	Jade 1413. GmbH i.L., Berlin	100	165
187	Jade 940. GmbH i.L., Berlin	100	1
188	Juwel 131. VV UG (haftungsbeschränkt), Berlin	100	107
189	Juwel 133. VV UG (haftungsbeschränkt) i.L., Berlin	100	126
190	Juwel 154. VV UG (haftungsbeschränkt) i.L., Berlin	100	192
191	Juwel 155. VV UG (haftungsbeschränkt) i.L., Berlin	100	1
192	Juwel 156. VV UG (haftungsbeschränkt), Berlin	100	1
193	Juwel 190. VV UG (haftungsbeschränkt) & Co. 23. Verwaltungs KG, Berlin	100	4, 32
194	Juwel 190. VV UG (haftungsbeschränkt) & Co. 42. Verwaltungs KG, Berlin	100	4, 32
195	Juwel 190. VV UG (haftungsbeschränkt), Berlin	100	33
196	Juwel 197. VV UG (haftungsbeschränkt) i.L., Berlin	100	183
197	Juwel 200. VV UG (haftungsbeschränkt) & Co. Dritte Verwaltungs KG, Berlin	100	4, 175
198	Juwel 200. VV UG (haftungsbeschränkt) & Co. Vierte Verwaltungs KG, Berlin	100	175
199	Juwel 200. VV UG (haftungsbeschränkt) i.L., Berlin	100	175
200	Juwel 202. VV UG (haftungsbeschränkt) i.L., Berlin	100	25
201	Juwel 219. VV UG (haftungsbeschränkt), Berlin	100	33
202	Kin Shopping GmbH, Berlin	82.0	1
203	Kristall 146. GmbH i.L., Berlin	100	170
204	launchcircle GmbH, Berlin	100	1
205	Lindentor 196. VV GmbH, Berlin	100	254
206	Lindentor 226. VV GmbH, Berlin	100	1
207	Lindentor 227. VV GmbH, Berlin	100	1
208	RCKT Management GmbH, Berlin	100	1
209	Rocket Internet Marketplace Solutions GmbH, Berlin	100	1
210	Rocket Middle East GmbH, Berlin	100	1
211	SpaceWays Global Services GmbH i.L., Berlin	100	267
212	Sparklist Services GmbH i.L., Berlin	100	247

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No.	Company, registered office	Equity interest in %	Via no.
213	Tekcor 2. VV UG (haftungsbeschränkt) i.L., Berlin	100	21
214	Tripda Beteiligungs UG (haftungsbeschränkt) i.L., Berlin	100	271
215	Tripda Brazil Holding UG (haftungsbeschränkt) & Co. Verwaltungs KG, Berlin	100	4, 361
216	Tripda Global (GP) UG (haftungsbeschränkt) i.L., Berlin	100	271
217	Tripda (GP) GmbH i.L., Berlin	100	185
218	Vendomo Deutschland GmbH i.L., Berlin	100	126
219	Vendomo Global Services GmbH i.L., Berlin	100	126
220	VRB GmbH & Co. B-101 (Einhunderteins) KG, Berlin	100	1
221	VRB GmbH & Co. B-122 (Einhundertzweiundzwanzig) KG, Berlin	100	4, 167
222	VRB GmbH & Co. B-125 (Einhundertfünfundzwanzig) KG, Berlin	98.8	4, 170
223	VRB GmbH & Co. B-133 KG, Berlin	100	4, 173
224	VRB GmbH & Co. B-147 KG, Berlin	100	21
225	VRB GmbH & Co. B-153 KG, Berlin	100	21
226	VRB GmbH & Co. B-154 KG, Berlin	100	21
227	VRB GmbH & Co. B-155 KG, Berlin	100	21
228	VRB GmbH & Co. B-96 (Sechsendneunzig) KG, Berlin	87.5	4, 161
Other countries			
229	Airu Produtos Criativos Ltda., São Paulo, Brazil	100	4, 137
230	Beijing VRB B-96 Technology Co., Ltd, Beijing, China	100	228
231	Beijing Ying Nai Le Qi Information Technology Co., Ltd, Beijing, China	100	21
232	Bonativo B.V., Amsterdam, Netherlands	100	269
233	Caterwings Netherlands B.V., Amsterdam, Netherlands	100	235
234	Caterwings Netherlands S.C.Sp., Senningerberg, Luxembourg	100	4, 76
235	Caterwings Niederlande S.C.Sp., Senningerberg, Luxembourg	100	4, 76
236	Clickbus Peru S.A.C., Lima, Peru	100	194, 195
237	Digital Services XXVII (GP) S.à.r.l., Senningerberg, Luxembourg	100	274
238	Digital Services Holding I S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	116
239	Digital Services Holding III S.à.r.l., Senningerberg, Luxembourg	100	101
240	Digital Services Holding IV S.à.r.l., Senningerberg, Luxembourg	100	1
241	Digital Services Holding XXI (GP) S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	117
242	Digital Services Holding XXII (GP) S.à.r.l., Senningerberg, Luxembourg	100	123
243	Digital Services Holding XXIII (GP) S.à.r.l., Senningerberg, Luxembourg	100	55
244	Digital Services I (GP) S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	116
245	Digital Services LI (GP) S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	246
246	Digital Services LI S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	1

No.	Company, registered office	Equity interest in %	Via no.
247	Digital Services LI Top-Holding S.C.Sp., Senningerberg, Luxembourg	99.0	4, 246
248	Digital Services LII S.à.r.l., Senningerberg, Luxembourg	100	1
249	Digital Services LIII (GP) S.à.r.l., Senningerberg, Luxembourg	100	57
250	Digital Services LIV (GP) S.à.r.l., Senningerberg, Luxembourg	100	59
251	Digital Services LV (GP) S.à.r.l., Senningerberg, Luxembourg	100	61
252	Digital Services LVII (GP) S.à.r.l., Senningerberg, Luxembourg	100	253
253	Digital Services LVII S.à.r.l., Senningerberg, Luxembourg	100	1
254	Digital Services LVII Top-Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 253
255	Digital Services XL (GP) S.à.r.l., Senningerberg, Luxembourg	100	63
256	Digital Services XL Italy S.r.l. in liquidazione, Bolzano, Italy	100	258
257	Digital Services XL 2 S.C.Sp., Senningerberg, Luxembourg	100	4, 64
258	Digital Services XL 3 S.C.Sp., Senningerberg, Luxembourg	100	4, 64
259	Digital Services XLIII (GP) S.à.r.l., Senningerberg, Luxembourg	100	69
260	Digital Services XLIX (GP) S.à.r.l., Senningerberg, Luxembourg	100	261
261	Digital Services XLIX S.à.r.l., Senningerberg, Luxembourg	100	1
262	Digital Services XLVII (GP) S.à.r.l., Senningerberg, Luxembourg	100	72
263	Digital Services XLVIII (GP) S.à.r.l., Senningerberg, Luxembourg	100	75
264	Digital Services XVI (GP) S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	78
265	Digital Services XVII (GP) S.à.r.l., Senningerberg, Luxembourg	100	266
266	Digital Services XVII S.à.r.l., Senningerberg, Luxembourg	90.9	1, 4
267	Digital Services XVII Top-Holding S.C.Sp., Senningerberg, Luxembourg	97.4	4, 266
268	Digital Services XXIII (GP) S.à.r.l., Senningerberg, Luxembourg	100	98
269	Digital Services XXIII 3 S.C.Sp., Senningerberg, Luxembourg	100	4, 85
270	Digital Services XXIV (GP) S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	271
271	Digital Services XXIV S.à.r.l. (in liquidation) (former: Digital Services XXIV S.à.r.l.), Senningerberg, Luxembourg	100	116
272	Digital Services XXIV 2 S.C.Sp., Senningerberg, Luxembourg	100	4, 365
273	Digital Services XXIV 3 S.C.Sp., Senningerberg, Luxembourg	100	4, 365
274	Digital Services XXVII S.à.r.l., Senningerberg, Luxembourg	100	1
275	Digital Services XXVII Top S.C.Sp., Senningerberg, Luxembourg	100	4, 274
276	Digital Services XXX (GP) S.à.r.l., Senningerberg, Luxembourg	100	88
277	Digital Services XXXIII (GP) S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	278
278	Digital Services XXXIII S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	1
279	Digital Services XXXIII Top-Holding S.C.Sp., Senningerberg, Luxembourg	98.8	4, 278
280	Ecommerce Pay Middle East S.à.r.l., Senningerberg, Luxembourg	100	4, 96

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No.	Company, registered office	Equity interest in %	Via no.
281	Emerging Markets Capital S.à.r.l., Senningerberg, Luxembourg	100	1
282	Food Delivery Holding 18 S.à.r.l., Senningerberg, Luxembourg	100	1
283	Food Delivery Holding 23 S.à.r.l., Senningerberg, Luxembourg	100	1
284	Food Delivery Holding 27 S.à.r.l., Senningerberg, Luxembourg	100	1
285	Food Delivery Holding 28 S.à.r.l., Senningerberg, Luxembourg	100	1
286	Food Delivery Holding 29 S.à.r.l., Senningerberg, Luxembourg	100	1
287	Food Delivery Holding 30 S.à.r.l., Senningerberg, Luxembourg	100	1
288	Furniture E-Services Holding USA, Inc., Wilmington, United States	100	175
289	Furniture E-Services Taiwan Co., Ltd., Taipei, Taiwan	100	197
290	GG Fun Ltd., Birkirkara, Malta	100	1, 292
291	Goldstar eServices Pvt. Ltd., Gurgaon, India	100	365, 367
292	GP Management Ltd., Birkirkara, Malta	99.9	1
293	International Rocket Company Ltd., Road Town, British Virgin Islands	100	21
294	International Rocket Corporate Ltd., Road Town, British Virgin Islands	100	21
295	International Rocket Group Ltd., Road Town, British Virgin Islands	100	21
296	International Rocket Hellas EPE, Athens, Greece	100	21, 157
297	International Rocket Holding Ltd., Road Town, British Virgin Islands	100	21
298	International Rocket Ventures Ltd., Road Town, British Virgin Islands	100	21
299	Internet Alti Hizmet Teknolojileri Bilisim Pazarlama Ticaret Limited Sirketi i.L., Istanbul, Turkey	100	168, 221
300	Internet Bes Hizmet Teknolojileri Bilisim Pazarlama Ticaret Limited Sirketi i.L., Istanbul, Turkey	100	162, 163
301	Internet Services Netherlands B.V., Amsterdam, Netherlands	100	21
302	Internet Services Polen sp. z o.o, Warsaw, Poland	100	21
303	Inversiones Bazaya C.A., Caracas, Venezuela	100	21
304	Inversiones RTE Chile Limitada, Santiago de Chile, Chile	100	21, 157
305	Jade E-Services Azerbaijan MMC, Baku, Azerbaijan	100	136
306	Kaymu Albania S.C.Sp., Senningerberg, Luxembourg	100	4, 324
307	Kaymu Albania Sh.p.k, Tirana, Albania	100	306
308	Kaymu Armenia S.C.Sp., Senningerberg, Luxembourg	100	4, 324
309	Kaymu Azerbaijan MMC, Baku, Azerbaijan	100	310
310	Kaymu Azerbaijan S.C.Sp., Senningerberg, Luxembourg	100	4, 324
311	Kaymu Belarus S.C.Sp., Senningerberg, Luxembourg	100	4, 324
312	Kaymu BH d.o.o. U Likvidaciji, Sarajevo, Bosnia and Herzegovina	100	313
313	Kaymu Bosnia S.C.Sp., Senningerberg, Luxembourg	100	4, 324
314	Kaymu Bulgaria EOOD, Sofia, Bulgaria	100	315
315	Kaymu Bulgaria S.C.Sp., Senningerberg, Luxembourg	100	4, 324
316	Kaymu Croatia d.o.o., Zagreb, Croatia	100	317
317	Kaymu Croatia S.C.Sp., Senningerberg, Luxembourg	100	4, 324
318	Kaymu Georgia S.C.Sp., Senningerberg, Luxembourg	100	4, 324
319	Kaymu LLC, Tbilisi, Georgia	100	318

No.	Company, registered office	Equity interest in %	Via no.
320	Kaymu Macedonia S.C.Sp., Senningerberg, Luxembourg	100	4, 324
321	Kaymu Montenegro S.C.Sp., Senningerberg, Luxembourg	100	4, 324
322	Kaymu Slovakia S.C.Sp., Senningerberg, Luxembourg	100	4, 324
323	Kaymu Slovenia S.C.Sp., Senningerberg, Luxembourg	100	4, 324
324	Kaymu Top-Holding S.C.Sp., Senningerberg, Luxembourg	92.7	4, 78
325	Kaymu Uzbekistan S.C.Sp., Senningerberg, Luxembourg	100	4, 324
326	KaymuBy (Unitary Enterprise), Minsk, Belarus	100	311
327	Moneda (GP) S.à.r.l. (in liquidation), Senningerberg, Luxembourg	100	103
328	Place Mniej sp. z o.o., Warsaw, Poland	87.5	41
329	Rocket Bulgaria EOOD, Sofia, Bulgaria	100	21
330	Rocket eServices Pvt. Ltd., Delhi, India	100	21, 157
331	Rocket Internet Australia Pty Ltd., Sydney, Australia	100	21
332	Rocket Internet Scandinavia AB, Stockholm, Sweden	100	21
333	Rocket Internet South Africa (Pty) Ltd., Gauteng, South Africa	100	21
334	Rocket Slovakia S.r.o., Bratislava, Slovakia	100	21
335	Rocket US, Inc., Wilmington, United States	100	21
336	R-SC Egypt for Import and Export, Cairo, Egypt	99.0	339
337	R-SC Internet Services Chile Limitada, Santiago de Chile, Chile	100	21, 157
338	R-SC Internet Services Colombia SAS, Bogotá, Colombia	100	21
339	R-SC Internet Services Egypt LLC, Cairo, Egypt	100	21, 157
340	R-SC Internet Services France SAS, Paris, France	100	21
341	R-SC Internet Services II Norway AS, Oslo, Norway	100	134
342	R-SC Internet Services Japan K.K., Tokyo, Japan	100	21
343	RSC Internet Services Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100	272
344	R-SC Internet Services Nigeria Ltd., Lagos, Nigeria	100	21, 157
345	R-SC Internet Services Slovakia S.r.o., Bratislava, Slovakia	100	4, 131
346	R-SC Internet Services South Africa (Pty) Ltd., Cape Town, South Africa	100	21
347	RSC Internet Services Switzerland GmbH i.L., Zürich, Switzerland	100	21
348	RSC Internet Services Switzerland II GmbH i.L., Zürich, Switzerland	100	132
349	R-SC Liquidation Services Luxembourg (GP) S.à.r.l., Senningerberg, Luxembourg	100	116
350	R.S.C. Rocket Internet Services Ltd., Tel Aviv, Israel	100	21
351	RTE Internet Services Switzerland GmbH i.L., Zürich, Switzerland	100	21
352	RTE Italy S.r.l., Rome, Italy	100	21
353	RTE Netherlands B.V., Amsterdam, Netherlands	100	21
354	R1 E-Services Hungary Kft. "under liquidation", Budapest, Hungary	100	21
355	Solar eServices Pvt. Ltd., Gurgaon, India	100	156, 157
356	Somuchmore GP S.à.r.l., Senningerberg, Luxembourg	100	120
357	Somuchmore Spain SL, Alella, Spain	100	120
358	SpaceWays Storage Services UK Ltd., London, United Kingdom	75.0	359
359	Spaceways UK Holding S.C.Sp., Senningerberg, Luxembourg	100	4, 267

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No.	Company, registered office	Equity interest in %	Via no.
360	Tripda Argentina Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 365
361	Tripda Brazil Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 365
362	Tripda Chile Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 365
363	Tripda Chile S.p.A, Santiago de Chile, Chile	100	362
364	Tripda Colombia Holding S.C.Sp., Senningerberg, Luxembourg	99.7	4, 365
365	Tripda Group Holding S.C.Sp., Senningerberg, Luxembourg	98.0	4, 271
366	Tripda, Inc., Albany, United States	100	372
367	Tripda India Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 365
368	Tripda Mexico Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 365
369	Tripda Mexico S. de R.L. de C.V., Mexico City, Mexico	100	270, 368
370	Tripda South Korea Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 365
371	Tripda Uruguay Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 365
372	Tripda USA Holding S.C.Sp., Senningerberg, Luxembourg	99.9	4, 365
373	VRB B-147 Investments Ltd., Road Town, British Virgin Islands	100	224
374	VRB B-153 Ventures Ltd., Road Town, British Virgin Islands	100	225
375	VRB B-154 Group Ltd., Road Town, British Virgin Islands	100	226
376	VRB B-155 Corporate Ltd., Road Town, British Virgin Islands	100	227
377	VRB B-96 Holding Ltd., Road Town, British Virgin Islands	100	228
378	Wimdu Israel Ltd., Tel Aviv, Israel	100	21
Associated companies and joint ventures			
Germany			
379	AEH New Africa eCommerce II GmbH, Berlin ²⁾	71.2	1, 4
380	Affinitas GmbH, Berlin	21.9	1
381	Affinitas Phantom share GmbH, Berlin	34.4	1
382	Africa Internet Holding GmbH, Munich	21.7	1
383	Anschlussstor Vermarktungs GmbH, Berlin	49.0	17
384	Beauty Trend Holding GmbH, Berlin ²⁾	59.6	1
385	Casa Home & Living GmbH, Berlin	25.0	45
386	FabFurnish GmbH, Berlin	29.2	1
387	Global Savings Group GmbH, Munich ³⁾	38.1	1, 4
388	HelloFresh SE, Berlin ²⁾	55.8	1, 4
389	Home24 AG, Berlin	42.8	1, 4
390	Marley Spoon GmbH, Berlin	24.9	17
391	Paymill Holding GmbH, Berlin	48.5	4, 96
392	Plinga GmbH, Berlin	39.3	1, 41
393	Rumble Media GmbH, Karlsruhe	38.3	17
394	TravelTrex GmbH, Cologne	25.0	12
395	TRUSTED SHOPS GmbH, Cologne	25.0	17
396	Westwing Group GmbH, Berlin	32.3	1, 4, 22
397	Zanui Holding GmbH, Berlin	28.7	1, 4

No.	Company, registered office	Equity interest in %	Via no.
Other countries			
398	Asia Internet Holding S.à.r.l., Senningerberg, Luxembourg	50.0	1
399	Bus Servicos de Agendamento S.A., São Paulo, Brazil	50.0	29
400	Clariness AG, Stans, Switzerland	25.0	17
401	Digital Services XXVIII S.à.r.l., Senningerberg, Luxembourg ²⁾	70.0	1
402	ECommerce Holding II S.à.r.l., Senningerberg, Luxembourg ²⁾	50.6	4, 101, 127
403	Emerging Markets Taxi Holding S.à.r.l., Senningerberg, Luxembourg	38.6	33
404	Enuygun Com Internet Bilgi Hizmetleri Teknoloji ve Ticaret A.S., Istanbul, Turkey	48.8	41
405	Everdine Holding S.à.r.l., Senningerberg, Luxembourg ⁴⁾	71.4	4, 55
406	Girl Meets Dress Ltd., St. Albans, United Kingdom	23.7	17
407	Global Fashion Group S.A., Senningerberg, Luxembourg	20.6	1, 4, 33, 210
408	GoWorkaBit Ltd., London, United Kingdom	27.8	100
409	Helping Group Holding S.à.r.l., Senningerberg, Luxembourg	27.2	1, 4
410	Middle East Internet Holding S.à.r.l., Senningerberg, Luxembourg	50.0	1
411	Rocket Internet Capital Partners (EURO) SCS, Luxembourg City, Luxembourg	10.3	113
412	Rocket Internet Capital Partners SCS, Luxembourg City, Luxembourg	10.3	113, 114
413	RTV Holding, Inc., Road Town, British Virgin Islands	20.0	97
414	Spotcap Global S.à.r.l., Senningerberg, Luxembourg	39.9	4, 101
415	TravelBird Holding B.V., Amsterdam, Netherlands	25.2	17
416	Traveloka Holding Ltd., George Town, Cayman Islands	35.5	3
417	Ulmon GmbH, Vienna, Austria	22.8	17, 100
418	Vaniday Global S.à.r.l., Senningerberg, Luxembourg	43.4	1
419	Voopter Internet do Brasil S.A., Rio de Janeiro, Brazil ⁵⁾	55.2	17
420	XS Software AD, Sofia, Bulgaria	40.0	17
421	Yamsafer, Inc., United States	21.9	100

1) Not consolidated due to immateriality.

2) No control due to contractual arrangements or legal circumstances.

3) Global Savings Group GmbH: voting rights of 39.1% differ from equity interest.

4) Everdine Holding S.à.r.l.: voting rights of 50.0% differ from equity interest.

5) Voopter Internet do Brasil S.A.: voting rights of 48.0% differ from equity interest.

Notes to the Consolidated Financial Statements

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						
422	Altigi GmbH, Hamburg ⁹⁾	15.0	17	EUR	24,433	44,480
423	DaWanda GmbH, Berlin ⁹⁾	8.4	17	EUR	-6,439	3,066
424	Delivery Hero GmbH, Berlin ^{6), 7), 10)}	39.3	2, 102	EUR	-252,945	765,492
425	Dreamlines GmbH, Hamburg ¹¹⁾	3.6	17, 100	EUR	-9,899	12,785
426	Jimdo GmbH, Hamburg ⁹⁾	18.9	17	EUR	-3,276	15,116
427	Thermondo GmbH, Berlin ⁹⁾	5.3	100	EUR	-6,417	743
Other countries						
428	Dealerdirect Global B.V., Enschede, Netherlands ⁹⁾	12.3	100	EUR	-2,997	4,605
429	Funding Circle Holdings Ltd., London, United Kingdom ⁶⁾	1.8	100, 101	GBP	-39,577	133,221
430	Iwoca Ltd., London, United Kingdom ¹²⁾	5.9	17, 100	GBP	-4,818	9,170
431	MediaMath, Inc., Wilmington, United States	1.9	15	USD	⁸⁾	⁸⁾
432	NatureBox, Inc., Wilmington, United States	7.1	17	USD	⁸⁾	⁸⁾
433	SumUp Holdings S.à.r.l., Strassen, Luxembourg	3.3	96	EUR	⁸⁾	⁸⁾

6) Values according to the last available consolidated financial statements (IFRS) as of December 31, 2015.

7) No significant influence due to legal circumstances, voting rights of 30.0% differ from equity interest.

8) The company does not publish its financial statements.

9) Values according to the last available unconsolidated annual financial statements (local GAAP) as of December 31, 2015.

10) Equity interest before the capital increase registered on January 24, 2017 (contribution of foodpanda).

11) Values according to the last available unconsolidated annual financial statements (local GAAP) as of December 31, 2014.

12) Values according to the last available consolidated financial statements (local GAAP) as of December 31, 2015.

The disclosure of 5 associated companies, which are in liquidation stage, and which are known to be no longer continued, has been waived.

47. Number of Employees Pursuant to Sec. 314 (1) No. 4 HGB

The average number of staff employed was as follows:

	2016
Germany	715
Other countries	309
Total	1,024

As of December 31, 2016, the Group employed a total of 837 employees (previous year 1,496), thereof 194 abroad (previous year 639).

48. Declaration of Compliance with German Corporate Governance Code

The Management Board and the Supervisory Board will comply with the recommendations of the German Corporate Governance Code in conducting their affairs and issue the declaration of compliance required by Sec. 161 German Stock Corporations Act ("Aktengesetz" – AktG). The declaration of conformity required by Sec. 161 AktG will be publicly available on the parent Company's website <https://www.rocket-internet.com/investors/corporate-governance>.

49. Authorization of the Financial Statements for Issue

The Management Board authorized the issue of the consolidated financial statements on March 31, 2017.

Berlin, March 31, 2017

The Management Board

Oliver Samwer

Peter Kimpel

Alexander Kudlich

4

Combined Management Report

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1. Fundamentals of the Company and the Group

1.1 Business Model

1.1.1 General Information

Rocket Internet SE (until March 18, 2015 Rocket Internet AG) (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”).

Since September 26, 2016, 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. Until September 26, 2016, the shares of the Company were included in the non-regulated Entry Standard of the Frankfurt Stock Exchange. The admission to the non-regulated Entry Standard did not represent a stock listing pursuant to Sec. 3 (2) AktG (German Stock Corporation Act).

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 summarized as “network companies”.

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 2016 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, 2016.

1.1.2 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.

Rocket Internet has industrialized the process of incubation with its platform approach. The access to our know-how and our ability to scale a business quickly provide new companies with a key competitive advantage. They benefit from strong network effects, our technological, functional and regional expertise, strategic partnerships and in-house knowledge sharing. We implement our business strategy through our close involvement in the day-to-day management of many network companies and our hands-on participation in their operational development. We provide these network companies with guidance to develop their operations and we seek to foster their operational development by giving them access to deep functional expertise, proprietary technology and by sharing our proprietary knowledge with them.

We deploy capital on the premise that the offline to online shift will continue to disrupt almost all sectors and fundamentally change business models and industries. We are agnostic to building versus investing in Internet companies and look for companies and business models that can achieve a significant scale, as well as a high level of profitability and defensible market leading positions over time.

Rocket Internet has a flexible and scalable platform, which enables starting several new projects per year in its five target regions

- Europe (excluding Russia and other CIS countries (Commonwealth of Independent States)),
- Africa and Middle East,
- Asia-Pacific (excluding China),
- Russia and other CIS countries, and
- Latin America.

Four Industry Sectors

Rocket Internet is focused on proven Internet-based business models that satisfy basic consumer needs across the following four industry sectors¹⁾:

- 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).

Regional Internet Groups

Rocket Internet has created Regional Internet Groups in order to combine the knowledge of local markets with the business model expertise, to foster regional commercial, strategic and investment partnerships especially with mobile operators. Our Regional Internet Groups include Asia Pacific Internet Group, Middle East Internet Group and Jumia Group (former Africa Internet Group).

New Businesses & Investments

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 invest in existing companies (the so-called “GFC Investments” (Global Founders Capital Investments)) by either participating in a financing round or purchasing stakes through secondary transactions. These investments are geared toward long-term commitments, where we seek to create value in the long-term by developing the business.

1) Sectors do not represent reportable segments.

Services

Furthermore, Rocket Internet Group performs a range of IT systems engineering, product design, online marketing and other services, particularly commercial and technical consulting services 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 its role as Group holding, Rocket Internet fulfils central functions including operational investment management, accounting, Group financial reporting, press and investor relations, risk management and internal audit as well as human resources management.

Rocket Internet typically owns directly or indirectly approximately 80% of its companies²⁾ 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 made either directly into the company or indirectly into an intermediate holding company or a Regional Internet Group. 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, 2016, 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, 2016 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, Lamudi, Carmudi, Easy Taxi, Kaymu, Helpling, Jovago, Shopwings
Middle East Internet Holding S.à.r.l.	Carmudi, Lamudi, Easy Taxi, Helpling, Wadi

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.

As of December 31, 2016 Rocket Internet Group included 125 (previous year 182) fully consolidated companies (including intermediary holdings), of which 77 (previous year 119) companies were located outside of Germany. In addition, Rocket Internet Group held investments in 48 (previous year 51) associated companies and joint ventures. 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

During the first half of 2015, the Group successively purchased approximately 44% of the total outstanding share capital of Delivery Hero GmbH (DH). Due to subsequent capital increases performed by DH Rocket Internet's share decreased until March 31, 2017 to approximately 40% (prior to dilutive effects of convertible instruments issued by DH). Under the terms of the DH Shareholders' Agreement, the Group's voting rights are limited to 30%. Furthermore, Rocket Internet did not obtain representation on the DH's advisory board (as specified in the DH's articles of incorporation), which precludes Rocket Internet from the participation in 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.

The Group has designated certain associated companies and other equity investments with ownership percentages below 20% that are not closely related to Rocket Internet's operations as financial assets at fair value through profit or loss. Those equity investments are primarily operated under the Global Founders Capital brand and are managed 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 into several Internet companies (e.g. Goodgame Studios, Jimdo, Marley Spoon, TRUSTED SHOPS, TravelBird, NatureBox).

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	 
Fashion	 NAMSHI dafiti ZALORA lamoda
General Merchandise	JUMIA 
Home & Living	 home24
Regional Internet Groups	 Asia Pacific Internet Group JUMIA   Middle East Internet Group
New Businesses & Investments	

1.1.5 Strategy

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. In 2016, we further honed and deepened our approach and made it more efficient, identifying opportunities in new regions and markets, and consistently expanding the Rocket Internet network of companies while limiting to operate regionally or discontinuing network companies with business models that were no longer promising.

We have become experts in entering markets that are more difficult to develop due to the lack of basic infrastructure than markets in the industrialized world.

Our strategy is influenced by five key trends that drive growth in our key markets:

- Internet penetration in emerging markets is low but growing quickly, which means demand for online services that meet basic needs is surging exponentially.
- The smartphone revolution is giving ever more people Internet access, a big opportunity for online retailers to exploit new demand in all corners of the world.
- The population in many of our markets is younger and thus potentially more tech-savvy than that in, for example, the US, which increases the scope for online business models.
- The middle class in many emerging market economies is expected to grow strongly, which we expect to raise discretionary consumer spending significantly.
- Bricks-and-mortar retailing in many target markets is underdeveloped, which will allow online retailers to capture more consumers as they leapfrog to Internet shopping.

By monitoring these developments and keeping a close eye on consumer habits in individual markets, Rocket Internet was able to further develop its network of companies in 2016.

Our operational platform and our expanding network of companies have put us in a unique position to capitalize on the growth of Internet commerce in and outside Europe. Technological innovation and rapidly changing consumer habits offer online retailers and service providers significant opportunities as Internet-based business models scale quickly. We invest in select business models and sectors, with the aim of owning significant stakes in companies that have the potential to become leading players in their markets.

Our aim is to achieve long-term leadership in the markets and sectors we enter. To gain a strong market position, we are willing to invest in the early development stages, leading to start-up losses. Long-term value creation is therefore our key focus when starting new businesses. To support this goal, we continue to invest in our product portfolio technology, the customer experience, infrastructure and logistics capabilities. Targeting profitability in the mid-term, our focus for these companies shifts over time to creating equilibrium between growth and market share on the one hand and unit economics and profitability on the other. It is our objective that these companies reach break-even within six to nine years after launch.

We provide companies launched on the Rocket Internet platform with the financial means to start up and develop their operations. Since we are the initiator of the respective company, we own a significant majority and hence we benefit from the so-called “founder economics”. Company growth is typically funded through a mix of own and third party capital, underscoring the attractiveness of and value creation in our network of companies. When we see an investment opportunity in a promising business model, we invest with conviction and provide significant amounts of capital.

Rocket Internet’s network comprises companies at different stages of development. At the time of launch, we typically own directly or indirectly an approximately 80% stake, with the remainder set aside for management equity participation. In subsequent financing rounds, we invest and attract external equity financing, which is provided by our local strategic partners as well as other strategic and financial investors. As we firmly believe in the business models we launch, we seek to retain

a large share of the absolute value creation and therefore intend to maintain relatively high ownership stakes and control in many of our companies. We continue to participate in financing rounds of our companies and selectively purchase additional stakes through secondary transactions.

In January 2016, the Rocket Internet Capital Partners (RICP) Fund was launched. Rocket Internet SE has underwritten an amount equal to 10% of the subscribed capital of the Fund via its fully consolidated subsidiary Rocket Internet Capital Partners Founder SCS. The remaining 90% of the 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 has a duration of at least nine years.

Detailed, up to date information on the strategy and the major network companies of Rocket Internet can be found on the website of the parent Company: www.rocket-internet.com.

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.

Development expenses are capitalized as internally generated intangible assets, whereas maintenance expenditure as well as research expenses are recognized in the income statement.

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.

In 2016, the Group capitalized EUR 2.9 million of development expenses (previous year EUR 5.7 million). Amortization of internally generated intangible assets of the Group amounted to EUR 2.2 million (previous year EUR 3.2 million). In 2016, the impairment losses of internally generated intangible assets of the Group amounted to EUR 6.5 million (previous year EUR 0.0 million). In the Annual Financial Statements of Rocket Internet SE, EUR 2.9 million of development expenses were capitalized in 2016 (previous year EUR 4.0 million). Amortization of internally generated intangible assets of Rocket Internet SE amounted to EUR 1.7 million (previous year EUR 1.0 million). In 2016, the impairment losses of internally generated intangible assets in the Annual Financial Statements amounted to EUR 4.4 million (previous year EUR 0.0 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. As capital is a key component in growing companies, we aim to maintain a strong financial position as well as access to funding. 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) published "World Economic Outlook" (update January 2017), global growth slowed down to 3.1% in 2016. Advanced economies are now estimated to have grown by 1.6% in 2016. Emerging market and developing economies growth is currently estimated at 4.1% in 2016. Among advanced economies, activity rebounded strongly in the United States after a weak first half of 2016, and the economy is approaching full employment. Output remains below potential in a number of other advanced economies, notably in the euro area. Preliminary third-quarter growth figures were somewhat stronger than previously forecast in some economies, such as Spain and the United Kingdom, where domestic demand held up better than expected in the aftermath of the Brexit vote. Growth prospects have marginally worsened for emerging market and developing economies, where financial conditions have generally tightened. Near-term growth prospects were revised up for China, due to expected policy stimulus and for Nigeria reflecting higher oil production due to security improvements, but were revised down for a number of other large economies, most notably India, Brazil and Mexico. Activity was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey, which faced a sharp contraction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices. The US Dollar has appreciated in real effective terms by over 6% since August 2016. The currencies of advanced commodity exporters have also strengthened, reflecting the firming of commodity prices, whereas the euro and especially the Japanese yen have weakened. Several emerging market currencies depreciated substantially in recent months, most notably the Turkish lira and the Mexican peso, while the currencies of several commodity exporters, most notably Russia, appreciated. Long-term nominal and real interest rates have risen substantially since August 2016, particularly in the United Kingdom and in the United States since the November election. Geopolitical risks and a range of other non-economic factors continue to weigh on the outlook in various regions: civil war and domestic conflict in parts of the Middle East and Africa, the tragic plight of refugees and migrants in neighboring countries and in Europe, acts of terror worldwide, the protracted effects of a drought in eastern and southern Africa, and the spread of the Zika virus in Latin America. If these factors intensify, they would deepen the hardship in directly affected countries. Increased geopolitical tensions and terrorism could also take a large toll on global market sentiment and economic confidence.

The development of Gross Domestic Product (GDP) and exchange rates in selected countries is as follows:

Country / Currency	Change of GDP in %		Exchange rates (1 EUR = local currency)		
	2016	2015	Dec 31, 2016	Dec 31, 2015	Change
Australia AUD	2.9%	2.4%	1.460	1.490	-2.0%
Brazil BRL	-3.3%	-3.8%	3.431	4.312	-20.4%
Germany EUR	1.7%	1.5%	n/a	n/a	n/a
India INR	7.6%	7.6%	71.594	72.022	-0.6%
Indonesia IDR	4.9%	4.8%	14,173.430	15,039.990	-5.8%
Nigeria NGN	-1.7%	2.7%	319.272	215.545	48.1%
Russia RUB	-0.8%	-3.7%	64.300	80.674	-20.3%
Saudi Arabia SAR	1.2%	3.5%	3.950	4.097	-3.6%
Singapore SGD	1.7%	2.0%	1.523	1.542	-1.2%
United Arab Emirates AED	2.3%	4.0%	3.869	4.012	-3.6%
United Kingdom GBP	1.8%	2.2%	0.856	0.734	16.7%
United States USD	1.6%	2.6%	1.054	1.089	-3.2%

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 innovations. In light of this, politicians are asked to improve the venture capital environment in Germany with well-targeted measures. In September 2015, the Federal Government adopted a key issues paper on the promotion of venture capital in Germany, which includes several measures to strengthen the venture capital scene in Germany and to improve the financing situation. The measures of 2016 include primarily the law adopted in December 2016 for the better deductibility of the tax loss carryforwards and the increase of the ERP/EIF-Fund and European Angels Fund in July 2016 by EUR 1.0 billion to EUR 2.7 billion. In the broader perspective, the Federal Government wants to develop Germany into a competitive location for venture capital funds.

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 (SME) by the Deutsche Börse AG on March 1, 2017. The creation of a pan-European stock market segment is a core component of the European Capital Markets Union (CMU). European CMU is intended as a long-term project, whose cornerstones are to be placed by the year 2019. The European Commission assumes that the underdeveloped market conditions are the result of structural problems in the European financial system. The propositions of the European Commission involve not only an expanding financial integration, but also promoting capital market-based corporate financing and specific market segments. The Action Plan of the European Commission includes some of the following measures: improving access to public capital markets, promotion of venture capital and private equity financing, promotion of innovative forms of financing and strengthening pan-European approaches to SME financing.

Challenging conditions like the fluctuations of oil prices, the Brexit referendum and the US elections not only resulted in declined IPO activity in Germany but also worldwide. Only eight companies made an IPO in the German Prime Standard in 2016 (previous year 15) and thereby attracted EUR 5.2 billion, 26.8% decrease compared to previous year (EUR 7.1 billion). In 2016, 19 companies were newly listed in all segments of the Frankfurt Stock Exchange (24 in 2015). Overall, the newcomers had a market capitalization of EUR 30.5 billion at initial listing (EUR 40.1 billion in 2015). For the year 2017, up to 10 German IPOs are cautiously expected.

General Industry Trends³⁾

According to Retail TouchPoints 2017 E-Commerce Outlook Guide, the eCommerce industry still shows strong growth. This steady growth is supported by the increasing internationalization in the industry as well as a continuously increasing Internet penetration, especially in emerging markets.

However, 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.

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 instead reaching targeted consumers at optimal times in optimal locations.

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

3) Sources: internal industry analysis by Rocket Internet SE.

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 2016):

Share of Mobile Commerce of Retail eCommerce Sales (in %)

Country	2013	2014	2015	2016	2017 (Estimate)
Brazil	4.7%	7.9%	11.7%	16.2%	21.4%
Germany	9.0%	15.9%	26.3%	33.2%	36.8%
United Kingdom	19.0%	27.7%	33.3%	37.1%	40.4%
United States	16.0%	19.0%	26.0%	33.0%	37.0%

A current trend is the creation and development of “Service” start-ups, for example, companies whose purpose is to simplify ordering lunch, help finding cleaners or booking beauty treatments. Examples of Rocket Internet network companies are EatFirst, Helping and Vaniday.

Another area of expansion in the Internet industry has been “mobile and urban on-demand-services”. Companies in this area want to make life in cities easier. Business models in this area have only recently become possible with the widespread market penetration of GPS smartphones and push messages. These business models work best in densely populated areas, as the services are often time and location-specific. They exhibit elements of vertical integration of logistics and at times an aggregation of the supply side. As consumers can now make secure purchases using their smartphones, mobile devices are becoming the most used platform for seeking information on goods and services, resulting in the rise of retail spending.

Private transport, which in recent decades has shaped the lives of people and the infrastructure of the cities, requires change in order to reduce emissions and relieve urban congestion. The entire technology industry has recognized the mobility sector as a lucrative market. In metropolitan areas, the private car is no longer the sole means of transport and will be displaced increasingly in the future. Short distance trips are going to be dominated by public transport, car sharing and taxi-type services. It will be more convenient to order a car via mobile app than to even look for a parking space. The car of the future will be like an Internet browser, the main interface for the digital life. With the launch of RideLink Rocket Internet has entered this market.

In the start-up scene, the B2B-business is becoming more and more attractive due to high margins, rapid revenue growth, early profitability and real value added to customers, ever since the hype surrounding the B2C start-ups, especially in the realm of eCommerce has decreased.

Artificial intelligence has become part of everyday life since Siri and Cortana. The realm of eCommerce and social networks will also be reinforced by artificial intelligence, in the form of chatbots, which collect valuable information about customers, thus enabling customizing and the transition to social commerce.

According to the “D21-Digital-Index 2016” by the “Initiative D21”, a total of about 79% (previous year 78%) of all Germans (age groups above 14 years old) used the Internet in 2016. The share of smartphone owners increased from 60% in 2015 to 66% in 2016. The use of tablets increased to 37% (previous year 35%). In 2016, the share of owners of so-called wearables (devices that can be worn by a person) is 5%. While 72% of the population regularly search the Internet for content and information via search engines representing the most frequently used application in the Internet, more specific applications are far less frequently used, i.e. by only about half of the Germans. 54%

of the population watches videos online via platforms such as YouTube. Online shopping is done by 50% on a regular basis and online training opportunities are frequently used by only 17% of the population. In the realm of eCommerce interesting changes are visible compared to last year. The share of those who shop goods online amounts to 50% of the total population, same as in the previous year (63% of the all Internet users). Men are more likely to buy online regularly, accounting for 57% and representing 14 percentage points more than the women's share. The use of online services rose significantly in 2016 compared to last year. While nearly a fifth of the population (19%) used this option once or several times a week in 2015, the rate was 36% in 2016. Similar to the online shopping behavior, more men than women are active in this area.

According to the "Measuring the Information Society Report 2016" by the International Telecommunication Union (ITU), the global Internet user rate was 47.1% in 2016. The rate in developed countries amounted to 81.0%, while developing countries had a rate of 40.1%. The 2016 growth rate of the global Internet user rate was 7.5%. The number of Internet users in the developing countries increased by almost 50% in the last five years. Most people have access to Internet services but many do not actually use them. The spread of 3G and 4G networks across the world had brought the Internet to more and more people. In 2016, mobile-broadband networks covered 84% of the world's population, yet with 47.1% Internet user penetration, the number of Internet users remains well below the number of people with network access. While infrastructure deployment is crucial, high prices, poor quality of service and other barriers are serious obstacles to getting more people to enter the digital world. The full potential of the Internet remains untapped, especially for low-income and less educated users. Internet users with higher levels of education make greater use of more advanced services, such as eCommerce and online financial and government services, than Internet users with lower levels of education and income, who use the Internet predominantly for communication and entertainment purposes. The Internet has opened up new communication channels, provided access to information and services, increased productivity and fostered innovation. It has also created an Internet economy, and a number of new leading businesses whose clients are exclusively online. The offline population (3.9 billion people globally) is disproportionately female and elderly, less educated, has lower incomes and lives in rural areas.

Situation in the Specific Regions

For the consolidated subsidiaries of Rocket Internet Group as well as several important associated companies, the regions **Latin America and Europe (excluding Russia)** are of particular importance. In the other regions, Rocket Internet Group is mainly represented by its associated companies. The situation differs by region:

Europe (excluding Russia and other CIS countries) with approximately 618.9 million inhabitants at the end of 2016 and an expected population growth of 0.36%⁴⁾ in the period between 2016 and 2021 (source: IMF, WEO Database December 2016), has around 486 million Internet users (source: Internetlivestats December 2016; IDC Database January 2017) and an Internet user rate of 78.6%. There are 497.6 million smartphone users living in Europe (source: IMF, WEO Database December 2016; Smartphone Connections Forecast Ovum December 2016), which corresponds to a smartphone user rate of 80.4%. Europe's Business-to-Consumer (B2C) eCommerce volume is estimated at USD 331.3 billion (source: eMarketer December 2016).

At the end of 2016, approximately 606.4 million people lived in **Latin America**. For the period from 2016 to 2021, population growth of 1.0% is expected (source: IMF, WEO Database December 2016). With 370.6 million Internet users (source: IDC Database January 2017, Internetlivestats December 2016), this region has an Internet user rate of 61.1%. There are 335 million smartphone users living in Latin America (source: IMF, WEO Database December 2016; Smartphone Connections Forecast Ovum December 2016), which corresponds to a smartphone user rate of 55.2%. Latin America's B2C eCommerce market is estimated to have a volume of USD 37 billion (source: eMarketer December 2016).

4) The population growth is indicated as the Compound Annual Growth Rate (CAGR).

At the end of 2016, approximately 284.6 million inhabitants lived in **Russia and other CIS countries** (source: IMF, WEO Database December 2016). The population growth expectation for the period 2016 to 2021 for this region lies at 0.3% (source: IMF, WEO Database December 2016). With 178 million Internet users (source: Internetlivestats December 2016; IDC Database January 2017), this region has an Internet user rate of 62.5%, and 186.3 million smartphone users (source: IMF, WEO Database December 2016; Smartphone Connections Forecast Ovum December 2016), which corresponds to a smartphone user rate of 65.4%. The B2C eCommerce market volume is estimated at USD 14.2 billion (source: eMarketer December 2016).

At the end of 2016, 2,594.8 million inhabitants lived in the **Asia-Pacific (excluding China)** area (source: IMF, WEO Database December 2016). For the period 2016 to 2021, a population growth of 1.2% is expected (source: IMF, WEO Database December 2016). With 974 million Internet users (source: Internetlivestats December 2016; IDC Database January 2017), the region has an Internet user rate of 38.0%. Furthermore, there are 986.4 million smartphone users in the Asia-Pacific region (source: IMF, WEO Database December 2016; Smartphone Connections Forecast Ovum December 2016), which amounts to a smartphone user rate of 37.5%. Asia-Pacific's B2C eCommerce market volume is estimated at USD 191.0 billion (source: eMarketer December 2016).

Africa and the Middle East with approximately 1,406.5 million inhabitants at the end of 2016 and an expected population growth in the period 2016 to 2021 of 2.4% (source: IMF, WEO Database December 2016), are home to about 393.2 million Internet users (source: Internetlivestats December 2016; IDC Database January 2017), which corresponds to an Internet user rate of 28.0%. The region hosts 408.8 million smartphone users (source: IMF, WEO Database December 2016; Smartphone Connections Forecast Ovum December 2016), which correspond to a smartphone user rate of 29.1%. The B2C eCommerce market volume in Africa and the Middle East is estimated at USD 18.7 billion (source: eMarketer December 2016).

3.3 Course of Business

In the past financial year, we continued our path on the capital market with the stock listing of Rocket Internet SE in the Prime Standard of the Frankfurt Stock Exchange that we started by the admission to the Entry Standard in 2014. The necessary prerequisites were met as planned by the Company as a whole in the announced timeframe.

As a further important step, the Company has moved its headquarters to Charlottenstraße 4, and with much more flexible and customized spaces, has been able to further promote its own corporate culture while bringing the technology fully up to date.

At the beginning of the 2016 financial year, the Rocket Internet Capital Partners Fund established a further pillar of market access and financing within the Company network, and the expertise in the realm of investment was significantly expanded and deepened.

The execution of Rocket Internet's strategy to expand existing major network companies such as HelloFresh, Home24, Global Fashion Group, Jumia and foodpanda, to build new business models (e.g. Campsy, Everdine, Instafreight) and to invest in existing and new businesses such as Ace & Tate, Marley Spoon, Thermondo, Pets Deli, Goldbely, NatureBox and Sonovate was continued in the financial year 2016.

Most of Rocket Internet SE's network companies in our four key focus sectors showed continued revenue growth and demonstrated further progress on the path to profitability in the financial year 2016 in comparison to the financial year 2015.

In April 2016, Rocket Internet divested half of its stake in Lazada (Lazada operates an online shopping and selling destination for assorted merchandise in Southeast Asia) to Alibaba Group Services Limited, Hong Kong (Alibaba), marking its largest divestment since the IPO and thereby confirming

that Rocket Internet, in addition to building companies, is in the position to turn value into cash at the right time and at the right price. Lazada's shareholders, including Rocket Internet, have also entered into a put-call agreement 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 the 12 to 18 month period following the closing of the transaction.

In the reportable segment General Merchandise Lazada and Linio (Online retailer in Latin America), ceased to be reportable when Rocket Internet SE sold half of its share in Lazada to Alibaba and lost significant influence over Linio as a result of not participating in the financial round in August 2016. Additionally, the merger of the African General Merchandise business activities with the other marketplaces and classifieds businesses in the region resulted in the creation of the new reportable segment Jumia. For comparability the financial information of the former operating segment Jumia is reclassified into the new reportable segment Jumia.

In 2016, a Fund named Rocket Internet Capital Partners ("RICP" or "Fund") was established. At the end of 2016 the Fund had total commitments of USD 869.2 million. The Fund belongs to Europe's largest early stage and growth capital funds focused on the Internet sector.

On July 22, 2016, the Global Fashion Group announced a funding round of EUR 330.0 million, which has been subscribed by existing investors including Rocket Internet and the Rocket Internet Capital Partners (RICP) Fund. Rocket Internet has invested EUR 18.9 million in cash in July 2016 and received shares from conversion of existing convertible preference shares. The transaction implied a valuation of Global Fashion Group at EUR 1.0 billion following the investment (post-money) leading to significant impairment losses at Global Fashion Group, which were already reflected with its pro rata share in Rocket Internet SE's half year results.

The financial year 2016 was also characterized by selective sales of subsidiaries. During the financial year 2016, Rocket Internet divested La Nevera Roja and Pizzabo.it in line with its strategy of divesting non-core operations that are not market leading, and further reducing the complexity of Rocket Internet. In addition, some of the non-core (e.g. Bonnyprints, FabFurnish) or no longer viable business models (Vendomo, Tripda, Shopkin, Sparklist) were discontinued, sold or limited to operate regionally.

In February 2016, the Management Board of Rocket Internet SE concluded a partial repurchase of the convertible bonds. In line with this program, up to EUR 150.0 million shall be used in order to repurchase not subordinated, unsecured convertible bonds due in 2022 and issued by the Company in the year 2015. In September 2016, the buyback program has been expanded by an additional up to EUR 85.0 million to be spent until September 30, 2017. During the year 2016, the Group repurchased convertible bonds with an aggregate principal amount of EUR 196.2 million.

In September 2016, Rocket Internet SE's shares were approved for admission to the regulated market segment (Prime Standard) of the Frankfurt Stock Exchange. Effective as of October 14, 2016, the shares of Rocket Internet SE were included in the SDAX index.

In December 2016, the Group received newly issued shares in Delivery Hero in exchange for all its shares in foodpanda. As a result of this transaction, foodpanda ceased to represent an associated company and the Group recognized a disposal gain amounting to EUR 79.1 million.

EBITDA of the Group deteriorated mainly driven by non-cash items significantly from negative EUR 200.8 million in 2015 to negative EUR 565.3 million in 2016. This deterioration was mainly due to an impairment-driven decrease in the share of profit/loss of associates (especially impairment losses of stakes in Global Fashion Group and Linio) and joint ventures, lower result from deconsolidation of subsidiaries and a decrease in revenue, which were only partially offset by a decrease in employee benefits expenses, a decrease in expenses for purchased merchandise and purchased services and a decrease in other operating expenses.

The average EBITDA margin of the Group of New Businesses & Investments remained negative but improved significantly regarding subsidiaries, which were fully consolidated by the Rocket Internet Group in 2015 and 2016.

Cash and cash equivalents of the Group including balances in assets classified as held for sale amount to EUR 1,401.7 million (previous year EUR 1,768.6 million) as of December 31, 2016. The decrease of the cash and cash equivalents of the Group is caused by the negative cash flows from financing activities which amounted to EUR –162.2 million, negative cash flows from investing activities which amounted to EUR –123.6 million and negative cash flow from operating activities which amounted to EUR –85.7 million.

Overall, the loss for the period of the Group amounted to EUR 741.5 million (previous year loss of EUR 197.8 million). The total comprehensive loss for the period, net of tax for the financial year 2016 amounted to EUR 623.2 million (previous year total comprehensive loss of EUR 161.4 million).

The forecast sharp decrease in consolidated revenue has materialized in 2016 and is due to deconsolidations, shut-downs and sales of subsidiaries. As projected, overall, the consolidated revenues of New Businesses & Investments decreased from EUR 84.6 million in financial year 2015 by 75% to EUR 21.2 million in 2016.

The previous year report's forecast of a significant increase in consolidated revenue of New Businesses & Investments for those companies that continued to be fully consolidated after December 31, 2015, has been realized. New Businesses & Investments which continued to be consolidated at the end of 2016 have shown significant growth in revenues as predicted.

Especially, Carspring in the UK showed significant growth and contributed a significant share of revenues. However, there have been further deconsolidations and closings that cause a reduction in revenues from New Businesses & Investments overall, contributing to the aforementioned sharp decrease in consolidated revenue. As forecast the area of New Businesses & Investments realized a negative EBIT and thus contributed to the expected negative EBIT on Rocket Internet Group level.

The result from deconsolidation of subsidiaries in 2016 in the amount of EUR 48.3 million (previous year EUR 167.0 million) has decreased significantly as had been forecast in the 2015 Combined Management Report. In line with the previous year's report forecast, a substantial negative result occurred from the share of profit/loss from associates and joint ventures. In 2016, the Group's share of the net income of associates or joint ventures including adjustments made by the Group under the equity method as well as gains from deemed disposals amounts to negative EUR 148.8 million. In addition, the Group has recognized impairment losses of EUR 568.0 million, which are partly offset by gains from disposals of associates of EUR 177.2 million.

In line with the previous year report's forecast, mostly international expansion of our companies has continued accompanied by the development and acquisition of various new business models. In 2016 numerous GFC investments have been acquired. At the same time, new network companies have been added to the consolidation Group representing new business models. However, no longer viable business models have been discontinued, sold or limited to operate regionally. As a result, the number of fully consolidated companies has decreased from 182 to 125, as had been predicted in the 2015 Combined Management Report.

In line with our Group strategy, Rocket Internet did not execute dilutive capital increases at the Group level and there were no significant M&A transactions in 2016.

In the 2015 Combined Management Report, the stable or slightly decreasing revenues from rendering services 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 extensive than forecast from EUR 34.2 million by 18% to EUR 28.1 million. At the Group level the revenues for other services decreased from EUR 43.7 million by 33% to EUR 29.2 million.

In the Annual Financial Statements of the parent Company in 2016, a net profit of EUR 41.4 million (previous year net loss of EUR 73.5 million) was recognized, which resulted primarily from the gains from disposals of participations reported in the line item other operating income.

As disclosed in the 2015 Combined Management Report, the earnings position of the Company and the Group can vary substantially from year to year, due to dilution or in some cases as a result of sale of participations. As in the previous years, we assessed the degree of predictability of the occurrence of the respective transactions to be low and therefore we did not present an EBITDA forecast.

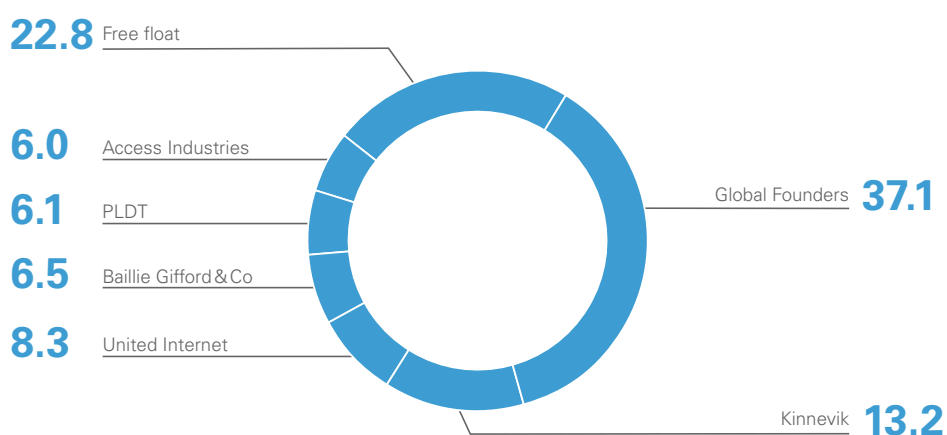
3.4 Rocket Internet Share and Share Capital Structure

During the year 2016, the Rocket Internet share price decreased from EUR 28.29 as of December 31, 2015 by EUR 9.15 to EUR 19.14 as of December 31, 2016. The market capitalization changed from about EUR 4.7 billion on December 31, 2015 to about EUR 3.2 billion on December 31, 2016. In the financial year 2016, average daily trading via the electronic computer trading system XETRA recognized on average 188,000 shares (previous year 213,000 shares) with an average value of EUR 3.8 million (previous year EUR 7.0 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, 2016 (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.

Shareholder structure as of December 31, 2016

In percent



Shareholding percentages are generally based on the shareholdings as last notified to Rocket Internet by its shareholders pursuant to Sec. 21, 22 German Securities Trading Act (WpHG). 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 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.

Other shareholders/Free float refer to shareholdings with less than 3%.

In February 2017, Kinnevik sold half of its stake (6.6% of the outstanding shares of Rocket Internet) increasing the free float to 29.4% from a previous 22.8%.

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% p.a. 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 2016, the Group repurchased convertible bonds with an aggregate principal amount of EUR 196.2 million. As of December 31, 2016, the aggregate outstanding principal amount of the convertible bonds amounted to 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 2013–2016:

In EUR million	2016	2015	2014	2013
Revenue	50.4	128.3	128.2	99.8
Result from deconsolidation of subsidiaries	48.3	167.0	452.6	0.0
Share of profit/loss of associates and joint ventures	-539.6	-188.6	75.1	1,449.0
EBITDA	-565.3	-200.8	424.4	1,317.8
Financial result	-168.0	29.7	12.0	91.8
Loss/profit for the period	-741.5	-197.8	428.8	1,395.6
Other comprehensive income for the period, net of tax	118.3	36.4	78.2	9.2
Total comprehensive loss/income for the period, net of tax	-623.2	-161.4	507.0	1,404.8
Earnings per share (in EUR) – basic = diluted	-4.22	-1.24	3.24	11.93

Earnings position of the Group during the reporting period:

In EUR million	2016	2015
Revenue	50.4	128.3
Internally produced and capitalized assets	2.9	5.7
Other operating income	1.2	5.0
Result from deconsolidation of subsidiaries	48.3	167.0
Purchased merchandise and purchased services	-24.2	-64.1
Employee benefits expenses	-59.0	-171.7
Other operating expenses	-45.3	-82.5
Share of profit/loss of associates and joint ventures	-539.6	-188.6
EBITDA	-565.3	-200.8
Impairment of non-current assets, depreciation and amortization	-13.7	-25.3
Financial result	-168.0	29.7
Income taxes	5.5	-1.4
Loss for the period	-741.5	-197.8
<i>Other comprehensive income for the period, net of tax</i>	<i>118.3</i>	<i>36.4</i>
Total comprehensive loss for the period, net of tax	-623.2	-161.4

Revenue was structured as follows:

In EUR million	2016		2015	
New Businesses & Investments	21.2	42%	84.6	66%
Other Services	29.2	58%	43.7	34%
Total	50.4	100%	128.3	100%

The sharp decrease in consolidated revenue in 2016 is due to deconsolidations in 2015 (Kanui, Tricae, Zencap, Nestpick, Zocprint) and in 2016 (Spotcap, Clickbus Brazil, Everdine, Vaniday), the sale of Bonnyprints (January 2016), La Nevera Roja (April 2016) and Pizzabo.it (February 2016) as well as closings (Airu, Shopwings, Tripda, Kaymu, Vendomo, Spaceways, Shopkin, EatFirst Germany, Sparklist, Bonativo in both 2015 and 2016), and the decrease of revenues of Printvenue India.

New Businesses & Investments which continue to be consolidated at the end of 2016 have shown significant growth in revenues as predicted. However, the abovementioned deconsolidations, disposals and winding downs have caused an overall reduction in revenues of New Businesses & Investments.

The revenues from other services are mainly comprised of income from consulting services performed for network companies. The decrease 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.

Of the total consolidated revenues, 45% were generated in Germany (previous year 26%), 25% in the United Kingdom (previous year 3%), 7% in Luxembourg (previous year 3%), 7% Singapore (previous year 4%), 3% in Brazil (previous year 53%) 13% in the rest of the world (previous year 11%). The change in the regional split is mainly caused by the deconsolidation of Kanui and Tricae in September 2015.

Other operating income mainly includes gain on disposal of available-for-sale investments, currency translation gains and recoveries on previously written-off receivables. Other operating income decreased primarily due to a decrease in currency translation gains.

The result from deconsolidation of subsidiaries in the amount of EUR 48.3 million (previous year EUR 167.0 million) has decreased significantly as had been forecast in the 2015 Consolidated Financial Statements. It mainly originated from deemed disposals of Spotcap (EUR 13.4 million), Clickbus Brazil (EUR 12.7 million), Vaniday (EUR 9.5 million) and Everdine (EUR 8.5 million). In 2015, the gain from deconsolidation primarily comprised gains from sales of subsidiaries of EUR 158.4 million, mainly from the sale of Kanui and Tricae in exchange for shares in Global Fashion Group S.A. and the sale of Zencap in exchange for shares in Funding Circle.

The cost of purchased merchandise and purchased services decreased from EUR 64.1 million by 62% to EUR 24.2 million. The decrease is mainly due to the decline of cost of purchased merchandise (EUR 11.0 million; previous year EUR 44.7 million) which is mostly caused by the deconsolidation of Tricae (previous year expense of EUR 18.5 million) and Kanui (previous year expense of EUR 18.2 million) in September 2015. The lower expenses for purchased merchandise were, however, partly offset by higher expenses for purchased services.

Employee benefits expenses, which amounted to EUR 59.0 million (previous year EUR 171.7 million), included the current remuneration as well as expenses arising from equity-settled and cash-settled share-based payments. The significant decrease by EUR 112.7 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	-43.0
Revaluation of liabilities for cash-settled share-based payments and other incentives mainly driven by the decrease in fair value of the underlying equity instruments (e.g. Global Fashion Group)	-26.4
Decrease of expenses for equity-settled share-based payments mainly driven by deconsolidation of subsidiaries and front-loading recognition of expenses (graded vesting)	-43.2
Total	-112.7

Other operating expenses included mainly legal and consultancy fees (EUR 16.6 million; previous year EUR 10.7 million), marketing expenses (EUR 7.5 million; previous year EUR 31.4 million), rental, office and IT costs (EUR 7.1 million; previous year EUR 15.9 million) and expenses for external services (EUR 2.2 million; previous year EUR 4.4 million). The total decrease by EUR 37.2 million was mainly due to lower marketing expenses as a result of deconsolidations. Legal and consultancy expenses increased due to expenses incurred in connection with the setup of RICP.

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 (previous year EUR 11.0 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 on 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 on 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 Helping (EUR 7.1 million).

Losses for the period attributable to HelloFresh of EUR 44.0 million (previous year EUR 22.2 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. In financial year 2015, it mainly included losses attributable to Global Fashion Group of EUR 95.9 million, to Africa Internet Holding of EUR 36.6 million, to foodpanda of EUR 33.0 million, to Linio of EUR 26.4 million, to Asia Internet Holding of EUR 23.3 million and to HelloFresh of EUR 22.2 million.

EBITDA deteriorated significantly from EUR –200.8 million in 2015 to EUR –565.3 million in 2016. This deterioration was mainly due to an impairment-driven decrease in the share of profit/loss of associates and joint ventures, lower result from deconsolidation of subsidiaries and a decrease in revenue, which were only partially offset by a decrease in employee benefits expenses and a decrease in expenses for purchased merchandise and purchased services.

The impairments of non-current assets and the depreciation and amortization amount in total to EUR 13.7 million (previous year EUR 25.3 million). Depreciation and amortization decreased from EUR 7.3 million to EUR 4.4 million primarily due to the decrease of amortization of intangible assets due to the deconsolidation of Pizzabo.it and La Nevera Roja. In 2016 the impairment charges of EUR 9.3 million mainly relate to internally generated software. In 2015 it includes the impairment charges of EUR 18.1 million related to the goodwill of Pizzabo.it and La Nevera Roja.

The financial result deteriorated from positive 29.7 million in 2015 to negative EUR 168.0 million in 2016, which primarily results from net changes (gains and losses) in the fair value of equity instruments accounted for at fair value through profit or loss, which contributed a net loss of EUR 187.2 million in 2016 compared to a net gain of EUR 33.0 million in the previous year. In 2016, the main contributors to the net loss on financial instruments at FVTPL were Goodgame Studios with 76.9 million, Travel-Bird with 18.2 million, Jimdo with EUR 11.7 million, Craftsvilla with 10.4 million and Movinga with 7.3 million. Interest expense from convertible bonds contributed EUR 18.4 million to the finance costs in 2016. As these convertible bonds were issued on July 22, 2015, the corresponding expense occurred in 2015 was lower with EUR 9.4 million. The interest expense from convertible bonds was offset by a gain from the buyback of convertible bonds of EUR 18.9 million in 2016. The net foreign exchange gains that relate to loans as well as to cash and cash equivalents amounted to EUR 13.2 million (previous year EUR 2.1 million). Losses from impairment of available-for-sale financial assets contributed EUR 7.0 million to the financial result.

Other comprehensive income for the period, net of tax in the amount of EUR 118.3 million (previous year EUR 36.4 million), which is reclassified to profit or loss in subsequent periods, mainly includes the net gain on available-for-sale financial assets of EUR 96.4 million (previous year EUR 135.3 million) which primarily results from fair value measurement of Rocket Internet's investment in Delivery Hero. 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 21.3 million (previous year EUR –99.0 million).

3.5.2 Financial Position of the Group

3.5.2.1 Cash flows and cash position

In EUR million	2016	2015
Cash flow from operating activities	-85.7	-105.5
Cash flows from investing activities	-123.6	-1,347.8
Cash flows from financing activities	-162.2	1,165.2
<i>Net change in cash and cash equivalents</i>	<i>-371.6</i>	<i>-288.2</i>
Net foreign exchange difference in cash and cash equivalents	4.6	3.3
Cash and cash equivalents at the beginning of the period	1,768.6	2,053.5
Cash and cash equivalents at the end of the period	1,401.7	1,768.6

Cash and cash equivalents at the end of the period comprise cash and cash equivalents in the amount of EUR 0.6 million (previous year EUR 9.7 million), that are included in the assets classified as held for sale. Due to exchange rate changes, the cash and cash equivalents of the Group increased by EUR 4.6 million (previous year EUR 3.3 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 lower cash outflows in 2016 compared to previous year were mainly due to the deconsolidation of subsidiaries and decreased payments for income taxes which were partially offset by higher cash outflows for interest paid.

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 59.7 million (previous year EUR 1,219.5 million) were made for acquisitions of non-consolidated companies and of EUR 5.9 million, net of cash acquired (previous year EUR 119.7 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 226.8 million (previous year EUR 47.3 million) in cash for the sale of subsidiaries and non-consolidated equity investments, which mainly relates to the sale of La Nevera Roja, Pizzabo, it and Lazada. Cash paid in connection with short-term financial management of cash investments in the amount of EUR 248.4 million (previous year EUR 66.5 million) mainly relates to short-term bank deposits as well as to short-term loans granted to associated 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 56.0 million (previous year EUR 27.5 million) that relates to the repayments of short-term loans to associates and joint ventures. In 2016, the Group made payments for acquisition of non-current financial assets of EUR 77.0 million (previous year EUR 8.7 million). Furthermore, an amount of EUR 6.5 million (previous year EUR 11.6 million) was invested in property, plant and equipment and intangible assets in the reporting period relating, in particular, to business equipment and internally generated software. In the course of changes in scope of consolidation, the Group's cash position decreased by EUR 9.0 million (previous year increased by EUR 2.7 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 165.0 million (previous year EUR 0.0 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 3.3 million

(previous year EUR 58.0 million). During the reporting period, non-controlling shareholders of consolidated subsidiaries received a cash dividend of EUR 2.3 million (previous year EUR 8.0 million). In 2016, the Group did not purchase any shares from non-controlling shareholders in a Group subsidiary (previous year EUR 9.6 million) and did not pay transaction cost on issue of shares (previous year EUR 14.9 million).

The Group continues to be very well funded, with available cash and cash equivalents of EUR 1,401.7 million (previous year EUR 1,768.6 million) as of December 31, 2016. In addition to cash and cash equivalents, the Group had short-term bank deposits of EUR 163.4 million as of December 31, 2016.

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% (previous year 87%). 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 2016, the Group has prematurely repurchased bonds with a principal amount of EUR 196.2 million.

3.5.2.3 Investments

The investment activities undertaken in the financial years 2016 and 2015 are as follows:

In EUR million	2016	2015
Cash investing activities	123.6	1,347.8
Non-cash investing activities	255.2	217.9
Total investments	378.8	1,565.7

For further details concerning cash investing activities, please refer to the statements regarding the cash flows from 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 the financial year 2015, the main non-cash investing activities relate to transactions concerning the acquisition of new shares of the Global Fashion Group via exchange of shares valued at fair value of Kanui and Tricae, as well as the exchange of shares of Yemek Sepeti for shares of Delivery Hero. Furthermore, LIH Subholding Nr. 3 UG (haftungsbeschränkt) & Co. KG was contributed to Carmudi in exchange for shares in this entity, while LIH Subholding Nr. 4 UG (haftungsbeschränkt) & Co. KG was contributed to Lamudi in exchange for shares in this entity. Shares of the crowdfunding platform Zencap were contributed to Funding Circle in exchange for shares in this entity.

The capital contribution and investment obligations as of December 31, 2016 totaling EUR 77.0 million (previous year EUR 61.0 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, 2016		Dec 31, 2015	
Non-current assets	2,385.6	57%	3,162.2	63%
Current assets	1,631.6	39%	1,816.7	37%
Assets classified as held for sale	167.4	4%	17.1	0%
Total	4,184.6	100%	4,996.0	100%

Equity and Liabilities

In EUR million	Dec 31, 2016		Dec 31, 2015	
Equity	3,745.0	90%	4,352.1	87%
Non-current liabilities	342.6	8%	535.5	11%
Current liabilities	96.5	2%	100.9	2%
Liabilities directly associated with assets classified as held for sale	0.3	0%	7.6	0%
Total	4,184.6	100%	4,996.0	100%

The Company's largest asset items are non-current available-for-sale financial assets (31% of the balance sheet total; previous year 20% of the balance sheet total), shares in associates and joint ventures, accounted for using the equity method (20% of the balance sheet total; previous year 34% of the balance sheet total), other non-current financial assets (6% of the balance sheet total; previous year period 7% of the balance sheet total) as well as cash and cash equivalents including balances in assets classified as held for sale (33% of the balance sheet total; previous year 35% of the balance sheet total).

During financial years 2015 and 2016, Rocket Internet invested significant amounts of cash and made contributions in kind in Delivery Hero. As of December 31, 2016 the carrying amount of the shares in Delivery Hero amounted to EUR 1,271.7 million (previous year EUR 978.9 million).

Non-current assets went down from EUR 3,162.2 million by EUR 776.6 million to EUR 2,385.6 million. This results especially from the decrease of investments in associates as well as the decrease of intangible assets. The decline of investments in associates from EUR 1,386.0 million by EUR 856.9 million to EUR 529.1 million is mainly due to the negative result of Global Fashion Group attributable to operating and impairment losses. Furthermore, the impairment and operating loss of Linio, the partial sale and reclassification into assets classified as held for sale of shares in Lazada and the disposal of foodpanda contributed to the decrease of investments in associates. The decrease of the interests in joint ventures from EUR 310.5 million by EUR 2.1 million to EUR 308.3 million mainly results from the proportionate share of losses of Asia Internet Holding of EUR 24.2 million of which EUR 14.9 million relate to impairment losses recognized by Asia Internet Holding as well as the proportionate share of losses of Jumia Group of EUR 25.0 million. On the Group level, additional impairment losses relating to Asia Internet Holding of EUR 3.6 million were recognized. These decreases were partially compensated by the Group's investment in Jumia Group as well as the deconsolidation and transition to joint ventures of Clickbus Brazil and Everdine.

The decline of intangible assets from EUR 129.1 million by EUR 127.1 million to EUR 2.1 million is mainly due to the sale of Pizzabo.it and La Nevera Roja and the corresponding decrease in goodwill, trademarks and customer base as well as to impairment charges.

Current assets decreased from EUR 1,816.7 million by EUR 185.1 million to EUR 1,631.6 million. The change is mainly due to the decrease of cash and cash equivalents by EUR 357.9 million, which was partly offset by higher other current financial assets (EUR 216.3 million, previous year EUR 41.3 million). The change of other current financial assets is mainly due to the increase of short-term bank deposits, the higher loan receivables from associated companies and higher receivables from the sale of investments. For details concerning the development of liquidity, refer to section 3.5.2 Financial Position of the Group.

As of December 31, 2016, assets classified as held for sale mainly consist of shares in Lazada Group S.A.

Total consolidated equity decreased from EUR 4,352.1 million by EUR 607.1 million to EUR 3,745.0 million. The decrease results from the total comprehensive loss for the period, net of tax of EUR 623.2 million comprising both the loss for the period (EUR 741.5 million) and the other comprehensive income for the period (EUR 118.3 million). Other changes in equity result from the increase of the reserves for equity-settled share-based payments, the proceeds from non-controlling interests, dividends paid to non-controlling interests, release of income tax benefit associated with transaction costs and changes in the scope of consolidation.

Non-current liabilities decreased from EUR 535.5 million by EUR 192.8 million to EUR 342.6 million. The decrease is mainly due to the decreased liabilities from convertible bonds from EUR 512.0 million by EUR 179.3 million to EUR 332.6 million, arising from the partial buyback of the convertible bonds. Another effect is the decrease of non-current financial liabilities, mainly due to the settlement and payment of the contingent consideration liability incurred in conjunction with the acquisition of Pizzabo.it.

Current liabilities decreased from EUR 100.9 million by EUR 4.4 million to EUR 96.5 million. The change mainly results from the decrease of liabilities from cash-settled share-based payments by EUR 27.6 million which was partly offset by the incurred liabilities for capital calls in connection with the purchase of shares in network companies, predominantly interest in Africa Internet Holding.

3.5.4 Key Developments of Reportable Segments

As of December 31, 2016 the reportable segments HelloFresh, GFG, Jumia, Home & Living and foodpanda 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 2016 with the prior period is affected by the following transactions:

- The reportable segment GFG disposed Jabong (operations in India) in August 2016.
- The new reportable segment Jumia was established following the merger of the general merchandise business activities with the other African marketplace and classified businesses combined in Africa Internet Holding GmbH.

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 nine markets including the United States, the United Kingdom, the Netherlands, Australia, Germany, Belgium, Canada, Austria and Switzerland.

Revenue increased strongly from EUR 305.0 million in 2015 to EUR 597.0 million in 2016, driven by continued growth across all geographies. EBITDA margin improved from negative 36% in 2015 to negative 14% in 2016 due to increased efficiencies in procurement and fulfillment, while marketing

expenses decreased. EBITDA increased from negative EUR 109.5 million in 2015 to negative EUR 86.2 million in 2016, mainly due to the expansion in North America and the United Kingdom. Cash and cash equivalents decreased from EUR 109.2 million to EUR 57.5 million mainly due to significant investments in physical fulfillment infrastructure and focus on profitability partially compensated by proceeds from capital increases.

foodpanda operated the leading emerging economies online marketplace for food delivery and takeaway. Effective December 31, 2016, foodpanda was sold to DH, thus, ceasing to represent an operating segment starting from 2017.

Revenue increased by 60% from EUR 31.5 million in 2015 to EUR 50.6 million in 2016, mainly due to higher fees and a larger number of orders in key markets. EBITDA improved by EUR 38.1 million from negative EUR 108.7 million in 2015 to negative EUR 70.6 million in 2016, primarily due to higher operational efficiency and lower expenses for marketing measures.

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). During 2016, the segment GFG excludes Jabong (operations in India), which was disposed of in August 2016.

Revenue increased by 10% from EUR 930.1 million in 2015 to EUR 1,023.1 million in 2016. Revenue growth was slower in comparison to previous year given that the 2015 figure includes and the 2016 figure excludes revenues of Jabong. During 2015 Jabong contributed revenues of EUR 122.1 million to the GFG segment. Excluding Jabong revenue of the segment would have increased by 27% in comparison to 2016. EBITDA improved by EUR 172.6 million from negative EUR 318.6 million in 2015 to negative EUR 146.0 million in 2016. The EBITDA margin significantly improved from negative 34% in 2015 to negative 14% in 2016. These changes were due to operational improvements mostly in inventory management, warehousing, delivery and marketing as well as due to the exclusion of operations in India in 2016. Cash and cash equivalents increased from EUR 75.2 million to EUR 244.2 million primarily due to the financing round in 2016 and the proceeds from the disposal of Jabong.

Jumia is a leading online shopping portal in Africa. Customers across the continent can shop from the widest assortment of high quality products with everything from fashion, consumer electronics, and home appliances to beauty products on offer at affordable prices. The company's goal is to offer a platform for merchants, brands and SMEs to connect and transact with African 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. For comparability the financial information of the former operating segment Jumia for the previous year was reclassified from the segment General Merchandise into the new reportable segment Jumia.

Revenue of Jumia decreased by 37% from EUR 134.6 million in 2015 to EUR 84.4 million in 2016, mainly impacted by the continuing shift from eCommerce towards a marketplace business model, by the slowdown of the Nigerian economy and by currency devaluations in June 2016. EBITDA for 2016 of negative EUR 104.5 million (previous year negative EUR 118.9 million) and EBITDA margin of negative 124% (previous year negative 88%) are negatively affected by additional losses related to other marketplace and classifieds businesses contributed by AIG in the merger with AEH. This is particularly attributable to the early stage of the contributed businesses. The increase in cash and cash equivalents from EUR 9.5 million to EUR 29.5 million mainly results from the merger of AIG with AEH and proceeds from capital calls.

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 9% from EUR 452.8 million in 2015 to EUR 494.2 million in 2016. The reduced revenue growth has been driven by an increased focus on profitability. EBITDA improved by EUR 67.6 million from negative EUR 131.7 million in 2015 to negative EUR 64.1 million in 2016, as a result of operational improvements. The EBITDA margin improved from negative 29% in 2015 to negative 13% in 2016. The change of cash and cash equivalents from EUR 64.6 million to EUR 51.9 million results from operating losses as well as investments in technology and infrastructure partially compensated by proceeds from financing rounds during the reporting period.

Historically, the Group reported the segment **General Merchandise** which included operations of Linio, Jumia (AEH) and Lazada. In April 2016, Lazada was partially sold to Alibaba and ceased to represent an operating segment due to the loss of significant influence from thereon. Starting from July 1, 2016, Linio ceased to represent an operating segment, due to the loss of significant influence as a result of non-participation of Rocket Internet SE in the most recent financing round and the corresponding decrease in voting rights to less than 20%. 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

The reporting period is characterized by impairment losses of several associated companies, valuation losses of equity instruments accounted for at fair value through profit or loss, divestments of stakes in various companies (Pizzabo.it, La Nevera Roja, Bonnyprints and Lazada), by the expansion of existing companies such as Caterwings and the development of new business models (Campsey, Everdine, Instafreight) as well as investments in existing and new businesses (Ace & Tate, Marley Spoon, Thermondo, Pets Deli, Goldbely, NatureBox and Sonovate). No longer viable business models (Vendomo, Tripda, Shopkin, Sparklist) were discontinued, sold or limited to operate regionally. In addition, the process of raising capital has been optimized by the Rocket Internet Capital Partners Fund which was founded in January 2016. 90% of the equity funding of the Fund was provided by third parties (institutional investors and high net worth individuals) which is crucial for the support of existing and the implementation of new business models.

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 2010–2016:

In EUR million	2016	2015	2014	2013	2012	2011	2010
Revenue	28.1	34.2	28.8	26.0	24.3	6.8	5.4
Other operating income	150.6	30.5	5.9	187.5	176.8	14.7	1.7
EBITDA	80.5	-65.1	-44.6	161.7	165.7	13.8	0.8
Financial and investment result	-32.0	-7.3	-0.6	-2.4	215.3	37.3	46.3
Net income/loss for the year	41.4	-73.5	-45.9	147.1	378.1	50.7	45.3

Following the first-time application of the German Accounting Directive Implementation Act (Bilanzrichtlinie-Umsetzungsgesetz – short: BilRuG) regarding the elimination of extraordinary losses, last year's losses are now reported under other operating expenses.

Earnings position of the Company during the reporting period

In EUR million	2016	2015
Revenue	28.1	34.2
Changes in work in progress	-0.8	0.2
Other own work capitalized	2.9	4.0
Other operating income	150.6	30.5
Cost of materials	-10.8	-8.6
Personnel expenses	-51.3	-77.0
Other operating expenses	-38.2	-48.4
EBITDA	80.5	-65.1
Amortization/depreciation of property, plant and equipment and of intangible assets	-7.1	-1.6
Financial and investment result	-32.0	-7.3
Income taxes, other taxes	0.0	0.5
Net income / loss for the year	41.4	-73.5

The Company's revenues have decreased significantly by EUR 6.1 million to EUR 28.1 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 118.8 million (previous year EUR 23.7 million), the majority of which resulted from the sale of Lazada shares amounting to EUR 104.8 million and EUR 8.0 million sale of Zalando SE shares (previous year sale of Zalando SE shares amounting to EUR 17.7 million).

The average number of employees during the financial year 2016 decreased in comparison to the previous financial year from 403 to 321. The total personnel expenses decreased by 33% to EUR 51.3 million (previous year EUR 77.0 million). The reduction of the workforce led to a decrease of the regular personnel expenses to EUR 24.6 million (previous year EUR 29.5 million). Additionally, the accounting for equity-settled share-based payment plans generated expenses amounting to EUR 21.8 million (previous year EUR 38.0 million), which were recorded as personnel expenses. Moreover, the expenses for compensation obligations of EUR 4.9 million (previous year EUR 9.5 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 1.6 million (previous year EUR 10.2 million). The expenses decreased in comparison to the previous financial year regarding adjustments for equity-settled share-based payment plans. Moreover, the expenses for compensation obligations generated expenses of EUR 3.2 million (previous year EUR 14.0 million). Following the first-time application of BilRuG regarding the elimination of extraordinary losses, last year's losses are now reported under other operating expenses. Corresponding to Sec. 277 HGB (Art. 13 Sec. 1 in conjunction with appendix 5 and 6 of the European Directive 2013/34/EU) the other operating expenses in the profit and loss statement in previous year amounts to EUR 48.4 million and increased by EUR 2.9 million.

The gain from participations in the financial year 2016 amounted to EUR 6.5 million (previous year EUR 15.3 million), the majority of which resulted from distribution in kind received from a subsidiary. Interest expense on convertible bond amounts to EUR 19.1 million (previous year EUR 9.4 million). Furthermore, the financial and investment result includes financial asset impairment charges amounting to EUR 29.5 million (previous year EUR 14.0 million).

The net income for the financial year amounts to EUR 41.4 million (previous year net loss for the year of EUR 73.5 million). The Company realized a return on equity of 1.4% (previous year –2.6%). EBIT totaled EUR 73.4 million (previous year EUR –66.7 million) and EBITDA amounted to EUR 80.5 million (previous year EUR –65.1 million). Due to the first time adoption of the Implementation Act (BilRUG), the extraordinary expenses are reclassified to the other operating expenses. With corresponding application in the Management Report in the previous year, the EBIT and the EBITDA differ to the prior year by an amount of EUR 2.9 million.

3.6.2 Financial and Asset Position of the Company

Assets

In EUR million	Dec 31, 2016		Dec 31, 2015	
Fixed assets	2,642.6	76%	1,611.8	47%
Current assets	814.2	23%	1,805.0	52%
Other assets	34.0	1%	39.3	1%
Total	3,490.8	100%	3,456.1	100%

Equity & Liabilities

In EUR million	Dec 31, 2016		Dec 31, 2015	
Equity	2,913.1	83%	2,857.1	83%
Provisions	17.7	1%	36.9	1%
Liabilities	560.0	16%	562.1	16%
Total	3,490.8	100%	3,456.1	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. Cash and cash equivalents as of December 31, 2016 amounted to EUR 653.6 million (previous year EUR 1,720.0 million). Thus, the Company experienced a negative cash flow of EUR 1,066.4 million (previous year negative cash flow of EUR 277.7 million). The decrease of cash and cash equivalents is primarily a result of investments and repurchases of convertible bonds in the financial year.

In the financial year, the Company remains financed mainly through equity with an equity ratio as of December 31, 2016 of 83% (previous year 83%). No dividends were paid in 2016 and 2015.

The asset position comprises participations amounting to EUR 2,639.1 million (76% of total assets; previous year EUR 1,606.2 million, 47% of total assets), receivables from subsidiaries and companies in which a participation is held in the amount of EUR 139.1 million (4% of total assets; previous year EUR 81.9 million, 2% of total assets) as well as cash and cash equivalents in the amount of EUR 653.6 million (19% of total assets; previous year EUR 1,720.0 million, 50% of total assets).

The increase in participations by EUR 1,033.0 million is mainly due to the acquisitions of shares in various companies as well as to the further, mostly international expansion of existing businesses. Moreover, the Company invested into the development of diverse new business models, such as Global Fashion Group S.A. and GFC Global Founders Capital S.à.r.l. In the financial year, the financial assets were impaired in the amount of EUR 29.5 million, thereby exceeding last year's figure (previous year EUR 14.0 million), which resulted primarily from proportionate impairments of Wimdu GmbH, New TIN Linio II GmbH, Digital Services XXVIII S.à.r.l., (Nestpick), Somuchmore Global S.à.r.l. and Global Savings Group GmbH. The reversals of impairment losses amounted to EUR 0.6 million (previous year EUR 0.6 million).

In 2016, loan receivables were impaired by EUR 20.1 million (previous year EUR 5.9 million). The majority thereof relate to Bambino 106. VV UG (Payco&Printvenue), Somuchmore, EasyTaxi and Wimdu, 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 2016. Rocket Internet SE's economic position is characterized by investment activities and expansion of its network of companies. The total earnings exceeded the expenses earnings in the financial year. This especially applies 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 2017), in which global growth is projected to recover to 3.4% in 2017 and 3.6% in 2018. Advanced economies are now projected to grow by 1.9% in 2017 and 2.0% in 2018. Emerging market and developing economies growth is projected to reach 4.5% for 2017. A further pickup in growth to 4.8% is projected for 2018. After a lackluster outturn in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. The outlook for advanced economies has improved for 2017 and 2018, reflecting somewhat stronger activity in the second half of 2016 as well as a projected fiscal stimulus in the United States.

According to eMarketer worldwide retail sales – including in-store and Internet purchases – surpass USD 22.0 trillion in 2016, up 6.0% from 2015. Retail eCommerce sales, those purchased over the Internet, make up 9.0% of the total retail market worldwide, or USD 1.9 trillion. By 2020, that share will jump to USD 4.1 trillion. eMarketer expects online sales will grow at double-digit rates throughout the forecast period through 2020, 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 7.9% on an annual basis from 2016 on until 2020, fueled by new Internet users in Asia-Pacific, Latin America, the Middle East and Africa making digital purchases for the first time.

With regard to the worldwide Internet sector, market parties expect a continuation of the shift from traditional sales channels to online and mobile business and an acceleration of the growth in mobile Internet usage. Accordingly, the entire industry goes through a transition from classic desktop-Internet companies to mobile-first and even mobile-only. The emergence of new competitor companies in the incubation business as well as the operational online business and the development of new online business models are very likely. We expect the further expansion of our companies to continue accompanied by the development and investments in various new business models.

Rocket Internet is established in the start-up industry and intends to maintain and advance its position. Our employees, including members of the management team, have attended many congresses and other events not only to advance their own expertise but also to present and share their experience with the industry, current and future entrepreneurs and high potential students. We see it as crucial that Rocket Internet is connected to the moving forces in the start-up industry. Our engagement in the communication with the industry will keep Rocket Internet well informed about market developments.

We believe that Rocket Internet is equipped to identify investment opportunities and has the necessary means to act on opportunities when they arise. Rocket Internet expects to maintain and further expand its grip into the interesting and promising online business opportunities. While we still look for great business ideas that we want to pursue ourselves, we expect to largely invest directly into selective, existing start-ups at early and growth stage in their development during 2017.

Regarding RICP, Rocket Internet will fulfill its commitments from capital calls, and potentially increase its share in the fund.

Investments into most of our larger network companies included in segments are expected to probably, predominantly decrease due to their improving profitability. Investments into existing network companies in the area of Regional Internet Groups and New Businesses & Investments should remain stable. Consequently, we expect the number of fully consolidated entities to remain fairly stable, whereas number and size overall of GFC investments is bound to increase.

Regarding New Businesses & Investments, Rocket Internet Group expects a considerable increase in consolidated revenue for the financial year 2017 for those companies that continue to be fully consolidated after December 31, 2016. Overall, however, due to the sale of Bonnyprints (in January 2016), La Nevera Roja (in April 2016), Pizzabo.it (in February 2016) and Somuchmore (in December 2016) as well as deconsolidation of some other former subsidiaries (Spotcap, Clickbus Brazil, Everdine, Vaniday), discontinued business activities of subsidiaries (Bonativo, Spaceways, Blue Circle), and potentially also by disposal of further subsidiaries a slight increase in consolidated revenue is forecast for the financial year 2017. Due to the early stage of our fully consolidated subsidiaries, we expect negative operating results (EBITDA) in the area New Businesses & Investments for 2017 in the range between EUR 20 to 30 million.

As Rocket Internet aims to keep a larger share of the economic ownership in most of the new companies, a reduced level of result from deconsolidation is expected for 2017.

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 2017, but EBITDA is forecast to improve for 2017 in comparison with 2016.

Rocket Internet SE expects revenues to decrease by a low double-digit percentage in 2017 as compared to 2016 due to the increased individual independence of the network companies. 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, and compared with previous year decreased, operating result (EBITDA) in the Annual Financial Statements of Rocket Internet SE for the reporting year 2017 provided there are no material divestments of participations.

Outlook for the segments that continue to be reportable in 2017

In all segments that continue to be reportable in 2017, we expect revenue growth, negative EBITDA and an improvement in the EBITDA margins for the financial year 2017.

HelloFresh

Our segment HelloFresh's revenues should expand by a double-digit percentage in 2017 as compared to 2016. Total operating loss should decrease significantly in 2017 compared to 2016 and the negative EBITDA margin should significantly improve.

GFG

For GFG, we anticipate that revenues will be higher for the financial year 2017 than the prior-year figure by an amount in the low double-digit percentage range. We expect a slight improvement in EBITDA compared to previous year's operating loss, thereby improving the EBITDA margin moderately, but still remaining at a low double-digit negative percentage range.

Jumia

Jumia is expected to grow revenues by a low double-digit percentage during the financial year 2017. When it comes to EBITDA, we forecast it to increase by a low single-digit percentage range. Accordingly, we estimate EBITDA margin should improve slightly.

Home&Living

For Home&Living, we expect an increase in revenues by a low double-digit percentage in the financial year 2017 as compared to 2016. EBITDA should improve by a double-digit percentage, albeit staying in the negative zone. Therefore, we expect that the negative EBITDA margin of the Home&Living segment will be in the single-digit percentage range.

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 at all costs, 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 implement 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.

During this financial year certain elements of internal monitoring (Risk Management, Compliance Management, Internal Control and Internal Audit) have been further developed and expanded. In regards of risk management there was particular focus on ensuring the continuous improvement of the quality and completeness of the risk register and the corresponding internal management measures.

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%

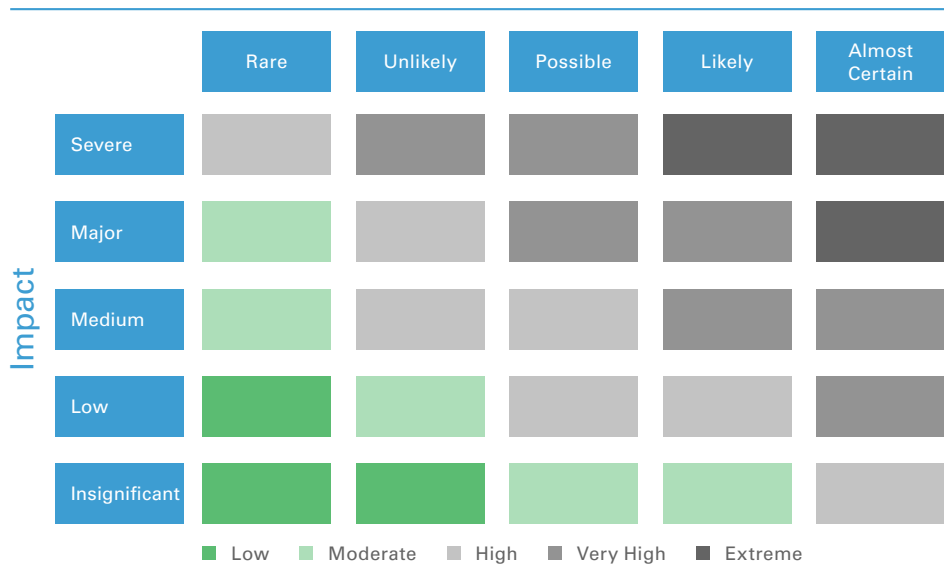
The impact of risks is considered a potential negative deviation from Rocket Internet's objectives. The impact assessment can be conducted either on a quantitative scale which is the preferred method or a qualitative scale, if risks cannot be quantified or qualitative aspects predominate, e.g. for compliance 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 500 thousand individual risk
Low	Limited negative impact on business operations, financial position and performance or reputation > EUR 500 thousand individual risk
Medium	Some negative impact on business operations, financial position and performance or reputation > EUR 10 million individual risk
Major	Substantial negative impact on business operations, financial position and performance or reputation > EUR 50 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.

Likelihood of Occurrence



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 reports prepared for the Management Board, Audit Committee and Supervisory Board focus primarily on existential risks and significant risks, along with the countermeasures adopted.

4.2.3 Risk Areas

Companies with business models that include founding, 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 Company 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 naturally higher likelihood 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. Moreover, the Company also systematically ensures risk diversification by starting and financing businesses in different operational business fields and geographic areas. The Rocket Internet Group has access to a variety of investors as well as existing strategic partnerships.

However, as Rocket Internet's business model relies on the capital markets as well as attracting external financing in subsequent financing rounds to expand the network company business the investor relation risk is considered high.

After admission to trading in the Prime Standard, the risk assessment was increased compared to prior year due to increased regulations, additional post-admission obligations and correspondingly changed investor expectations. Furthermore, the general funding environment for growth companies has become more challenging.

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 re-organizations 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 section 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 40 and Note 41 of the Notes to the Consolidated Financial Statements and in section 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 higher than compared to the prior year. 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 2017.

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 also 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 (33% of total assets; previous year 35%) and short-term bank deposits (4% of total assets; previous year 0%), available-for-sale equity investments (31% of total assets; previous year 20%), equity instruments at fair value through profit or loss (FVTPL) (8% of total assets; previous year 6%) and other non-current financial assets (2% of total assets; previous year < 1%), as well as liabilities from convertible bonds (8% of total assets; previous year 10%). 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 (19% of the total assets, previous year 50%), investments in subsidiaries (59% of total assets, previous year 34%), participations (11% of total assets, previous year 12%), as well as the liabilities from convertible bonds (16% of total assets, previous year 16%).

For information about the functions and objectives of our financial management, please refer to Note 40 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 by having authorized full, free and unrestricted access to any and all of Rocket Internet's records, physical properties and personnel pertinent to carrying out any engagement. 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. Takeover Law Disclosures

Pursuant to Secs. 289 (4) and 315 (4) HGB (German Commercial Code)

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 in the share capital. The share capital has been fully paid in. There are no other share classes.

Restrictions relating to the voting rights or the transfer of shares

Rocket Internet SE does not hold any treasury shares as of the reporting date. Therefore, there are no restrictions relating to voting rights according to Sec. 71b AktG.

Similarly, there are no restrictions regarding the transfer of shares.

Shareholdings that exceed 10% of the voting rights

At the end of the financial year 2016 Global Founders GmbH, Grünwald held 37.1% and Kinnevik Internet Lux S.à.r.l., Luxembourg (a subsidiary of Kinnevik AB, Stockholm) held 13.2% of the shares in Rocket Internet SE. In February 2017, Kinnevik sold half of its stake in Rocket Internet SE decreasing its share to 6.6%. Please see section 3.4 Rocket Internet Share and Share Capital Structure for further information.

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>.

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 of the Articles of Association, the Supervisory Board appoints the members of the Management Board for a maximum term of five years. In accordance with Art. 7 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. The amendments to the Articles of Association are made in accordance with Secs. 179 and 133 AktG and Art. 20 of the Articles of Association. 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.

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. 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 2015/2016). 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 9, 2016. 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 9, 2016. 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 9, 2016 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 8, 2021 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 2016). 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 2016 or after expiry of the period for the use of the Authorized Capital 2016, to amend the version of the Articles of Association accordingly.

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 (9), 315a (1) and 314 (1) HGB in conjunction with 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 as a group received annual salaries totaling EUR 1,750 thousand in the financial year 2016 (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 2016 (as well as in the prior 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, the Supervisory Board is authorized to grant up to 1,201,022 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:

Share options	2016		2015	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Options outstanding at January 1	EUR 39.88	5,450,054	EUR 39.88	5,450,054
Granted during the period	EUR 17.90	292,680	–	–
Forfeited during the period	–	–	–	–
Exercised during the period	–	–	–	–
Options outstanding at December 31	EUR 38.76	5,742,734	EUR 39.88	5,450,054
Exercisable at the end 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 month – 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:

	2016	2015
Number of unvested shares at January 1	519	262
Deconsolidation of subsidiaries	228	–
Granted during the period	–	614
Vested during the period	72	–
Forfeited during the period	15	357
Number of unvested shares at December 31	204	519
Number of vested shares at December 31	489	417

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:

	2016		2015	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
Outstanding options at January 1	EUR 1,00	332	EUR 1,00	0
Deconsolidation of subsidiaries	EUR 1,00	296	EUR 1,00	0
Granted during the year	EUR 1,00	25	EUR 1,00	332
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 at December 31	EUR 1,00	61	EUR 1,00	332
Exercisable at December 31	EUR 1,00	28	EUR 1,00	22

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 conditions of the employment contracts between the members of the Management Board and the Company became effective with the transformation of the Company into an Aktiengesellschaft (stock corporation) and were renewed with the transformation into a SE (Societas Europaea). They 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 2016 a total remuneration of EUR 5,695 thousand (prior year: EUR 7,699 thousand).

In EUR thousand	2016	2016 (min)	2016 (max)	2015
Fixed compensation	1,750	1,750	1,750	1,750
Fringe benefits	21	21	21	28
Non-cash compensation	1,523	1,523	1,523	3,395
One-year variable compensation	–	–	–	–
<i>Total short-term compensation</i>	<i>3,294</i>	<i>3,294</i>	<i>3,294</i>	<i>5,173</i>
Multi-year variable compensation (share-based payments)	2,401	2,401	2,401	2,526
Service cost	–	–	–	–
Granted compensation – Total	5,695	5,695	5,695	7,699

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 prior years and recognized as expenses during the reporting period 2016 respectively 2015.

In EUR thousand	2016	2015
Fixed compensation *	1,750	1,750
Fringe benefits *	21	28
Non-cash compensation	1,523	3,395
One-year variable compensation	–	–
<i>Total short-term compensation</i>	<i>3,294</i>	<i>5,173</i>
Multi-year variable compensation (share-based payments)	20,728	37,155
Service cost	–	–
Expenses in the reporting period – Total	24,022	42,328

* 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 paragraph 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 and the chairman of the Audit Committee receive twice this 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 2016 and 2015 the following remuneration was paid:

In EUR thousand	2016	2015
Prof. Dr. Marcus Englert	50	29
Norbert Lang (starting June 23, 2015)	25	13
Prof. Dr. h.c. Roland Berger	25	25
Dr. Martin Enderle (starting June 23, 2015)	25	13
Stefan Krause (starting June 9, 2016)	14	0
Pierre Louette (starting June 9, 2016)	14	0
Napoleon L. Nazareno	25	25
Prof. Dr. Joachim Schindler (starting June 23, 2015)	50	14
Daniel Shinar	25	25
Ralph Dommermuth (till June 23, 2015)	0	12
Lorenzo Grabau (till June 9, 2016)	11	49
Erik Mitteregger (till June 9, 2016)	11	49
Dr. Erhard Schipporeit (till June 23, 2015)	0	12
Philip Yea (till June 23, 2015)	0	12
<i>Total fixed annual remuneration</i>	<i>275</i>	<i>278</i>
Out-of-pocket expenses	28	27
Expenses in the reporting period – Total	303	305

9. Corporate Governance Report / Declaration of Conformity

The Management Board and the Supervisory Board of Rocket Internet SE will make publicly available the corporate governance report including the corporate governance declaration in accordance with Sec. 289a HGB, which includes the declaration of conformity required by Sec. 161 AktG, on the website of the parent Company under: <https://www.rocket-internet.com/investors/corporate-governance>.

Berlin, March 31, 2017

Oliver Samwer

Peter Kimpel

Alexander Kudlich

Audit Opinion

We have audited the consolidated financial statements prepared by Rocket Internet SE, Berlin, comprising the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with management report for the Parent Company and the Group for the fiscal year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the management report for the Parent Company and the Group in accordance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] is the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and the management report for the Parent Company and the Group based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU as well as the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The management report for the Parent Company and the Group is consistent with the consolidated financial statements, complies with legal requirements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks relating to future development.

Berlin, 31 March 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer
Wirtschaftsprüfer
[German Public Auditor]

Beckers
Wirtschaftsprüfer
[German Public Auditor]

Responsibility Statement

Pursuant to Sec. 297 (2) HGB

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 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 31, 2017

The Management Board

Oliver Samwer

Peter Kimpel

Alexander Kudlich

Imprint

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Forward looking statements and other notes

This annual report contains certain forward-looking statements relating to the business, financial performance and results of Rocket Internet SE, its subsidiaries and its participations (collectively, "Rocket") and/or the industry in which Rocket operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this annual report, including assumptions, opinions and views of Rocket or cited from third party sources, are solely opinions and forecasts which are uncertain and subject to risks. Actual events may differ significantly from any anticipated development due to a number of factors, including without limitation, changes in general economic conditions, in particular economic conditions in the markets in which Rocket operates, changes affecting interest rate levels, changes in competition levels, changes in laws and regulations, environmental damages, the potential impact of legal proceedings and actions and Rocket's ability to achieve operational synergies from acquisitions. Rocket does not guarantee that the assumptions underlying the forward looking statements in this annual report are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this annual report or any obligation to update the statements in this annual report to reflect subsequent events. The forward-looking statements in this annual report are made only as of the date hereof. Neither the delivery of this annual report nor any further discussions of Rocket with any of the recipients thereof shall, under any circumstances, create any implication that there has been no change in the affairs of Rocket since such date. Consequently, Rocket does not undertake any obligation to review, update or confirm recipients' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of the annual report.

All values are rounded in accordance with a commercial rounding approach, which may result in rounding differences. Growth, margin or other ratios are based on the actual numbers, which may also result in differences compared to a corresponding computation using rounded numbers.

It is available for download at <https://www.rocket-internet.com/investors>



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