Delivery Hero

HALF-YEAR REPORT

JANUARY–JUNE **2020**

DELIVERY HERO AT A GLANCE

	H1 2020 (EUR MILLION)	H1 2019 (EUR MILLION)	REPORTED CURRENCY CHANGE	CONSTANT CURRENCY CHANGE
GROUP				
ORDERS (MILLION)	519.1	268.8	93.1%	93.1%
GMV[1, 2]	5,145.8	3,191.7	61.2%	62.6%
TOTAL SEGMENT REVENUE[1, 2, 3]	1,126.8	581.8	93.7%	94.3%
ADJUSTED EBITDA[1, 2]	−319.8	−171.1		
EBITDA MARGIN	−28.4%	−29.4%		
MENA				
ORDERS (MILLION)	151.2	135.2	11.9%	11.9%
GMV	1,778.9	1,558.5	14.1%	14.7%
SEGMENT REVENUE	368.1	308.2	19.5%	18.5%
ADJUSTED EBITDA	18.8	−9.7		
EBITDA MARGIN	5.1%	−3.1%		
ASIA				
ORDERS (MILLION)	266.5	70.6	277.2%	277.2%
GMV	2,214.6	895.3	147.4%	147.3%
SEGMENT REVENUE	481.5	149.7	221.7%	217.9%
ADJUSTED EBITDA	−229.2	−94.6		
EBITDA MARGIN	−47.6%	−63.2%		
EUROPE				
ORDERS (MILLION)	56.0	39.9	40.4%	40.4%
GMV	740.8	480.6	54.1%	57.0%
SEGMENT REVENUE	133.6	78.2	70.8%	74.9%
ADJUSTED EBITDA	−7.9	−9.6		
EBITDA MARGIN	−5.9%	−12.3%		

	H1 2020 (EUR MILLION)	H1 2019 (EUR MILLION)	REPORTED CURRENCY CHANGE	CONSTANT CURRENCY CHANGE
AMERICAS				
ORDERS (MILLION)	45.3	23.1	96.7%	96.7%
GMV[1, 2]	411.5	257.2	60.0%	68.9%
SEGMENT REVENUE[1, 2]	95.0	45.7	108.1%	119.7%
ADJUSTED EBITDA	−79.1	−57.2		
EBITDA MARGIN	−83.3%	−125.3%		
INTEGRATED VERTICALS				
ORDERS (MILLION)[4]	6.9	–		
GMV[4]	56.0	–		
SEGMENT REVENUE	52.3	–		
ADJUSTED EBITDA	−22.5	–		
EBITDA MARGIN	−43.0%			

[1] AMERICAS REVENUES, ADJUSTED EBITDA, GROSS MERCHANDISE VALUE (GMV) AS WELL AS THE RESPECTIVE GROWTH RATES ARE IMPACTED BY THE ARGENTINIAN OPERATIONS QUALIFYING AS HYPERINFLATIONARY ECONOMY ACCORDING TO IAS 29 BEGINNING SEPTEMBER 1, 2018.
[2] INCLUDES REPORTED CURRENT GROWTH RATES FOR ARGENTINA IN THE CONSTANT CURRENCY CALCULATION DUE TO THE EFFECTS OF HYPERINFLATION IN ARGENTINA.
[3] TOTAL SEGMENT REVENUE IS DEFINED AS REVENUE BEFORE SUBTRACTION OF VOUCHER EXPENSES. THEREFORE, TOTAL SEGMENT REVENUE DIFFERS FROM THE IFRS DEFINITION THAT IS THE BASIS FOR THE REMAINING REPORT.
[4] ORDERS AND GMV ARE PRESENTED IN BOTH PLATFORM SEGMENTS AND INTEGRATED VERTICALS, SUBSEQUENTLY CONSOLIDATED AT GROUP LEVEL.

INTERIM GROUP MANAGEMENT REPORT

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A. GROUP PROFILE

The statements made in the annual report 2019 on the business model, the corporate strategy, the Group structure, the management system as well as research and development ("R&D") still apply in the first six months of 2020.

Starting 2020, the new segment "Integrated Verticals" has been established in addition to the four geographical segments MENA, Asia, Europe and Americas in which the platform business is reported. Integrated Verticals capture orders where Delivery Hero acts as a principal (Dmarts[1] and self-operated kitchens). The segment revenue in the Integrated Verticals segment is included based on the revenue recognized from these orders as a principal. In 2019, revenue from such integrated vertical operations was included in the regional segments on a commission basis. See section C. of selected notes to the half-year financial statements for more information.

B. ECONOMIC REPORT

01. MARKET AND INDUSTRY ENVIRONMENT

As a result of the global pandemic that broke out in Q1 2020 and the containment measures implemented by governments, the IMF expects a sharp contraction of the global economy of –4.9% in 2020.[2] This however is projected to improve in 2021 with growth of +5.4% as a normalization of economic activities takes place. The general economic outlook remains uncertain due to the possibility of another COVID-19 outbreak, which would interrupt the recovery. Other studies (e.g., by the OECD) outline that global GDP may decline by up to –7.6% in 2020 and remain below pre-crisis levels with growth of +2.8% in 2021.[3]

Globally, economic improvements in 2021 are dependent on the fading of COVID-19 impacts in 2020 and the effectiveness of the economic policy actions taken by countries. A positive outlook would expect these policies to result in limited bankruptcies, job losses and system-wide financial strains.

The following discussion of the outlook by region is based on the World Bank Global Economic Prospects Report as of June 2020.[4]

Please note the regions described below (defined by the World Bank Report) differ in country constellation from Delivery Hero segments defined for financial reporting purposes but serve as an indication for the economic outlook of the segments.

MENA
The Middle East and North Africa region GDP is expected to contract by –4.2% in 2020, largely due to the disruptions in consumption, exports and service activities caused by COVID-19. A further drop is expected for oil exporters as the decreased oil prices affect exports and fiscal revenue. Growth in the region is estimated to pick up in 2021 to +2.3% as the effects of the global pandemic decrease.

Asia
The South Asia region has been particularly impacted by the COVID-19 pandemic, which weakened consumption and manufacturing activities. This is expected to result in an output contraction of –2.7% in 2020 and a rebound in 2021 of +2.8%.

The resulting effects of the COVID-19 pandemic have also been affecting countries outside the South Asia region (here referred to as East Asia and Pacific). Regional growth is expected to decrease to +0.5% in 2020. The negative economic effects of lockdowns, strained financial conditions and declined export levels have been cushioned by significant political support, which prevented a more severe growth contraction.

Although subject to significant uncertainty, regional growth is expected to rebound to +6.6% in 2021 as the pandemic subsides, global import demand recovers and capital flows to the region normalize.

Europe
The Europe and Central Asia region is projected to contract by –4.7% in 2020. The COVID-19 pandemic and the social distancing measures to stem it are heavily affecting domestic demand. These effects are enhanced by the decline in commodity prices, tourism and exports. Growth is forecast to rebound in 2021, to +3.6%, as global commodity prices are expected to recover, trade strengthens and domestic demand improves.

Americas
The Latin American and Caribbean region is projected to contract by –7.2% in 2020. The decline in growth is reflecting the impact of significant deterioration in financing conditions and commodity prices as well as spillovers from a global recession, among other reasons. Improvements are expected for 2021 with growth of +2.8%.

Since Q3 2018, the Americas segment revenues and growth rates were impacted by the Argentinian operation qualifying as a hyperinflationary economy under IAS 29. This assessment has remained applicable for H1 2020. No

[1] Dmarts: small local warehouses that allow for a fast delivery of on-demand items, previously referred to as dark stores

[2] IMF, World Economic Outlook, June 2020

[3] OECD, Economic Outlook, June 2020

[4] World Bank, Global Economic Prospects, June 2020

other country of operation has qualified as hyperinflationary to date.[5]

Sector development
The growth of Delivery Hero across its geographic footprint in MENA, Asia, Europe and Americas is underpinned by secular growth trends:

— Perpetually increasing online and smartphone penetration
— Lifestyle, urbanization and socio-demographic trends, such as higher incidence of single-person households

While Delivery Hero's first phase of disruption was propelled by the transition of orders from over the phone to online, establishing own delivery capabilities allowed Delivery Hero to connect incremental restaurants to our platforms and expand the total addressable market (TAM) for food delivery by offering a wider selection of restaurants to more customers. By continuously investing in logistics and technology, we are looking for ways to maximize the efficiency of our operations and utilization of our rider network.

The growing consumer demand for on-demand services encouraged us to extend our product offering beyond our core business pillar of food delivery, in order to capture a greater share of the consumer wallet. And while food delivery will remain the core of our business model, we see significant upside to cohort quality by investing into additional verticals as well as shared and virtual kitchens. As a result, in 2019 we took the strategic decision to accelerate the transition to a third-generation delivery company, which continued throughout the first half of 2020 and involved the following initiatives:

— Expansion of our Dmart footprint with nearly 150 stores launched across the MENA, Asia and Americas segments at the end of June 2020
— Provision of kitchen spaces and expertise, including knowledge on industrialization of kitchens and virtual restaurant concepts
— Continued rollout of additional verticals such as groceries and other everyday items (Quick Commerce), now available in 37 countries globally

In Q1 2020, Delivery Hero updated the estimate for the TAM for Quick Commerce. Our market opportunity is now seen to reach € 56 billion by 2030.[6]

02. BUSINESS DEVELOPMENT

a) Performance
Despite initial negative COVID-19 impacts after the outbreak of the global pandemic at the end of the first quarter of 2020, Total Segment Revenue[7] increased significantly – above expectations – by 93.7% on a year-on-year basis to € 1,126.8 million in the first half of the year 2020. After easing of lockdowns and curfews in many countries during the second quarter, business activities resumed their growth trajectory. The negative adjusted EBITDA[8] of the segments (H1 2020: € 319.8 million, H1 2019: € 171.1 million) increased compared to the prior period due to continuing investments in our service offering, including the extension of the Dmart rollout, improved customer experience and customer retention. The negative adjusted EBITDA margin of 28.4% in H1 2020 was also affected by COVID-19 measures in many of our markets, in particular MENA. Under the presumption of continued lifting of COVID-19-related business restrictions the adjusted EBITDA range for the full year 2020 is expected in the anticipated range of −14% to −18%.

b) Divestments
On May 11, 2020, Delivery Hero ceased the operations in the Canadian market, in which it was operating the foodora brand.

c) Acquisitions and investments
In February 2020, the Group acquired Honest Food Company GmbH, an own operated kitchen business headquartered in Germany with active operations in Austria, for a total consideration of € 19.6 million. Additionally, Delivery Hero acquired a minority share of € 13.0 million in Movo Miau Miau Internacional SL and invested into further minority shareholdings with a total amount of € 10.5 million.

In the first six months of 2020, Delivery Hero increased its shareholding in the Glovo Group by participating in a funding round and acquiring shares from other minority shareholders for a consideration of € 84.7 million, resulting in a total stake of 18.8%. Further, a minority investment of € 1.6 million was made in WhyQ Pte Ltd, an online food delivery platform dedicated to the street food segment based in Singapore.

[5] Company information as of June 30, 2020
[6] Company information as of April 28, 2020
[7] Total Segment Revenue is defined as revenue before the reduction of vouchers.
[8] Performance measure not defined by International Financial Reporting Standards (IFRS). Adjusted EBITDA is defined as earnings from continuing operations before income taxes, financial result, depreciation and amortization and non-operating earnings effects. Non-operating earnings effects comprise, in particular (i) expenses for share-based compensation, (ii) expenses for services in connection with corporate transactions and financing rounds, (iii) expenses for reorganization measures, (iv) expenses for the implementation of information technology and (v) other non-operating expenses and income, especially the result from disposal of tangible and intangible assets, the result from sale and abandonment of subsidiaries, allowances for other receivables and non-income taxes. Adjusted EBITDA excludes depreciation from right-of-use assets under IFRS 16.

03. OPERATING RESULT OF THE GROUP

EUR MILLION	H1 2020	H1 2019	CHANGE EUR MILLION	CHANGE %
REVENUE	957.5	510.9	446.6	87.4
COST OF SALES	−790.3	−342.6	−447.7	>100
GROSS PROFIT	**167.2**	**168.3**	**−1.0**	**−0.6**
MARKETING EXPENSES	−290.9	−231.1	−59.8	25.9
IT EXPENSES	−68.5	−39.5	−29.0	73.4
GENERAL ADMINISTRATIVE EXPENSES	−272.3	−147.2	−125.1	85.0
OTHER OPERATING INCOME	22.1	16.3	5.8	35.8
OTHER OPERATING EXPENSES	−1.9	−4.4	2.6	−58.2
IMPAIRMENT LOSSES ON TRADE RECEIVABLES	−10.9	−2.1	−8.7	>100
OPERATING RESULT	**−455.0**	**−239.8**	**−215.2**	**89.7**
NET INTEREST COST	−22.8	−2.0	−20.8	>100
OTHER FINANCIAL RESULT	59.7	86.7	−27.0	−31.2
SHARE OF THE PROFIT OR LOSS OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD	−41.8	−36.5	−5.3	14.4
EARNINGS BEFORE INCOME TAXES	**−459.9**	**−191.6**	**−268.3**	**>100**
INCOME TAXES	16.7	−10.6	27.4	>100
NET LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	**−443.2**	**−202.3**	**−240.9**	**>100**
NET INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS	–	923.5	−923.5	>100
NET RESULT	**−443.2**	**721.2**	**−1,164.5**	**>100**

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

EUR MILLION	H1 2020	H1 2019	CHANGE EUR MILLION	CHANGE %
ADJUSTED EBITDA OF THE SEGMENTS	**−319.8**	**-171.1**	**−148.7**	**86.9**
CONSOLIDATION ADJUSTMENTS	–	−6.3	6.3	>100
MANAGEMENT ADJUSTMENTS	−35.4	−13.5	−21.9	>100
EXPENSES FOR SHARE-BASED COMPENSATION	−40.7	−15.7	−25.0	>100
OTHER RECONCILIATION ITEMS	4.0	3.9	0.1	2.6
AMORTIZATION AND DEPRECIATION	−63.1	−37.1	−26.0	70.1
NET INTEREST AND OTHER FINANCIAL RESULT	−4.9	48.2	−53.1	>100
EARNINGS BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**−459.9**	**−191.6**	**−268.3**	**>100**

Development of revenue

The increase in revenue in the first half of 2020 by 87.4% to € 957.5 million is generally attributable to organic growth throughout the segments despite COVID-19 restrictions. After an initial deceleration due to COVID-19 related lockdowns, order growth accelerated in most countries beyond pre-COVID-19 levels, positively impacting revenue accordingly. The continuous expansion of the Group's own delivery services, accompanied by an accelerated Dmart rollout, positively affected revenue as well.

Vouchers deducted from revenue increased from € 71.0 million in H1 2019 to € 169.3 million in H1 2020. This represents 15.0% of the Total Segment Revenue (H1 2019: 12.2%). After a strong increase of expenses for vouchers in relation to revenue in H2 2019 (17.7% of revenue), the percentage of voucher expenses decreased in H1 2020 as expected, remaining at a level above H1 2019. The increase is impacted by investments into campaigns that were initiated to support restaurants during COVID-19 restrictions as part of additional marketing investments mainly in Asia.

The Total Segment Revenue increased by 93.7% from € 581.8 million in H1 2019 to € 1,126.8 million in the first six months of 2020.[9] Commission revenue remains the largest component of revenue in the first six months of 2020 and amounts to € 745.8 million before deductions of vouchers (H1 2019: € 387.0 million). Commission revenue from own delivery contributes 68.6% of the total commission revenue before deductions of vouchers (H1 2019: 52.7%) and increased by 150.9% from € 203.8 million in H1 2019 to € 511.3 million in H1 2020. The share of revenue from delivery fees charged separately to the customer (before deduction of vouchers) remained relatively stable at 22.3% (H1 2019: 23.2%). Revenue from Integrated Verticals before deductions of marketing vouchers amounted to € 52.3 million of total revenue in the first half of 2020 (H1 2019: not reported separately).

Development of adjusted EBITDA and net result

The negative adjusted EBITDA of the segments increased in the first half of 2020 to € 319.8 million (H1 2019: € 171.1 million).

This is mainly attributable to a disproportionate increase of cost of sales (130.7%) year on year to € 790.3 million

[9] Taking into account the amended segment structure, Total Segment Revenue increased by 88.1% to € 1,094.2 million in H1 2020 (old segment structure).

(H1 2019: € 342.6 million) compared to the increase of revenue as a result of the expansion of the own delivery business, additionally pronounced by the continuous rollout of Dmarts. Integrated Vertical-related cost of sales contribute 5.6% of the total cost of sales. Corresponding to the increase of Integrated Vertical-related cost of sales, the portion of delivery expenses slightly decreased to 80.1% of the total cost of sales (H1 2019: 83.9%). The delivery expenses comprise own delivery personnel expenses (€ 57.0 million, H1 2019: € 63.7 million) as well as external riders and other operating delivery expenses (€ 575.9 million, H1 2019: € 223.8 million). The negative adjusted EBITDA margin remained stable at 28.4% (H1 2019: negative 29.4%). The gross profit margin in H1 2020 was 17.5% (H1 2019: 32.9%). The decline is mainly attributable to higher delivery expenses as described above but also lost revenues and their corresponding profit contribution especially from the MENA segment due to the COVID-19-related restrictions. Beyond that, several measures to support restaurants (e.g., waiving of onboarding fees) contributed to the lower margin.

Marketing expenses increased by 25.9% to € 290.9 million (H1 2019: € 231.1 million) due to higher investments particularly in the segment Asia. The marketing expenses include mainly customer acquisition costs of € 128.1 million (H1 2019: € 116.2 million) and restaurant acquisition costs of € 104.7 million (H1 2019: € 65.7 million).

IT expenses increased to € 68.5 million (H1 2019: € 39.5 million) and relate predominantly to R&D investments in local platforms and in central support functions. With 74.3%, personnel expenses continue to account for the largest share of IT expenses (H1 2019: 71.9%). Development costs resulted in the capitalization of intangible assets of € 17.2 million in the first six months 2020 (H1 2019: € 1.9 million).

General administrative ("G&A") expenses increased by 85.0% to € 272.3 million (H1 2019: € 147.2 million). The increase in G&A expenses is mainly driven by higher personnel expenses (H1 2020: € 93.0 million; H1 2019: € 54.6 million) due to an increase in administrative functions associated with the rollout of new verticals and related compliance requirements. Further, higher expenses for share-based compensation (increase of € 25.0 million) and higher depreciation and amortization (increase of € 16.1 million) contributed to the overall increase.

Net interest cost increased to negative € 22.8 million (H1 2019: negative € 2.0 million) mainly due to the finance costs of € 14.8 million associated with the issuance of two tranches of convertible bonds with a nominal value of € 1.8 billion, which were placed in January 2020 (refer to section F.07. of selected notes to the half-year financial statements for further detail).

The decrease of the other financial result is mainly driven by higher foreign currency transaction losses of € 27.6 million (H1 2019: loss of € 2.4 million). Further, it includes valuation gains of € 90.3 million from fair value adjustments for the financial instruments at fair value through profit and loss.

The increase in income taxes is mainly driven by the recognition of deferred tax assets of € 23.1 million on previously unrecognized tax loss carryforwards – and the corresponding income from a change in deferred taxes – as based on the recognition of deferred tax liabilities on temporary differences associated with the convertible bonds; the recoverability of the underlying tax loss carryforwards was reassessed.

04. BUSINESS DEVELOPMENT BY SEGMENT

In accordance with IFRS 8, segment revenue and adjusted EBITDA of the segments is subsequently presented in the old and new segment structure for the current period. The segment revenue of the Integrated Verticals segment is included based on the revenue recognized from orders where the Group acts as a principal. Intersegment revenue, which mainly results from commissions to the platform entities where the products of the respective Integrated Verticals are listed, are eliminated as intersegment consolidation adjustments. In 2019 and H1 2020 (old), revenues from integrated vertical operations were included in the regional segments on a commission basis.

Except as otherwise stated, the following discussion of the segment performance is based on a comparison of H1 2020 based on the new segment structure compared to H1 2019 (old structure).

SEGMENT REVENUE

EUR MILLION	H1 2020 (NEW)	H1 2020 (OLD)	H1 2019
MENA	368.1	380.1	308.2
ASIA	481.5	484.1	149.7
EUROPE	133.6	134.8	78.2
AMERICAS	95.0	95.2	45.7
INTEGRATED VERTICALS	52.3	–	–
INTERSEGMENT CONSOLIDATION ADJUSTMENTS	–3.7	–	–
TOTAL SEGMENT REVENUE	**1,126.8**	**1,094.2**	**581.8**
RECONCILIATION EFFECTS	–	32,6[1]	–
VOUCHERS	–169.3	–169.3	–71.0
REVENUE	**957.5**	**957.5**	**510.9**

[1] FOR SEGMENT REPORTING PURPOSES (OLD) REVENUES FROM OTHER ON-DEMAND ITEMS WHERE DELIVERY HERO ACTS AS PRINCIPAL ARE PRESENTED NET OF MERCHANDISE VALUE (GROSS PROFIT PRESENTATION).

ADJUSTED EBITDA OF THE SEGMENTS

EUR MILLION	H1 2020 (NEW)	H1 2020 (OLD)	H1 2019
MENA	18.8	2.3	–9.7
ASIA	–229.2	–232.7	–94.6
EUROPE	–7.9	–9.8	–9.6
AMERICAS	–79.1	–79.6	–57.2
INTEGRATED VERTICALS	–22.5	–	–
ADJUSTED EBITDA OF THE SEGMENTS	**–319.8**	**–319.8**	**–171.1**

MENA
The MENA segment was hit hardest from COVID-19 restrictions and took longest to recover. By end of H1 2020 some countries were trading above previous levels while others, in particular Kuwait, had still not fully recovered. The restrictions, in particular Kuwait, Saudi Arabia and Turkey, impacted the generation of orders. Despite these restrictions, segment revenues in MENA increased by 19.4% to € 368.1 million in H1 2020 (H1 2019: € 308.2 million) and orders grew by 11.8% to 151.2 million (H1 2019: 135.2 million).[10] The continuous expansion of own delivery services was the main driver of the increase. Revenues from own delivery services, including separately charged delivery fees, increased by 23.4% compared to H1 2019 (H1 2020: € 246.8 million; H1 2019: € 200.0 million). The appreciation of the euro in comparison to the Turkish lira softened the increase in revenue.

The negative impact on gross profit that resulted from lower order numbers due to COVID-19 restrictions particularly in the second quarter of 2020 was partly compensated with cost-saving measures such as marketing reductions. Overall, the negative effect of COVID-19 restrictions in the MENA segment on adjusted EBITDA is estimated to be approximately € 40.0 million for H1 2020. Despite the COVID-19 impacts, the adjusted EBITDA of the MENA segment increased by € 28.5 million to € 18.8 million based on the new segment structure compared to H1 2019 (old structure) with negative € 9.7 million. The EBITDA margin increased from negative 3.1% in H1 2019 to positive 5.1% in H1 2020.[11]

Asia
In the first half of 2020, revenues of the Asia segment increased by 221.7% to € 481.5 million (H1 2019: € 149.7 million) and the orders increased by 277.2% to 266.5 million (H1 2019 70.6 million) at lower basket size. The positive order growth is driven by overall organic growth, investments in affordability, expansion in choices including delivery of on-demand items, restaurant coverage and the further rollout of own delivery services in the region. The ongoing COVID-19 crisis had a positive effect on the demand for delivery service, contributing to an increase in orders. The strong revenue growth was driven by both marketplace commission revenues (plus 68.7%) and own delivery revenue (plus 391.4%).

The negative adjusted EBITDA significantly increased from negative € 94.6 million in H1 2019 to negative € 229.2 million in H1 2020 as a consequence of higher marketing and increased delivery costs. The adjusted EBITDA margin improved to negative 47.6% (H1 2019: negative 63.3%) based on an overproportionate revenue growth compared to the cost increase.

Europe
In the first half of 2020, the Europe segment revenue increased by 70.8% to € 133.6 million (H1 2019: € 78.2 million). A growth in orders combined with a higher average basket size contributed to the increased revenue, especially in the second quarter due to a higher demand for food delivery services as a result of COVID-19 (order growth: 40.4% to 56.0 million in H1 2020; H1 2019: 39.9 million). Besides the strong growth of own delivery commission revenue and delivery fees (plus 141.2%), marketplace commission revenue increased by plus 28.3%.

The adjusted EBITDA improved slightly by € 1.8 million to negative € 7.9 million (H1 2019: negative € 9.6 million). The negative adjusted EBITDA margin improved as well to negative 5.9% (H1 2019: negative 12.3%), reflecting particularly the higher revenue growth compared to the increase of cost of sales.

Americas
Segment revenue of H1 2020 in the Americas segment increased by 108.1% to € 95.0 million (H1 2019: € 45.7 million). The number of orders grew by 96.7% to 45.3 million (H1 2019: 23.1 million). The growth in revenue is positively affected by the continuous rollout of own delivery services and the fast expansion of commissions from the sale of on-demand items. Revenue was further affected by partially compensatory effects from inflation and the appreciation of the euro, in particular in relation to the Argentinian peso.

The adjusted EBITDA increased by € 21.9 million to negative € 79.1 million (H1 2019: negative € 57.2 million) reflecting particularly the higher investment in customer retention and product development. Whereas the negative adjusted EBITDA margin decreased to negative 83.3% (H1 2019: negative 125.2%) due to the significant increase in revenue and a comparatively moderate increase in costs.

Integrated Verticals
Integrated Verticals represent businesses where Delivery Hero acts as principal in the sale of on-demand items. Accordingly, revenue is recognized on the basis of gross merchandise value (GMV). The business activities mostly consist of operating own warehouses ("Dmarts") from which goods are delivered within a very short time frame to the customer. To a much lesser extent, kitchens operated by Delivery Hero also contribute to the revenues in this segment. The operations within this segment are still in its inception. In the first half of 2020, revenues of the Integrated Verticals segment amounted to € 52.3 million, generated by 6.9 million orders, mainly from Dmarts.[12] The adjusted EBITDA amounted to negative € 22.5 million and the adjusted EBITDA margin is negative 43.0%.

[10] On the basis of the old segment presentation, segment revenues in MENA increased by 23.3% from € 308.2 million in H1 2019 to € 380.1 million in H1 2020 (old segment structure).

[11] On the basis of the old segment presentation, the adjusted EBITDA also increased to positive € 2.3 million in H1 2020 (old segment structure) but is impacted by the expansion of Dmarts and corresponding start-up costs.

[12] Orders and GMV are presented in both platform segments and Integrated Verticals, subsequently consolidated at Group level.

05. FINANCIAL POSITION

The development of the Group's financial position in the first half of 2020 is shown in the following condensed statement of cash flows:

EUR MILLION	H1 2020	H1 2019
CASH AND CASH EQUIVALENTS AS OF JANUARY 1	699.4	439.8
CASH FLOW FROM OPERATING ACTIVITIES	−232.0	−118.3
CASH FLOW FROM INVESTING ACTIVITIES	−176.4	471.2
CASH FLOW FROM FINANCING ACTIVITIES	2,300.7	26.3
EFFECT OF EXCHANGE RATE MOVEMENTS ON CASH AND CASH EQUIVALENTS	−12.3	−5.7
CASH AND CASH EQUIVALENTS AS OF JUNE 30	**2,579.4**	**813.3**

The Group's liquidity situation continued to improve in the first half of 2020. Negative cash outflows from operating and investing activities were more than offset by cash inflows from financing activities.

In line with the development of the Group's adjusted EBITDA and in consideration of supplementary working capital increases, the H1 2020 negative cash flow from operating activities (negative € 232.0 million) increased compared to the prior period (negative € 118.3 million).

Cash outflows from investing activities mainly included investments in property, plant and equipment (€ 58.8 million) and intangible assets (€ 19.7 million) as well as investments in Glovo (€ 84.7 million) and the acquisition of the Honest Food Group (€ 8.8 million). In H1 2019, the cash inflows from investing activities were characterized by the disposal of the German business (€ 487.5 million), inflows from the equity collar agreement (Collar I) with respect to 3.2 million shares in Takeaway.com N.V. (€ 208.0 million) and cash outflows related to the acquisition of Zomato UAE, including the minority investment in Zomato Holding (€ 188.4 million).

The cash inflow from financing activities in the first six months of 2020 resulted from the placement of convertible bonds in January 2020 that increased the cash flow from financing activities by an additional € 1,741.1 million. Further cash inflows were related to capital increases from the authorized capital in connection with the imminent transaction with Woowa Brothers Corp., South Korea, (€ 569.1 million) and the exercise of equity-settled stock options (€ 18.7 million).

The H1 2019 cash inflow from financing activities (€ 26.3 million) related to capital increases in connection with the exercise of equity-settled stock options and a dividend received from the associated company Hungry NL.

06. NET ASSETS

As of June 30, 2020, the Group's balance sheet is structured as follows:

EUR MILLION	JUN. 30, 2020	%	DEC. 31, 2019	%	CHANGE
NON-CURRENT ASSETS	1,845.9	39.0	1,723.0	64.5	122.9
CURRENT ASSETS	2,881.6	61.0	949.6	35.5	1,932.0
TOTAL ASSETS	**4,727.5**	**100.0**	**2,672.7**	**100.0**	**2,054.8**

EUR MILLION	JUN. 30, 2020	%	DEC. 31, 2019	%	CHANGE
EQUITY	2,110.1	44.6	1,869.5	69.9	240.6
NON-CURRENT LIABILITIES	1,801.9	38.1	185.4	6.9	1,616.5
CURRENT LIABILITIES	815.5	17.2	617.9	23.1	197.6
TOTAL EQUITY AND LIABILITIES	**4,727.5**	**100.0**	**2,672.7**	**100.0**	**2,054.8**

The non-current assets increased mainly due to the recognition of derivates identified within the Collar II and Collar III transactions (refer to section E.06. of the notes for details) and valuation effects on the derivatives of the multi-year agreement on Just Eat Takeaway.com shares from the previous period (plus € 61.0 million; refer to section F.03. of the notes for details). Further, the latest investments in Glovo during the reporting period contributed to the increase with € 84.7 million, while the minority investment in Movo Miau Miau Internacional SL led to an increase of € 13.0 million. Property, plant and equipment increased in line with the organic growth of the Group. The increase was partly offset by currency effects in connection with the appreciation of the euro to some currencies like the Turkish lira and Argentinian peso.

The increase in current assets is mainly due to an increase of € 1,880.0 million in cash and cash equivalents based on the proceeds received from the convertible bonds issued in January 2020 and the capital increase launched in January 2020. The increasing number of Dmarts led to higher inventories. Further, trade and other receivables increased due to the organic growth of the Group. Changes in the fair value of the deal-contingent option entered into in connection with the planned transaction with Woowa contributed € 14.2 million.

The capital increase from the authorized capital against cash contribution in January 2020, as well as capital increases in connection with the exercise of equity-settled stock options, raised equity by € 587.8 million. Further, services received under equity-settled share-based payment arrangements increased equity by € 36.1 million. Contrarily, the Group's net loss (€ 442.5 million) and currency translation losses (€ 24.2 million) reduced equity.

Non-current liabilities increased significantly due to the issuance of the convertible bonds in January 2020 (€ 1,626.6 million).

The increase of current liabilities resulted mainly from the Group's organic growth during the reporting period leading to higher liabilities to restaurants (€ 279.6 million), liabilities to riders (€ 35.5 million), liabilities for outstanding invoices (€ 91.5 million) and lease liabilities (€ 39.0 million). In addition, higher liabilities to employees (€ 40.6 million) and liabilities for taxes and charges (€ 68.2 million) contributed to the increase.

07. EMPLOYEES

The number of employees increased to 27,071 as of June 30, 2020 (December 31, 2019: 24,617), mainly due to an increase in sales personnel and additional personnel for the new verticals.

C. RISK AND OPPORTUNITIES

In the first six months of 2020, Delivery Hero's risk and opportunity profile did not substantially change to the profile as described in the risk and opportunity report of our combined Group management report 2019 but was influenced by the COVID-19 pandemic outbreak and development worldwide.

Online food delivery is based on the aggregation of customer demand for food and beverages as well as the offering of a broad selection of menu options by our restaurant partners. Disruptions in the restaurant supply may have an adverse effect on the performance of our business model.

The outbreak of the coronavirus resulted in broad restrictions to restaurant operations, including temporary closure of restaurants, as well as curfews in cities and countries.

Delivery Hero's business model in the relevant markets is based on the availability and efficiency of restaurant partners. Any harmful effect on the restaurants' ability to continue their operation may affect the success of Delivery Hero's business. Delivery Hero is confronted with the risk of losing restaurant partners in relevant markets in the short term but also in the long term especially due to a potential lack of cash flow and bankruptcy of the restaurant partners.

However, it was and is particularly important for Delivery Hero to support the restaurant partners. By shortening billing cycles, we could provide our partners with liquidity faster. Likewise, we have significantly increased the speed of onboarding new restaurants on our platforms.

The coronavirus pandemic has also had an impact on our delivery operations. As our riders have direct contact with restaurant partners and customers, Delivery Hero is confronted with the risk of the riders' safety and the safety of people the riders have contact with during their shifts. Outages of riders caused by the coronavirus pandemic, a breakout among a fleet or any infection of other people by a rider could impact Delivery Hero's operations and harm our reputation.

In many countries, we have made agreements with the responsible authorities to ensure the safe and hygienic delivery of food, protecting workers at restaurants, riders and our customers. Among other things, we have greatly expanded contactless delivery during this time and provided our riders with hygiene products like masks and hand sanitizers. Furthermore, we founded a rider fund to financially support drivers who were negatively affected by the crisis.

In general, the Group has been exposed to various restrictions imposed by the COVID-19 situation. However, as a result of the crisis, demand for food and grocery deliveries has generally increased, if there are no fundamental restrictions on the delivery of the goods. The growth of the customer range took place beyond the typical customer base, e.g., older people have also increasingly used our platform and the corresponding ordering options.

Due to the diversification in several markets that are differently exposed to the coronavirus outbreak, the country-specific measures, the compensation of impact among our different markets and Delivery Hero's corresponding pandemic control measures, we currently assess the mentioned risks above as medium.

The effects of the pandemic are also affecting global financial markets as investors disinvest from company stocks and other financial assets in favor of cash assets, which might adversely affect the valuations of our financial engagements into investments.

The Group's future risk and opportunity profile is dependent on the further development of the corona pandemic, including the duration and intensity of the outbreak, effectiveness of public health measures, supportive macroeconomic measures and governmental restrictions impacting our business model.

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

D. OUTLOOK 2020

In the first half of the year, the world economy contracted significantly after the breakout of the global pandemic and for 2020 a significant decline of the global economy is expected. A recovery in 2021 is dependent on the further development of the pandemic. The general economic outlook remains uncertain due to the possibility of another COVID-19 outbreak, which would interrupt the recovery.

However, based on the resilient operative business performance of the Group in the first six months of 2020, and considering the measures taken to cope with the COVID-19 crisis, including an extended Q-commerce footprint, Delivery Hero expects continuous growth also in the second half of 2020. The guidance on Total Segment Revenue has been raised to between € 2.6 and € 2.8 billion for the full year 2020 and is expected to be driven by a significant increase in orders and GMV.

The outlook for adjusted EBITDA of the segments remains unchanged to the guidance as stated in the annual report 2019. Delivery Hero continues to expect a negative adjusted EBITDA of the segments slightly better compared to the 2019 adjusted EBITDA of the segments of negative € 430.9 million. The adjusted EBITDA margin is expected to reach between minus 14% and minus 18% as a percentage of revenues. This guidance is excluding additional investments of up to € 150 million that are intended to be utilized where required. Part of the additional investments are planned to be utilized with approximately € 20 million to € 30 million to launch operations in Japan as a new market opportunity. COVID-19-related costs will be absorbed within the expected adjusted EBITDA measures, including an expected negative impact on adjusted EBITDA of up to € 50 million from COVID-19-related measures in MENA.

Due to the fact that Delivery Hero is mostly operating in a rapidly evolving industry and emerging countries, and the outbreak of the coronavirus pandemic in 2020, any forecast on the earnings trend is subject to considerable uncertainty. Besides factors that can be influenced by Delivery Hero, adjusted EBITDA is also contingent on factors that cannot be influenced.

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR MILLION	NOTE	JUN. 30, 2020	DEC. 31, 2019
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	F.01.	1,016.9	1,046.7
PROPERTY, PLANT AND EQUIPMENT	F.02.	224.5	193.4
OTHER FINANCIAL ASSETS	F.03.	473.9	395.2
TRADE AND OTHER RECEIVABLES		0.1	0.0
OTHER ASSETS		0.2	1.8
DEFERRED TAX ASSETS		0.5	0.4
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	F.04.	129.9	85.6
		1,845.9	**1,723.0**
CURRENT ASSETS			
INVENTORIES		16.3	8.4
TRADE AND OTHER RECEIVABLES		146.6	129.4
OTHER FINANCIAL ASSETS	F.03.	56.0	41.8
OTHER ASSETS		75.8	65.6
INCOME TAX RECEIVABLES		7.5	5.0
CASH AND CASH EQUIVALENTS		2,579.4	699.4
		2,881.6	**949.6**
TOTAL ASSETS		**4,727.5**	**2,672.7**

EQUITY AND LIABILITIES

EUR MILLION	NOTE	JUN. 30, 2020	DEC. 31, 2019
EQUITY			
SHARE CAPITAL/SUBSCRIBED CAPITAL	F.05.	199.1	188.8
CAPITAL RESERVES	F.05.	3,443.1	2,745.6
RETAINED EARNINGS AND OTHER RESERVES		−1,529.4	−1,062.8
TREASURY SHARES		−0.1	−0.1
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		2,112.8	1,871.5
NON-CONTROLLING INTERESTS		−2.7	−2.0
		2,110.1	**1,869.5**
NON-CURRENT LIABILITIES			
PENSION PROVISIONS		4.1	5.7
OTHER PROVISIONS		7.1	6.9
TRADE AND OTHER PAYABLES	F.06.	113.3	132.6
CONVERTIBLE BONDS	F.07.	1,626.6	0.0
OTHER LIABILITIES		6.3	4.1
DEFERRED TAX LIABILITIES		44.6	36.1
		1,801.9	**185.4**
CURRENT LIABILITIES			
OTHER PROVISIONS		59.9	47.2
TRADE AND OTHER PAYABLES	F.06.	585.0	472.9
OTHER LIABILITIES		146.8	77.4
INCOME TAX LIABILITIES		23.8	20.4
		815.5	**617.9**
TOTAL EQUITY AND LIABILITIES		**4,727.5**	**2,672.7**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR MILLION	NOTE	H1 2020	H1 2019	CHANGE EUR MILLION	CHANGE %
REVENUE	E.01.	957.5	510.9	446.6	87.4
COST OF SALES	E.02.	−790.3	−342.6	−447.7	>100
GROSS PROFIT		**167.2**	**168.3**	**−1.0**	**−0.6**
MARKETING EXPENSES	E.03.	−290.9	−231.1	−59.8	25.9
IT EXPENSES		−68.5	−39.5	−29.0	73.4
GENERAL ADMINISTRATIVE EXPENSES	E.04.	−272.3	−147.2	−125.1	85.0
OTHER OPERATING INCOME	E.05.	22.1	16.3	5.8	35.8
OTHER OPERATING EXPENSES		−1.9	−4.4	2.6	−58.2
IMPAIRMENT LOSSES ON TRADE RECEIVABLES	E.06.	−10.9	−2.1	−8.7	>100
OPERATING RESULT		**−455.0**	**−239.8**	**−215.2**	**89.7**
NET INTEREST COST	E.07.	−22.8	−2.0	−20.8	>100
OTHER FINANCIAL RESULT	E.08.	59.7	86.7	−27.0	−31.2
SHARE OF THE PROFIT OR LOSS OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD	E.09.	−41.8	−36.5	−5.3	14.4
EARNINGS BEFORE INCOME TAXES		**−459.9**	**−191.6**	**−268.3**	**>100**
INCOME TAXES	E.10.	16.7	−10.6	27.4	>100
NET LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**−443.2**	**−202.3**	**−240.9**	**>100**
NET INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		–	923.5	−923.5	>100
NET RESULT		**−443.2**	**721.2**	**−1,164.5**	**>100**

EUR MILLION	NOTE	H1 2020	H1 2019	CHANGE EUR MILLION	CHANGE %
OTHER COMPREHENSIVE INCOME (NET)					
ITEMS NOT RECLASSIFIED TO PROFIT OR LOSS:					
REMEASUREMENT OF NET LIABILITY (ASSET) ARISING ON DEFINED BENEFIT PENSION PLANS		0.1	0.1	–	–
ITEMS RECLASSIFIED TO PROFIT OR LOSS IN THE FUTURE:					
EFFECT OF MOVEMENTS IN EXCHANGE RATES		−24.2	−22.5	−1.7	7.6
OTHER COMPREHENSIVE INCOME		**−24.1**	**−22.4**	**−1.7**	**7.6**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**−467.3**	**698.8**	**−1,166.2**	**>100**
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO:					
SHAREHOLDERS OF THE PARENT		−442.5	728.0	−1,170.5	>100
NON-CONTROLLING INTERESTS		−0.7	−6.8	6.1	−89.7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
SHAREHOLDERS OF THE PARENT		−466.6	705.6	−1,172.2	>100
NON-CONTROLLING INTERESTS		−0.7	−6.8	6.1	−89.7
DILUTED AND BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS IN EUR		−2.2	−1.0	−1.2	>100
DILUTED AND BASIC EARNINGS PER SHARE FROM CONTINUED AND DISCONTINUED OPERATIONS IN EUR		−2.2	3.8	−6.1	>100

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

JAN. 01, 2020–JUN. 30, 2020	ATTRIBUTABLE TO THE OWNERS OF THE PARENT								
			RETAINED EARNINGS AND OTHER RESERVES						
EUR MILLION	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	CURRENCY TRANSLATION RESERVE	REVALUATION RESERVE FOR PENSION COMMITMENTS	TREASURY SHARES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE AS OF JAN. 01, 2020	**188.8**	**2,745.6**	**−749.0**	**−311.6**	**−2.2**	**−0.1**	**1,871.5**	**−2.0**	**1,869.5**
NET PROFIT	–	–	*−442.5*	–	–	–	*−442.5*	*−0.7*	*−443.2*
OTHER COMPREHENSIVE INCOME	–	–	–	*−24.2*[1]	*0.1*	–	*−24.1*	*0.0*	*−24.1*
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**−442.5**	**−24.2**	**0.1**	**–**	**−466.6**	**−0.7**	**−467.3**
TRANSACTIONS WITH OWNERS – PAYMENTS RECEIVED AND CHANGE IN NON-CONTROLLING INTERESTS									
CAPITAL INCREASES	*10.3*	*577.5*	–	–	–	–	*587.8*	–	*587.8*
EQUITY-SETTLED SHARE-BASED PAYMENTS	–	*36.1*	–	–	–	–	*36.1*	–	*36.1*
EQUITY COMPONENT FROM ISSUANCE OF CONVERTIBLE BONDS (NET OF TAX)	–	*84.0*	–	–	–	–	*84.0*	–	*84.0*
TRANSACTIONS WITH OWNERS	**10.3**	**697.6**	**–**	**–**	**–**	**–**	**707.9**	**–**	**707.9**
BALANCE AS OF JUN. 30, 2020	**199.1**	**3,443.1**	**−1,191.4**	**−335.8**	**−2.2**	**−0.1**	**2,112.8**	**−2.7**	**2,110.1**

[1] INCLUDES RESULTS FROM HYPERINFLATIONARY ECONOMIES OF € −3.7 MILLION.

JAN. 01, 2019–JUN. 30, 2019	ATTRIBUTABLE TO THE OWNERS OF THE PARENT								
			RETAINED EARNINGS AND OTHER RESERVES						
EUR MILLION	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	CURRENCY TRANSLATION RESERVE	REVALUATION RESERVE FOR PENSION COMMITMENTS	TREASURY SHARES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
BALANCE AS OF JAN. 01, 2019	**185.9**	**2,688.2**	**–971.5**	**–284.3**	**–0.9**	**–0.1**	**1,617.3**	**–2.3**	**1,615.0**
NET RESULT	–	–	728.0	–	–	–	728.0	–6.8	721.2
OTHER COMPREHENSIVE INCOME	–	–	–	–22.5	0.1	–	–22.4	–	–22.4
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**728.0**	**–22.5**	**0.1**	**–**	**705.6**	**–6.8**	**698.8**
TRANSACTIONS WITH OWNERS – PAYMENTS RECEIVED AND CHANGE IN NON-CONTROLLING INTERESTS									
CAPITAL INCREASES	2.9	24.8	–	–	–	–	27.7	–	27.7
EQUITY-SETTLED SHARE-BASED PAYMENTS	–	10.3	–	–	–	–	10.3	–	10.3
OTHER CHANGES TO EQUITY	–	–	–5.3[1]	–	–	–	–5.3	1.1	–4.2
TRANSACTIONS WITH OWNERS	**2.9**	**35.1**	**–5.3**	**–**	**–**	**–**	**32.7**	**1.1**	**33.8**
BALANCE AS OF JUN. 30, 2019	**188.8**	**2,723.3**	**–248.8**	**–306.8**	**–0.8**	**–0.1**	**2,355.6**	**–8.0**	**2,347.6**

[1] INCLUDES RESULTS FROM HYPERINFLATIONARY ECONOMIES OF € –5.3 MILLION.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR MILLION	H1 2020	H1 2019	CHANGE EUR MILLION	CHANGE %
1. CASH FLOWS FROM OPERATING ACTIVITIES				
NET RESULT	−443.2	721.2	−1,164.2	>100
INCOME TAXES	−16.7	10.6	−27.4	>100
INCOME TAX PAID (−)	−3.7	−6.0	2.3	−38.4
AMORTIZATION AND DEPRECIATION (+)	63.0	37.6	25.4	67.4
WRITE-DOWNS OF FINANCIAL ASSETS (+)	2.6	1.0	1.6	>100
INCREASE (+)/DECREASE (−) IN PROVISIONS	13.6	6.5	7.1	>100
NON-CASH EXPENSES (+) FROM SHARE-BASED PAYMENTS	40.7	15.7	25.0	>100
OTHER NON-CASH EXPENSES (+) AND INCOME (−)	57.2	−40.0	97.2	>100
GAIN (−)/LOSS (+) ON DISPOSALS OF FIXED ASSETS	1.5	−1.1	2.5	>100
GAIN (−)/LOSS (+) ON DECONSOLIDATION	–	−938.5	938.5	>100
INCREASE (−)/DECREASE (+) IN INVENTORIES, TRADE RECEIVABLES AND OTHER ASSETS	−49.1	−29.5	−19.5	66.2
INCREASE (+)/DECREASE (−) IN TRADE AND OTHER PAYABLES	173.0	107.5	65.5	60.9
INTEREST AND SIMILAR INCOME (−)/INTEREST AND SIMILAR EXPENSE (+)	−70.8	−3.3	−67.4	>100
CASH FLOWS FROM OPERATING ACTIVITIES	**−232.0**	**−118.3**	**−113.6**	**96.1**
2. CASH FLOWS FROM INVESTING ACTIVITIES				
PROCEEDS (+) FROM THE DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	0.1	1.8	−1.7	−94.4
PAYMENTS (−) FOR INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT	−58.8	−27.8	−31.0	>100
PROCEEDS (+) FROM DISPOSAL OF INTANGIBLE ASSETS	0.5	1.5	−1.0	−65.4
PAYMENTS (−) TO ACQUIRE INTANGIBLE ASSETS	−19.7	−13.6	−6.2	45.4
PROCEEDS (+)/PAYMENTS (−) FOR INVESTMENTS IN FINANCIAL ASSETS	−4.1	167.1	−171.2	>100
PAYMENTS FOR (−)/PROCEEDS (+) FROM LOANS TO THIRD PARTIES	−0.1	−0.2	0.2	−77.2
NET PAYMENTS (−) FOR ACQUISITIONS	−8.8	−129.4	120.7	−93.2
NET PROCEEDS (+) FROM SALE OF SUBSIDIARIES OR DISCONTINUED OPERATIONS	−0.5	487.5	−488.0	>100
PURCHASE OF EQUITY INVESTMENTS	−86.4	−20.2	−66.2	>100
INTEREST RECEIVED (+)	1.3	4.3	−3.0	−70.3
DIVIDENDS RECEIVED (+)	–	0.2	−0.2	>100
CASH FLOWS FROM INVESTING ACTIVITIES	**−176.4**	**471.2**	**−647.6**	**>100**
3. CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS (+) FROM CAPITAL CONTRIBUTIONS	587.8	27.6	560.2	>100
PROCEEDS (+) FROM LOANS AND BORROWINGS	1,741.0	173.9	1,567.1	>100
REPAYMENTS (−) OF LOANS AND BORROWINGS	−24.1	−175.0	150.9	−86.2
INTEREST PAID (−)	−4.1	−0.2	−3.9	>100
CASH FLOWS FROM FINANCING ACTIVITIES	**2,300.7**	**26.3**	**2,274.3**	**>100**
4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,892.3	379.3	1,513.0	>100
EFFECT OF EXCHANGE RATE MOVEMENTS ON CASH AND CASH EQUIVALENTS	−12.3	−5.7	−6.6	>100
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	699.5	439.8[1]	259.7	59.0
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**2,579.4**	**813.3**	**1,766.1**	**>100**

[1] CASH OF € 75.7 MILLION INCLUDED IN A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AS OF JANUARY 1, 2019.

SELECTED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

A. GENERAL INFORMATION ON THE HALF-YEAR FINANCIAL STATEMENTS

01. Company information

Delivery Hero SE is the parent company of the Delivery Hero Group (also referred to as: Delivery Hero or Group) and located in Oranienburger Strasse 70, 10117 Berlin, Germany. It is registered with the commercial register of the Local Court, Berlin Charlottenburg under HRB 198015 B.

The Management Board prepared the half-year financial statements by August 26, 2020 and submitted these directly to the Supervisory Board for approval.

02. Basis of financial reporting in accordance with IFRS

a) Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the first half of 2020 were prepared in accordance with IAS 34 Interim Financial Reporting and comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union for interim financial reporting applicable as of the reporting date.

The unaudited condensed consolidated interim financial statements do not contain all information and disclosures in the notes that are required for consolidated financial statements and should thus be read in conjunction with the consolidated financial statements as of December 31, 2019. In order to gain an understanding of the significant changes in the financial position and financial performance since the 2019 consolidated financial statements, selected disclosures regarding significant events and transactions are included in the notes to the condensed consolidated interim financial statements.

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

In preparing the condensed consolidated interim financial statements, the accounting policies used for the preparation of the consolidated financial statements as of December 31, 2019, remain unchanged. The preparation of consolidated financial statements in accordance with IFRS requires management estimates and judgements. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the consolidated financial statements as of December 31, 2019.

The condensed consolidated interim financial statements and the interim Group management report have not been audited or reviewed by an auditor.

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

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020. None of these new standards and amendments are expected to have significant impact on the Group's consolidated financial statements.

B. INFLUENCES ON BUSINESS OPERATIONS

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

At Group level, seasonal influences are not as significant due to the diversification of all entities and are eclipsed by organic and external growth.

The appreciation of the euro to several local currencies of our subsidiaries softened the revenue growth of the Group and impacted also the adjusted EBITDA through translation effects.

C. OPERATING SEGMENTS

Due to the increasing importance of complementary on-demand service offerings (new verticals), in particular Q-commerce and kitchen business, the segment "Integrated Verticals" is presented separately as of January 1, 2020 aside the four geographical segments (new segment structure). For comparative reasons the 2020 segments are additionally stated corresponding to the presentation in the consolidated financial statements 2019 (old segment structure) in accordance with IFRS 8 requirements. The newly established segment includes Dmarts and Global Food Services such as virtual kitchens.

Integrated Verticals capture orders where Delivery Hero acts as a principal (Dmarts and self-operated kitchens). The segment revenue in the Integrated Verticals segment is included based on the revenue recognized from these orders as a principal (gross merchandise value). In previous periods, revenue from such integrated vertical operations was included in the regional segments on a commission basis.

The prior-period information is not restated to the new segment structure.

01. Revenue

EUR MILLION	H1 2020 (NEW)	H1 2020 (OLD)	H1 2019
MENA	368.1	380.1	308.2
ASIA	481.5	484.1	149.7
EUROPE	133.6	134.8	78.2
AMERICAS	95.0	95.2	45.7
INTEGRATED VERTICALS	52.3	–	–
INTERSEGMENT CONSOLIDATION ADJUSTMENTS	–3.7	–	–
TOTAL SEGMENT REVENUE	**1,126.8**	**1,094.2**	**581.8**
RECONCILIATION EFFECTS	–	32,6[1]	–
VOUCHERS	–169.3	–169.3	–71.0
GROUP REVENUE	**957.5**	**957.5**	**510.9**

[1] FOR SEGMENT REPORTING PURPOSES (OLD) REVENUES FROM OTHER ON-DEMAND ITEMS WHERE DELIVERY HERO ACTS AS PRINCIPAL ARE PRESENTED NET OF MERCHANDISE VALUE (GROSS PROFIT PRESENTATION).

02. Adjusted EBITDA

EUR MILLION	H1 2020 (NEW)	H1 2020 (OLD)	H1 2019
MENA	18.8	2.3	–9.7
ASIA	–229.2	–232.7	–94.6
EUROPE	–7.9	–9.8	–9.6
AMERICAS	–79.1	–79.6	–57.2
INTEGRATED VERTICALS	–22.5	–	–
ADJUSTED EBITDA OF THE SEGMENTS	**–319.8**	**–319.8**	**–171.1**
CONSOLIDATION ADJUSTMENTS	–	–	–6.3
MANAGEMENT ADJUSTMENTS	–35.4	–35.4	–13.5
EXPENSES FOR SHARE-BASED COMPENSATION	–40.7	–40.7	–15.7
OTHER RECONCILIATION ITEMS	4.0	4.0	3.9
AMORTIZATION AND DEPRECIATION	–63.1	–63.1	–37.1
NET INTEREST AND OTHER FINANCIAL RESULT	–4.9	–4.9	48.2
EARNINGS BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**–459.9**	**–459.9**	**–191.6**

Management adjustments include (i) expenses for services related to corporate transactions of € 16.7 million (H1 2019: € 8.2 million), thereof € 6.9 million expenses recognized in H1 2020 for earn-out liabilities in connection with acquisitions of prior years (H1 2019: € 5.1 million) and (ii) expenses for reorganization measures of € 18.7 million (H1 2019: € 5.2 million) mainly with respect to the ceasing of operations in Canada and the combination of the Carriage business into Talabat in MENA.

Other reconciliation effects include mainly non-operating income and expenses. In the first half of 2020, this item includes, in particular, expenses for non-income taxes of € 7.2 million (H1 2019: € 2.7 million) of which € 4.2 million relate to prior-period taxes for operations, which were divested in 2018, gains of € 2.9 million resulting mainly from the recharging of services to third parties, as well as losses on the disposal of subsidiaries of € 1.9 million (H1 2019: loss of € 3.1 million).

D. ACQUISITIONS

On February 28, 2020, Delivery Hero acquired 100% of the share capital of Honest Food Company GmbH, Germany, ("Honest Food") – an own operated kitchen business – through its fully owned subsidiary Delivery Hero Kitchens GmbH. The acquired shares represent all of the voting rights. The fair value of the total purchase price consideration is € 18.8 million, which includes a deferred consideration with a fair value of € 4.6 million. The acquired net assets amount to € 5.4 million. The entity produces food in centralized kitchens, which is sold to end customers via virtual restaurants through online platforms.

The acquisition represents a strategic investment into virtual kitchen concepts.

The total consideration for the acquisition is allocated between the recognized assets and assumed liabilities as follows:

EUR MILLION	FAIR VALUES AT DATE OF ACQUISITION
INTANGIBLE ASSETS	0.6
PROPERTY, PLANT AND EQUIPMENT	0.3
TRADE AND OTHER RECEIVABLES	0.3
OTHER ASSETS	0.5
CASH AND CASH EQUIVALENTS	5.5
PROVISIONS AND LIABILITIES	−0.2
TRADE PAYABLES	−0.9
DEFERRED TAX LIABILITIES	−0.2
NET ASSETS	**5.9**
CONSIDERATION TRANSFERRED	**18.8**
GOODWILL	**12.9**

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

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

Combined trade receivables from third parties with a gross value of € 0.3 million were acquired and are assessed as being fully recoverable.

Since their first inclusion, the acquired entities have contributed € 1.2 million towards Group revenues and a net loss of € 2.0 million.

If the acquisition had been consolidated as of January 1, 2020, the entities would have contributed € 1.8 million to Group revenue and a net loss of € 3.0 million to the Group loss.

E. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

01. Revenue

Revenue is composed as follows:

			CHANGE	
EUR MILLION	**H1 2020**	H1 2019	EUR MILLION	%
COMMISSIONS	745.8	387.0	358.8	92.7
DELIVERY FEES[1]	214.0	118.4	95.6	80.8
DMARTS	46.7	–	46.7	>100
PRIME PLACINGS	42.2	32.5	9.7	30.0
CREDIT CARD USE	30.4	22.4	8.0	35.5
OTHER	47.8	21.3	26.5	>100
LESS VOUCHERS	−169.3	−70.7	−98.6	>100
REVENUE	**957.5**	**510.9**	**446.6**	**87.4**

[1] FEES CHARGED SEPARATELY TO THE ORDERERS FOR DELIVERY SERVICES.

02. Cost of sales

Cost of sales is composed as follows:

			CHANGE	
EUR MILLION	**H1 2020**	H1 2019	EUR MILLION	%
DELIVERY EXPENSES	632.8	287.6	345.2	>100
FEES FOR PAYMENT SERVICES	46.7	24.6	22.1	89.9
GOODS AND MERCHANDISE	43.4	2.4	41.0	>100
SERVER HOSTING	14.5	6.9	7.6	>100
RIDER EQUIPMENT	9.6	5.3	4.3	80.2
PICKER COST	9.3	1.9	7.4	>100
PURCHASE OF TERMINALS AND OTHER POS SYSTEMS	8.2	4.0	4.2	>100
EXPENSES FOR DATA TRANSFER	2.7	2.2	0.5	21.0
OTHER COST OF SALES	23.1	7.7	15.4	>100
TOTAL	**790.3**	**342.6**	**447.7**	**>100**

Goods and merchandise mainly include cost of goods sold of Dmarts (€ 36.4 million) and virtual kitchens (€ 2.4 million). Picker costs relate to the physical collection of the order units in Dmarts and other grocery stores.

03. Marketing expenses

Marketing expenses are composed as follows:

EUR MILLION	H1 2020	H1 2019	CHANGE EUR MILLION	CHANGE %
CUSTOMER ACQUISITION	128.1	116.2	11.9	10.3
RESTAURANT ACQUISITION	104.7	65.7	39.0	59.4
AMORTIZATION OF CUSTOMER/SUPPLIER BASE	8.8	5.9	2.9	49.2
AMORTIZATION OF BRANDS	5.8	6.1	−0.3	−4.9
OTHER MARKETING EXPENSES	43.5	37.2	6.3	16.9
TOTAL	**290.9**	**231.1**	**59.8**	**25.9**

04. General administrative expenses

General administrative expenses mainly include personnel expenses of € 93.0 million (H1 2019: € 54.6 million), expenses for share-based payments of € 40.7 million (H1 2019: € 15.7 million), expenses for depreciation and amortization of € 38.1 million (H1 2019: € 22.0 million), other tax expenses of € 14.8 million (H1 2019: € 2.8 million), legal fees of € 13.3 million (H1 2019: € 6.7 million) and advisory and audit fees of € 12.1 million (H1 2019: € 12.7 million).

05. Other operating income

Other operating income includes, in particular, a gain of € 9.8 million from the partial release of the contingent consideration liability in connection with the acquisition of Zomato UAE in 2019.

06. Impairment losses on trade receivables and other receivables

The bad debt allowances on trade and other receivables increased from € 2.1 million in H1 2019 to € 10.9 million in H1 2020 due to the organic business expansion and effects as result of commission deferrals initiated in the MENA segment to support partner restaurants during the COVID-19 pandemic. Further, bad debt allowances on rider receivables increased due to the growing rider fleet and the respective increase in rider receivables.

07. Net interest cost

Net interest cost is composed as follows:

EUR MILLION	H1 2020	H1 2019	CHANGE EUR MILLION	CHANGE %
INTEREST EXPENSE ON CONVERTIBLE BONDS	−14.8	–	−14.8	>100
INTEREST EXPENSE FROM DISCOUNTING OF LEASE LIABILITIES	−2.5	−0.1	−2.5	>100
OTHER INTEREST EXPENSE	−7.3	−6.9	−0.4	6.2
INTEREST AND SIMILAR INCOME	1.9	5.0	−3.1	−61.5
TOTAL	**−22.8**	**−2.0**	**−20.8**	**>100**

For further details on the convertible bonds see section F.07.

08. Other financial result

In the first half of 2020, the other financial result includes valuation effects of € 90.3 million from fair value adjustments for the financial instruments at fair value through profit and loss – comprising mainly measurement effects of € 45.0 million on derivatives recognized in connection with collar-loan transactions on shares in Takeaway.com entered into in April 2019 (Collar I transaction), February 2020 (Collar II transaction) and June 2020 (Collar III transaction) (refer to section F.03. for details). Further, measurement effects from the valuation of the shares in Takeaway.com (€ 24.8 million, H1 2019: € 85.1 million), the deal contingent FX option (€ 14.2 million, H1 2019: nil), and swap transactions with regard to the Argentinian peso (€ 10.0 million, H1 2019: nil; refer to section G.04.) are included.

Foreign currency transaction losses within the other financial result amount to € 27.6 million (H1 2019: loss of € 2.4 million). The application of IAS 29 for Argentina, which is continuously evaluated as a hyperinflationary economy, resulted in a net loss on the net monetary position of the Argentine operations of € 3.0 million for the first six months of 2020 (H1 2019: net gain of € 4.1 million).

09. Result from equity-accounted investees

The result from equity-accounted investees mostly results from the pro rata losses of the investments in Rappi and Glovo.

10. Income taxes

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

In connection with the accounting for the convertible bond tranches, deferred tax liabilities were recognized against equity in the amount of € 37.2 million as of June 30, 2020. Correspondingly, deferred tax assets on tax loss carryforwards were re-evaluated and recognized to the extent it was considered probable that future taxable profit will allow the deferred tax assets to be recovered. As of June 30, 2020, the deferred tax assets recognized on previously unrecognized tax loss carryforwards amounted to € 23.1 million with a corresponding impact on income taxes.

F. NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

01. Intangible assets

The decrease in intangible assets in the first six months of 2020 is mainly attributable to foreign currency effects – predominantly the devaluation of the Turkish Lira against the euro (negative € 29.7 million) – and amortization charges (negative € 21.4 million). The decrease is partly offset by additions from internally generated intangible assets (€ 17.2 million), which result mainly from capitalized development costs.

02. Property, plant and equipment

The increase in property, plant and equipment is primarily attributable to higher business activities, resulting in net additions to operating and office equipment.

03. Other financial assets

On February 12, 2020, Delivery Hero entered into a forward share purchase agreement with respect to 8.4 million shares in Just Eat Takeaway.com N.V. ("Just Eat Takeaway.com") and a multi-year agreement with respect to 8.8 million shares in Just Eat Takeaway.com to restore its exposure following the dilution that had been caused by the merger of Takeaway.com and Just Eat plc. ("Collar II transaction").

Under the Collar II transaction, Delivery Hero purchased 8.4 million additional Just Eat Takeaway.com shares on May 11, 2020. These shares as well as further 0.4 million shares already held by Delivery Hero were transferred into a custody account and subsequently utilized by Morgan Stanley. Delivery Hero was entitled to cash proceeds of € 841.0 million that were netted off as per the agreement against the purchase price liability from the share purchase of € 825.7 million. The net cash proceeds received from the transaction amounted to € 15.3 million. As part of the transaction, Delivery Hero entered into a collar with respect to the 8.8 million Just Eat Takeaway.com shares consisting of a combination of short call and long put positions. This limits the downside risk of fair value changes of the share while allowing Delivery Hero to participate in part of any further share price appreciation. Following the requirements of IFRS 9, the shares that are utilized by Morgan Stanley and that are subject to the agreement were derecognized. Delivery Hero has the right to repurchase the shares through repayment of the cash proceeds of € 841.0 million. The collar represents a continuing involvement in the derecognized shares and expires in tranches between June 2022 and October 2023.

On June 16, 2020, Delivery Hero entered into another share purchase and multi-year agreement with respect to 0.8 million shares in Just Eat Takeaway.com ("Collar III transaction") to restore its exposure after another capital increase by Just Eat Takeaway.com. Delivery Hero purchased 0.8 million Just Eat Takeaway.com shares. Similar to the Collar II transaction, the shares were transferred into the custody account and subsequently utilized by Morgan Stanley. Delivery Hero was entitled to cash proceeds of € 67.7 million that were netted off as per the agreement against the purchase price liability from the share purchase of € 69.8 million. The net cash effect from the transaction amounted to € 2.4 million paid. The agreement further comprises a combination of several short call and long put positions on 0.8 million Just Eat Takeaway.com shares. Delivery Hero has the right to repurchase these shares through repayment of the cash proceeds of € 67.7 million. The underlying shares were derecognized in accordance with IFRS 9 requirements. The collar represents a continuing involvement in the derecognized shares and expires in tranches in June 2024.

As of June 30, 2020, net financial assets of € 71.4 million are recognized for derivatives identified within the Collar I, Collar II and Collar III transactions. They are included in other non-current financial assets and represent the maximum exposure to loss at the reporting date. The derivatives are classified as financial instruments measured at fair value through profit or loss.

After considering the effects of the Collar II and Collar III transactions, other non-current financial assets comprise 2.9 million shares in Just Eat Takeaway.com as of June 30, 2020, which are accounted for at fair value through profit and loss in accordance with IFRS 9. As of June 30, 2020, the shares are measured at their fair value of € 92.76 per share.

Current other financial assets as of June 30, 2020, comprise the deal-contingent FX option of € 56.0 million that the Group entered into in connection with the planned transaction with Woowa.

04. Equity-accounted investees

In the first six months of 2020, Delivery Hero increased its shareholding in Glovo by participating in a funding round and acquiring shares from other minority shareholders for a consideration of € 84.7 million, resulting in a total stake of 18.8%.

Further, a minority investment of € 1.6 million was made in WhyQ Pte Ltd, an online food delivery platform dedicated to the street food segment based in Singapore.

05. Equity

In the first six months of 2020, equity has increased by € 587.8 million in the course of capital increases. Thereof resulting from (i) € 569.0 million – after deduction of transaction costs of € 2.1 million that were considered directly in equity – from a capital increase against cash contribution through exercise of its authorized capital, (ii) € 18.2 million as a result of four capital increases in connection with the exercise of equity-settled stock options, of which € 1.6 million related to the subscribed capital and € 16.6 million to the capital reserve, as well as (iii) € 0.6 million in connection with the exercise of the efood Greece share-based compensation arrangement.

In connection with the placement of two tranches of convertible bonds on January 15, 2020 (refer to next section for further details), the conversion rights that were classified as equity instruments in accordance with IAS 32 were recognized directly in equity. They are amounting to € 124.3 million for both tranches, after deduction of issuance costs allocated to the equity component of € 0.7 million. Adversely, deferred tax liabilities of € 40.3 million on the liability components of the convertible bond tranches were charged to the equity component in accordance with IAS 12.

06. Trade and other payables

Trade and other payable are composed as follows:

EUR MILLION	JUN. 30, 2020	DEC. 31, 2019
CURRENT FINANCIAL LIABILITIES		
LIABILITIES TO RESTAURANTS	*279.6*	*214.7*
TRADE PAYABLES	*58.9*	*63.4*
LIABILITIES FOR OUTSTANDING INVOICES	*91.5*	*71.3*
LIABILITIES TO RIDERS[1]	*35.5*	–
PURCHASE PRICE LIABILITIES AND EARN-OUTS	*18.7*	*43.9*
LEASE LIABILITIES	*39.0*	*29.7*
CONVERTIBLE LOAN (SHORT-TERM PORTION)	*4.8*	–
SECURITY DEPOSITS RECEIVED	*4.6*	*2.6*
WALLET LIABILITIES	*6.7*	*2.4*
MISCELLANEOUS	*45.7*	*44.8*
TOTAL CURRENT FINANCIAL LIABILITIES	**585.0**	**472.9**
NON-CURRENT FINANCIAL LIABILITIES		
PURCHASE PRICE LIABILITIES AND EARN-OUTS	*23.1*	*36.4*
LEASE LIABILITIES	*85.8*	*89.7*
SECURITY DEPOSITS RECEIVED	*0.8*	*0.7*
MISCELLANEOUS	*3.7*	*5.9*
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**113.3**	**132.6**

[1] ONLY REPORTED SEPARATELY FROM JANUARY 1, 2020, ONWARDS

07. Convertible bonds

On January 15, 2020, Delivery Hero placed two tranches ("Tranche A" and "Tranche B") of senior, unsecured convertible bonds maturing in January 2024 (Tranche A) and January 2027 (Tranche B) in a principal amount of € 875 million (Tranche A) and € 875 million (Tranche B), divided into 17,500 bonds in a nominal amount of € 100,000 each (the "Convertible Bonds"). The Convertible Bonds are initially convertible into approximately 17.9 million new or existing ordinary no-par value registered shares of Delivery Hero.

The Convertible Bonds were issued at 100% of their nominal value and with a semiannually payable coupon of 0.25% p.a. (Tranche A) and 1.00% p.a. (Tranche B). The conversion price amounts to € 98.00 (Tranche A) and € 98.00 (Tranche B), representing a conversion premium of 40.00% (Tranche A) and 40.00% (Tranche B) above the reference price of € 70.00 (placement price of the concurrent share offering). The Convertible Bonds have been placed solely to institutional investors in certain jurisdictions via private placement. Shareholders' subscription rights were excluded. The Convertible Bonds are trading on the non-regulated open market segment (*Freiverkehr*) of the Frankfurt Stock Exchange.

Delivery Hero is entitled to redeem the Convertible Bonds at any time (i) on or after February 13, 2023 (Tranche A) and February 13, 2025 (Tranche B), if the stock exchange price per Delivery Hero share amounts to at least 130% (Tranche A) or 150% (Tranche B) of the then relevant conversion price over a certain period or (ii) if 15% or less of the aggregate principal amount of the relevant tranche of the Convertible Bonds remain outstanding.

The bondholder holds a conditional put right if an investor gains indirect or direct voting rights of 30% or more ("change of control"). If such a change of control occurs, the bondholder has the right to declare those bonds that have not yet been converted or redeemed to be due. In that case, the bonds are redeemed at their principal amount plus interest accrued.

Delivery Hero received gross proceeds of € 1.75 billion from the Convertible Bonds. The proceeds are intended to be used to finance a portion of the cash component of the consideration for the purchased shares in Woowa Brothers Corp., and for general corporate purposes.

According to IAS 32 "Financial Instruments: Presentation," the conversion right within convertible bonds constitute an equity instrument, which is included in equity in the amount of € 44.3 million (Tranche A) and € 80.0 million (Tranche B) after deduction of the issuance cost. The liability component is classified as a financial liability at amortized cost. It amounted to € 826.1 million (Tranche A) and € 790.4 million (Tranche B) after deduction of issuance cost upon initial recognition. The difference to the nominal amount of € 48.9 million (Tranche A) and € 84.6 million (Tranche B) is accrued as interest expense of the financial liability over the respective term of the tranches using the "effective interest method." As of June 30, 2020, the financial liability amounted to € 831.3 million (Tranche A) and € 795.3 million (Tranche B). The short-term liability for accrued interest of both tranches amounted to € 4.8 million as of June 30, 2020, and is included in current trade and other payables. The early redemption features of Delivery Hero and the put right of the bondholders constitute embedded derivatives that are, however, not separated from the host contracts in accordance with IFRS 9, as they are evaluated to be closely related. The values of these embedded derivatives are interdependent.

G. OTHER DISCLOSURES

01. Share-based payments

LTIP – granting of new restricted stock units ("RSUs") and stock options

In the first half of 2020, a total of 252,531 RSUs and 386,117 stock options were granted to new and existing beneficiaries of the LTIP (new tranches).

The total share-based compensation expense amounts to € 40.7 million (H1 2019: € 15.7 million), thereof € 36.2 million incurred for the LTIP in the first six months of 2020 (H1 2019: € 14.7 million).

Virtual Share Program 2017 ("VSP 2017") and DH SOP – exercise windows

Beneficiaries of the VSP 2017 and DH SOP were able to exercise their equity-settled awards in two exercise windows in the first half of 2020. This led to a capital increase of € 18.2 million, of which € 1.6 million accounted for the subscribed capital and € 16.6 million for the capital reserve.

02. Contingencies
In May 2019, the Group has become party to an arbitration proceeding in Dubai where a minority shareholder in a Group company is requesting damages and the right to share transfers in the Group company. Delivery Hero assessed the prospect of success for the minority shareholder as not probable and has raised counterclaims for damages that occurred within the Group. The arbitration process is still ongoing.

In 2020, a former competitor of a subsidiary raised claims for damages against the Group arguing that the usage of selected price clauses by the Group directly affected the competitor's failure in the local market. In the context of a mediation proceeding the competitor claims damages for approx. € 7.9 million. Delivery Hero assessed the prospect of success of these claims as not probable.

Further, Delivery Hero became party to a legal dispute for which the worst-case outcome might force Delivery Hero to cancel and reverse the collar arrangements that the Group entered into in April 2019, February 2020 and June 2020. This would imply that the derivatives resulting from these collar arrangements would be cancelled and a cancellation amount contingent on the share price of the underlying shares, interest rates and stock volatility at the time of potential cancellation would become payable. The Group assessed a negative outcome from the arbitration process as not probable.

03. Related parties
The requirements of IAS 24 apply to the key management personnel of the company, their immediate family members as well as the companies they control. Within the Delivery Hero Group, this concerns members of the Management Board as well as members of the Supervisory Board.

a) Members of the Management Board and the Supervisory Board
The composition of the Management Board is the same as of December 31, 2019.

The Supervisory Board mandates of Vera Stachowiak, Björn Ljungberg, Hilary Gosher and Christian Hardenberg in the Supervisory Board ended on June 18, 2020. By resolution of the general meeting on June 18, 2020, Gabriella Ardbo, Gerald Taylor, Jeanette L. Gorgas and Nils Engvall were elected as their successors. Other members of the Supervisory Board remained the same compared to December 31, 2019.

b) Key management personnel transactions
There were no material changes in the structure of the remuneration of the key management personnel compared to the structure in place as of December 31, 2019. By resolution of the Supervisory Board dated May 26, 2020, the LTIP grants for Niklas Östberg for the 2020 and 2021 tranches were raised to € 4,000 thousand each (previously € 2,500 thousand each). The LTIP grants for Emmanuel Thomassin for the tranches of 2020 and 2021 were increased to € 1,850 thousand (previously € 850 thousand each).

c) Other related-party transactions
There are no other material related-party transactions in the first half of 2020.

04. Financial instruments

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

The following abbreviations are used for the measurement categories:

— FAaAC: Financial assets at amortized cost
— FLaAC: Financial liability at amortized cost
— FVtPL: Financial instruments at fair value through profit or loss

JUNE 30, 2020 EUR MILLION	CLASSIFICATION PURSUANT TO IFRS 9	MEASURED AT AMORTIZED COST		MEASURED AT FAIR VALUE	FAIR VALUE HIERARCHY	TOTAL
		CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT		
NON-CURRENT FINANCIAL ASSETS						
TRADE RECEIVABLES	**FAaAC**	**0.1**	**N/A**		**N/A**	**0.1**
INVESTMENTS – LEVEL 3	FVtPL			*126.9*	*3*	*126.9*
INVESTMENTS – LEVEL 1	FVtPL			*267.1*	*1*	*267.1*
DERIVATIVE FINANCIAL INSTRUMENTS	FVtPL			*71.4*	*2*	*71.4*
LOANS GRANTED AND SECURITY DEPOSITS	FAaAC	*8.5*	*8.5*		*3*	*8.5*
OTHER FINANCIAL ASSETS		**8.5**		**465.4**		**473.9**
CURRENT FINANCIAL ASSETS						
RECEIVABLES AGAINST PAYMENT SERVICE PROVIDERS	FAaAC	*85.3*	*N.A.*		*N.A.*	*85.3*
TRADE RECEIVABLES	FAaAC	*37.0*	*N.A.*		*N.A.*	*37.0*
OTHER RECEIVABLES	FAaAC	*24.3*	*N.A.*		*N.A.*	*24.3*
TRADE AND OTHER RECEIVABLES		**146.6**				**146.6**
OTHER FINANCIAL ASSETS (DERIVATIVE)	**FVtPL**			**56.0**	**3**	**56.0**
CASH AND CASH EQUIVALENTS		**2,579.4**			**N.A.**	**2,579.4**
TOTAL FINANCIAL ASSETS		**2,734.6**		**521.4**		**3,256.0**
NON-CURRENT FINANCIAL LIABILITIES						
LEASE LIABILITIES	N.A.	*85.8*	*N.A.*		*N.A.*	*85.8*
OTHER PAYABLES	FLaAC	*4.5*	*4.5*		*3*	*4.5*
CONTINGENT PURCHASE PRICE OBLIGATIONS	FVtPL			*23.1*	*3*	*23.1*
TRADE AND OTHER PAYABLES		**90.2**		**23.1**		**113.3**
CONVERTIBLE BONDS	**FLaAC**	**1,626.6**	**1,661.1**		**2**	**1,626.6**
CURRENT FINANCIAL LIABILITIES						
TRADE PAYABLES	FLaAC	*150.4*	*N.A.*		*N.A.*	*150.4*
RESTAURANT LIABILITIES	FLaAC	*263.6*	*N.A.*		*N.A.*	*263.6*
RIDER LIABILITIES	FLaAC	*35.5*	*N.A.*		*N.A.*	*35.5*
LEASE LIABILITIES	N.A.	*39.0*	*N.A.*		*N.A.*	*39.0*
CONVERTIBLE LOAN (SHORT-TERM PORTION)	FLaAC	*4.8*	*N.A.*		*N.A.*	*4.8*
OTHER PAYABLES	FLaAC	*73.0*	*N.A.*		*N.A.*	*73.0*
CONTINGENT PURCHASE PRICE OBLIGATIONS	FVtPL			*18.7*	*3*	*18.7*
TRADE AND OTHER PAYABLES		**566.3**		**18.7**		**585.0**
TOTAL FINANCIAL LIABILITIES		**2,283.1**		**41.7**		**2,324.8**

DECEMBER 31, 2019 EUR MILLION	CLASSIFICATION PURSUANT TO IFRS 9	MEASURED AT AMORTIZED COST		MEASURED AT FAIR VALUE	FAIR VALUE HIERARCHY	TOTAL
		CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT		
NON-CURRENT FINANCIAL ASSETS						
INVESTMENTS – LEVEL 3	FVtPL			*107.8*	*3*	*107.8*
INVESTMENTS – LEVEL 1	FVtPL			*271.3*	*1*	*271.3*
DERIVATIVE FINANCIAL INSTRUMENTS	FVtPL			*10.3*	*2*	*10.3*
LOANS GRANTED AND SECURITY DEPOSITS	FAaAC	*5.7*	*5.7*		*3*	*5.7*
OTHER FINANCIAL ASSETS		**5.7**		**389.4**		**395.1**
CURRENT FINANCIAL ASSETS						
RECEIVABLES AGAINST PAYMENT SERVICE PROVIDERS	FAaAC	*71.6*	*N.A.*		*N.A.*	*71.6*
TRADE RECEIVABLES	FAaAC	*26.4*	*N.A.*		*N.A.*	*26.4*
OTHER RECEIVABLES	FAaAC	*31.3*	*N.A.*		*N.A.*	*31.3*
TRADE AND OTHER RECEIVABLES		**129.4**				**129.4**
OTHER FINANCIAL ASSETS (DERIVATIVE)	**FVtPL**			**41.9**	**3**	**41.9**
CASH AND CASH EQUIVALENTS		**699.4**	**N.A.**		**N.A.**	**699.4**
TOTAL FINANCIAL ASSETS		**834.4**		**431.3**		**1,265.7**
NON-CURRENT FINANCIAL LIABILITIES						
LEASE LIABILITIES	N.A.	*89.7*	*N.A.*		*N.A.*	*89.7*
OTHER PAYABLES	FLaAC	*6.5*	*6.5*		*3*	*6.5*
CONTINGENT PURCHASE PRICE OBLIGATIONS	FVtPL			*36.4*	*3*	*36.4*
TRADE AND OTHER PAYABLES		**96.2**		**36.4**		**132.6**
CURRENT FINANCIAL LIABILITIES						
TRADE PAYABLES	FLaAC	*134.7*	*N.A.*		*N.A.*	*134.7*
LEASE LIABILITIES	N.A.	*29.7*	*N.A.*		*N.A.*	*29.7*
OTHER PAYABLES	FLaAC	*264.4*	*N.A.*		*N.A.*	*264.4*
CONTINGENT PURCHASE PRICE OBLIGATIONS	FVtPL			*43.9*	*3*	*43.9*
TRADE AND OTHER PAYABLES		**429.0**		**43.9**		**472.9**
TOTAL FINANCIAL LIABILITIES		**525.2**		**80.3**		**605.5**

Fair value measurement

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

In order to hedge the foreign currency risk arising from the USD-denominated cash consideration for the planned transaction with Woowa, a deal-contingent USD/EUR option with a nominal amount of € 2.5 billion and a term until April 15, 2021 was concluded in 2019. The option premium is payable contingent on the closing of the transaction. The option has not been designated into a hedging relationship. It was recognized as of the inception date and is accounted for as a financial asset at fair value through profit or loss assigned to level 3 of the fair value hierarchy, as the probability of occurrence of closing is considered as an unobservable input factor for determining the fair value. The corresponding deal-contingent financial liability for the contractual obligation to pay the option premium is recognized within other current financial liabilities. In 2020, a gain of € 14.2 million was recognized in connection with the measurement of the deal-contingent option.

The fair value of the deal-contingent option was determined by applying a probability-weighted option pricing formula using the Garman-Kohlhagen model. This model uses parameters that are observable in the relevant markets including exchange rates, interest rate curves, forward rates and volatility. In addition, the closing probability for the planned transaction and assumptions of the closing date were taken into account as significant unobservable valuation parameters. The Group continuously assesses the probability of closing as high. The estimate for the timing of closing was slightly amended and is now considered to be most probable in the first quarter of 2021 (previously: second half of 2020).

Starting in January 2020, Delivery Hero used Blue Chip Swaps to transfer USD-denominated funds to the Group's Argentine subsidiaries for ongoing operations. The transactions generate fair value gains from the disposal of financial instruments in the amount of the difference between the official USD-ARS exchange rate and the implicit rate of the trade. During the first half of the year, fair value gains of € 10.0 million were recognized in the other financial result.

In determining the fair values of the investments, the "prior sale of company stock" method and discounted cash flows techniques are applied. The "prior sale of company stock" method considers any prior arm's length sales of the equity securities. The discounted cash flows technique considers the present value of expected payments, discounted using a risk-adjusted discount rate.

The fair values of contingent purchase price obligations resulting from business combinations are estimated taking into account the underlying contingency as agreed with the respective seller in a particular business combination.

The reconciliation of level 3 instruments measured at fair value is as follows:

	ASSETS		LIABILITIES
EUR MILLION	**DEAL-CONTINGENT OPTION**	**INVESTMENTS – LEVEL 3**	**CONTINGENT PURCHASE PRICE OBLIGATIONS**
AS OF JAN. 01, 2019	**–**	**43.4**	**10.8**
ADDITIONS	*45.0*	*47.6*	*77.4*
DISPOSALS	–	*−1.5*	*−5.2*
GAINS/LOSSES RECORDED IN PROFIT OR LOSS	*−3.2*	*18.3*	*−2.7*
AS OF DEC. 31, 2019	**41.8**	**107.8**	**80.3**
ADDITIONS	–	*23.6*	*5.4*
DISPOSALS	–	–	*−34.7*
GAINS/LOSSES RECORDED IN PROFIT OR LOSS	*14.2*	*−4.5*	*−9.3*
AS OF JUNE 30, 2020	**56.0**	**126.9**	**41.7**

Total gains and losses from the change in level 3 instruments measured at fair value are unrealized gains and losses and are recognized in the other financial result.

As of June 30, 2020, the effect on profit or loss in response to changes in the inputs into the fair value measurements would be as follows:

EUR MILLION	VOLATILITY EUR/USD +/– 100 BP	CONTINGENCIES +/– 10%	INTEREST RATES +/– 100 BP	EQUITY PRICE +/– 10%	CLOSING PROBABILITY +/– 10%	EXCHANGE RATE USD/EUR +/– 10%
DERIVATIVE FINANCIAL INSTRUMENTS	*+6.7/–6.6*	*N.A.*	*–0.2/+0.1*	*+5.4/–7.0*	*+/–6.2*	*–36.0/+177.3*
INVESTMENTS	*N.A.*	*N.A.*	*–0.8/+0.8*	*+11.5/–11.5*	*N.A.*	*N.A.*
CONTINGENT PURCHASE PRICE OBLIGATION	*N.A.*	*–/+4.6*	*+0.5/–0.5*	*N.A.*	*N.A.*	*N.A.*

05. Events after the reporting period

Placement of convertible bond

On July 8, 2020, Delivery Hero placed two tranches (“Tranche A” and “Tranche B”) of senior, unsecured convertible bonds maturing in July 2025 (Tranche A) and January 2028 (Tranche B) in a principal amount of € 750 million (Tranche A) and € 750 million (Tranche B), divided into 15,000 bonds in a nominal amount of € 100,000 each (the “Convertible Bonds”). The Convertible Bonds are initially convertible into approximately 10.2 million new or existing ordinary no-par value registered shares of Delivery Hero.

The Convertible Bonds were issued at 100% of their nominal value with a semiannually payable coupon of 0.875% p.a. (Tranche A) and 1.500% p.a. (Tranche B). The initial conversion price amounts to € 143.925 (Tranche A) and € 148.975 (Tranche B), representing a conversion premium of 42.5% (Tranche A) and 47.5% (Tranche B) above the reference price of € 101.00 (placement price of the concurrent offering of existing shares). The Convertible Bonds have been placed solely to institutional investors in certain jurisdictions via a private placement. Shareholders’ subscription rights were excluded.

Delivery Hero is entitled to redeem the Convertible Bonds at any time (i) on or after August 5, 2023 (Tranche A) and February 5, 2026 (Tranche B) if the stock exchange price per Delivery Hero share amounts to at least 130% (Tranche A) or 150% (Tranche B) of the then relevant conversion price over a certain period or (ii) if 15% or less of the aggregate principal amount of the relevant tranche of the Convertible Bonds remain outstanding.

Delivery Hero received gross proceeds of € 1.5 billion from the Convertible Bonds, which are intended to be used for general corporate purposes and to take advantage of attractive investment opportunities that may arise.

Additional investment in Glovoapp 23 S.L. (“Glovo”)

During July 2020, Delivery Hero has enlarged its engagement in Glovo through several acquisitions of shares for a total consideration of € 74.6 million. As a result, Delivery Hero’s shareholding in Glovo has increased to 25.9% on a fully diluted basis.

Acquisition of InstaShop

On August 14, 2020, Delivery Hero has acquired 100% of the shares of InstaShop Limited, British Virgin Islands, the parent company of the InstaShop Group ("InstaShop"), for an expected consideration of USD 360 million including an earn-out consideration amounting to USD 132 million. The payment of the earn-out depends on the achievement of certain operational targets of InstaShop in the upcoming three years post acquisition.

InstaShop operates an online marketplace platform for ordering groceries and other goods. Delivery of the orders is provided by a network of partners. The transaction represents a strategic investment into the region. At the point of the preparation of the half-year report no purchase price allocation has been performed and the accounting assessment of the contingent consideration has not yet been finalized due to the proximity of the closing date and the disclosure of the half-year report.

Berlin, August 26, 2020

Niklas Östberg
Chief Executive Officer

Emmanuel Thomassin
Chief Financial Officer

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

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

Berlin, August 26, 2020

Niklas Östberg	Emmanuel Thomassin
Chief Executive Officer	Chief Financial Officer

FURTHER INFORMATION

FINANCIAL CALENDAR

Q3/2020 Quarterly Statement	Oct. 28, 2020

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