ROCKET INTERNET

Rocket

We enable entrepreneurship.

Rocket Internet incubates and invests in internet and technology companies globally. We provide deep operational support to entrepreneurs and help them build market-leading companies.

Interim Condensed Consolidated Financial Statements for the Period January 1 to June 30, 2020

(prepared in accordance with IFRS as endorsed in the EU)

Non-binding convenience translation from German

Interim Consolidated Statement of Comprehensive Income

for the Period January 1 to June 30, 2020

Income Statement

In EUR million	H1/2020	H1/2019
Revenue[1)]	45.2	31.5
Other operating income	9.8	6.2
Result from deconsolidation of subsidiaries	2.9	0.3
Cost of materials and cost of financial services	-4.3	-6.9
Employee benefit expenses	-27.1	-17.0
Other operating expenses	-25.3	-15.4
Share of profit/loss of associates and joint ventures	-84.0	261.4
EBITDA	**-82.8**	**260.1**
Depreciation and amortization	-2.7	-2.7
Impairment of non-current assets	-1.4	-5.6
EBIT	**-86.9**	**251.8**
Financial result	**79.9**	**300.9**
Finance costs	-172.5	-29.9
Finance income	252.4	330.8
Loss/profit before tax	**-7.0**	**552.7**
Income taxes	-4.6	-5.1
Loss/profit for the period	**-11.6**	**547.5**
Thereof attributable to equity holders of the parent	-9.9	550.1
Thereof attributable to non-controlling interests	-1.7	-2.6
Earnings per share (basic and diluted) (in EUR)	**-0.07**	**3.65**

[1)] Thereof EUR 30,4 million interest income (previous year: EUR 17.2 million) in accordance with IAS 1.82(a)

Statement of Comprehensive Income

In EUR million	H1/2020	H1/2019
Loss/profit for the period	**-11.6**	**547.5**
Exchange differences on translation of foreign operations	1.0	0.1
Share of the changes in the net assets of associates/joint ventures that are recognized in OCI of the associates/joint ventures	-2.2	6.3
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	0	-0.1
Net other comprehensive loss/income to be reclassified to profit or loss in subsequent periods	**-1.2**	**6.3**
Other comprehensive loss/income for the period, net of tax	**-1.2**	**6.3**
Total comprehensive loss/income for the period, net of tax	**-12.8**	**553.9**
Thereof attributable to equity holders of the parent	-10.8	556.6
Thereof attributable to non-controlling interests	-2.0	-2.7

Interim Consolidated Balance Sheet

as of June 30, 2020

Assets

In EUR million	Jun 30, 2020	Dec 31, 2019
Non-current assets	**2,436.8**	**1,524.1**
Investment properties	19.2	19.3
Right-of-use assets - Investment properties	37.9	39.8
Right-of-use assets - Own use	8.6	6.0
Property, plant and equipment	3.4	3.6
Intangible assets	0.4	1.9
Investments in associates and joint ventures	334.8	365.6
Non-current financial assets	2,027.8	1,086.8
Other non-current non-financial assets	1.3	1.3
Deferred tax assets	3.4	0
Current assets	**1,778.9**	**2,627.5**
Inventories	0.1	0.1
Trade receivables	3.3	4.6
Other current financial assets	399.5	949.2
Other current non-financial assets	2.8	3.1
Income tax assets	8.9	5.4
Cash and cash equivalents	1,364.4	1,665.1
Total assets	**4,215.8**	**4,151.7**

Equity and Liabilities

In EUR million	Jun 30, 2020	Dec 31, 2019
Equity	**3,972.3**	**3,978.2**
Subscribed capital	137.3	150.8
Treasury shares	-33.8	-324.1
Capital reserves	2,491.0	2,765.6
Retained earnings	1,367.9	1,371.8
Other components of equity	1.6	2.5
Equity attributable to equity holders of the parent	3,964.0	3,966.4
Non-controlling interests	8.2	11.7
Non-current liabilities	**135.1**	**117.0**
Lease liabilities	52.4	52.1
Other non-current financial liabilities	81.1	63.8
Other non-current non-financial liabilities	0.3	0.3
Deferred tax liabilities	1.3	0.8
Current liabilities	**108.4**	**56.5**
Lease liabilities	5.2	4.8
Trade payables	13.7	17.1
Other current financial liabilities	58.5	11.9
Other current non-financial liabilities	21.0	13.9
Income tax liabilities	10.1	8.8
Total equity and liabilities	**4,215.8**	**4,151.7**

Interim Consolidated Statement of Changes in Equity

for the Period January 1 to June 30, 2020

		Treasury shares		
In EUR million	Subscribed capital	Number	Amount	
Equity as of January 1, 2019	**152.5**	**1,747,104**	**-81.9**	
Profit for the period				
Other comprehensive income for the period, net of tax				
Total comprehensive income for the period, net of tax				
Use of income tax benefits associated with transaction costs				
Proceeds from non-controlling interests				
Changes in scope of consolidation and other changes in non-controlling interests				
Equity-settled share-based payments (IFRS 2)				
	0	**0**	**0**	
Equity as of June 30, 2019	**152.5**	**1,747,104**	**-81.9**	
Equity as of January 1, 2020	**150.8**	**15,076,675**	**-324.1**	
Loss for the period				
Other comprehensive loss for the period, net of tax				
Total comprehensive loss for the period, net of tax				
Use of income tax benefits associated with transaction costs				
Redemption of treasury shares	-13.5	-13,504,335	290.3	
Proceeds from non-controlling interests				
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				
Equity-settled share-based payments (IFRS 2)				
	-13.5	**-13,504,335**	**290.3**	
Equity as of June 30, 2020	**137.3**	**1,572,340**	**-33.8**	

		Equity attributable to equity holders of the parent		Non-controlling interests	Total equity
Capital reserves	Retained earnings	Other components of equity	Total		
2,850.0	**1,075.9**	**-12.3**	**3,984.2**	**14.6**	**3,998.8**
	550.1		550.1	-2.6	547.5
		6.4	6.4	-0.1	6.3
	550.1	**6.4**	**556.6**	**-2.7**	**553.9**
0.9			0.9		0.9
0.2			0.2	0.1	0.3
-1.6	1.0		-0.6	0.6	0.0
	3.7		3.7		3.7
-0.6	**554.8**	**6.4**	**560.6**	**1.9**	**558.7**
2,849.5	**1,630.7**	**-5.9**	**4,544.8**	**12.7**	**4,557.5**
2,765.6	**1,371.8**	**2.5**	**3,966.4**	**11.7**	**3,978.2**
	-9.9		-9.9	-1.7	-11.6
		-0.9	-0.9	-0.3	-1.2
	-9.9	**-0.9**	**-10.8**	**-2.0**	**-12.8**
4.3			4.3		4.3
-276.8			0		0
0.1			0.1	0.1	0.3
			0	-0.1	-0.1
			0	-0.3	-0.3
-2.1	3.2		1.1	-1.2	-0.1
	2.8		2.8		2.8
-274.5	**-3.9**	**-0.9**	**-2.4**	**-3.5**	**-5.9**
2,491.0	**1,367.9**	**1.6**	**3,964.0**	**8.2**	**3,972.3**

Interim Consolidated Statement of Cash Flows

for the Period January 1 to June 30, 2020

	In EUR million	H1/2020	H1/2019
1.	**Cash flow from operating activities**		
	Loss/profit before tax	-7.0	552.7
	Adjustments to reconcile profit before tax to net cash flow:		
+	Depreciation of right-of-use assets, investment properties, property, plant and equipment and amortization of intangible assets	2.7	2.7
+	Impairment of non-current assets	1.4	5.6
+	Equity-settled share-based payment expense	2.8	3.7
-/+	Gain/loss from the deconsolidation of subsidiaries	-2.9	-0.3
-/+	Currency translation gain/loss	-1.7	-0.8
-/+	Other non-cash income/expenses	0	0.1
-/+	Fair value adjustments of equity instruments (fvtpl)	-62.0	-293.3
-	Other finance income	-15.8	-6.3
+	Other finance costs	1.3	0.6
-/+	Share of profit or loss of associated companies and joint ventures (equity method)	84.0	-261.4
-/+	Change in trade working capital	-2.4	0.6
-/+	Change in other assets and liabilities	-18.5	3.2
+/-	Adjustments for net change in operating financial assets	-220.0	-63.1
+	Dividends received	14.8	0.3
+	Interest received	26.1	17.4
-	Interest paid	-0.6	-3.2
-/+	Income tax payments	-5.0	4.5
=	**Cash flow from operating activities**	**-202.8**	**-37.0**

	In EUR million	H1/2020	H1/2019
2.	**Cash flows from investing activities**		
-	Purchase of investment properties and property, plant and equipment	-0.2	-2.0
-	Cash paid for investments in intangible assets	-0.2	-0.1
+	Proceeds from disposal of non-consolidated equity investments	62.2	854.8
-	Cash outflows for acquisitions of non-consolidated equity investments	-122.9	-89.9
+/-	Cash inflows/outflows from changes in scope of consolidation	-0.7	-0.1
+	Cash received in connection with short-term financial management of cash investments	933.0	569.8
-	Cash paid in connection with short-term financial management of cash investments	-1,033.6	-476.7
=	**Cash flows from investing activities**	**-162.3**	**855.9**
3.	**Cash flows from financing activities**		
+	Proceeds from non-controlling interests	0.3	0.3
+	Proceeds from non-controlling interests classified as financial liabilities	4.0	12.7
+	Repayment of non-controlling interests classified as financial liabilities	0	-15.3
-	Redemption of lease liabilities	-2.5	-2.3
+	Proceeds from borrowings	155.5	0.1
-	Repayment of borrowings	-141.6	-0.1
+/-	Net change in other current financial liabilities	48.9	0
-	Dividends paid to non-controlling interests	-0.1	0
=	**Cash flows from financing activities**	**64.5**	**-4.6**
4.	**Cash and cash equivalents at the end of the period**		
	Net change in cash and cash equivalents (subtotal of 1 to 3)	-300.6	814.3
	Net foreign exchange difference	-0.1	1.8
	Change of loss allowance within cash and cash equivalents	0	-0.1
	Cash and cash equivalents at the beginning of the period	1,665.1	1,720.0
	Cash and cash equivalents at the end of the period	**1,364.4**	**2,535.9**

Notes to the Interim Consolidated Financial Statements

1. Corporate 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 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”.

Subsidiaries, associated companies, joint ventures as well as the other companies in which the Group holds equity interests in the long term herein are referred to as “network companies”.

The shares of Rocket Internet SE are admitted to trading in the Prime Standard (the regulated market segment with additional post-admission obligations) of the Frankfurt Stock Exchange and are included in the MDAX index. On September 6, 2020, Deutsche Börse announced that the shares of Rocket Internet SE would move from the MDAX to the SDAX with effect from September 21, 2020. Regarding the corporate transaction of a delisting resolved on September 1, 2020, we refer to the information provided in note 11 Events after the reporting period.

The unaudited interim condensed consolidated financial statements are presented in Euro. Unless otherwise indicated, all values are rounded to million Euro (EUR million) with one decimal point in accordance with standard commercial practice, which may result in rounding differences and percentage figures presented may not exactly reflect the absolute figures they relate to.

The reporting period covers the period January 1 to June 30, 2020 (H1/2020). If not otherwise stated comparative figures for the balance sheet are as of December 31, 2019 and comparative figures for the Statement of Comprehensive Income and the Statement of Cash Flows are for the interim period January 1 to June 30, 2019 (H1/2019).

2. Basis of Preparation and Accounting Policies

Basis of preparation

The unaudited interim condensed consolidated financial statements for the period January 1 to June 30, 2020 comply with IAS 34 (Interim Financial Reporting) in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and effective at the end of the reporting period. The interim condensed consolidated financial statements should be read in conjunction with the interim group management report.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements as of December 31, 2019 (consolidated financial statements 2019). These consolidated financial statements have been prepared in accordance with the 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 EU.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its directly or indirectly controlled network companies (subsidiaries), including certain structured entities.

The income tax for the interim periods was calculated using the estimated annual effective tax rate.

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

The Group comprises one single operating and reportable segment.

Mandatory adoption of new accounting standards

The accounting policies applied for the consolidated financial statements as of December 31, 2019 are substantially unchanged.

In the first half of 2020, the Group concluded security repurchase agreements (repos) with financial institutions for the first time. The sale of securities with an obligation to repurchase is treated as collateralized financing. Securities transferred under repurchase agreements continue to be recognized as equity instruments in the consolidated balance sheet, because the risks and rewards of ownership of the securities have not been transferred. A liability to financial institutions is recognized in the amount of cash received.

Critical judgments, estimates and assumptions in applying accounting policies

The preparation of the interim condensed consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. The uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amounts of assets or liabilities in future periods. The use of estimates and assumptions is explained in the consolidated financial statements 2019.

Impairment of non-current assets

The Group considers the relation between its market capitalization and the carrying amount of its net assets, among other factors, when reviewing for indicators of impairment. During the first half of 2020, the market capitalization of the Group developed as follows:

Trading Date	Closing Price[1)] EUR per share	Market Capitalization[2)] In EUR million
December 30, 2019	22.10	2,998.8
January 31, 2020	21.12	2,865.8
February 28, 2020	19.79	2,685.3
March 31, 2020	18.42	2,499.4
April 30, 2020	19.23	2,609.3
May 29, 2020	17.91	2,430.2
June 30, 2020	19.09	2,590.3

[1)] As per electronic computer trading system Xetra
[2)] Based on ordinary shares outstanding

As of June 30, 2020, the market capitalization of the Group was below the carrying amount of its equity. The Group tested its non-current assets for impairment and recognized impairment losses of EUR 1.4 million on acquired brands and customer bases (previous year EUR 5.6 million, thereof EUR 1.1 million on acquired brands and customer bases and EUR 4.5 million on goodwill). The recoverable amount was based on the fair value less costs of disposal. As of June 30, 2020, the Group does not have any material assets within the scope of IAS 36 with the exception to investment properties and right-of-use assets from leases.

Scope of consolidation

As a result of Rocket Internet’s business model, i.e. the identification, incubation and operational development of as well as strategic investment in internet-based business models, the basis of consolidation is subject to changes in each reporting period. During the reporting period, the number of fully consolidated companies of the Group has developed as follows:

	Germany	Other countries	Total
As of January 1, 2020	**31**	**47**	**78**
Founding	0	5	5
First-time consolidation	0	4	4
Transition to associated companies	0	-2	-2
Deconsolidation of inactive subsidiaries and liquidations	-2	-7	-9
As of June 30, 2020	**29**	**47**	**76**

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

Transition to associated companies 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.

Associates and joint ventures

As of June 30, 2020, the Group has 46 associated companies/joint ventures. Their number has developed as follows:

	Germany	Other countries	Total
As of January 1, 2020	**18**	**24**	**42**
Transition of formerly consolidated entities	0	2	2
Acquisition	0	1	1
Other changes	0	1	1
As of June 30, 2020	**18**	**28**	**46**
thereof at equity	14	19	33
thereof at fvtpl[1)]	4	9	13

[1)] Fair value through profit or loss

For more information regarding associates and joint ventures please refer to note 4.

3. Revenue

Revenue comprises the following:

In EUR million	H1/2020		H1/2019	
Revenue from contracts with customers (IFRS 15)	10.6	23%	10.6	33%
Other revenue	34.7	77%	21.0	67%
Total	**45.2**	**100%**	**31.5**	**100%**

Other revenue mainly comprises interest revenue (IFRS 9) in the amount of EUR 30.4 million (previous year period EUR 17.5 million), which is reported as revenue depending on the respective business model of the Group entities, and revenue from the lease of real estate (IFRS 16) in the amount of EUR 4.2 million (previous year period EUR 3.5 million) (excluding service charges).

Revenue from contracts with customers (IFRS 15) for the period comprises the following:

In EUR million	H1/2020		H1/2019	
Type of revenue				
Rendering of services	10.4	98%	10.1	96%
Sale of goods	0.2	2%	0.4	4%
Revenue IFRS 15	**10.6**	**100%**	**10.6**	**100%**
Geographical markets				
Germany	4.3	41%	5.4	51%
Rest of Europe	4.1	38%	4.2	40%
Rest of the world	2.2	21%	1.0	9%
Revenue IFRS 15	**10.6**	**100%**	**10.6**	**100%**
Timing of transfer of goods or services				
At a point in time	6.1	58%	5.8	55%
Over time	4.5	42%	4.8	45%
Revenue IFRS 15	**10.6**	**100%**	**10.6**	**100%**

Revenue generated from rendering of services primarily results from rendering of intermediation services (specialized online and mobile transaction platforms for goods and services (marketplaces)), from consulting services as well as from reselling services purchased from third parties.

Revenue generated at a point in time mainly refers to the sale of intermediation services of specialized online and mobile transaction platforms for goods and services (marketplaces) and the sale of goods. Revenue generated over time mainly refers to the rendering of project-based services and consulting services.

4. Investments in Associates and Joint Ventures

Investments accounted for using the equity method

In EUR million	Jun 30, 2020	Dec 31, 2019
Investments in associates (including non-consolidated structured entities)	325.1	352.5
Investments in joint ventures	9.6	13.0
Total investments in associates and joint ventures	**334.8**	**365.6**

The decrease of investments in associates by EUR 27.4 million primarily originates from the pro-rata losses of RICP (as defined below) and Traveloka. A positive effect results from the additions and the pro-rata gains of Linus Debt Invest DACH I GmbH & Co. KG as well as the investments in both RICP funds.

In the first half of 2020, impairment losses (net balance of impairment losses and reversals of impairment losses) in the total amount of EUR 6.4 million were recognized (previous year period EUR 14.5 million).

In the first half of 2020, the Group has made cash investments of EUR 56.5 million (previous year period EUR 47.5 million) in associated companies and EUR 0 million (previous year period EUR 0.5 million) in joint ventures accounted for using the equity method.

In the reporting period, the share of profit/loss of associates and joint ventures amounts to negative EUR 84.0 million (previous year positive EUR 261.4 million). It mainly results from RICP and Traveloka (previous year HelloFresh, Jumia and RICP).

Description of the Group's involvement in Rocket Internet Capital Partners Fund and Rocket Internet Capital Partners II Fund

The Group has established under the name Rocket Internet Capital Partners the two funds Rocket Internet Capital Partners (RICP) and Rocket Internet Capital Partners II (RICP II). The funds invest jointly with Rocket Internet (co-investment ratio: 80% RICP/RICP II; 20% Rocket Internet).

The total commitment of Rocket Internet SE to RICP amounts to EUR 133.1 million (consisting of USD 100.0 million and EUR 43.8 million) of which a total amount of EUR 124.0 million was called until June 30, 2020.

The total commitment of Rocket Internet SE to RICP II amounts to EUR 118.1 million (consisting of USD 11.0 million and EUR 108.3 million) of which a total amount of EUR 17.1 million was called until June 30, 2020.

Rocket Internet has pledged short-term financial assets amounting to EUR 48.7 million as collateral for a short-term credit facility of RICP and RICP II. As of June 30, 2020, RICP and RICP II have drawn down EUR 0.7 million of that credit facility.

5. Notes to the Consolidated Statement of Cash Flows

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 within the line item cash and cash equivalents.

Cash, which is surplus to operational needs, is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk. Rocket Internet continuously monitors the concentration and credit risk towards these institutions. No defaults occurred during the reporting period and the management does not expect any losses from non-performance by these counterparties.

The change in trade working capital consists of changes in the carrying amounts of inventories, trade receivables and trade payables.

The change in other assets and liabilities mainly includes changes of other financial and non-financial assets and liabilities that are not allocated to investing or financing activities.

The net change in other current financial liabilities reported in the cash flow statement as cash flow from financing activities relates to payments received and payments made for items with a high rate of turnover, large amounts and short maturities, that are reported on a net basis in accordance with IAS 7.22(b).

6. Subscribed Capital and Reserves

As of December 31, 2019, subscribed capital (share capital) amounted to EUR 150.8 million and was fully paid-in. The registered share capital was divided into 150,767,294 no-par value bearer shares. 15,076,675 treasury shares were held by the Company.

On January 30, 2020, Rocket Internet announced the redemption of 13,504,335 own shares. Thus, the share capital of the Company was reduced from EUR 150,767,294 by EUR 13,504,335 to EUR 137,262,959.

As of June 30, 2020, subscribed capital (share capital) amounted to EUR 137.3 million and was fully paid-in. The registered share capital was divided into 137,262,959 no-par value bearer shares. 1,572,340 treasury shares were held by the Company.

During the first half of 2020 and 2019, no dividends were declared or paid to the shareholders of the parent company.

During the first half of 2020, a fully consolidated subsidiary made a non-cash distribution of EUR 0.3 million and a cash distribution of EUR 0.1 million to non-controlling interests. During the first half of 2019 no distributions were made.

7. Share-Based Compensation – Equity-Settled Arrangements

The Group maintains a number of equity-settled share-based compensation arrangements, under which the Group receives services from eligible and selected directors or employees and others providing similar services in exchange for the following equity instruments:

- Share options in the Company,
- Ordinary shares in subsidiaries ("share awards"),
- Share options in subsidiaries.

In the past, the equity-settled share-based compensation arrangements used at the level of the subsidiaries provided for an equity participation or call option via a trust relationship. Now, the Group has switched to a direct participation of the executives in the network companies. The agreements require the completion of a certain period of service during which the services have to be provided continuously and govern certain obligations regarding, inter alia, vesting-rights and non-compete obligations. Compared to December 31, 2019, there were no other major changes with regard to these plans.

8. Financial Instruments

The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements as well as their measurement category as per IFRS 9 and the hierarchy for the determination of fair value according to IFRS 13.

			Carrying amount		Fair value	
In EUR million	Measured at	Level	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
Non-current financial assets			**2,027.8**	**1,086.8**	**2,027.8**	**1,086.8**
Equity instruments – listed companies[1)]	FV	1	1,178.6	225.5	1,178.6	225.5
Equity instruments – unlisted companies	FV	3	326.2	413.0	326.2	413.0
thereof Europe			193.1	215.1	193.1	215.1
thereof United States			104.8	177.6	104.8	177.6
thereof Rest of world			28.3	20.2	28.3	20.2
Loan receivables from third parties	AC	3	491.4	423.9	491.4	423.9
Loan receivables from associated companies	AC	3	26.2	16.2	26.2	16.2
Other non-current financial assets measured at fair value	FV	3	0.2	3.3	0.2	3.3
Other non-current financial assets	AC	3	5.1	5.0	5.1	5.0
Current financial assets			**399.5**	**949.2**	**399.5**	**949.2**
Equity instruments – listed companies[2)]	FV	1	13.0	122.5	13.0	122.5
Bank deposits[3)]	AC	n/a	161.7	741.2	161.7	741.2
Loan receivables from third parties	AC	n/a	211.2	77.9	211.2	77.9
Loan receivables from associated companies and joint ventures	AC	n/a	2.7	2.7	2.7	2.7
Derivative financial assets	FV	2	6.5	1.6	6.5	1.6
Other current financial assets	AC	n/a	4.3	3.4	4.3	3.4
Trade receivables	**AC**	**n/a**	**3.3**	**4.6**	**3.3**	**4.6**
Cash and cash equivalents	**AC**	**n/a**	**1,364.4**	**1,665.1**	**1,364.4**	**1,665.1**

1) The non-current equity instruments of listed entities contain easily convertible into cash listed shares of EUR 996.7 million (previous year EUR 0 million).
2) The current equity instruments of listed entities contain easily convertible into cash listed shares of EUR 122.5 million as of December 31, 2019. They were reclassified to non-current equity instruments of listed companies in the first half of 2020.
3) Thereof EUR 60.7 million (December 31, 2019 EUR 347.9 million) pledged as collateral for short-term credit facilities of structured entities.

In EUR million	Measured at	Level	Carrying amount Jun 30, 2020	Carrying amount Dec 31, 2019	Fair value Jun 30, 2020	Fair value Dec 31, 2019
Non-current lease liabilities	**AC**	**n/a**	**52.4**	**52.1**	**n/a**	**n/a**
Other non-current financial liabilities			**81.1**	**63.8**	**81.1**	**63.8**
Non-controlling interests classified as financial liabilities[1)]	AC	3	55.0	51.0	55.0	51.0
Loan liabilities to associated companies	AC	3	12.2	0	12.2	0
Liabilities to financial institutions	AC	3	11.5	11.5	11.5	11.5
Other non-current financial liabilities	AC	3	2.4	1.3	2.4	1.3
Current lease liabilities	**AC**	**n/a**	**5.2**	**4.8**	**n/a**	**n/a**
Other current financial liabilities			**58.5**	**11.9**	**58.5**	**11.9**
Non-controlling interests classified as financial liabilities[1)]	AC	n/a	2.9	1.3	2.9	1.3
Loan liabilities to third parties	AC	n/a	2.6	2.3	2.6	2.3
Liabilities to financial institutions[2)]	AC	n/a	49.1	0.1	49.1	0.1
Derivative financial liabilities	FV	2	1.0	4.5	1.0	4.5
Other current financial liabilities	AC	n/a	2.9	3.7	2.9	3.7
Trade payables	**AC**	**n/a**	**13.7**	**17.1**	**13.7**	**17.1**
Thereof aggregated according to the measurement categories of IFRS 9						
Financial assets measured at fair value through profit or loss (fvtpl)[3)]			1,524.5	765.7	1,524.5	765.7
Financial assets measured at amortized cost (faac)			2,270.5	2,940.0	2,270.4	2,940.0
Financial liabilities measured at fair value through profit or loss (flfv)			1.0	4.5	1.0	4.5
Financial liabilities measured at amortized cost (flac)			209.8	145.2	152.3	88.3

1) The non-controlling interests classified as financial liabilities relate to a subsidiary (Global Growth Capital Fund I S.C.Sp.) whose life is limited by the articles of association.
2) Liabilities to financial institutions in the amount of EUR 48.9 million (previous year EUR 0 million) result from securities repurchase agreements (repos) and short-term overdraft loans.
3) Including associated companies that are measured at fvtpl according to IAS 28.18.

The following measurement methods were used:

AC – Amortized cost,
FV – Fair value.

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

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

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

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

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

There were no significant transfers of fair values between level 1, level 2 and level 3 in the first half of 2020 and 2019.

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

First half of 2020

In EUR million	Equity instruments – unlisted companies	Other non-current financial assets measured at fair value	Total
Opening balance as of January 1, 2020	**413.0**	**3.3**	**416.2**
Addition	38.1	0	38.1
Change in fair value recognized in profit or loss	-123.5	-3.0	-126.5
Disposal	-1.4	0	-1.4
Closing balance as of June 30, 2020	**326.2**	**0.2**	**326.4**
Unrealized change in fair value recognized in profit or loss	-122.2	-3.0	-125.2

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

	Equity instruments – unlisted companies			
In EUR million	Europe	United States	Rest of world	Total
Opening balance as of January 1, 2020	**215.1**	**177.6**	**20.2**	**413.0**
Addition	18.4	16.5	3.2	38.1
Reclassification	0	-0.1	0.1	0
Change in fair value recognized in profit or loss	-39.2	-89.0	4.8	-123.5
Disposal	-1.2	-0.2	0	-1.4
Closing balance as of June 30, 2020	**193.1**	**104.8**	**28.3**	**326.2**
Unrealized change in fair value recognized in profit or loss	-38.0	-89.0	4.8	-122.2

The change in fair value recognized in profit or loss of unlisted equity instruments of negative EUR 123.5 million in the first half of 2020 predominantly relates to lower valuations due to the Covid-19 pandemic. It primarily includes valuation losses of JRSK Inc. in the amount of EUR 71.1 million.

First half of 2019 In EUR million	Equity instruments – unlisted companies	Other non-current financial assets measured at fair value	Total
Opening balance as of January 1, 2019	**224.4**	**13.3**	**237.7**
Addition	41.8	0.3	42.1
Reclassification[1)]	2.5	0	2.5
Change in fair value recognized in profit or loss	60.0	2.8	62.8
Disposal	-7.6	0	-7.6
Closing balance as of June 30, 2019	**321.2**	**16.3**	**337.5**
Unrealized change in fair value recognized in profit or loss	58.8	2.8	61.6

[1)] The reclassification mainly refers to the reclassification of Zipjet Global S.à r.l. from associates to other non-current financial assets in the amount of EUR 2.6 million.

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

	Equity instruments – unlisted companies			
In EUR million	Europe	United States	Rest of world	Total
Opening balance as of January 1, 2019	**126.8**	**87.4**	**10.3**	**224.4**
Addition	11.4	28.4	2.1	41.8
Reclassification	2.5	0	0	2.5
Change in fair value recognized in profit or loss	18.4	40.5	1.2	60.0
Disposal	-1.4	-6.2	0	-7.6
Closing balance as of June 30, 2019	**157.7**	**150.0**	**13.5**	**321.2**
Unrealized change in fair value recognized in profit or loss	20.1	37.5	1.2	58.8

The change in fair value recognized in profit or loss of unlisted equity instruments of EUR 60.0 million in the first half of 2019 predominantly relates to higher valuations for transactions in the underlying shares, e.g. financing rounds or acquisitions. It primarily includes valuation gains of JRSK Inc. amounting to EUR 31.1 million.

Fair value measurement

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

The majority of trade receivables and liabilities, cash and cash equivalents as well as current financial assets and liabilities measured at amortized cost have short maturities. Thus, the carrying amounts of these financial instruments approximate their fair values as of the balance sheet date.

The book values of non-current 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 quoted market prices at 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. transactions where shares were issued to a new investor). For new share issues, it is taken into account whether the newly issued shares have higher preferences 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 sales and liquidation preferences attached to the respective equity classes as stipulated in the entities' shareholders' agreements. The value of such preferences is dependent on the probability of future exit scenarios. Given that there are multiple classes of equity at the network company level, the Group employs 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 sales and liquidation preferences were considered relevant to the fair value were estimated with probability percentages that lie between 0% and 100% (previous year between 0% and 100%).

For companies where no or no significant 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, risk-free rates and country specific risk premiums are used. In addition, a risk premium is added to the cost of capital. This 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 0% for Germany (previous year 0.20%) and 1.18% for the United States. Country risk premiums between 0% and 21.96% (previous year 0% and 11.28%) and a small cap premium of 3.39% (previous year 3.39%) are also applied. Long term inflation rates between 0.32% and 12.0% (previous year 1.0% and 15.0%) as estimated by the International Monetary Fund (IMF) are also used in the calculation. For additional risk premiums, surcharges of between 14.5% and 40.2% (previous year 14.5% and 40.2%) 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 0.29x to 24.11x (previous year 0.65x to 24.11x) and/or EBITDA multiples in the range of 4.54x to 30.95x (previous year 2.42x to 38.15x) are applied. The multiples are derived from comparable transactions. Other parameters include an estimate of working capital and tax rates as well as assumptions for investment activity and depreciation.

Share price risk

Rocket Internet's operations include the management of shareholdings (equity instruments) measured at fair value comprising investments in a multitude of listed and unlisted companies. The share price and market value of those companies can fluctuate based on a number of different factors. Accordingly, Rocket Internet's asset, financial and earnings position is dependent on how well these companies develop. Rocket Internet's strategy is to be a long-term shareholder. Therefore, Rocket Internet does not actively manage short-term fluctuations in share prices.

On June 30, 2020, 28% (previous year 8%) of Rocket Internet's total assets were listed equity instruments and 8% (previous year 10%) were unlisted equity instruments measured at fair value through profit or loss. The fair value was determined based on market prices or the discounted cash flow method.

On June 30, 2020, 4% (previous year 3%) of the total assets were unlisted equity instruments based on transaction prices, as well as 4% (previous year 7%) of the total assets were unlisted equity instruments measured using the DCF method.

Sensitivity analysis of equity instruments

The share price risk associated with Rocket Internet's listed equity instruments may be illustrated by stating that a 10% change in the share prices of all listed shareholdings at June 30, 2020 would have affected the Group's earnings and shareholders' equity by EUR 119.2 million (previous year EUR 34.8 million).

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

Sensitivity analysis of unlisted equity instruments as of June 30, 2020

Europe		**Cost of capital**		
In EUR million		**+20%**	**0%**	**-20%**
Probability of occurrence for exit scenarios	**-20%**	157.6	194.1	281.3
	0%	156.0	**193.1**	280.1
	+20%	154.7	192.6	280.1

United States		**Cost of capital**		
In EUR million		**+20%**	**0%**	**-20%**
Probability of occurrence for exit scenarios	**-20%**	85.0	105.1	149.5
	0%	84.4	**104.8**	149.2
	+20%	84.4	104.8	149.2

Rest of world		**Cost of capital**		
In EUR million		**+20%**	**0%**	**-20%**
Probability of occurrence for exit scenarios	**-20%**	27.0	28.6	31.5
	0%	26.7	**28.3**	31.3
	+20%	26.5	28.1	31.1

Associated companies measured at FVTPL

During the first half of 2020 investments of EUR 8.9 million (previous year EUR 0.7 million) in associated companies accounted for at FVTPL (IAS 28.18) were made.

9. Contingent Liabilities and other Contractual Obligations

Except for the pledging of current financial assets described in note 4, there are no contingencies for external liabilities as of the reporting date.

The Group has other contractual obligations for the following items:

In EUR million	Jun 30, 2020	Dec 31, 2019
Capital contribution obligations to associated companies	215.8	237.5
Loans granted to other parties	114.7	156.7
Capital contribution obligations to non-consolidated structured entities	110.1	124.6
Rental and lease agreements (including ancillary costs)	13.5	14.1
Loans granted to non-consolidated subsidiaries	0.2	0.2
Total contractual obligations	**454.3**	**533.1**

Capital contribution obligations to associated companies and to non-consolidated structured entities result from participation agreements concluded prior to the balance sheet date. They mainly result from the commitments to Linus Debt Invest DACH I GmbH & Co. KG as well as to RICP II and RICP.

Rental and lease agreements (including ancillary costs) include the ancillary costs of lease contracts and obligations from contracts with a maturity of up to 12 months and contracts of low value. All other rental and lease agreements are recognized as liabilities in the balance sheet and do not represent contractual obligations.

10. Significant Balances and Transactions with Related Parties

Related parties are the controlling shareholder of Rocket Internet, associated companies, joint ventures, non-consolidated subsidiaries and individuals that exercise significant influence on the Group's financial and business policy. Individuals 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.

Transactions with the controlling shareholder

Controlling shareholder is

Trade name	Company name	Voting rights Jun 30, 2020	Voting rights Dec 31, 2019
Global Founders	Global Founders GmbH, Grünwald (Germany)[1)]	45.1%	45.1%

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

Global Founders GmbH gained de-facto control (attendance majority) over Rocket Internet SE at the Annual General Meeting held on May 15, 2020. Please refer to the disclosures in Section 7 of the combined management report 2019 (shareholdings that exceed 10% of voting rights). No transactions were conducted with Global Founders GmbH in the first half of 2020 and 2019.

Transactions with associated companies and joint ventures

The transactions in the period January 1 to June 30, 2020 and January 1 to June 30, 2019 and outstanding balances with associates are as follows:

In EUR million	H1/2020	H1/2019
Sales to associates	1.7	1.3
Purchases from associates	-0.1	-0.2
Purchase of loan receivables from associates	45.6	0
Impairment of loan receivables from associates	-2.1	0
Interest income from associates	0.1	0.2
Dividends received from associates	1.4	0.2

In EUR million	Jun 30, 2020	Dec 31, 2019
Receivables from associates		
Non-current loan receivables	26.2	16.2
Trade receivables	0.2	1.1
Other current financial receivables	2.4	2.7
Liabilities to associates		
Non-current loan liabilities	12.2	0
Other current financial liabilities	0.2	1.1

The transactions in the period January 1 to June 30, 2020 and January 1 to June 30, 2019 and outstanding balances with joint ventures are as follows:

In EUR million	H1/2020	H1/2019
Sales to joint ventures	0	0.1
Dividends received from joint ventures	3.3	0

In EUR million	Jun 30, 2020	Dec 31, 2019
Receivables from joint ventures		
Trade receivables	0	0.1
Other current financial receivables	0.3	0

Transactions with members of the key management personnel

In the first half of 2020, a supervisory board member received a dividend in kind and cash dividend from a consolidated subsidiary amounting to EUR 0.2 million.

In April 2019 Nobert Lang, member of the Advisory Board, received 100,000 shares of Rocket Internet SE in line with the dissolution of NBL Vermögensverwaltung GmbH & Co. KG, whose limited partners were Norbert Lang and his wife.

Other related party transactions with members of the key management personnel in the first half of 2020 are of the same character as the transactions described in the consolidated financial statements 2019.

Transactions with close family members of the Management Board

In the first half of 2020, the Group invested EUR 22.0 million into two subsidiaries held by close relatives of the Management Board. Thereof Linus Debt Invest DACH I GmbH & Co. KG received net capital contributions (after deduction of withdrawals received) totaling EUR 21.7 million (previous year period EUR 22.3 million) and used these capital contributions to grant loans to third parties. The weighted average interest rate on these loans to third parties was 8.6% p.a.

In the first half 2020, the Group, as lender, granted a company collateralized loans with standard industry interest rates totaling EUR 22.0 million, of which EUR 17.7 million (including accrued interest) are outstanding as of June 30, 2020. The Group recognized interest income of EUR 0.7 million from these loans in the first half of 2020. The weighted average interest rate on these loans is 6.0% p.a. A family member of the CEO holds an indirect interest in that company along with other shareholders.

Furthermore, in the first half of 2020, the Group purchased from Linus Debt Invest DACH I GmbH & Co. KG newly generated loan receivables due to third parties totaling EUR 45.6 million.

In 2019, the Group, as lender, granted several companies collateralized loans with standard industry interest rates totaling EUR 70.0 million, of which EUR 65.9 million (including accrued interest) are outstanding as of June 30, 2020. The Group recognized interest income of EUR 2.8 million from these loans in the first half of 2020. The weighted average interest rate on these loans is 9.3% p.a. A family member of the CEO holds an indirect interest in the companies mentioned above along with other shareholders.

11. Events after the Reporting Period

On July 31, 2020, Rocket Internet announced the redemption of 1,572,340 own shares. Thus, the share capital of the Company was reduced from EUR 137,262,959 by EUR 1,572,340 to EUR 135,690,619.

On September 1, 2020, Rocket Internet announced the resolution of the Management Board to launch a public delisting self-tender offer, the related convening of an extraordinary general meeting to be held on September 24, 2020, and a parallel share buyback program. The share buyback program commenced on September 1, 2020 and was completed at the end of September 15, 2020 without shares being bought back.

On September 6, 2020, Deutsche Börse announced that the shares of Rocket Internet SE would move from the MDAX to the SDAX with effect from September 21, 2020.

No other events of special significance occurred after the end of the reporting period.

12. Authorization of the Financial Statements for Issue

The Management Board authorized the issue of the consolidated financial statements on September 17, 2020.

Berlin, September 17, 2020

The Management Board

Oliver Samwer

Soheil Mirpour

ROCKET INTERNET

Rocket

We enable entrepreneurship.

Rocket Internet incubates and invests in internet and technology companies globally. We provide deep operational support to entrepreneurs and help them build market-leading companies.

Interim Group Management Report for the Period January 1 to June 30, 2020

Non-binding convenience translation from German

Content

1. Fundamentals of the Group

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

Rocket Internet SE is the parent Company of directly and indirectly held subsidiaries and holds directly or indirectly interest in associates and joint ventures (hereinafter together also referred to as the “Rocket Internet Group“ or the “Group“).

Subsidiaries, associated companies, joint ventures as well as the other companies in which the Group holds equity interests in the long term herein are referred to as “network companies”.

The shares of Rocket Internet SE are admitted to trading in the Prime Standard (the regulated market segment with additional post-admission obligations) of the Frankfurt Stock Exchange and are included in the MDAX index. On September 6, 2020, Deutsche Börse announced that the shares of Rocket Internet SE would move from the MDAX to the SDAX with effect from September 21, 2020. Regarding the corporate transaction of a delisting resolved on September 1, 2020, we refer to the note 11 Events after the reporting period in the notes to the interim condensed consolidated financial statements.

This interim group management report should be read in conjunction with the interim condensed consolidated financial statements, including the notes to the interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared on the basis of a number of assumptions and accounting policies explained in greater detail in the respective notes of the consolidated financial statements as of December 31, 2019. The changes in accounting policies made in 2020 had no impact on to the interim condensed consolidated financial statements.

The interim group management report contains forward-looking statements about the business, financial condition and earnings performance. These statements are based on assumptions and projections based on currently available information and present estimates that 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 assume any obligation to update forward-looking statements.

The interim group management report for the first half 2020 is presented in million euro (EUR million) except where otherwise indicated. Unless otherwise indicated, all values are rounded in accordance with standard commercial practice, which may result in rounding differences, and percentage figures presented may not exactly reflect the absolute figures they relate to.

The interim group management report covers the period January 1 to June 30, 2020 (H1/2020). If not otherwise stated, comparative figures for the balance sheet are as of December 31, 2019 and comparative figures for the Statement of Comprehensive Income and the Statement of Cash Flows are for the interim period January 1 to June 30, 2019 (H1/2019).

The general statements made in the combined management report 2019 on the business activities, legal structure of the Group, the strategy of the Group as well as performance system largely still apply. The research and development activities were redesigned during the reporting period. The previously centralized development functions were largely dissolved in order to promote the innovative strength and operational development of the newly founded subsidiaries more efficiently. It was decided that it is in the best interest of the Group to carry out technological developments in smaller, project-specific, decentralized teams. In addition, the Group switched the equity-settled share-based payment arrangements used at the level of the founded start-up companies completely to direct participations of the executives in the network companies. A new key performance indicator net cash position was introduced to assess the financial position of the Group.

The changes in the scope of consolidated subsidiaries, associates and joint ventures in the first half of 2020 are presented in note 2 of the interim condensed consolidated financial statements.

Further information on the strategy and the network companies of Rocket Internet can be found on the website of the parent company www.rocket-internet.com.

2. Economic Report

General Economic Conditions

According to the “Global Economic Prospects Report” of the World Bank Group published in June 2020, the Covid-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries. The report describes a global economy suffering a devastating blow and the baseline forecast envisions the deepest global recession since World War II. The Covid-19 recession is the first since 1870 to be triggered solely by a pandemic.

The baseline forecast envisions a 5.2% contraction in global GDP in 2020, the deepest global recession in eight decades, despite unprecedented policy support. Growth is forecast to rebound to 4.5% in 2021, reflecting fading pandemic-related economic drag, and the eventual effects of accommodative fiscal and monetary policy. The spread of the pandemic has essentially halted international travel and disrupted global value chains, resulting in a sharp contraction in global trade. Despite unprecedented macroeconomic policy support, the share of countries experiencing contractions in per capita GDP will reach its highest level since 1870. The current global recession is also unique in that global growth forecasts have been revised down more steeply and rapidly than in any other recessions since at least 1990. All major economies have experienced Covid-19 outbreaks, of varying intensity.

Output in advanced economies is set to contract sharply in 2020, as domestic demand and supply, trade, and finance have all been severely disrupted. Assuming, the pandemic does not lead to lasting damage to financial systems, growth is expected to rebound in 2021, aided by unprecedented support from fiscal, monetary, and financial sector policies. Euro Area output is expected to contract by 9.1% in 2020; 10.1 percentage points below previous projections with all major member countries experiencing recessions before a gradual recovery gets underway late in the year. The gross domestic product of United States is expected to contract by 6.1% in 2020; 7.9 percentage points below previous forecasts, reflecting the severe consequences of the pandemic in the first half of the year, and an assumed gradual recovery in the second half.

A “flight to safety” has triggered sharp falls in global equity markets, unprecedented capital outflows from emerging market and developing economies (EMDEs), rising credit-risk spreads, and depreciations for many EMDE currencies. Falling demand has led to a sharp decline in most commodity prices, with a particularly substantial plunge in oil prices. Per capita incomes in the vast majority of EMDEs are expected to shrink this year. The global recession would be deeper if bringing the pandemic under control took longer than expected, or if financial stress triggered cascading defaults. The pandemic highlights the urgent need for health and economic policy action, including global cooperation, to cushion its consequences, protect vulnerable populations, and improve countries’ capacity to prevent and cope with similar events in the future. Since EMDEs are particularly vulnerable, it is critical to strengthen their public health care systems, to address the challenges posed by informality and limited safety nets, and, once the health crisis abates, to undertake reforms that enable strong and sustainable growth. Due to the negative spillovers from weakness in major economies, alongside the disruptions associated with their own domestic outbreaks, EMDE GDP is forecast to contract by 2.5% in 2020. This would be the lowest rate since at least 1960, the earliest year with available aggregate data.

Industry-Specific Conditions

Venture Capital Market in Germany

After the exceptional year 2018, in which 18 companies in Germany went public and raised EUR 11.6 billion, the trend in 2019 was downward. 2019, there were six initial public offerings (IPOs) in Germany, three of which were direct listings, i.e. no capital was raised. The remaining uncertainties from last year regarding the Brexit, trade conflicts and fears of a recession were intensified by the Covid-19 pandemic. Only three companies went public in Germany in the first half of 2020, of which one was a direct listing, i.e. no capital was raised, and only one company was listed in the strictly regulated Prime Standard segment. The companies collected EUR 695.1 million.

According to the “Start-up Barometer Deutschland” of the auditing firm EY from July 2020, the number of financing rounds in the first half of 2020 increased by 8% to 360 transactions compared to the same period of the previous year. In contrast, the total volume of investments fell by 22% to EUR 2.2 billion. This decline was mainly due to the lower number of large financing rounds, which amounted to more than EUR 100 million. It should also be noted that record levels were reached in the previous year. Compared to the previous year's periods, this year's total volume is at an average level. Most of the money flowed and three of the top 10 deals were, in contrast to the previous year, in the area Software & Analytics, which showed a 30% increase. The investment focus was primarily on the area Software as a Service, followed by Artificial Intelligence (AI) and Cyber Security. The top performers of the previous year, Mobility and FinTech/InsureTech, on the other hand, recorded a significantly lower inflow of investment capital. The volume in the area Mobility fell by 34%, in the area FinTech/InsureTech by as much as 55%. In terms of financing rounds, Software & Analytic was also ahead with 112 transactions. With an increase from 47 to 61 the area Health followed. In contrast, the area eCommerce, which ranks third, is still showing a continuous decline. The top five transactions of the year involved three Berlin start-ups. The three biggest transactions comprise Lilium with EUR 218 million, Grover with EUR 195 million and N26 with EUR 91 million. With 149 financing rounds, Berlin was again the hotspot of the German start-up scene in 2020 and holds 41% of all financing rounds counted in Germany, an increase of 14% compared to the previous year. Berlin also continues to lead the German market in terms of deal volume with EUR 1,135 million. A dynamic development could be observed in Bavaria. Here, 83 deals were recorded in the first half of 2020, 60% more than in the same period of the previous year.

According to the “Global IPO trends: Q2 2020” of the auditing firm EY from June 2020, global IPO activities slowed dramatically due to the impact of Covid-19 pandemic on both the Americas and EMEIA (Europe, Middle East, India and Africa) exchanges between April and May 2020, compared with 2019, while Asia-Pacific recorded only a slight decline. As volatility levels subsided and sentiments stabilized, a rebound in IPO activity across all three regions was seen in June 2020. While globally the number of IPO deals declined by 19% in the first half of 2020 compared to the first half of 2019, proceeds decreased by 8%. In terms of number of deals and proceeds global IPO activity surged in the first half of 2020 with 419 IPOs raising USD 69.5 billion. In the previous year period 517 transactions were executed raising USD 75.7 billion.

According to “Venture Pulse Q2 2020 – Global analysis of venture funding” of the auditing firm KPMG from July 2020, global fundraising remains strong at mid-year compared to 2019, as investors focus on longer term despite the impact of Covid-19. While some investments may see short-term blips, there are still expectations that returns will be strong over the life of the investments. The number of financing rounds continued globally to drop in second quarter of 2020, although the total volume of investments held almost steady quarter-over-quarter. Given the Covid-19 pandemic, many corporates have had to take time to focus on their own operations, finding ways to improve their own operating position rather than considering investments in startups. As venture capital investors continue to be cautions, the global venture capital market has continued to see declines in early-stage financing rounds. While the trend toward late-stage deals began long before Corona crisis, the pandemic is making it even more difficult for early-stage companies to attract funding.

These above-mentioned developments demonstrate that in Germany and worldwide in the first half of 2020 a reduced financing volume was available for start-ups in comparison to the previous year. However, the volume of financing in the first half of 2020 was significantly higher than in 2017, which illustrates the continuing very intense competition for talents, ideas and financing of start-ups, that has a negative impact on Rocket Internet and the achievement of its objectives.

General Industry Trends

The statements made in the combined management report 2019 still apply at the time this interim report was issued for publication.

Course of Business

We look back on a on a very eventful first half of 2020 for our Group. As in the past, we pursued our long-term corporate strategy in the first half of 2020. We incubatet, build and operationally developed and supported internet-based business models. Besides, we made strategical investments in complementary internet and technology companies globally to build out our network.

Overall, the Group generated a loss for the period of EUR 11.6 million (previous year period profit EUR 547.5 million). The loss is particularly due to the partly lower valuations of participations in a market environment dominated by Covid-19. The share of profit/loss of associates and joint ventures deteriorated to negative EUR 84.0 million (previous year period positive EUR 261.4.9 million). This is mainly due to much lower gains from the disposal of associates and joint ventures. In the first half of 2020, gains from the disposal of associates and joint ventures of EUR 1.0 million were recognized instead of EUR 323.2 million in the first half of 2019. The financial result declined to EUR 79.9 million (previous year period EUR 300.9 million). The effects of the Covid-19 pandemic were particularly noticeable in industries such as travel, B2B catering and fitness.

Cash and cash equivalents decreased from EUR 1,665.1 million as of December 31, 2019 by EUR 300.7 million to EUR 1,364.4 million as of June 30, 2020. The decrease is mainly attributable to cash outflows for the acquisition of non-consolidated equity investments (EUR 122.9 million), payments for highly liquid, easily convertible into cash listed shares as a part of the Group's treasury strategy (EUR 836.9 million), cash outflows in connection with short term bank deposits (EUR 194.0 million) and the negative cash flow from operating activities (EUR 202.8 million). The significant cash inflows in connection with short term bank deposits of EUR 782.1 million, proceeds from the sale of highly liquid, easily convertible into cash listed shares of EUR 150.1 million, inflows from the disposal of non-consolidated equity investments of EUR 62.2 million (mainly Jumia, GFG and SME Credit Realisation Fund Limited shares (SME)) as well as the net proceeds from repo transactions and short-term overdraft loans accounted for as other current financial liabilities of EUR 48.9 million had an increasing effect.

On March 2, 2020, Rocket Internet announced changes in the Management Board. The Supervisory Board has appointed Soheil Mirpour as Management Board Member with effect from March 1, 2020. Alexander Kudlich, Member of the Management Board, has informed the Supervisory Board that he will not renew his contract which ended March 15, 2020.

On April 9, 2020, Rocket Internet announced that the shareholding in SME Credit Realisation Fund Limited had been increased to 22.8% through the acquisitions and disposals of shares. The Group's stake in SME was 9.0% as of December 31, 2019.

On May 6, 2020, Rocket Internet announced that the shareholding in home24 SE had been reduced to 7.8% through the sale of shares. As of December 31, 2019, the Group's stake in home24 was 10.6%.

On May 15, 2020, Rocket Internet SE virtually held its ordinary Annual General Meeting. All agenda items proposed by the Management Board and the Supervisory Board at the Annual General Meeting were passed.

The selected companies showed revenue growth in the first half of 2020 compared to the first half of 2019: home24 (25% and 31% on a constant currency basis, respectively) and GFG (1% and 10% on a constant currency basis, respectively) and an improvement in the adjusted EBITDA margin, especially home24. As of December 31, 2019, the Group's stake in Jumia Technologies AG was 9.2%. In the course of the first quarter of 2020, the Group sold its entire investment.

In line with the previous year report's forecast for the financial year 2020, the international expansion of our network companies has continued. With the first-time consolidation of entities which were built by Rocket Internet, network companies with new or existing business models (e.g. Payflow, Katoo) were included in the scope of consolidation of the Group. The incubated by Rocket Internet network companies Tinvio and Laodsmile were deconsolidated during the first half of 2020 after they succeeded in raising equity financing from external investors. Non-viable operations were discontinued or sold. The number of fully consolidated companies decreased by 3% from 78 to 76 against the forecast for the year 2020 in the combined management report 2019.

The revenue of the Rocket Internet Group increased to EUR 45.2 million in the first half of 2020 compared to EUR 31.5 million in the previous year period (+44%). The revenue of New Businesses for those companies that continued to be fully consolidated after December 31, 2019, increased in the first half of 2020 as forecast in the previous year report's forecast for the year 2020. The Group's revenue for all New Businesses increased from EUR 23.1 million in the first half of 2019 by 59% to EUR 36.8 million in the first half of 2020. As expected, the area of New Businesses excluding FinTech entities realized a negative EBITDA of ca. EUR 6 million (forecast: range for the total year 2020 between negative EUR 14 million and negative EUR 18 million). The area of FinTech realized a positive EBITDA of ca. EUR 29 million (forecast range for the total year 2020 between EUR 29 million and EUR 36 million). The Group's average EBITDA margin of subsidiaries in the area of New Businesses, which were fully consolidated in the Rocket Internet Group in the first half of 2020, improved as forecast. During the first half of 2020, the Group increased its number and volume of debt securities as forecast for the year 2020 in the combined management report 2019. Revenue from other services stay unchanged at EUR 8.4 million. This figure corresponds to the forecast for 2020, according to which revenue at the prior year level was expected.

The result from deconsolidation of subsidiaries amounted to EUR 2.9 million in the first half of 2020 (previous year EUR 0.3 million). We still expect the result from deconsolidation of subsidiaries to remain at the prior-year period‘s level for the total year 2020 as had been forecast in the combined management report 2019.

In line with the previous year report's forecast, according to which a negative share of profit/loss of associates and joint ventures was expected, there is a decrease by 132% of the share of profit/loss from associates and joint ventures from EUR 261.4 million to negative EUR 84.0 million. In line with the forecast, for the most associated companies and joint ventures, there are negative proportionate contributions from their operational results, which were in some cases partly compensated by the effects from financing rounds. The Group's share of profit/loss from associates and joint ventures including adjustments made by the Group using the equity method as well as gains from deemed disposals amounts to negative EUR 78.6 million (previous year period negative EUR 47.3 million). In 2020, gains from the disposal of associates and joint ventures of EUR 1.0 million (previous year period EUR 323.2 million) were recognized. In addition, the Group recorded impairment losses, which amounted to negative EUR 6.4 million (previous year period negative EUR 14.5 million) million net of reversals of impairment losses.

In line with the forecast in the combined management report 2019 for the year 2020 which anticipated the EBITDA to deteriorate, the EBITDA of the Group declined by EUR 342.8 million from EUR 260.1 million in the first half of 2019 to negative EUR 82.8 million in the first half of 2020.

The total comprehensive income for the period, net of tax, deteriorated from EUR 553.9 million by EUR 566.7 million to negative EUR 12.8 million.

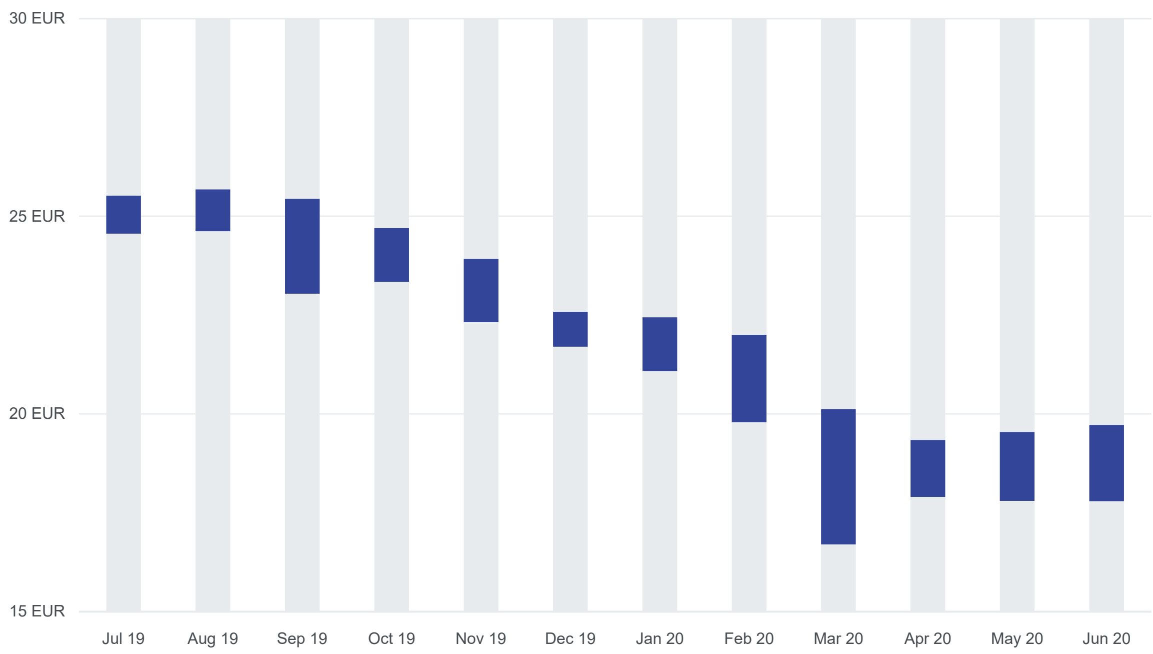
As projected for the financial year 2020, payments in the Rocket Internet Capital Partners Fund (RICP) and Rocket Internet Capital Partners Fund II (RICP II) were continued in the first half of 2020. Several new and follow-on GFC investments were made.

Rocket Internet Share and Share Capital Structure

The financial markets started the new year with positive expectations especially driven by the easing of trading tensions. From mid-February 2020, increasing concerns about the Covid-19 pandemic led globally to sharp falls in share prices. In the third week of March 2020, the Rocket Internet share price has temporarily dropped below EUR 17.00 amidst Covid-19 pandemic developments.

In the first half of 2020, the share price of Rocket Internet SE decreased from EUR 22.10 as of December 31, 2019 to EUR 19.09 as of June 30, 2020. The market capitalization declined by 13.6% compared with December 31, 2019 and amounted to EUR 2.6 billion as of June 30, 2020. In the same period, the MDAX index fell by 8.7%.

The development of the Xetra closing share prices is as follows:



In the first half of 2020, average daily trading volume via the electronic computer trading system Xetra was 242,000 shares (versus 199,000 shares in first half 2019) with an average value of EUR 4.6 million (versus EUR 4.6 million in the first half 2019) traded daily. The ISIN code for the shares is DE000A12UKK6.

On January 30, 2020, Rocket Internet announced the redemption of 13,504,335 own shares. Thus, the share capital of the Company was reduced from EUR 150,767,294.00 by EUR 13,504,335.00 to EUR 137,262,959.00. As of June 30, 2020, 135,690,619 shares were outstanding.

Position of the Group

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.

Earnings position of the Group during the reporting period

In EUR million	H1/2020	H1/2019
Revenue	45.2	31.5
Other operating income	9.8	6.2
Result from deconsolidation of subsidiaries	2.9	0.3
Cost of materials and cost of financial services	-4.3	-6.9
Employee benefit expenses	-27.1	-17.0
Other operating expenses	-25.3	-15.4
Share of profit/loss of associates and joint ventures	-84.0	261.4
EBITDA	**-82.8**	**260.1**
Impairment of non-current assets, depreciation and amortization	-4.1	-8.3
Financial result	79.9	300.9
Income taxes	-4.6	-5.1
Profit/loss for the period	**-11.6**	**547.5**
Other comprehensive income for the period, net of tax	-1.2	6.3
Total comprehensive income/loss for the period, net of tax	**-12.8**	**553.9**

Revenue was structured as follows:

In EUR million	H1/2020		H1/2019	
New Businesses	36.8	81%	23.1	73%
Other Services	8.4	19%	8.4	27%
Total	**45.2**	**100%**	**31.5**	**100%**

Revenues of the New Businesses increased by 59% from EUR 23.1 million in the first half 2019 to EUR 36.8 million in the first half 2020. This results primarily from a higher volume of FinTech operations.

The revenues from other services are mainly comprised of income from consulting services and letting of office space. Within this position, which remained unchanged in terms of amount, rental income (including service charges) increased, while revenues from services provided to non-consolidated network companies decreased.

Of the total consolidated revenues, 39% were generated in Germany (previous year period 45%), 30% in the United Kingdom (previous year period 21%), 8% in the United States (previous year period 1%), 6% in Australia (previous year period 7%), 4% in Luxembourg (previous year period 10%), 3% in France (previous year period 8%), 3% in Italy (previous year period 0%) and 7% in the rest of the world (previous year period 8%).

Other operating income amounts to EUR 9.8 million (previous year period EUR 6.2 million) and mainly results from gains on currency translation and forward exchange contracts which amount to of EUR 9.3 million (previous year period EUR 1.4 million). It also includes a valuation gain of EUR 0.3 million (previous year period EUR 4.6 million) that relates to loan receivables accounted for at fair value through profit or loss.

The result from deconsolidation of subsidiaries in the amount of EUR 2.9 million (previous year period EUR 0.3 million) mainly originated from the deconsolidation (deemed disposal) of Tinvio and Loadsmile.

The item cost of materials and cost of financial services decreased from EUR 6.9 million by 38% to EUR 4.3 million. This figure mainly includes expenses for purchased goods and services of EUR 1.7 million (previous year period EUR 3.7 million) as well as interest of the FinTech operations amounting to EUR 1.6 million (previous year period EUR 2.5 million).

Employee benefit expenses, which amounted to EUR 27.1 million (previous year period EUR 17.0 million), included the current remuneration and variable compensation as well as expenses arising from equity-settled and cash-settled share-based payments. The increase by EUR 10.1 million results from the following:

Employee benefit expense reconciliation	**Impact on expense** in EUR million
Increased expenses for non-cash compensation and higher variable compensation for Group employees as well as slightly increased expenses for regular salaries and social security due to increased average number of own staff employed by fully consolidated companies	-11.0
Decrease of expenses for equity-settled share-based payments as well as for cash-settled share-based payments	0.9
Total	**-10.1**

Other operating expenses in the amount of EUR 25.3 million (previous year period EUR 15.4 million) included mainly currency translation losses (EUR 10.9 million; previous year period EUR 2.6 million), legal and consultancy fees (EUR 3.5 million; previous year period EUR 3.9 million), derecognition losses and impairment of receivables (EUR 2.6 million; previous year period EUR 0.5 million), rental, office and IT costs (EUR 2.1 million; previous year period EUR 2.0 million), marketing expenses (EUR 1.3 million; previous year period EUR 2.2 million) and expenses for external services (EUR 1.3 million; previous year period EUR 1.0 million).

The share of profit/loss from associates and joint ventures amounts to negative EUR 84.0 million (previous year period positive EUR 261.4 million). The decrease by EUR 345.4 million results from the following:

Share of profit/loss from associates and joint ventures reconciliation	**Impact on result** in EUR million
Lower Group's share of profit/loss from associates and joint ventures including adjustments made by the Group using the equity method and gains from deemed disposals	-31.3
Decrease of impairment losses (net balance of losses and reversals)	8.1
Decrease of gains from disposal (including valuation gains upon loss of significant influence)	-322.2
Total	**-345.4**

The share of profit/loss of associates and joint ventures in the first half of 2020 primarily results from the pro rata losses of the both RICP Funds (EUR 71.2 million), the pro rata losses less gains from deemed disposal from Traveloka (loss of EUR 10.1 million) and from impairment losses of the B2B Food Group (EUR 8.3 million).

The positive share of profit/loss of associates and joint ventures in the first half of 2019 was characterized by gains from the disposal of HelloFresh shares (EUR 261.7 million) and Westwing shares (EUR 12.4 million). Despite pro rata losses of EUR 13.5 million, overall, a profit of EUR 248.2 million was attributable to HelloFresh. The investment in home24 contributed a loss of EUR 33.9 million to the share of profit/loss from associates and joint ventures, of which EUR 16.1 million related to impairment losses, EUR 12.1 million related to losses from disposal and EUR 5.7 million related to pro rata losses. Global Fashion Group contributed a loss of EUR 1.5 million to the share of profit/loss from associates and joint ventures, of which negative EUR 16.2 million related to pro rata losses and EUR 14.7 million related to reversals of impairment losses. Other effects mainly included the pro rata losses of Traveloka (EUR 15.6 million), Spotcap (EUR 2.2 million) and Westwing (EUR 1.7 million) as well as pro rata gains of RICP.

EBITDA declined from EUR 260.1 million in the first half 2019 to negative EUR 82.8 million in the first half of 2020. The EBITDA decline is mainly due to a lower share of profit/loss of associates and joint ventures.

The impairments of non-current assets and the depreciation and amortization amount in total to EUR 4.1 million (previous year period EUR 8.3 million). Depreciation and amortization amount to EUR 2.7 million (previous year period EUR 2.7 million) and mainly contain depreciation of right-of-use assets.

The financial result of EUR 79.9 million (previous year period EUR 300.9 million) deteriorated by EUR 221.0 million and primarily included net changes (gains and losses) in fair value of equity instruments accounted for at fair value through profit or loss of EUR 62.0 million (previous year period EUR 293.3 million), income from dividends of EUR 11.1 million (previous year period EUR 0.3 million), net gains on the currency translation of loans and cash and cash equivalents as well as the valuation of forward exchange contracts of EUR 3.3 million (previous year period EUR 2.0 million) that mainly reflect the development of the USD exchange rate and interest income of EUR 4.8 million (previous year period EUR 5.9 million).

Other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods in the amount of negative EUR 1.2 million (previous year period EUR 6.3 million) in the first half of 2020 includes the share of the changes in the net assets of associates/joint ventures that are recognized in OCI of the associates/joint ventures, net of tax, of negative EUR 2.1 million (previous year period EUR 6.2 million) and exchange differences on translation of foreign operations in the amount of EUR 1.0 million (previous year period EUR 0.1 million) .

Financial Position of the Group

In EUR million	**H1/2020**	**H1/2019**
Cash flow from operating activities	-202.8	-37.0
Cash flows from investing activities	-162.3	855.9
Cash flows from financing activities	64.5	-4.6
Net change in cash and cash equivalents	**-300.6**	**814,3**
Net foreign exchange difference and change in loss allowance in cash and cash equivalents	-0.1	1.7
Cash and cash equivalents at the beginning of the period	1,665.1	1,720.0
Cash and cash equivalents at the end of the period	**1,364.4**	**2,535.9**

The decrease of the cash flow from operating activities by EUR 165.8 million in the first half of 2020 compared to the first half of 2019 is mainly due to the higher net change in operating financial assets (net cash outflows for FinTech loans).

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. Payments in the amount of EUR 122.9 million (previous year period EUR 89.9 million) were made for acquisitions of non-consolidated companies of which EUR 29.2 million relate to SME, EUR 21.7 million to Linus Debt Invest DACH I GmbH & Co. KG, EUR 17.1 million to RICP, EUR 17.1 million to RICP II and EUR 37.8 million to various other network companies. Cash paid in connection with short-term financial management of cash investments in the amount of EUR 1,033.6 million (previous year period EUR 476.7 million) mainly relate to payments for the highly liquid, easily convertible into cash listed shares as a part of the Group's treasury strategy of EUR 836.9 million (previous year period EUR 115.8 million) as well as cash outflows in connection with short term bank deposits of EUR 194.0 million (previous year period EUR 357.0 million). Then again, the cash received in connection with short-term financial management of cash investments in the amount of EUR 933.0 million (previous year period EUR 569.8 million) relates to cash inflows in connection with short term bank deposits of EUR 782.1 million (previous year period EUR 0 million) and to proceeds from the sale of highly liquid, easily convertible into cash listed shares of EUR 150.1 million (previous year period EUR 563.7 million). On the other hand, investing activities contain the cash-inflows from the sale of non-consolidated equity investments. In the first half 2020 the Group received EUR 62,2 million (previous year period EUR 854.8 million), which mainly relate to the sale of Jumia, GFG and SME (previous year period HelloFresh, Delivery Hero, Westwing and home24).

Cash flows from financing activities amount to EUR 64.5 million (previous year period negative EUR 4.6 million) and mainly include the net change in other current financial liabilities of EUR 48.9 million (previous year period EUR 0 million) (repos and short-term overdraft loans), large amounts and short maturities as well as proceeds from borrowings of EUR 155.5 million (previous year period EUR 0.1 million) and repayments of borrowings of EUR 141.6 million (previous year period EUR 0.1 million). Moreover, during the first half of 2020, the Group received payments from non-controlling interests classified as financial liabilities in the course of the equity capital increases at the level of consolidated subsidiaries totaling EUR 4.0 million (previous year period EUR 12.7 million) and repaid non-controlling interests classified as financial liabilities in the course of the redemption of capital at the level of consolidated subsidiaries totaling EUR 0 million (previous year period EUR 15.3 million). The repayment of lease liabilities amounts to EUR 2.5 million in the first half of 2020 (previous year period EUR 2.3 million).

Due to exchange rate changes, the cash and cash equivalents of the Group decreased by EUR 0.1 million (previous year period increase of EUR 1.8 million).

The Group continues to maintain a very good cash position, with available cash and cash equivalents of EUR 1,364.4 million as of June 30, 2020 (previous year EUR 1,665.1 million). In addition to cash and cash equivalents, the Group had short-term bank deposits of EUR 161.7 million as of June 30, 2020 (previous year EUR 741.2 million) as well as easily convertible into cash listed shares of EUR 996.7 million (previous year EUR 122.5 million). After the deduction of financial debt (liabilities whose payment transactions are classified as cash flows from financing activities) of EUR 189.1 million (previous year EUR 123.0 million) the Group has a net cash position of EUR 2,333.7 million as against EUR 2,405.7 million as of December 31, 2019.

The Group was able to meet all its payment obligations at all times.

Asset Position of the Group

Assets

In EUR million	Jun 30, 2020		Dec 31, 2019	
Non-current assets	2,436.8	58%	1,524.1	37%
Current assets	1,778.9	42%	2,627.5	63%
Total	**4,215.8**	**100%**	**4,151.7**	**100%**

Equity and Liabilities

In EUR million	Jun 30, 2020		Dec 31, 2019	
Equity	3,972.3	94%	3,978.2	96%
Non-current liabilities	135,1	3%	117.0	3%
Current liabilities	108,4	3%	56.5	1%
Total	**4,215.8**	**100%**	**4,151.7**	**100%**

The Company's largest asset items are non-current equity instruments (36% of the balance sheet total; previous year period 15% of the balance sheet total), cash and cash equivalent (32% of the balance sheet total; previous year period 40% of the balance sheet total), long and short term loan receivables (17% of the balance sheet total; previous year period 13% of the balance sheet total), shares in associates and joint ventures, accounted for using the equity method (8% of the balance sheet total; previous year period 9% of the balance sheet total) and short-term bank deposits (4% of the balance sheet total; previous year period 18% of the balance sheet total).

Non-current assets increased from EUR 1,524.1 million by EUR 912.7 million to EUR 2,436.8 million. This mainly results from the increase of non-current financial assets from EUR 1,086.8 million by EUR 941.0 million to EUR 2,027.8 million, most importantly due to the purchases and share price gains of listed shares as well as the granting of long-term loans. In contrast, there was a decline in unlisted shares due to lower valuations.

The decrease of investments in associates from EUR 352.5 million by EUR 27.4 million to EUR 325.1 million mainly results from the pro-rata losses of RICP and Traveloka. These effects were partially offset by investments in the two RICP funds and Linus Debt Invest DACH I GmbH & Co. KG.

The decline of investments in joint ventures from EUR 13.0 million by EUR 3.4 million to EUR 9.6 million mainly results from a dividend payment of Asia Internet Holding S.à r.l.

Right-of-use assets – investment properties decreased from EUR 39.8 million to EUR 37.9 million due to depreciation. Right-of-use assets – own use increased from EUR 6.0 million to EUR 8.6 million due to the conclusion of a new long-term lease agreement by a subsidiary.

The decrease of intangible assets from EUR 1.9 million by EUR 1.4 million to EUR 0.4 million was mainly attributable to impairments (EUR 1.4 million).

Current assets decreased from EUR 2,627.5 million by EUR 848.6 million to EUR 1,778.9 million. The change is mainly due to the decrease of other current financial assets from EUR 949.2 million by EUR 549.7 million to EUR 399.5 million in the first half of 2020. On the one hand, short-term bank deposits decreased from EUR 741.2 million by EUR 579.4 million to EUR 161.7 million. On the other hand, the highly liquid, easily convertible into cash listed shares, that amounted to EUR 122.5 million as of December 31, 2019, were reclassified into non-current financial assets. Furthermore, there is an increase of short-term loan receivables by EUR 133.2 million to EUR 214.1 million. Cash and cash equivalents declined to EUR 1,364.4 million (previous year period EUR 1,665.1 million). For details concerning the development of liquidity, refer to section “Financial Position of the Group”.

Total consolidated equity decreased from EUR 3,978.2 million by EUR 5.9 million to EUR 3,972.3 million. This is mainly due to the total comprehensive loss for the period, net of tax of EUR 12.8 million.

Non-current liabilities increased from EUR 117.0 million by EUR 18.1 million to EUR 135.1 million. The increase results mainly from loan liabilities to associates in the amount of EUR 12.2 million (prior year EUR 0 million). The non-controlling interests classified as financial liabilities increased from EUR 51.0 million to EUR 55.0 million.

Current liabilities increased from EUR 56.5 million by EUR 51.9 million to EUR 108.4 million. The change mainly results from the increase of liabilities to financial institutions by EUR 48.9 million.

Key Developments of Selected Companies

Revenue in the first half of 2020 of Global Fashion Group increased by 1% (10% on a constant currency basis). The adjusted EBITDA margin of Global Fashion Group improved by 3 pp (-2% in the first half of 2020 compared to -5% in the previous year period). The share price of Global Fashion Group improved compared to December 31, 2019 by 23% to EUR 2.85 as of June 30, 2020.

home24 increased its revenue in the first half of 2020 by 25% (31% on a constant currency basis) to EUR 221.7 million compared to the first half of 2019. The adjusted EBITDA margin improved by 16 pp to 3% compared to the previous year period. The share price of home24 increased compared to December 31, 2019 by 35% to EUR 6.59 as of June 30, 2020.

Overall Statement regarding the Earnings, Financial and Asset Position of the Group

The earnings position in the first half of 2020 was characterized by a strongly decreased share of profit/loss of associates and joint ventures and a declined financial result. The financial position was primarily characterized by the expansion of FinTech operations (granting of loans), increased acquisitions of non-consolidated equity investments as well as the cash inflows and outflows in connection with the short-term financial management of cash investments. The Group incubated new entities and several investments were made in existing and new complementary business models. Selected companies reported revenue increases.

The solid balance sheet structure enables the Company to complete the delisting acquisition offer announced on September 1, 2020 and to withdraw the treasury shares to be acquired under this offer.

3. Forecast Report, Report on Opportunities and Risks

Forecast Report

After the global economy fell into recession in the first half of 2020, its development will continue to be dominated by the corona crisis during the rest of the year. The key factors for the assessment of the further development are, on the one hand, the point in time when the pandemic will be under control globally, as well as the duration for which economic activities remain impaired and, on the other hand, the recovery scenario, that will occur afterwards. From the current perspective, a significant decline in global economic output must be anticipated for the full financial year 2020.

The Covid-19 pandemic has in total negative impact on our network companies. Even if the number of new infections is now largely declining, at least in Europe, public life and thus also economic activity will continue to be restricted for the foreseeable future. This will most likely have a significant negative impact on global economic growth and thus also on our network of companies.

We expect lower increase of revenues at many companies or partially sharp declines in revenues compared with the previous year. The Covid-19 pandemic could have a significant negative impact on the loan portfolio which however cannot be forecasted. The corona pandemic and the related market conditions may also have a significant impact on the fair value of our network companies, the extent of which cannot be predicted. Furthermore, we expect a higher insolvency rate compared with previous years.

The Management Board of Rocket Internet SE, resolved on September 1, 2020 to offer to the shareholders of Rocket Internet to repurchase all of their shares in the Company by way of a public delisting self-tender offer (the "Offer"). The Offer is intended to create the legal conditions for a revocation of the admission of Rocket Internet shares to trading on the regulated market of the Frankfurt Stock Exchange. For the purpose of acquiring the own Rocket Internet shares under the Offer and their subsequent cancellation, the Management Board and the Supervisory Board have decided to convene an Extraordinary General Meeting, which is to be held on September 24, 2020 as a virtual General Meeting.

Against this background, Rocket Internet is, in the view of the Management Board better positioned as a delisted company. Outside a capital markets environment, Rocket Internet will be able to pursue a long-term approach to longer-term strategic decision-making regardless of capital markets sentiment. In addition, the delisting will reduce the complexity of Rocket Internet's business set-up and applicable legal requirements, thereby freeing up administrative and management capacity and reducing costs.

To this end, a delisting permits the pursuit of a long-term business strategy. This applies even more as the start-up companies founded by Rocket Internet, in which Rocket Internet holds a significant stake today, now, are mostly in a very early stage of their respective developments. Overall, a delisting enhances the Company's strategic and organizational flexibility and puts it in a position to react swiftly to changing market environments or other external circumstances. The last months have, with the spread of the SARS-CoV-2 pandemic, once again illustrated the relevancy of greater flexibility for entrepreneurial endeavors.

We expect that the investments in existing network companies and those newly founded by Rocket Internet in the area of New Businesses will continue. Nevertheless, we expect the number of fully consolidated companies to decrease slightly. Regarding RICP and RICP II, Rocket Internet expects to increase its investment into the funds by means of capital calls.

Exposure in debt securities will probably continue to increase in number and volume and thus make a positive contribution to the FinTech result for 2020.

Regarding New Businesses, Rocket Internet Group expects a moderate increase of the consolidated revenue for the financial year 2020 for those companies that continue to be fully consolidated after June 30, 2020. Due to the early stage of our fully consolidated subsidiaries, we continue to expect negative operating results (EBITDA) in the area New Businesses except FinTech entities for 2020 in the range that is slightly above the level expected in the combined management report 2019. In the area FinTech, we expect positive operating results (EBITDA) in the range that is slightly above the level expected in the combined management report 2019.

The deconsolidation result expected for 2020 will remain at the prior-year period‘s level.

Share of profit or loss of associates and joint ventures is 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 negative share of profit/loss of associates 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 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 2020, but EBITDA is forecast to deteriorate for 2020 in comparison with 2019.

Report on Opportunities and Risks

The Group's operations and its international structure offer a multitude of opportunities, whilst also exposing it to numerous risks. 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 hand.

The certain risks which could have a material adverse effect on the Rocket Internet Group's assets, financial and earnings position, the most significant opportunities as well as the design of the risk management system were described in the combined management report for the financial year 2019.

During the reporting period, the corona pandemic was evaluated as a further significant risk besides those risks presented in the 2019 combined management report. The potential impact of the corona pandemic on Rocket Internet Group is outlined in the forecast report.

Various crisis teams have been set up across all functional departments of the Group to carefully monitor and mitigate the diverse impacts of Covid-19 pandemic focusing on securing the health and safety of the employees and business continuity.

Additional risks and opportunities which are not known or currently evaluated as immaterial could also affect the business operations of the Group. Currently, no risks have been identified that either individually or in combination with other risks could jeopardize the Groups ability to continue as a going concern.

4. Employees

As of June 30, 2020, the fully consolidated companies employed a total of 378 employees thereof 217 outside of Germany. On December 31, 2019, the Group employed a total of 404 employees, thereof 234 abroad.

Berlin, September 17, 2020

The Management Board

Oliver Samwer

Soheil Mirpour

ROCKET INTERNET

Rocket

We enable entrepreneurship.

Rocket Internet incubates and invests in internet and technology companies globally. We provide deep operational support to entrepreneurs and help them build market-leading companies.

Responsibility Statement

June 30, 2020

Rocket Internet SE, Berlin

Non-binding convenience translation from German

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report 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 in the remaining fiscal year.

Berlin, September 17, 2020

The Management Board

Oliver Samwer

Soheil Mirpour

About this Document

This document is a Consolidated Half-Yearly Financial Report pursuant to Sec. 52 of the Exchange Rules for the Frankfurt Stock Exchange. This Consolidated Half-Yearly Financial Report was prepared on September 17, 2020 (editorial deadline) and was submitted for publication on September 18, 2020 (publication date).

Disclaimer and other Notes

This document contains forward-looking statements. These statements are based on the current views, expectations and assumptions of the management of Rocket Internet SE ("Rocket Internet") and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations and competition from other companies, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, and other factors.

Rocket Internet assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.

The financial figures have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted by the EU. This Report is an Interim Financial Report within the meaning of International Accounting Standard (IAS) 34. Further information on the accounting methods used can be found in the most recent annual report at www.rocket-internet.com/investors. Furthermore, this document includes in IFRS not clearly defined additional financial measures that are or may be so-called non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to assess the position of the Group as presented in accordance with IFRS. Other enterprises that report or describe similarly titled financial measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

All participation quotas for the network companies shown in this report 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 or RICP II etc.) and may therefore differ from the respective information (in some cases beneficial interest including RICP and RICP II) published on the Company’s website which is based on the signing dates.

This document is a translation of the original German version and is intended to be used for informational purposes only. While every effort has been made to ensure the accuracy and completeness of the translation, please note that the German original is binding.

Imprint

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