

ROCKET INTERNET

Annual Financial Statements and Management Report for the Parent Company and the Group 2019

Rocket Internet SE, Berlin

Table of Contents

Annual Financial Statements for 2019 (prepared in accordance with German GAAP)
comprising:

- Balance Sheet
- Income Statement
- Notes to the Annual Financial Statements

Management Report for the Parent Company and the Group 2019 (Combined Management Report)

Audit Opinion

Responsibility Statement

ROCKET INTERNET

Annual Financial Statements 2019

(prepared in accordance with German GAAP)

Rocket Internet SE, Berlin

Non-binding convenience translation from German

Rocket Internet SE, Berlin
Balance sheet as of December 31, 2019

Assets			31.12.2018	Equity and Liabilities			31.12.2018
	EUR	EUR	EUR		EUR	EUR	EUR
A. Fixed Assets				A. Equity			
I. Intangible assets				I. Subscribed capital	150,767,294		152,514,398
1. Internally generated industrial and similar rights and assets	4		4	Contingent Capital EUR 82,546,825 (PY EUR 82,546,825)			
2. Purchased concessions, industrial property rights and similar rights and assets and licences in such rights and assets	33,308		450,003	Treasury shares	-15,076,675		-1,747,104
		33,312	450,007			135,690,619	150,767,294
II. Property, plant and equipment				II. Capital reserves		2,258,830,517	2,479,447,499
1. Other equipment, operating and business equipment	3,256,187		2,502,205	III. Retained earnings		67,845,310	82,570,395
2. Advanced payments	0		26,540	IV. Unappropriated retained earnings	1,566,854,284		572,953,155
		3,256,187	2,528,745		4,029,220,730		3,285,738,343
III. Financial assets				B. Provisions			
1. Investments in subsidiaries	972,117,600		881,049,048	1. Tax provisions	4,431,394		2,098,806
2. Investments in companies in which a participating interest is held	127,799,018		395,319,663	2. Other provisions	9,459,206		6,559,138
3. Securities held as fixed assets	65,977,077		525,289			13,890,600	8,657,944
4. Other Receivables	12,154,732		4,060,000	C. Liabilities			
		1,178,048,427	1,280,954,000	1. Liabilities to banks	0		20
		1,181,337,926	1,283,932,752	2. Trade liabilities	1,032,882		625,302
B. Current Assets				3. Liabilities to subsidiaries	8,020,506		8,168,640
I. Inventories				4. Liabilities to companies in which a participation is held	145,214,772		64,877
Work in progress		311,196	1,108,311	5. Other liabilities	10,575,720		10,959,503
				thereof for taxes EUR 179,938 (PY EUR 340,670)			
				thereof for social security EUR 19,424 (PY EUR 18,817)			
II. Receivables and other assets						164,843,880	19,818,342
1. Trade receivables	984,793		130,535	D. Deferred Income		936	12,171
2. Receivables from subsidiaries	283,870,924		509,133,487				
3. Receivables from companies in which a participation is held	312,619,071		9,774,880				
4. Other assets	311,026,475		18,670,660				
		908,501,263	537,709,562				
III. Securities							
Other securities		114,933,345	462,480,429				
IV. Cash on hand and bank balances		2,002,028,526	1,028,112,804				
		3,025,774,330	2,029,411,106				
C. Prepaid expenses		843,890	882,942				
		4,207,956,146	3,314,226,800			4,207,956,146	3,314,226,800

Rocket Internet SE, Berlin
Income Statement for financial year 2019

	EUR	EUR	2018 EUR
1. Revenue	17,712,146		14,769,098
2. Decrease in work in progress	-797,115		-96,269
3. Other operating income	1,460,122,103		238,005,714
thereof income from currency translation EU 22,968,208 (PY EUR 29,625,639)			
		<u>1,477,037,134</u>	<u>252,678,543</u>
4. Cost of materials			
a) Cost of purchased goods	417,840		745,650
b) Cost of purchased services	7,475,181		5,720,035
5. Personnel expenses			
a) Wages and salaries	19,220,594		17,282,261
b) Social security and other pension costs	1,497,560		1,756,349
thereof retirement benefits EUR 11,894 (PY EUR 13,524)			
6. Depreciation / amortization			
of intangible assets and property, plant and equipment	1,312,197		471,086
7. Other operating expenses	71,724,368		35,425,880
thereof expenses from currency translation EUR 5,393,057 (PY EUR 3,287,049)			
		<u>101,647,740</u>	<u>61,401,261</u>
8. Income from participations	354,521,846		488,545,066
thereof from subsidiaries EUR 349,108,204 (PY EUR 451,709,944)			
9. Other interests and similar income	29,720,627		20,245,341
thereof from subsidiaries EUR 18,243,883 (PY EUR 11,504,445)			
10. Write downs on financial assets and securities held as current assets	707,383,932		120,245,799
11. Interest and similar expenses	641,605		34,928,857
		<u>-323,783,064</u>	<u>353,615,751</u>
12. Result before tax		<u>1,051,606,330</u>	<u>544,893,033</u>
13. Income taxes		<u>5,124,015</u>	<u>2,130,083</u>
14. Result after tax		<u>1,046,482,315</u>	<u>542,762,950</u>
15. Expenses from loss assumption		3,399,480	8,166,888
16. Income from profit assumption		<u>18,663,604</u>	<u>0</u>
17. Net income		1,061,746,439	534,596,062
18. Profit carried forward from previous year		572,953,155	38,357,093
19. Transfers to retained earnings		<u>67,845,310</u>	<u>0</u>
20. Unappropriated retained earnings		<u>1,566,854,284</u>	<u>572,953,155</u>

ROCKET INTERNET

Notes to the Annual Financial Statements 2019

Rocket Internet SE, Berlin

(prepared in accordance with German GAAP)

Non-binding convenience translation from German

Contents

A.	General information on the financial statements	4
B.	Summary of Accounting Policies and valuation methods	4
C.	Notes to the Balance Sheet	6
I.	Fixed Assets	6
	1. Internally generated intangible assets	6
	2. Securities held as fixed assets	6
	3. Other Receivables	6
	4. List of Shareholdings	7
II.	Current assets	10
	1. Inventories	10
	2. Receivables and other assets	10
	3. Securities	11
	4. Cash on hand and bank balances	11
	5. Prepaid expenses	11
III.	Equity	12
	1. Subscribed capital	12
	2. Capital reserves	14
	3. Retained earnings	14
	4. Voting rights notification	14
IV.	Provisions	15
	1. Tax provisions	15
	2. Other provisions	16
V.	Liabilities	16
VI.	Contingent liabilities and other financial obligations	17
	1. Contingent liabilities	17
	2. Fisical unity	17
	3. Other financial obligations	17
VII.	Related party transactions	17

D.	Notes to the income statement	18
I.	Revenue	18
II.	Personnel expenses	18
III.	Write downs on financial assets	19
IV.	Income and expenses attributable to other accounting periods	19
E.	Other disclosures	20
I.	Management Board	20
	1. Members of the Management Board	20
	2. Remuneration of Managing Directors and the Management Board	20
II.	Supervisory Board	21
	1. Members of the Supervisory Board	21
	2. Remuneration of the Supervisory Board	21
III.	Number of employees	22
IV.	Group relationships	22
V.	Audit and consulting fees	22
VI.	Appropriation of the results of the current financial year	22
VII.	Subsequent event report	22
VIII.	Corporate Governance Report / Declaration of Conformity	23

A. General information on the financial statements

The annual financial statements as of December 31, 2019, of Rocket Internet SE have been prepared in accordance with statutory accounting provisions of the German Commercial Code (HGB) (HGB, section 242 et seq. and section 264 et seq.) and the supplementary regulations of the German Stock Corporation Act (AktG) in conjunction with Articles 61 EU-VO 2157/2011.

As of the reporting date, Rocket Internet SE is classified as a middle-sized corporation according to the size criteria set forth in section 267 (2) and (4) No. 1 HGB; as it is capital market oriented as defined by section 264d HGB, it always qualifies as a large Company regardless of the size criteria.

The structure of the balance sheet follows the provisions of section 266 HGB. The income statement has been prepared using the nature of expense method in accordance with section 275 (2) HGB.

The company is domiciled in Berlin and incorporated in the commercial register, Section B, maintained by the local civil Court Berlin-Charlottenburg, under No. 165662.

B. Summary of Accounting Policies and valuation methods

The accounting policies and valuation methods applied comply with German Commercial Code (HGB) provisions (sections 238 to 263 HGB and section 264 et seq.) as well as the special provisions of the AktG ["Aktiengesetz": German Stock Corporation Act]. In addition, the Company considered the supplementary requirements concerning the accounting policies and valuation methods to be applied by large corporations.

The accounting policies and valuation methods have not changed in comparison to the previous financial year.

Intangible assets

Internally generated intangible assets are accounted in accordance with the relevant capitalization option pursuant to section 248 (2) HGB. Internally generated intangible assets are capitalized at production costs and, if they have a limited life, are amortized over their useful lives. Scheduled amortization is carried out on a straight-line basis over the useful life of five years. A reversal of impairment losses is recognized when there is an indication that the reasons for write-downs recognized in previous years are no longer present.

Intangible assets acquired from third-parties are recognized at acquisition costs including incidental costs and are amortized if they have a limited life. Amortization is charged using the straight-line method over an economic useful life of three to ten years.

Property, plant and equipment

Property, plant and equipment are accounted at acquisition costs including incidental costs or production costs net of scheduled straight-line depreciation.

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

Advance payments and assets under construction are capitalized at acquisition costs or construction costs.

Tangible fixed assets with a value up to EUR 800 are fully written off in the year of acquisition.

Financial assets

Shares in subsidiaries, participations and securities are reported under financial assets and are accounted for at the lower of acquisition costs or fair value. A reversal of impairment losses is recognized when there is an indication that the reasons for write-downs recognized in previous years are no longer present.

Other long-term receivables

Other long-term receivables are generally recognized at nominal value. Impairments are recorded, if write-downs are required. A reversal of impairment losses is recognized when there is an indication that the reasons for write-downs recognized in previous years are no longer present.

Work in progress

Work in progress is measured at the production costs considering a loss-free valuation. The production costs include the minimum components as prescribed under section 255 (2) HGB and mainly relate to personnel expenses and expenses for external services.

Receivables and other assets

Receivables and other assets are stated at their nominal value. All items subject to risk are written off in full individually.

Derivative financial instrument

A non-exchange traded derivative financial instrument in the form of a forward exchange transaction with a total volume of TEUR 300,000 was used on 29 October 2019 to hedge against custodian fees from bank balances, which will end on 30 April 2020. The market value as of 31 December 2019 was TEUR 1,443 above the nominal amount. The valuation is carried out by discounting cash flows, considering yield curves in line with market conditions. The forward exchange transaction and the USD interest rate investment used as a hedging element were each combined into a valuation unit in the form of a micro hedge. The effectiveness was determined prospectively using the critical term match method. Thus, full effectiveness was determined. As a result, no provisions for anticipated losses from pending transactions had to be set up as of the balance sheet date. This economic hedging relationship was accounted for by forming a valuation unit and recorded under other assets. The freezing method is applied, whereby the offsetting changes in value from the hedged risk are not recognized in the balance sheet. The offsetting positive and negative changes in value are recorded without affecting the income statement.

Securities

Other securities are carried at accounted for at cost or at a lower value resulting from a stock exchange or market price.

Deferred taxes

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

Currency translation

Generally, assets and liabilities in a foreign currency are translated with the mid spot exchange rate at the balance sheet date. For items with a remaining life of more than one year, the realization principle according to section 252 (1) No. 4 sentence 2 HGB and the historical cost principle according to section 253 (1) sentence 1 HGB have been applied. In the profit and loss account, information regarding the foreign currency effects is presented separately in the other operating income and the other operating expenses. This contains realized and unrealized effects.

C. Notes to the Balance Sheet

I. Fixed Assets

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

1. Internally generated intangible assets

In the financial year, no development costs of internally generated intangible assets were capitalized (previous year EUR 0 thousand).

2. Securities held as fixed assets

In the case of securities held as fixed assets, a need to impairment requirement original values was identified, which was taken into account in the form of a write-off affecting net income in the amount of EUR 5,662 thousand (previous year EUR 0 thousand).

3. Other Receivables

In the case of other receivables, a need to impairment requirement original values was identified, which was taken into account in the form of a write-off affecting net income in the amount of EUR 906 thousand (previous year write-ups EUR -1,217 thousand).

4. List of Shareholdings

Rocket Internet SE directly holds at least 20% of the shares in the following companies, furthermore shareholdings of more than 5% of the voting rights are also included:

Company, location	Country	Shares (%)	Reporting Date	Equity (EUR thousand)	Annual result (EUR thousand)
Germany					
AEH New Africa eCommerce II GmbH, Berlin	DE	71.2%	Dec 31, 2019	24,183	835
Aitme GmbH, Berlin	DE	33.4%	Dec 31, 2019	1,234	-691
Bambino 53. V V GmbH, Berlin	DE	100%	Dec 31, 2019 ¹	783	-7
Bambino 107. V V UG (haftungsbeschränkt), Berlin	DE	100%	Dec 31, 2019 ¹	-39	-756
Brillant 3087. SE & Co. Verwaltungs KG, Berlin	DE	100%	Dec 31, 2019 ¹	470,228	-605,541
Brillant 3125. GmbH, Berlin	DE	100%	Dec 31, 2019 ¹	18	-7
CityDeal Management UG (haftungsbeschränkt), Berlin	DE	100%	Dec 31, 2019 ¹	-1	-3
CityDeal Management II UG (haftungsbeschränkt), Berlin	DE	100%	Dec 31, 2019 ¹	12	-5
EMA Emerging Markets GmbH, Berlin	DE	44.0%	Dec 31, 2019 ¹	62,119	54,293
European Founders Fund GmbH & Co. Beteiligungs KG Nr. 2, Berlin	DE	100%	Dec 31, 2019 ¹	3,601	3,059
European Founders Fund GmbH & Co. Beteiligungs KG Nr. 3, Berlin	DE	100%	Dec 31, 2019 ¹	2,355	-16
European Founders Fund Investment GmbH, Berlin	DE	100%	Dec 31, 2019 ¹	573	0
GFC Global Founders Capital GmbH, Berlin	DE	100%	Dec 31, 2019 ²	163,839	-3,262
HC Brillant Services GmbH, Berlin	DE	29.2%	Dec 31, 2019	n/a	n/a
International Rocket GmbH & Co. KG, Berlin	DE	100%	Dec 31, 2019	231,761	321,604
Jade 1085. GmbH, Berlin	DE	100%	Dec 31, 2019 ²	-60	-6
Jade 1158. GmbH i.L., Berlin	DE	100%	Dec 31, 2019 ²	33	-7
Jade 1231. GmbH i.L., Berlin	DE	100%	Dec 31, 2019 ¹	-543	-23
Jade 1238. GmbH i.L., Berlin	DE	73.7%	Dec 31, 2019 ¹	27	23
Jade 1265. GmbH i.L., Berlin	DE	90.1%	Dec 31, 2019 ¹	-518	-32
Jade 1366. GmbH i.L., Berlin	DE	86.7%	Dec 31, 2019 ¹	-589	-23
Jade 1371. GmbH i.L., Berlin	DE	100%	Dec 31, 2019 ¹	-44	-7
Juwel 156. V V UG (haftungsbeschränkt) i.L., Berlin	DE	100%	Dec 31, 2019 ¹	-499	-5
Kurfürst 1578 GmbH, Berlin	DE	80.0%	Dec 31, 2019	n/a	n/a
Kurfürst 1614 GmbH, München	DE	48.5%	Dec 31, 2019 ¹	-205	-230
Kurfürst 1624 GmbH, Berlin	DE	100%	Dec 31, 2019	n/a	n/a

Company, location	Country	Shares (%)	Reporting Date	Equity (EUR thousand)	Annual result (EUR thousand)
Kurfürst 1633 GmbH, Berlin	DE	48.5%	Dec 31, 2019 ¹	-156	-181
Lindentor 196. V V GmbH, Berlin	DE	44.0%	Dec 31, 2019 ¹	2,340	-3,395
Lindentor 226. V V GmbH, Berlin	DE	18.5%	Dec 31, 2019 ¹	57,043	-519
Lindentor 227. GmbH, Berlin	DE	100%	Dec 31, 2019 ¹	40	-3
MKC Brillant Services GmbH, Berlin	DE	65.0%	Dec 31, 2019 ¹	17,639	-2,849
RCKT GmbH & Co. KG, Berlin	DE	58.0%	Dec 31, 2019 ¹	1,612	-817
RCKT Management GmbH, Berlin	DE	100%	Dec 31, 2018 ¹	424	-55
Rocket Internet Munich GmbH, München	DE	100%	Dec 31, 2019 ¹	194	42
Rocket Middle East GmbH, Berlin	DE	100%	Dec 31, 2019 ¹	12	-1
R2 International Internet GmbH, Berlin	DE	59.2%	Dec 31, 2019 ¹	415	-10
Westwing Group AG, Berlin	DE	26.5%	Dec 31, 2018	253,214	-44,306
Zanui Holding GmbH, Berlin	DE	28.7%	Dec 31, 2019 ¹	1,297	-10,102
Foreign Countries					
Asia Internet Holding S.à r.l., Senningerberg, Luxembourg	LU	50,0%	Dec 31, 2019 ¹	50	16,004
Digital Services SG six Pte. Ltd., Singapur, Singapur	SGP	100%	Dec 31, 2019 ¹	-368	-368
Bluenest Pte. Ltd., Singapur, Singapur	SGP	100%	Dec 31, 2019 ¹	-265	-264
Convenience Food Group S.à r.l., Senningerberg, Luxembourg	LU	62,6%	Dec 31, 2019 ¹	23,541	-605
Digital Services Australia II Pty Ltd , Sydney, Australia	AUS	100%	Dec 31, 2019 ¹	-397	-392
Digital Services Australia III Pty Ltd , Barangaroo, Australia	AU	100%	Dec 31, 2019	n/a	n/a
Digital Services Australia IV Pty Ltd , Barangaroo, Australia	AU	100%	Dec 31, 2019 ¹	-224	-222
Digital Services Holding IV S.à r.l., Bertrange, Luxembourg	LU	100%	Dec 31, 2019 ¹	5,752	-79
Digital Services Italy S.r.l., Mailand, Italy	IT	77,9%	Dec 31, 2019 ¹	-507	-607
Digital Services Italy II S.r.l., Mailand, Italy	IT	87,6%	Dec 31, 2019	n/a	n/a
Digital Services LI S.à r.l. (in liquidation), Senningerberg, Luxembourg	LU	100%	Dec 31, 2019 ¹	15	0
Digital Services LIII S.à r.l., Senningerberg, Luxembourg	LU	100%	Dec 31, 2019 ¹	15	-13
Digital Services LIV S.à r.l., Senningerberg, Luxembourg	LU	69.8%	Dec 31, 2019 ¹	23	-60
Digital Services LV S.à r.l., Senningerberg, Luxembourg	LU	99.3%	Dec 31, 2019 ¹	-11,109	-9,514

Company, location	Country	Shares (%)	Reporting Date	Equity (EUR thousand)	Annual result (EUR thousand)
Digital Services XLIII S.à r.l., Senningerberg, Luxembourg	LU	100%	Dec 31, 2019 ¹	18	-65
Digital Services XLVII S.à r.l., Senningerberg, Luxembourg	LU	37.6%	Dec 31, 2019 ¹	42	-468
Digital Services XLIX S.à r.l., Senningerberg, Luxembourg	LU	100%	Dec 31, 2019 ¹	15	-10
Digital Services XXVIII S.à r.l., Senningerberg, Luxembourg	LU	43.7%	Dec 31, 2019 ¹	39	17
Digital Services SG five Pte. Ltd., Singapur, Singapur	SGP	100%	Dec 31, 2019 ¹	-378	-377
Digital Services SG four Pte. Ltd., Singapur, Singapur	SGP	100%	Dec 31, 2019 ¹	-315	-316
Digital Services SG one Pte. Ltd., Singapur, Singapur	SGP	100%	Dec 31, 2019 ¹	-195	-186
Digital Services SG two Pte. Ltd., Singapur, Singapur	SGP	100%	Dec 31, 2019 ¹	-208	-207
Ecommerce Pay Holding S.à r.l., Senningerberg, Luxembourg	LU	84.4%	Dec 31, 2019 ¹	36,200	24,436
Finverum Capital S.à r.l., Senningerberg, Luxembourg	LU	100%	Dec 31, 2019 ¹	-1,836	-98
Food Delivery Holding 23 S.à r.l., Senningerberg, Luxembourg	LU	100%	Dec 31, 2019 ¹	10	-38
Food Delivery Holding 27 S.à r.l., Senningerberg, Luxembourg	LU	100%	Dec 31, 2019 ¹	10	-38
Global Fin Tech Holding S.à r.l., Senningerberg, Luxembourg	LU	100%	Dec 31, 2019 ¹	850	-24,370
Global Growth Capital Advisors Limited, London, United Kingdom	UK	100%	Dec 31, 2019 ¹	-246	133
Global Growth Capital Fund I S.C.Sp., Luxembourg (City), Luxembourg	LU	66.7%	Dec 31, 2019	n/a	n/a
Global Growth Capital GP S.à r.l., Luxembourg (City), Luxembourg	LU	100%	Dec 31, 2019 ¹	14	1
Global Growth Capital Partners S.C.Sp., Senningerberg, Luxembourg	LU	100%	Dec 31, 2019	n/a	n/a
Global Growth Capital S.à r.l., Bertrange, Luxembourg	LU	100%	Dec 31, 2019 ¹	-7,736	-3,036
Helping Group Holding S.à r.l., Senningerberg, Luxembourg	LU	21.7%	Dec 31, 2019	n/a	n/a
Katoo Digital Services, S.L., Madrid, Spain	ESP	100%	Dec 31, 2019 ¹	-495	-496
Middle East Internet Holding S.à r.l., Senningerberg, Luxembourg	LU	50.0%	Dec 31, 2019 ¹	26	-3,102
RI Capital Advisors Ltd., London, United Kingdom	UK	100%	Dec 31, 2019 ¹	796	391
RideLink Global S.A., Senningerberg, Luxembourg	LU	81.5%	Dec 31, 2019 ¹	-55	-6

Company, location	Country	Shares (%)	Reporting Date	Equity (EUR thousand)	Annual result (EUR thousand)
Rocket Internet Capital Partners Founder II SCS, Luxembourg (City), Luxembourg	LU	99,0%	Dec 31, 2019 ¹	-9,470	-21,077
Rocket Internet Capital Partners Founder SCS, Luxembourg (City), Luxembourg	LU	75,0%	Dec 31, 2019 ¹	104,042	-3,479
Rocket Internet Capital Partners Lux II S.à r.l., Luxembourg (City), Luxembourg	LU	100%	Dec 31, 2019 ¹	253	9
Rocket Internet Capital Partners Lux S.à r.l., Luxembourg (City), Luxembourg	LU	100%	Dec 31, 2019 ¹	1,289	-19
Vaniday Global S.à r.l., Senningerberg, Luxembourg	LU	28,5%	Dec 31, 2019 ¹	60	-300

¹⁾ Preliminary results

²⁾ Results before result assumption

The disclosure of 25 subsidiaries and 5 associated companies which are in liquidation and for which it is certain that they will no longer be continued was waived.

II. Current assets

1. Inventories

Inventories amounting to EUR 311 thousand (previous year EUR 1,108 thousand) primarily comprise work in progress related to the development of websites and internet shops for future business models. Those costs mainly consist of personnel expenses as well as expenses for external services.

2. Receivables and other assets

Receivables and other assets at the balance sheet date are as follows:

	Dec 31, 2019 (EUR thousand)	Dec 31, 2018 (EUR thousand)
Trade receivables	985	131
- thereof due in more than one year	0	0
Receivables from affiliated companies	283,871	509,133
- thereof due in more than one year	0	0
Receivables from companies in which a participating interest is held	312,619	9,775
- thereof due in more than one year	0	0
Other receivables	311,027	18,671
- thereof due in more than one year	0	0

Receivables from affiliated companies in the amount of EUR 283,871 thousand (previous year EUR 509,133 thousand) contain receivables from distribution of profits EUR 176,749 thousand (previous year EUR 451,227 thousand), loan receivables of EUR 105,937 thousand (previous year EUR 56,750 thousand) as well as trade

receivables of EUR 1,185 thousand (previous year EUR 1,398 thousand). Individual write-downs were carried out in the amount of EUR 242 thousand (previous year EUR 243 thousand).

Receivables from companies in which a participating interest is held with an amount of EUR 312,619 thousand (previous year EUR 9,775 thousand) and primarily consist of loan receivables of EUR 311,210 thousand (previous year EUR 9,056 thousand), receivables from Atrium 122 European V V SE, Frankfurt am Main from profit and loss transfer agreements with an amount of EUR 844 thousand (previous year EUR 0 thousand) as well as of trade receivables of EUR 737 thousand (previous year EUR 945 thousand). Individual risks were accounted in the amount of EUR 172 thousand (previous year EUR 226 thousand).

Other receivables in the amount of EUR 311,027 thousand (previous year EUR 18,671 thousand) mainly contain the derivative financial instrument combined into one valuation unit in the amount of EUR 300,000, tax receivables (EUR 6,184 thousand; previous year EUR 7,505 thousand), loan receivables from third (EUR 2,663 thousand; previous year EUR 0 thousand), parties receivables from deposits (EUR 1,805 thousand; previous year EUR 1,805 thousand) as well as purchase price claims from participations sold (EUR 320 thousand; previous year EUR 8,604 thousand). Furthermore, a receivable from affiliated companies as a creditor with debit balances is included (EUR 54 thousand; previous year 102).

3. Securities

A need for impairment was identified for the securities, held as current assets, which took the form of an unscheduled write-off of EUR 149 thousand (previous year: EUR 115,201 thousand). Write-ups totalling TEUR 115,201 (previous year TEUR 0) were made when the securities were sold in the financial year.

4. Cash on hand and bank balances

Cash and cash equivalents in the amount of EUR 2,002,029 thousand (previous year EUR 1,028,113 thousand) relate to cash in hand and bank balances.

Cash balances with banks amounting to EUR 1,837 thousand (previous year EUR 1,351 thousand) are restricted deposits used as security for rental guarantees. Furthermore, cash and cash equivalents in the amount of EUR 347,851 thousand (previous year EUR 184,334 thousand) is restricted for pledges in relation to network companies.

5. Prepaid expenses

Prepaid expenses and deferred charges mainly include prepaid premiums on long-term insurance policies.

III. Equity

1. Subscribed capital

Share Capital

The subscribed capital of the company registered in the commercial register as of December 31, 2019 with an amount of EUR 150,767,294 (previous year EUR 152,514,398) was fully paid in. The registered share capital is divided into 150,767,294 no-par value bearer shares (shares without a nominal value).

By resolution of the Annual General Meeting on June 8, 2018, the share capital was reduced by EUR 1,747,104.00 to EUR 150,767,294.00 by withdrawing treasury shares. The capital reduction was implemented by virtue of entry in the Commercial Register dated October 21, 2019.

Within the scope of a public share buyback offer from December 10, 2019 to December 18, 2019, Rocket Internet SE acquired 15,076,675 no-par value treasury shares in the fiscal year. The notional value of the treasury shares amounts to EUR 15,076,675.00, which corresponds to 10.00% of the share capital at the beginning of the fiscal year or before the capital reduction. The treasury shares were openly deducted from the subscribed capital in accordance with § 272 (1a) HGB. The repurchased shares of Rocket Internet SE serves the share capital of Rocket Internet SE to be reduced accordingly.

Authority of the Management Board to issue new shares (Authorized Capital)

The Management Board was authorized, with the approval of the Supervisory Board, to increase the Company's share capital in the period until August 21, 2019 on one or more occasions by a total of up to EUR 15,012,592 by issuing up to 15,012,592 new no-par value bearer shares against cash or non-cash contributions (Authorized Capital 2014).

By resolution of the general meeting on June 2, 2017, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions in the period up to June 1, 2022 by a total of up to EUR 67,557,803 by issuing up to 67,557,803 new registered shares with a par value of EUR 1.00 each in return for cash or non-cash contributions (Authorized Capital 2017). Per at December 31, 2019, the remaining authorized capital amounts to EUR 67,557,803.

Conditional Capital

The Management Board was hereby authorized to increase the registered capital of the Company until August 21, 2019, with the consent of the Supervisory Board once or repeatedly, by up to a total of EUR 15,012,592 by the issuance of up to 15,012,592 new no-par value bearer shares against contributions in cash or in kind (Authorized Capital 2014). In principle, the shareholders are to be offered subscription rights. The new shares may be taken over by one or more banks with the obligation to offer them to the shareholders (so-called indirect subscription right). The subscription right of the shareholders is excluded for one or more capital increases in several circumstances specified in Art. 4 (3) of the Articles of the Association. The new shares shall bear the right to participate in the profits of the Company from the first day of the year in which they have been issued. The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the Supervisory Board's approval. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2014 or after the period for the utilization of the Authorized Capital 2014 has expired.

The share capital of the Company is conditionally increased by up to EUR 4,541,712 by issuance of up to 4,541,712 new registered no-par value shares (Conditional Capital 2014 / I). The Conditional Capital 2014 / I may only be used to fulfil the subscription rights which have been granted to the member of the Management

Board of the Company, Mr. Oliver Samwer, in connection with the Stock Option Program 2014 / I in accordance with the resolution of the general meeting on September 8, 2014. The conditional capital increase will only be implemented to the extent that such subscription rights have been or will be issued in accordance with the Stock Option Program 2014 / I as resolved by the general meeting on September 8, 2014, the holder of the subscription rights exercises his rights and the Company does not deliver treasury shares to satisfy the subscription rights, whereas the Supervisory Board shall be exclusively competent regarding the granting and settlement of subscription rights to the member of Management Board. The new no-par value shares participate in the profit from the beginning of the financial year for which at the time of the issue of the new shares no resolution of the general meeting on the application of the balance sheet profit was passed, to the extent legally and factually admissible.

The share capital of the Company is conditionally increased by up to EUR 6,005,113 by issuance of up to 6,005,113 new no-par value bearer shares (Conditional Capital 2014 / II). The Conditional Capital 2014 / II may only be used to fulfil the subscription rights which have been granted to members of the Management Board (except for Mr. Oliver Samwer) and employees of the Company as well as members of the management bodies and employees of companies affiliated with the Company in the meaning of Secs 15 et seq. AktG in connection with the Stock Option Program 2014 / II in accordance with the resolution of the general meeting on September 8, 2014, amended by the general meeting on June 2, 2017. The conditional capital increase will only be implemented to the extent that such subscription rights have been or will be issued in accordance with the Stock Option Program 2014 / II as resolved by the general meeting on September 8, 2014, the holders of the subscription rights exercise their rights and the Company does not deliver treasury shares to satisfy the subscription rights, whereas the Supervisory Board shall be exclusively competent regarding the granting and settlement of subscription rights to the members of Management Board. The new no-par value shares participate in the profit from the beginning of the financial year for which at the time of the issue of the new shares no resolution of the general meeting on the application of the balance sheet profit was passed, to the extent legally and factually admissible.

The basic capital will be conditionally increased by up to EUR 72,000,000 by the issue of up to 72,000,000 new bearer no-par value shares with profit entitlement (Conditional Capital 2015/2017). The conditional capital increase serves the granting of shares on the exercise of conversion or option rights or the fulfilment of conversion or option obligations to the bearer or creditor of conversion bonds, option bonds, profit rights and/or profit bonds (or a combination of these instruments) (hereinafter together "Bonds") issued on the basis of the authorizing resolution of the General Meeting of June 23, 2015 or the authorizing resolution of the General Meeting of June 2, 2017. The issue of new shares is based on the conversion or option price to be determined in accordance with the authorizing resolution of the General Meeting of June 23, 2015 or the authorizing resolution of the General Meeting of June 2, 2017. The conditional capital increase will only be implemented to the extent that the bearers or creditors of Bonds which are issued or guaranteed by the Company or company dependent on or directly or indirectly majority-owned by it on the basis of the above authorizing resolution of the General Meeting of June 23, 2015 or are issued or guaranteed on the basis of the authorizing resolution of the General Meeting of June 2, 2017, avail of their conversion or option right or satisfy the conversion or option obligations under such Bonds or to the extent the Company grants shares in the Company instead of paying the amount due and to the extent the conversion or option rights or conversion or option obligations are not serviced by the Company's own shares but by shares from Authorized Capital or other consideration. The new shares participate in the profit from the beginning of the financial year in which they are created and for all subsequent financial years. In deviation here from, the Management Board can, insofar as legally admissible, with the approval of the Supervisory Board, determine that the new shares participate in profit from the beginning of the financial year for which at the time of the exercise of the conversion or option rights, the fulfilment of the conversion or option obligations or the grant (of shares) instead of the amount of money due a resolution of the General Meeting as to the appropriation of the balance sheet profit has not yet been passed. The Management

Board is authorized to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend Art. 4 (6) and Art. 4 (1) and (2) of the Articles of Association in accordance with the claims in each case on the Conditional Capital and after the expiry of all option and conversion periods.

The Management Board is authorized with the consent of the Supervisory Board to increase the basic capital of the Company in the period up to June 1, 2022 by up to EUR 67,557,803 once or several times by the issue of up to 67,557,803 new bearer no-par value shares for cash and/or contributions in kind (Authorized Capital 2017). A subscription right is in principle to be granted to the shareholders. The shares can thereby be taken up according to Sec. 186 (5) Stock Corporation Act even by one or more financial institutions with the obligation to offer them to the shareholders of the Company (indirect subscription right). The Management Board is however authorized to exclude the subscription right of the shareholders with the approval of the Supervisory Board for one or more capital increases in several circumstances specified in Art. 4 (7) of the Articles of Association.

The Management Board is also authorized with the consent of the Supervisory Board to specify the additional content of the rights attached to the shares and the Conditions of the share issue. The Supervisory Board is authorized after the exhaustion of the Authorized Capital 2017 or after expiry of the period for the use of the Authorized Capital 2017, to amend the version of the Articles of Association accordingly.

2. Capital reserves

The capital reserves decreased by EUR 220,616 thousand, from EUR 2,479,447 thousand to EUR 2,258,831 thousand in the financial year.

Regarding the treasury shares which have been bought back, the residual amount between no-par value ordinary bearer shares and the purchase price in an amount of EUR 226,501 thousand is offset with the capital reserve.

In the financial year 2019, expenses in the amount of EUR 5,885 thousand (previous year EUR 481 thousand) arising from the equity-settled share-based compensation plans are recognized in the capital reserve.

3. Retained earnings

Regarding the treasury shares which have been bought back, a proportionate amount between no-par value ordinary bearer shares and the purchase price in an amount of EUR 82,570 thousand is offset with the retained earnings.

In the fiscal year, EUR 67,845,309.50 will be allocated to other revenue reserves in accordance with § 152 (3) No. 2 AktG up to half of the share capital existing on the balance sheet date.

4. Voting rights notification

Pursuant to Section 160 (1) No. 8 of the German Stock Corporation Act (AktG), information on the existence of a voting rights notification must be provided, which has been communicated to the company in accordance with Section 33 (1) of the German Securities Trading Act (WpHG).

Baillie Gifford & Co, Edinburgh, United Kingdom, notified us on October 7, 2019 pursuant to section 33 (1) WpHG that its percentage of voting rights in Rocket Internet SE, Berlin, exceeded the threshold of 5% on October 1, 2019 and amounted to 8.2% (equivalent to 12,508,199 voting rights) on that date. 5.13% of the voting rights are attributable to Baillie Gifford Overseas Limited, Edinburgh, United Kingdom, and 3.07% of the voting

rights are attributable to Baillie Gifford & Co, Edinburgh, United Kingdom, pursuant to section 34 (1) sentence 1 no. 6 WpHG.

On December 13, 2019, Oliver Samwer notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Rocket Internet SE, Berlin, exceeded the threshold of 5% on December 9, 2019 and amounted to 9.81% (equivalent to 14,791,182 voting rights) on that date. 3.11% of the voting rights was attributed to the authorized representative in accordance with section 34 (1) sentence 1 no. 6 WpHG and 6.7% of the voting rights was attributed to the authorized representative in accordance with section 38 (1) no. 2 WpHG.

Ralph Dommermuth notified us on December 27, 2019 pursuant to section 33 (1) WpHG that his percentage of voting rights in Rocket Internet SE, Berlin, fell below the threshold of 3% on December 27, 2019 and amounted to 1.63% (equivalent to 2,455,358 voting rights) on that date. The voting rights are attributed to United Internet AG, Montabaur and United Investments Holding AG & Co. KG, Montabaur pursuant to Section 34 Paragraph 1 Sentence 1 No. 6 WpHG.

On December 30, 2019, Oliver Samwer notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Rocket Internet SE, Berlin, fell below the threshold of 5% on December 20, 2019 and amounted to 4.74% (equivalent to 7,148,683 voting rights) on that date. 3.11% of the voting rights are attributable to the authorised representative in accordance with section 34 (1) sentence 1 no. 6 WpHG and 1.63% of the voting rights are attributable to the authorised representative in accordance with section 38 (1) no. 1 WpHG.

On December 30, 2019, Oliver Samwer notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Rocket Internet SE, Berlin changed on December 23, 2019 and amounted to 4.08% (equivalent to 6,148,683 voting rights) on that date. In accordance with section 34 (1) sentence 1 no. 6 WpHG, 2.45% of the voting rights was attributed to the authorised representative and 1.63% of the voting rights was attributed to the authorised representative in accordance with section 38 (1) no. 1 WpHG.

On December 30, 2019, Oliver Samwer notified us pursuant to section 33 (1) WpHG that his percentage of voting rights in Rocket Internet SE, Berlin, changed on December 30, 2019 and amounted to 4.08% (equivalent to 6,148,683 voting rights) on that date. 4.08% of the voting rights is to be attributed to the authorised representative pursuant to section 34 (1) sentence 1 no. 6 WpHG.

On January 3, 2020, Baillie Gifford & Co., Edinburgh, United Kingdom has notified us pursuant to section 33 (1) WpHG that its percentage of voting rights in Rocket Internet SE, Berlin changed on December 27, 2019 and amounted to 6.52% (equivalent to 9,825,391 voting rights) on that date. 4.4% is attributable to Baillie Gifford Overseas Limited, Edinburgh, United Kingdom, and a size of the voting rights not notified to us is attributable to Baillie Gifford & Co, Edinburgh, United Kingdom, pursuant to Section 34 paragraph 1 sentence 1 no. 6 WpHG.

IV. Provisions

1. Tax provisions

In the fiscal year, provisions of EUR 2,191 thousand were formed due to the tax result of the financial year and considering any tax receivables. As part of a pending tax audit, a pro rata tax provision of EUR 1,270 thousand was formed for previous years for reasons of prudence. An adequate tax claims for this already exist from previous years, considering existing tax receivables. A provision for previous years in the amount of EUR 971 thousand (previous year EUR 2,099 thousand) was formed.

2. Other provisions

Other provisions are current and mainly include provisions for compensation obligations in the amount of TEUR 6,585 (previous year TEUR 4,061) and provisions for outstanding trade payables (TEUR 1,922; previous year TEUR 1,936).

V. Liabilities

The composition of the liabilities and their remaining contractual maturities are shown in the following schedule:

	Dec 31, 2019 (EUR thousand)	Dec 31, 2018 (EUR thousand)
Trade liabilities	1,033	625
- thereof due in more than one year	0	0
- thereof due within one year	1,033	625
Liabilities to subsidiaries	8,021	8,169
- thereof due in more than one year	0	0
- thereof due within one year	8,021	8,169
Liabilities to companies in which a participation is held	145,215	65
- thereof due in more than one year	0	0
- thereof due within one year	145,215	65
Other liabilities	10,576	10,960
- thereof due in more than five years	8,870	9,393
- thereof due in more than one year	8,870	9,393
- thereof due within one year	1,706	1,567

The increase in trade payables is mainly due to maturities that lie after the balance sheet date.

Liabilities to affiliated companies in the amount of EUR 8,021 thousand (previous year EUR 8,169 thousand) result primarily from a loan liability to the subsidiary International Rocket GmbH & Co. KG, Berlin in the amount of TEUR 4,500 (previous year: TEUR 0) and from the profit and loss transfer agreement with the subsidiary GFC Global Founders Capital GmbH, Berlin in the amount of TEUR 3,262 (previous year TEUR 7,975).

The liabilities to companies in which an investment is held, amounting to EUR 145,215,000 (previous year EUR 65,000), result primarily from a loan liability to the subsidiary Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1 in the amount of EUR 134,000 thousand. (previous year TEUR 0), Atrium 122 Europäische VV SE, Frankfurt am Main in the amount of TEUR 11,500 (previous year TEUR 0) and liabilities to Bambino 106. VV UG (haftungsbeschränkt), Berlin from existing profit and loss transfer agreements in the amount of TEUR 0.1 (previous year TEUR 0.1).

The other liabilities include financing advantages from a rental agreement. Rocket Internet SE always has to be able to meet the related financial obligations .

VI. Contingent liabilities and other financial obligations

1. Contingent liabilities

As of December 31, 2019, there are unaccounted contingent liabilities according to section 251 HGB.

With the close of the Internet Capital Partners Fund, Rocket Internet SE pledged EUR 327,846 thousand as of December 31, 2019 (previous year EUR 184,334 thousand). This guarantee represents only a very remote risk, because the limited partners of the Fund are obligated to pay the capital calls by the limited partnership agreement.

For Global Growth Capital GP S.à r.l., Luxembourg, collateral was issued in 2019 as part of the hedging for foreign currency transactions. As of December 31, 2019, this collateral amounted to EUR 20,005 thousand (previous year EUR 0 thousand). The risk of the granted guarantee being called upon is considered extremely low, as the underlying transactions in the form of loans issued can be classified as secure.

The rent-obligations for the long-term-contract of the Berlin-Office are secured with a deposit of EUR 1,805 thousand (previous year EUR 1,805 thousand).

2. Fiscal unity

Since January 01, 2018, Rocket Internet SE has been the controlling company for corporate and trade tax purposes for its subsidiaries Atrium 122, Europäische V V SE, Frankfurt am Main, Bambino 106, V V UG (haftungsbeschränkt), Berlin and GFC Global Founders Capital GmbH, Berlin.

3. Other financial obligations

As of December 31, 2019, other financial obligations of EUR 188,727 thousand are attributable to the following items:

	Up to 1 year (EUR thousand)	1 – 5 years (EUR thousand)	> 5 years (EUR thousand)	Total (EUR thousand)
Rents and similar obligations	6,865	26,072	39,330	72,267
Outstanding investment and capital contribution obligations	123,190	0	0	123,190
Loan commitments	188	0	0	188
Total	130,243	26,072	39,330	195,645

The short-term outstanding investment, capital contribution obligations as well as loan commitments relate to associated companies.

VII. Related party transactions

Related parties are shareholders with significant influence on Rocket Internet SE, associated companies, non-consolidated subsidiaries, and individuals that exercise significant influence on the financial and business policy of Rocket Internet SE. Persons that exercise significant influence on Rocket Internet SE financial and business policy comprise all individuals in key positions and their close family members. The latter are Rocket Internet SE members of the management board and the supervisory board of the parent company. No transactions at unusual market terms were conducted with related parties in the financial year 2019.

D. Notes to the income statement

I. Revenue

The following chart shows the composition of revenue by type of services and by region:

	Dec 31, 2019 (EUR thousand)	Dec 31, 2018 (EUR thousand)
Revenue per type of services:		
- Rental income	9,162	6,493
- Consulting services	6,300	6,351
- Benefits in Kind	2,100	1,841
- Software licenses	150	0
- Infrastructure services	0	84
Total	17,712	14,769
Revenue per region:		
- Germany	11,988	10,390
- Other EU countries	5,233	4,062
- Asia	183	23
- Australia / Oceania	80	15
- Africa	40	12
- South America	0	2
- Rest of the World	187	265
Total	17,712	14,769

II. Personnel expenses

Permanent impairments led to write-offs of loan receivables and interest receivables in the amount of TEUR 5,868 (previous year TEUR 18,558).

III. Write downs on financial assets

Permanent impairments caused write-downs of financial assets amounting to EUR 701,367 thousand (previous year EUR 5,045 thousand). The impairments are mainly related to the following companies:

	Type of impairment	Dec 31, 2019 (EUR thousand)	Dec 31, 2018 (EUR thousand)
Brilant 3087 GmbH & Co. KG, Berlin	lower fair value	605,446	
Global Fashion Group, Berlin	lower fair value	70,264	
home 24 SE, Berlin	lower fair value	12,310	
Westwing Group AG, Munich	lower fair value	5,662	
Global Fintech S.à r.l., Luxembourg ¹⁾	complete write-off	4,382	
Bambino 107. VV UG, Berlin ¹⁾	complete write-off	718	
Laundrapp Limited	complete write-off	469	
Vaniday Global S.à r.l. ¹⁾	complete write-off	436	
Zanui Holding GmbH, Berlin	complete write-off	423	
Digital Services XL S.à r.l., Luxembourg ¹⁾	complete write-off		3,197
Digital Services LIV S.à r.l., Luxembourg ¹⁾	complete write-off		575
launchcircle GmbH, Berlin ¹⁾	complete write-off		254
Piccolo 22. UG limited liability, Berlin ¹⁾	complete write-off		190
Lindentor 226 VV GmbH, Berlin ¹⁾	complete write-off		166
Digital Guardian Services S.à r.l., Luxembourg ¹⁾	complete write-off		160
Digital Services LI S.à r.l. , Luxembourg ¹⁾	complete write-off		90
Summe		701,367	4,632

1) The impairment up to a reminder value of EUR 1 is carried out if an existing business model is assessed as no longer sustainable by the members of management board.

IV. Income and expenses attributable to other accounting periods

Income unrelated to the accounting period amounted to TEUR 178 (previous year TEUR 0) and mainly relates to services not rendered under the lease (TEUR 162).

Expenses unrelated to the accounting period were incurred in the amount of TEUR 0 (previous year TEUR 3). In the previous year, these mainly related to delayed services received (EUR 3 thousand).

E. Other disclosures

I. Management Board

1. Members of the Management Board

The following members were elected into the Management Board:

Name	Position
Oliver Samwer	Chief Executive Officer (CEO)
Alexander Kudlich	Group Managing Director (until March 15th, 2020)

Regarding to the changes in the Management Board in March 2020, we refer to the supplementary report.

2. Remuneration of Managing Directors and the Management Board

The following tables show the remuneration of the Management Board in accordance with the requirements of section 285 (9) of the HGB. In particular, the remuneration in the fiscal year for fixed remuneration, fringe benefits, benefits in kind, one-year variable remuneration and multi-year variable remuneration by reference year as well as pension expenses are shown. The expense for share-based compensation relates to both the compensation granted in the current fiscal year and that granted in previous years, which was recognized as an expense in the separate financial statements in fiscal years 2019 and 2018. For information on the individualized remuneration of the Board of Management in accordance with Section 162 of the German Stock Corporation Act (AktG), please refer to the disclosures in the Management Report.

In TEUR	Total 2019	Total 2018
Fixed compensation ^{*)}	964	1.565
Additional services ^{*)}	41	51
Payments in kind (in 2019 expenses, in 2018 income from reversal)	6.835	-3.322
One-year variable remuneration	-	-
Total Short-term benefits	7.840	-1.706
Multi-year variable remuneration (share-based remuneration)	4.008	3.751
utility expenses	-	-
Expenses in the reporting period - total amount	11.848	2.045

^{*)} Inflow in the financial year

II. Supervisory Board

1. Members of the Supervisory Board

As of December 31, 2019, the Supervisory Board of Rocket Internet SE consists of the following members:

Name	Position	Member since	Mandates to sec. 125 (1) Sentence 5 AktG
Prof. Dr. Marcus Englert Chairman	Managing Director of Texas Atlantic Partners GmbH, Munich	August 22, 2014	Other Supervisory Boards: -Zattoo International AG, Zurich (Member)(Member) -Sunweb Group B.V., Rotterdam (Member) (Member) -European Directories Midco S.à r.l., Luxembourg (Chairman) - Sixt Leasing AG, Pullach (Vice-Chairman) Other Executive Boards: - iBrothers Capital GmbH, Munich (Director) -Pine Hill Capital Europe GmbH & Co. KG, Munich (Shareholder) - Pine Hill Capital LP (Shareholder)
Prof. Dr. Joachim Schindler Vice-chairman,	Chartered Auditor and Tax-Advisor	June 23, 2015	Other Executive Boards: - Zoologischer Garten Berlin AG, Berlin (Member) - CORE SE, Berlin (Chairman of the Supervisory Board) - Salzgitter AG, Salzgitter (Member)
Norbert Lang	Management-Consultant	June 23, 2015	Other Supervisory Board: - 1&1 Drillisch AG, Maintal, (Member) - 1&1 Telecommunication SE, Montabaur (Member)
Pierre Louette	Chief Executive Officer (CEO), Les Echos Le Parisien Group, LVMH	June 09, 2016	Other Executive Boards: Réunion des Musées Nationaux, Paris (Member) Alliance Gravity Data Média, S.A.S, Paris (President) Other Supervisory Board: Les Échos Le parisien Group, LVMH (Chairman und CEO)

2. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board for the 2019 financial year amounts to TEUR 300 (previous year TEUR 289). In addition, the members of the Supervisory Board claimed expense reimbursements for travel expenses of TEUR 20 (previous year: TEUR 33), which arose from the exercise of their office at Rocket Internet SE.

For information on the individualized Supervisory Board compensation pursuant to § 162 AktG, please refer to the information provided in the Management Report.

III. Number of employees

Rocket Internet SE employed a total of 96 employees at the balance sheet date (prior year 169). The average number of employees according to section 267 (5) HGB was as follows:

	Dec 31, 2019	Average 2019
White-collar staff	95	108
Apprentices	1	1
Total	96	109

IV. Group relationships

As the ultimate parent company, Rocket Internet SE, Berlin, prepares consolidated financial statements for the financial year from January 1 to December 31, 2019, in accordance with section 290 (1) HGB. The consolidated annual financial statements are published in the electronic Federal Gazette (Bundesanzeiger).

V. Audit and consulting fees

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

VI. Appropriation of the results of the current financial year

Supervisory Board and Management Board propose to carry forward in full the unappropriated retained earnings as of December 31, 2019, of EUR 1,566,854,284.08 to new account.

VII. Subsequent event report

The following significant events and developments occurred after the balance sheet date that had a significant impact on the net assets, financial position and results of operations:

On January 30, 2020, Rocket Internet announced the cancellation of 13,504,335 treasury shares. The Company's share capital was thus reduced by EUR 13,504,335 from EUR 150,767,294 to EUR 137,262,959.

On March 2, 2020, Rocket Internet announced changes in the Management Board. The Supervisory Board appointed Soheil Mirpour as a member of the Management Board with effect from March 1, 2020. Management Board member Alexander Kudlich has informed the Supervisory Board that he will not extend his Management Board mandate, which ends on March 15, 2020.

We assume that the new coronavirus (COVID-19) will have a negative impact on the earnings situation of the Company and the Group in the forecast period 2020. However, the extent and duration of such effects in the longer term remain largely uncertain and depend on future developments that cannot be predicted accurately.

at this time. This concerns the severity and transmission rate of the coronavirus, the extent and effectiveness of the containment measures taken, including mobility restrictions, and the impact of these and other factors on the economy.

VIII. Corporate Governance Report / Declaration of Conformity

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

Berlin, March 31, 2019

Rocket Internet SE
The Management Board

Oliver Samwer

Soheil Mirpour

Rocket Internet SE, Berlin - Appendix to the notes
Development of the fixed assets in 2019

	Acquisition and manufacturing cost					Accumulated amortization, depreciation and write downs					Net book values		
	January 1, 2019 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	December 31, 2019 EUR	January 1, 2019 EUR	Additions EUR	Disposals EUR	Write ups	Reclassifications EUR	December 31, 2019 EUR	December 31, 2019 EUR	December 31, 2018 EUR
I. Intangible assets													
1. Internally generated industrial and similar rights and assets	2,542,205.25	0.00	0.00	0.00	2,542,205.25	2,542,201.25	0.00	0.00	0.00	0.00	2,542,201.25	4.00	4.00
2. Purchased concessions, industrial property rights and similar rights and assets and licences in such rights and assets	731,479.73	687.50	0.00	0.00	732,167.23	281,476.45	417,383.27	0.00	0.00	0.00	698,859.72	33,307.51	450,003.28
	3,273,684.98	687.50	0.00	0.00	3,274,372.48	2,823,677.70	417,383.27	0.00	0.00	0.00	3,241,060.97	33,311.51	450,007.28
II. Property, plant and equipment													
1. Other equipment, operating and business equipment	4,417,791.86	1,052,545.52	59,533.26	612,277.66	6,023,081.78	1,915,587.02	894,813.83	43,506.44	0.00	0.00	2,766,894.41	3,256,187.37	2,502,204.84
2. Advanced payments	26,540.27	585,737.39	0.00	-612,277.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,540.27
	4,444,332.13	1,638,282.91	59,533.26	0.00	6,023,081.78	1,915,587.02	894,813.83	43,506.44	0.00	0.00	2,766,894.41	3,256,187.37	2,528,745.11
III. Financial assets													
1. Investments in subsidiaries	889,037,894.09	1,616,725,995.85	916,723,717.68	1,128,311.02	1,590,168,483.28	7,988,846.25	610,808,457.07	715,071.01	31,349.01	0.00	618,050,883.30	972,117,599.98	881,049,047.84
2. Investments in companies in which a participating interest is held	411,917,533.10	57,886,490.47	246,100,080.52	-1,128,311.02	222,575,632.03	16,597,870.10	83,990,112.90	0.00	5,811,368.66	0.00	94,776,614.34	127,799,017.69	395,319,663.00
3. Securities held as fixed assets	2,121,355.40	80,203,695.30	9,089,580.07	0.00	73,235,470.63	1,596,066.34	5,662,327.60	0.00	0.00	0.00	7,258,393.94	65,977,076.69	525,289.06
4. Other Receivables	8,692,000.00	9,001,043.01	0.00	0.00	17,693,043.01	4,632,000.00	906,311.02	0.00	0.00	0.00	5,538,311.02	12,154,731.99	4,060,000.00
	1,311,768,782.59	1,763,817,224.63	1,171,913,378.27	0.00	1,903,672,628.95	30,814,782.69	701,367,208.59	715,071.01	5,842,717.67	0.00	725,624,202.60	1,178,048,426.35	1,280,953,999.90
	1,319,486,799.70	1,765,456,195.04	1,171,972,911.53	0.00	1,912,970,083.21	35,554,047.41	702,679,405.69	758,577.45	5,842,717.67	0.00	731,632,157.98	1,181,337,925.23	1,283,932,752.29

ROCKET INTERNET

Management Report for the Parent Company and the Group 2019

Rocket Internet SE, Berlin

Content

1.	Fundamentals of the Company and the Group	3
	Business Model	3
	Research and Development	7
2.	Performance System	8
	Most Significant Performance Indicators	8
	Auxiliary Performance Indicators	9
3.	Economic Report	9
	General Economic Conditions	9
	Industry-Specific Conditions	10
	Course of Business	14
	Rocket Internet Share and Share Capital Structure	17
	Position of the Group	19
	Position of the Company	27
4.	Forecast Report, Report of Opportunities and Risks	30
	Forecast Report	30
	Risk Report	32
	Opportunities Report	40
5.	Risk Report Concerning the Use of Financial Instruments	42
6.	Internal Control and Risk Management System for Financial Reporting	42
7.	Explanatory Report by the Management Board	43
8.	Remuneration Report	47
	Remuneration of the Management Board	47
	Remuneration of the Supervisory Board	53
9.	Dependent Company Report	54
10.	Corporate Governance Statement	54

1. Fundamentals of the Company and the Group

Business Model

General Information

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

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

Subsidiaries, associated companies, joint ventures as well as the other companies in which the Group holds non-current equity interests are summarized as “network companies“.

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

This report combines the Group management report of the Rocket Internet Group and the management report of Rocket Internet SE. It should be read in conjunction with the consolidated financial statements and the annual financial statements, including the notes to the financial statements. The consolidated financial statements and the annual financial statements have been prepared based on a number of assumptions and accounting policies explained in greater detail in the respective notes. The consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. The annual financial statements of Rocket Internet SE were prepared in accordance with the German Commercial Code (HGB).

The combined management report contains forward-looking statements about the business, financial condition and earnings performance. These statements are based on assumptions and projections which are based on currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected. Beyond disclosure requirements stipulated by law, Rocket Internet SE does not undertake any obligation to update forward-looking statements.

The combined management report for the financial year 2019 is presented in Euro (EUR), the functional currency of Rocket Internet SE. 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 is January 1 to December 31, 2019.

Business Activities

The core of Rocket Internet's business strategy is to identify and design Internet business ideas from which Internet-based businesses are incubated and developed operationally to market leadership and to create a global, mutually reinforcing network of Internet companies as well as a leading global company for Internet-based business models.

We are looking for Internet-based business models that leverage technology to address basic needs of both consumers and companies, and that achieve over time significant scale, attractive levels of profitability and market leading positions. As an operating company in the area of Internet-based business models, our business strategy is focused on consolidating and steadily expanding our position as a global company for Internet-based business models primarily outside China. Rocket Internet pursues this goal through the conception and ongoing development of new business ideas, which are implemented primarily by self-founded subsidiaries. What differentiates us from other companies is our operational expertise, which allows us to both establish new business models as well as to operationally support companies.

In particular, we support companies as they scale by providing deep functional expertise, proprietary technology solutions and access to an extensive ecosystem of global network companies and partners. This blend of ideas, incubation and operational development provides a competitive advantage to our companies and increases their probability of success. We have significant capital available, enabling us to support companies over the full lifecycle of their development.

The functional experts of our network cover the wide range of technology companies including key areas such as product, engineering, customer acquisition, logistics, operations and internationalization. This enables our companies to develop market leading positions in a shorter period of time. During the foundation and the lifecycle of incubated companies, Rocket Internet is responsible for the launch of the business activities as well as the development of the companies, e.g. Rocket Internet recruits personnel for the companies, develops with its own IT-experts suitable software for the respective business models, manages customer acquisition and sales channels and, if required, sets up operations as well as logistics structures.

Rocket Internet has offices, industry experience and operational know-how around the globe. Our global network helps companies achieve economies of scale and synergies, and our people in target markets worldwide have deep local expertise (e.g. operations and logistics), thus reducing marginal costs for building new companies. Under certain circumstances, growth and a strong market position are more important to us than achieving profitability in the short-term. Since our strategy is focused on high absolute value creation, we understand that it will take several years of development to scale companies and have them reach profitability.

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

Through the identification and incubation of Internet-based business models as well as their operational development and strategic investments, Rocket Internet pursues the business strategy of building a global network of different Internet-based companies and different business models. Each individual company of the network should be directly or indirectly connected and complement each other in such a way that each additional part of the network promotes the strength of the network in many possible dimensions, e.g. through economies of scale, cooperation or know-how effects, which in turn have a positive direct or indirect effect on the other companies of the network. The larger and more global the network, the more successful the network and thus Rocket Internet will be which in turn will bring Rocket Internet closer to its goal of building a leading global operational company for Internet-based business models. The occasional sale of participations exclusively

pursues strategic reasons, if e.g. certain network companies cannot achieve market leadership in their market segment or are not able to maintain market leadership in the long term due to competition or other changes.

Rocket Internet's business model is highly cyclical. New Internet business models do not emerge at regular intervals, but depend on many factors, i.a. on the innovation and creativity of Rocket Internet's employees and the company in general as well as on the general competitive environment of the Internet-based business model market and general economic development. These diverse factors are naturally subject to very strong fluctuations.

New Businesses

Rocket Internet identifies and develops Internet-based business models, incubates Internet companies from them and further develops them operationally with the goal of market leadership. Therefore, Rocket Internet owns stakes in companies at varying maturity stages, ranging from recently launched models to companies that are in the process of establishing market leadership positions or still expanding their geographic reach. The majority of these network companies was incubated by the Group. Complementary to the business strategy, Rocket Internet provides loans to start-up companies (FinTech loans) in order to realize know-how advantages and strategic network advantages. In the second half of 2019, the Group acquired two mixed-used (residential and commercial) properties that are rented.

GFC Investments

Besides founding new companies ourselves, we also provide operational support and invest strategically in complementary existing companies in order to expand the global network of Internet companies, find new business ideas for foundings and benefit from economies of scale, cooperations as well as know-how advantages for our own foundings. GFC investments are complementary to the core of the Rocket Internet strategy and thus support Rocket Internet's strategy to identify and design Internet business ideas from which Internet-based businesses are incubated and developed operationally to market leadership and to create a leading global company for Internet-based business models. Each additional part of the network increases the strength of the network in many possible dimensions, e.g. through economies of scale, cooperation or know-how effects, which in turn have a positive effect, directly or indirectly, on the other companies in the network. The larger and more global the network, the more successful the network and thus Rocket Internet will be and the closer it will come to achieving its business strategy. These activities of the Rocket Internet Group are conducted by Global Founders Capital (GFC Investments).

Services

Furthermore, Rocket Internet renders a variety of services, such as IT and software engineering, product design, online marketing, commercial consulting, letting of office space and other services, both for network companies and for third parties. Particularly in the early stage, Rocket Internet is responsible for the strategic leadership and operational and tactical implementation of the business plans of its subsidiaries, associates and joint ventures.

Rocket Internet has created the Rocket Internet platform to systematize the process of identifying business ideas as well as building and scaling Internet companies around the world. The goal is to identify commonalities within different business models and leverage these via a platform approach to optimize the building and scaling process.

Legal Structure of the Group/Locations

The core of Rocket Internet's business strategy remains to identify and design Internet business ideas from which Internet-based businesses are incubated and developed operationally to market leadership and to create a leading global company for Internet-based business models in the long term. While Rocket Internet as well as some of its subsidiaries focus on operational development and support by providing services along the different functional areas of an Internet and technology business and on letting of office spaces for network companies in connection with the strategic and operational business strategy of Rocket Internet to incubate and develop network companies, the operational business (B2C, B2B) is carried out exclusively by Rocket Internet's subsidiaries, associates and joint ventures under the umbrella of specifically created consumer brands. In addition, in its role as the Group holding, Rocket Internet fulfils central functions.

If Rocket Internet founds a company itself, Rocket Internet has usually control over this entity in the beginning, with some of the shares set aside for equity participations of the management of the respective network company. In subsequent financing rounds, the companies attract the equity financing necessary to expand their business from Rocket Internet and other external investors. The external equity financing is provided by strategic partners and other strategic and financial investors. These investments are made either directly into the company or indirectly into an intermediate holding company. The Group accounts for network companies as associated companies/joint ventures at equity or as other investments at fair value 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.

As of December 31, 2019, Rocket Internet Group included 78 (previous year 66) fully consolidated companies (including intermediary holdings), of which 47 (previous year 40) companies were located outside of Germany. In addition, Rocket Internet Group held investments in 42 associated companies and joint ventures (thereof 7 in liquidation; previous year 42, thereof 7 in liquidation). Please refer to note 1 "Corporate and Group Information" in the notes to the consolidated financial statements for further information about the development of the consolidated Group and of the associated companies and joint ventures. The list of Group shareholdings is presented in the notes to the consolidated financial statements.

Group's investments in other complementary companies

The Group has designated certain associated companies and other equity investments with ownership percentages¹ below 20% as financial assets at fair value through profit or loss. These equity investments that complement the business strategy of Rocket Internet are held as GFC Investment and are operated and measured on the basis of fair values in accordance with the risk management and investment strategies. Rocket Internet is acting as an investor (within the meaning of IAS 28.18) and the Group is less involved in the strategic leadership and tactical implementation of the business plans of such companies. Particularly this category includes the numerous shareholdings in several Internet and technology companies that complement the business strategy. In this way a global network of Internet companies is built, new business ideas for incubations are identified and scale and know-how advantages for own incubations are realized. GFC investments are complementary to the core of Rocket Internet's business strategy and thus support Rocket Internet's strategy to identify and design Internet business ideas from which Internet-based businesses are incubated and developed operationally to market leadership and to create a leading global company for Internet-based business models in the long term.

¹ All participation quotas for the network companies shown in the financial statements are based on the Group's ownership calculated pursuant to the respective accounting rules (e.g. reflecting the transaction closing dates, dates of change in control, considering trust shares allocated to the Group, excluding stakes indirectly held via RICP and 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.

Brands of the Company Network

The following illustration shows a selection of the most important brands used during 2019 financial year by network companies (Jumia was disposed in the first quarter of 2020):

Public companies		
Home & Living	Fashion	General Merchandise
		

Research and Development

In order to achieve its business strategy, i.e. to identify and design Internet business ideas from which Internet-based businesses are incubated and developed operationally to market leadership, Rocket Internet has developed proprietary technology that provides the network companies with standardized solutions for a range of Internet business models. The modular framework is built to serve the needs of our businesses as it can be adapted to the specific requirements of individual companies and different markets. While stand-alone companies have to develop their technology from scratch, the companies in the Rocket Internet network have access to a field tested framework, which allows our entrepreneurs to focus on their core business models.

The network companies, supported by a central strategic product development function, optimize the existing offerings and establish innovative products in the market. Most importantly, this means that the offering spectrum is expanded continuously through innovations.

In its core business, the Group constantly develops new products for the needs of its customers. New developments are subject to user tests on a timely basis. Their experience flows, in turn, into the product optimization.

The entire industry is transitioning from classic desktop-Internet companies to mobile-first and even mobile-only, which requires the development of new products. Mobile people increasingly do their research and make choices on their way from one place to another. Smartphones and tablets are more and more replacing the home desktop PC. Further, new device classes are being added, such as Internet-capable TV sets, smart watches and smart-home applications. The Group is committed to support its network companies in delivering products and rendering services to all relevant digital devices.

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

A large part of the IT staff not only works to ensure business continuity, but also to further develop the IT solutions that Rocket Internet provides to its network companies. In research and development, Rocket Internet attaches particular importance to providing network companies with technologies that can be scaled and adapted to the individual needs of the particular company. In addition, the change towards the increased use of mobile applications is also covered technologically.

The total expense of the Group in the IT area amounts to EUR 2.7 million (previous year: EUR 4.6 million). This corresponds to 4% of Group revenue in 2019 (previous year: 10%).

In 2019, as in the previous year no development expenses were capitalized in the consolidated financial statements as well as in the annual financial statements of Rocket Internet SE. The amount of research expenses was insignificant.

2. Performance System

In line with our strategy, we have designed our internal performance system, and defined appropriate performance indicators. The performance system involves the consolidated network companies as well as the non-consolidated network companies. We differentiate between financial and non-financial performance indicators in measuring our success in implementing our strategy. These indicators are, or can be, so-called non-GAAP financial measures. Other companies, which use financial measures with a similar designation, may define them differently.

Most Significant Performance Indicators

Our most significant performance indicators are unchanged from the previous year.

Revenue

We aim to achieve sustainable market positions in the markets and sectors we enter. Profitable growth of revenues (as reported in the income statement) is an important factor for the long-term increase in corporate value.

EBITDA

The Group aims to make its network companies, depending on the type of business model, profitable within six to nine years after their launch. Rocket Internet primarily measures the profitability of its businesses on the basis of EBITDA (operating result). We define EBITDA as result before financial result, income taxes, depreciation, amortization and impairment. At Group level EBITDA comprises the result from deconsolidation of subsidiaries and the share of profit/loss from associates and joint ventures.

EBITDA margin

The EBITDA margin of network companies is defined as EBITDA divided by revenue.

Cash position

Sustained development of revenues and earnings is supported by a solid cash position. Rocket Internet provides companies with the financial means to start up, develop and grow their operations. Typically, the network companies are funded through a mix of capital from Rocket Internet and third-party capital. As capital is a key component of growing companies, we strive for a solid financial position. Our primary measure for monitoring and controlling our cash position is the balance sheet line item cash and cash equivalents. The cash position includes, in addition to short-term bank balances, highly liquid listed shares which are easily convertible into cash.

Auxiliary Performance Indicators

In addition to the above-stated most significant performance indicators, the Group uses various auxiliary indicators in order to measure the economic success of business activities. For an assessment of the revenue potential of the companies, performance indicators such as GMV (gross merchandise value), number of orders, number of transactions, number of customers, number of active customers, number of homepage visitors or lettable area and vacancy rate are used. In the area of eCommerce for instance, Rocket Internet analyzes the turnover ratios of the operational net current assets, return rates in eCommerce and the quality of operational procedures in order to ensure the timely and correct shipping and invoicing of the ordered merchandise as part of the monitoring of operations.

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

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

The Group presents the selected performance indicators for the major network companies on a quarterly basis on the website of the parent Company.

3. Economic Report

General Economic Conditions

According to the "Global Economic Prospects Report" of the World Bank Group published in January 2020, global growth weakened to an estimated 2.4% in 2019 - the lowest rate of expansion since the global financial crisis in 2008. Worldwide growth decelerated markedly in 2019, with continued weakness in global trade and investment. This weakness was widespread, affecting both advanced economies - particularly the Euro Area - and emerging market and developing economies (EMDEs). Various key indicators of economic activity declined in parallel, approaching their lowest levels since the global financial crisis. In particular, global trade in goods was in contraction for a significant part of 2019, and manufacturing activity slowed markedly over the course of the year. To a lesser extent, services activity also moderated. A broad range of economies have experienced feeble growth, with close to 90% of advanced economies and 60% of EMDEs going through varying degrees of deceleration in 2019. The rising trade disputes between United States and China have heightened policy uncertainty and weighed on international trade, confidence and investment. As a result of the increase of tariffs between the two countries over the past couple of years, a substantially higher share of world trade has become subject to protectionist measures. Financial market sentiment improved appreciably toward the end of 2019 along with the alleviation of trade tensions. That said, it had been fragile for most of 2019. Concerns about growth prospects triggered widespread monetary policy easing by major central banks, as well as flight to safety flows into advanced-economy bond markets. In a context of subdued inflation, this pushed global yields down -

in some advanced economies, further into negative territory - for most of 2019. Heightened risk aversion contributed to subdued EMDE capital inflows in the second half of 2019, as a number of EMDEs faced renewed currency and equity price pressures.

Very weak manufacturing activity has dampened growth in advanced economies, and policy uncertainty associated with trade tensions has also weighed on activity in the United States and China. Growth in United States has decelerated amid slowing investment and exports. Notwithstanding the recent trade deal with China, rising tariffs have increased trade costs, while policy uncertainty has weighed on investment and confidence. Economic activity in the Euro Area has deteriorated significantly. Several economies were on the verge of recession at some point 2019, with particular weakness in the German industrial sector as it struggled with falling demand from Asia and disruptions to car production. Uncertainty concerning Brexit also weighed on growth. The European Central Bank (ECB) has provided monetary stimulus by pushing its policy rate deeper into negative territory, restarting quantitative easing, and providing inexpensive credit to banks.

EMDEs have continued to experience substantial weakness, with industrial production, trade flows, and investment decelerating sharply in 2019. While services activity has been appreciably more resilient than manufacturing, it has also moderated. Growth has been particularly anemic in EMDEs that have experienced the lingering effects of varying degrees of financial pressures or other idiosyncratic factors in the past couple of years. This weakness has also spread to other economies that had previously shown resilience. In all, growth in about 60% of EMDEs is estimated to have slowed in 2019. In many economies, subdued economic activity has been somewhat cushioned by still-resilient consumption and a shift toward more supportive monetary policy.

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

Country	Currency	Change of GDP ¹⁾		Exchange rates (1 EUR = local currency)		
		2019	2018	Dec 31, 2019	Dec 31, 2018	Change
Australia	AUD	1.7%	3.2%	1.600	1.622	1.4%
Brazil	BRL	0.9%	1.4%	4.516	4.444	-1.6%
Germany	EUR	0.5%	1.9%	n/a	n/a	n/a
Hong Kong SAR	HKD	0.3%	3.8%	8.747	8.968	2.5%
Indonesia	IDR	5.0%	5.1%	15,595.60	16,500.00	5.5%
Nigeria	NGN	2.3%	1.9%	403.209	414.954	2.8%
Russia	RUB	1.1%	1.7%	69.956	79.715	12.2%
Singapore	SGD	0.5%	2.9%	1.511	1.559	3.1%
United Arab Emirates	AED	1.6%	2.9%	4.117	4.200	2.0%
United Kingdom	GBP	1.2%	1.4%	0.851	0.895	4.9%
United States	USD	2.4%	2.9%	1.123	1.145	1.9%

¹⁾ Source: Knoema Corporation (www.knoema.de)

Industry-Specific Conditions

Venture Capital Market in Germany

An active market for venture capital plays a vital role in the financing of start-ups and innovations. The economic importance of venture capital is that the innovations open up new opportunities for customers, provide new

markets, create sustainable jobs, strengthen competitiveness and ensure prosperity. Venture capital promotes the development of innovative solutions for industry and thus supports the digitization of the economy. The venture capital available in Germany, in Europe and in the world has increased significantly in the last years. This led to an increased competition about business ideas, personnel, technologies, customers and markets.

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 IPO of TeamViewer AG and TRATON SE contributed to the total amount of EUR 3,609.1 million with a placement volume of EUR 1,973.5 million and EUR 1,387.2 million respectively. At the beginning of July 2019, Global Fashion Group S.A. (GFG) went public on the Frankfurt Stock Exchange with a placement volume of EUR 194.4 million. In 2017 twelve IPOs with total proceeds of approximately EUR 2.8 billion took place in Germany.

According to the "Start-up Barometer Deutschland" of the auditing firm EY from January 2020, German start-ups were able to collect a total of EUR 6.2 billion from investors in 2019, 36% more than in the previous year. In Germany, the number of financing rounds in 2019 rose compared with the previous year by 13% to 704. Most of the investments went into the area Mobility in 2019. In total, start-ups in this area collected EUR 1,605 million, compared with EUR 407 million in the previous year. Investments in the area FinTech/InsurTech also increased from EUR 676 million to EUR 1,316 million. The area Software & Analytics was also able to record a substantial increase from EUR 671 million to EUR 1,221 million. The leading area in previous years, eCommerce, recorded a sharp decline in capital raised from EUR 1,658 million to only EUR 730 million. The largest five transactions year to date, totaling EUR 1,816 million, included three start-ups headquartered in Berlin. Of these, GetYourGuide collected EUR 428 million, Frontier Car Group EUR 361 million and N26 EUR 266 million. Berlin was once again able to defend its title as Germany's start-up capital. Berlin start-ups received a total of EUR 3.7 billion in 262 financing rounds in 2019. In 2017, start-ups in Germany raised EUR 4.3 billion from investors.

While globally the number of IPO deals declined by 19% in 2019 compared to previous year, proceeds decreased by 4%. In terms of number of deals and proceeds global IPO activity surged in 2019 with 1,115 IPOs raising USD 198.0 billion. In the previous year 1,383 transactions were executed raising USD 205.8 billion. In 2017, there were 1,624 transactions worldwide with total proceeds of USD 188.87 billion.

According to "Venture Pulse Q4 2019 – Global analysis of venture funding" of the auditing firm KPMG from January 2020, global annual Venture Capital investments in 2019 are significantly lower than the record-setting level of Venture Capital investment seen in 2018, but still remained higher than every other year on record considered (2012-2017).

These above-mentioned developments demonstrate that in Germany and worldwide in 2019 a reduced financing volume was available for start-ups in comparison to the record year 2018. However, the volume of financing in 2019 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 Internet of Things (IoT) bundles technologies of a global infrastructure that connects physical and virtual objects and allows them to communicate with each other using information technology. According to a forecast by Statista, 30.73 billion things will be connected by the end of 2020 and 75.44 billion by the end of 2025. This growth will be supported by the introduction of the fifth generation of mobile and network technology (5G). 5G aims to meet future requirements for communication in a fully connected society much more comprehensively than before. Development is focused on enabling a seamlessly networked society and beyond, bringing people together with things, data, applications, transport systems and cities in an intelligent networked environment.

The technology is also an essential technical basis for developments in the field of Industry 4.0. In Germany, the new 5G network is already available in some major cities.

Another trend driving the development of IoT is edge computing. With the exponential growth in the number of IoT devices, data traffic and the amount of data to be processed is also growing rapidly. Current cloud services will reach their limits in terms of storage space and computing power, which will have an impact on computing and loading times. This is an enormous problem, especially for real-time applications such as autonomous driving. In order to prevent failures and longer loading times, computer applications, data and services are being moved to the edge of the cloud, i.e. to the devices that produce or read the information. This keeps data traffic and processing as local as possible, which in turn reduces latency and enables greater autonomy at the edge of the cloud. At the same time, costs are also reduced due to a less demand of storage space and computing power. Cloud service providers have already tried to counteract this development by distributing public cloud services to different locations.

The artificial Intelligence (AI) is a technology that has already found its way into many business areas. AI is used everywhere where data is collected and analyzed. Whether in administrative processes, in sales or in customer service, AI helps to automate frequently repeated tasks. Today, chatbots are already used in customer service, which can independently answer questions and provide assistance. For the customer, there is no difference whether the answer was written by a service employee or a chatbot. AI is also used in the field of eCommerce to better explore the customer journey and predict customer's wishes. In order to automate such processes and to enable the software to make decisions, it must learn to interact with an unknown environment to reach the best outcome. This means that AI applications learn the optimal behavior as they are used more frequently, improve their decisions continuously and thus achieve better results. Great progress is being made in the application of autonomous things. Autonomous things are physical devices that use AI to automate functions that were previously performed by humans. Probably the most popular forms of such devices are robots, drones or autonomously driving cars. Developers use AI to enable the device to interact with its environment and with humans, so that decisions can be made as naturally as possible.

The development of AI supports the trend of so-called hyperautomation. Hyperautomation is the combination of multiple machine-learning, packaged software and automation tools to completely automate complex tasks. The trend started with the development of RPA applications (Robotic Process Automation). When using RPA, the application can be taught a process that it repeats at a predefined rhythm, e.g. sending generated emails or archiving data. But RPA alone is not hyperautomation. Only the combination of intelligent systems makes it possible to automate complex tasks in which humans are involved.

The next big step, which will redefine the interaction between man and machine with the help of AI, is the so-called Emotion AI. Emotion AI refers to AI systems that recognize the emotions and feelings of a human being based on certain characteristics and can react accordingly. This opens up completely new application areas.

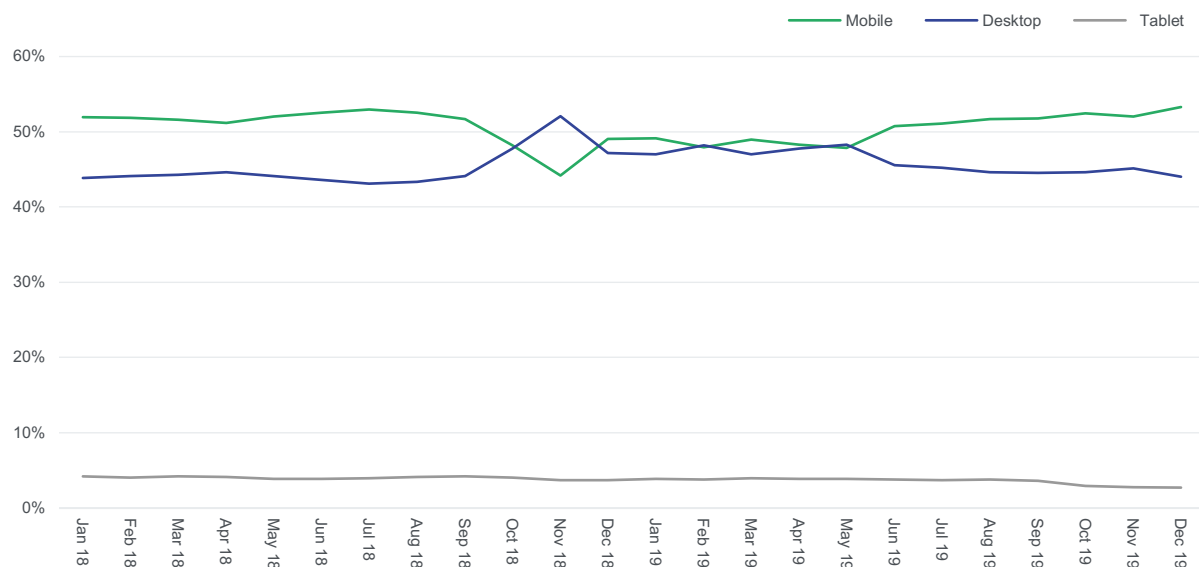
The development of smart speaker has already taken the way we communicate with machines to a new level. With the help of voice recognition, machines are able to understand, interpret and react to human statements. By the end of 2019, 147 million smart speakers had already been sold. In the field of eCommerce, voice recognition has already achieved a breakthrough, so-called voice commerce. These devices help companies to bring marketing measures to the attention of their customers in an auditive way and also enable them to order goods or receive offers virtually by telling the speaker what they need. This shortens the purchasing process and offers the customer greater convenience.

The virtual reality (VR) and the augmented reality (AR) are enjoying increasing popularity. VR is a technology in which completely immersive computer-generated worlds are created and the user can move freely in these worlds with the help of VR glasses. This is already used in medicine for the therapy of trauma patients. In this

way, the patient can confront his or her fear without actually being exposed to it. AR refers to the technique of projecting computer graphics to our view of the immediate surroundings. Practical applications can be found mainly in industry in the field of repair and maintenance. With the help of special AR glasses, for example, potential weak points of complex machines can be shown to the user, allowing maintenance to be carried out more reliably and in a more targeted manner. Due to technical requirements, these technologies could not be made available to the end user yet. However, this has changed with the technical progress of smartphones, which is why they are increasingly compatible. AR and VR have the potential to fundamentally change the future of retail. Retailers will have the opportunity to offer customers a unique personalized shopping experience and change product decision behavior in order to deepen emotional relationship and increase empathy.

The role of smartphones in society is constantly growing. Due to the development of the mobile Internet and Near Field Communication (NFC) technology, numerous functions and applications can be integrated into mobile phones to make everyday life easier. As a result, people are experiencing a completely new form of comfort, as the smartphone bundles many services in one place that are available at any time. For example, there are already applications that can be used to buy public transport tickets, redeem vouchers, collect loyalty points, make contactless payments or make bank transfers. Mobile apps are becoming increasingly valuable for customers and acceptance is growing. In 2019, 5% of all card transactions worldwide were already made with Apple Pay. A statistic collected by StatCounter GlobalStats, which shows the number of website visits by device in the years 2018 to 2019, also confirms this development. The number of website visits via mobile phones worldwide has maintained its leading position compared to the number of website visits via desktop computers and tablets in 2019 as in 2018 (see graph for monthly comparison). The development of the number of web page views in 2019 in different regions shows that while in Europe, North and South America and Oceania, the use of desktop computers exceeds the use of mobile phones, the number of web page views by mobile phones in Asia and Africa is higher than by desktop computers.

Share of website visits by device (Desktop, Mobile and Tablet)



Source: StatCounter GlobalStats

According to Gartner IT Service Management Company, one of the biggest developments in the coming years will be the practical application of block chain technology. The question will rise how the block chain can be used for specific applications. Leading areas for blockchain applications are financial services and FinTech companies due to their characteristics. But other industries, such as life sciences, healthcare, media, telecommunications or government, are driving block chain initiatives as well. Blockchain offers the potential to

completely transform industries by enabling technology to create trust and transparency, share value across ecosystems, reduce costs and shorten transaction processing times.

Course of Business

We look back on a year 2019 that was very eventful for our Group. The ability to identify and design new businesses from scratch and to operationally develop and support those businesses through their entire lifecycle remains the focus of Rocket Internet's business strategy, even though the intensity of competition in the startup market has increased. The goal of building and operationally supporting a network of promising Internet and technology companies and thus a leading global company for Internet-based business models was continued in 2019.

Overall, the Group generated a profit for the period of EUR 280.3 million (previous year EUR 196.0 million). The financial result included therein improved to EUR 118.7 million (previous year EUR 1.0 million).

Cash and cash equivalents decreased from EUR 1,720.0 million as of December 31, 2018 by EUR 54.9 million to EUR 1,665.1 million as of December 31, 2019. The decrease is mainly attributable to cash outflows in connection with short term bank deposits (EUR 756.2 million), to payments for the highly liquid, easily convertible into cash listed shares as a part of the Group's treasury strategy (EUR 433.1 million), to the purchase of treasury shares (EUR 324.2 million), the cash outflows for acquisition of non-consolidated equity investments (EUR 289.2 million) and the negative cash flow from operating activities (EUR 222.0 million). The significant cash inflows from the disposal of non-consolidated equity investments of EUR 949.1 million (mainly HelloFresh, Delivery Hero, Westwing, home24, Jumia and Spark Networks shares), proceeds from the sale of highly liquid, easily convertible into cash listed shares of EUR 859.3 million as well as cash inflows in connection with short term bank deposits of EUR 200.0 million had an increasing effect.

On April 12, 2019, Jumia Technologies AG (Jumia) had its first day of trading on the New York Stock Exchange (NYSE). The primary offering included 13,500,000 American Depositary Shares (ADSs) representing 27,000,000 new ordinary shares. The ADSs were priced at USD 14.50 per ADS. Moreover, the underwriters have exercised their option to purchase additional new 4,050,000 ordinary shares, equivalent to 2,025,000 ADSs, on the same terms as the offering (the Greenshoe). As a result of the offering (including the Greenshoe), the concurrent private placement to Mastercard Europe SA and the issuance of anti-dilution shares to certain existing shareholders, Jumia has issued in aggregate 56,765,518 new ordinary shares and received net proceeds of USD 280 million. Following these transactions, Jumia has a total of 156,816,494 ordinary shares, corresponding to 78,408,247 ADSs, outstanding. Due to the capital increase at Jumia, the participation quota of the Rocket Internet Group decreased below 20%. Since the primary offering the share price of ADS of Jumia decreased by 54% to USD 6.73 as of December 31, 2019. One ADS equals two common shares.

On May 14, 2019, Rocket Internet SE placed its entire shareholding of approx. 43.7 million HelloFresh shares. The placement price per share was set at EUR 8.00. The placement followed an accelerated bookbuild offering to institutional investors only.

In the first half of 2019, the Group sold all of its shares in Westwing Group AG. In the fourth quarter of 2019, the Group has decided to repurchase Westwing shares in several transactions. On November 15, 2019 it was announced that Rocket Internet SE holds 25.36% of the shares of Westwing Group AG.

Rocket Internet's shareholding in home24 decreased from 32.6% to 10.6% during 2019. The share price of home24 decreased from EUR 11.16 at the end of the financial year 2018 by 56% to EUR 4.88 as of December 31, 2019.

As of December 31, 2018, the Group's interest in Delivery Hero amounted to 5.8%. During the financial year 2019, Rocket Internet almost completely disposed of its participation in Delivery Hero SE.

On July 2, 2019, Global Fashion Group S.A. (GFG) shares began trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The shares were issued at EUR 4.50 per share. The initial quotation was EUR 4.47 per share. The placement comprised 40,000,000 new shares from a cash capital increase and 3,210,000 existing shares to cover over-allotments (greenshoe option). Total gross proceeds amounted to EUR 180.0 million (EUR 194.4 million with greenshoe option). Gross proceeds, less commissions and expenses, accrued to GFG alone. Rocket Internet SE purchased shares for approximately EUR 50 million in the offering. Following the IPO, the participation quota of the Group decreased below 20%. The share price of GFG decreased to EUR 2.32 as of December 31, 2019.

On October 24, 2019 it was announced that Rocket Internet SE holds 12.29% of the shares of Tele Columbus AG. The investment of Rocket Internet SE in Tele Columbus AG is used to implement a strategic objective of Rocket Internet SE in the form of a creation and expansion of a global network of technology companies. Rocket Internet SE intends to obtain further voting rights in Tele Columbus AG over the next twelve months by purchase or other means. Rocket Internet SE does not seek to exert influence on the composition of neither the management board nor the supervisory board or any other administrative, managing or governing body of Tele Columbus AG which would exceed the proportion of the voting rights held by Rocket Internet SE in Tele Columbus AG's general meeting. Rocket Internet SE does not intend a substantial change in the capital structure of Tele Columbus AG especially with regards to the ratio of internal/outside financing and the dividend policy.

On November 11, 2019 it was announced that Rocket Internet SE holds 5.46% of the shares of United Internet AG. In December 2019, the Group sold 8,135,804 shares of United Internet in the public share buyback offer of United Internet AG against payment of the offer price of EUR 29.65 per share. On December 31, 2019, Rocket Internet SE holds 1.83% of the shares of United Internet AG.

The selected companies showed notable revenue growth in the financial year 2019 compared to the financial year 2018: Jumia (24%), home24 (19%) and GFG (16% and 17% on a constant currency basis, respectively) and an improvement in the adjusted EBITDA margin, especially home24.

In line with the previous year report's forecast for the financial year 2019, the international expansion of our network companies has continued. With the first-time consolidation of entities which were built by Rocket Internet, new network companies with new business models (e.g. Agencasa, Bluenest, Vitable) were included in the scope of consolidation of the Group. Non-viable operations were discontinued. The number of fully consolidated companies increased by 18% from 66 to 78 as forecast for the year 2019 in the combined management report 2018.

The revenue of the Rocket Internet Group increased to EUR 67.3 million in 2019 compared to EUR 44.5 million in the previous year (+51%). The revenue of New Businesses for those companies that continued to be fully consolidated after December 31, 2018, increased in the financial year 2019 contrary to the previous year report's forecast of constant consolidated revenues for the year 2019. The Group's revenue for all New Businesses increased from EUR 28.8 million in 2018 by 74% to EUR 50.2 million in 2019. As expected, the area of New Businesses excluding FinTech entities realized a negative EBITDA of ca. EUR 11 million (forecast: range between negative EUR 3 million and negative EUR 7 million). The area of FinTech realized a positive EBITDA

of ca. EUR 28 million (forecast range: between EUR 10 million and EUR 14 million) and thus contributed to the positive EBITDA of the Group. 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 financial year 2019, improved as forecast. During 2019, the Group increased its number and volume of debt securities as forecast for the year 2019 in the combined management report 2018. Revenue from other services increased by 9%. This figure is slightly below the forecast for 2019, according to which an increase in the low double-digit percentage range was expected.

The result from deconsolidation of subsidiaries in 2019 in the amount of EUR 8.4 million (previous year EUR 10.3 million) has decreased as it had been forecast for the year 2019.

Contrary to the previous year report's forecast, according to which overall a positive, but clearly below the level of 2018 share of profit/loss of associates and joint ventures was expected, there is only a slight decrease by 6% of the share of profit/loss from associates and joint ventures from EUR 215.8 million to EUR 203.8 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 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 142.8 million (previous year positive EUR 14.0 million). In 2019, gains from the disposal of associates and joint ventures of EUR 353.7 million (previous year EUR 189.4 million) were recognized. In addition, the Group recorded impairment losses, which amounted to negative EUR 7.1 million net of reversals of impairment losses. In the previous year the balance of impairment losses and reversals of impairment losses amounted to EUR 12.4 million.

In line with the forecast in the combined management report 2018 for the year 2019 which anticipated the EBITDA to deteriorate, the EBITDA of the Group declined by EUR 21.7 million from EUR 203,3 million in 2018 to EUR 181,6 million in 2019.

The total comprehensive income for the period, net of tax, improved from EUR 193.8 million by EUR 101.2 million to EUR 295.0 million.

As projected for the financial year 2019, payments in the Rocket Internet Capital Partners Fund (RICP) were continued in 2019. Several new and follow-on GFC investments were made.

In the combined management report 2018, increasing revenues from rendering services in a low double-digit percentage range were forecast for the parent Company. As reflected in the parent Company's annual financial statements, revenues for services rendered by Rocket Internet increased in line with the forecast from EUR 14.8 million by 20% to EUR 17.7 million.

In the annual financial statements of the parent Company in 2019, a net profit of EUR 1,061.7 million (previous year EUR 534.6 million) was recognized, which resulted primarily from other operating income of EUR 1,460.1 million comprising the gains from disposals of participations and write-ups of current financial assets as well as from income from participations of EUR 354.5 million. In 2019, the EBITDA in the annual financial statements of Rocket Internet SE amounts to EUR 1,376.7 million. Adjusted for one-off effects, EBITDA in the annual financial statements 2019 amounted to negative EUR 8.8 million, which is above the range stated in the previous year's forecast (from negative EUR 21 million to negative EUR 25 million). The deviation is mainly due to personnel cost savings and the postponement of incubation projects, which naturally do not emerge at regular intervals, but depend on the innovation and creativity of Rocket Internet's employees and Rocket Internet in general, as well as on the competitive environment.

Rocket Internet Share and Share Capital Structure

During the year 2019, the Rocket Internet share price increased from EUR 20.18 as of December 31, 2018 by EUR 1.92 to EUR 22.10 as of December 31, 2019.

On August 14, 2017, Rocket Internet announced to carry out a share buy-back program with a total maximum consideration (excluding ancillary costs) of up to EUR 100 million and a maximum volume of up to 5,000,000 shares, which represented a maximum of 3.03% of the outstanding share capital of Rocket Internet. On April 16, 2018 Rocket Internet resolved to early terminate the share buy-back program. In the period from August 14, 2017 until the early termination of the program on April 16, 2018, a total of 1,041,167 shares (of which 5,546 shares in fiscal 2018) were bought back at a volume weighted average price of EUR 20.41. This corresponded to a portion of 0.63% of the registered share capital of Rocket Internet SE.

On April 16, 2018, Rocket Internet resolved to buy back up to 15,472,912 own shares (corresponding to a maximum of 9.34% of the Company's registered share capital) through a public share purchase offer against payment of an offer price in the amount of EUR 24.00 per share. A total of 9,724,739 shares were tendered during the acceptance period. Thus, all purchase offers could be accepted. This includes 6,800,000 shares tendered by PLDT Online Investments Pte. Ltd.

On May 23, 2018, Rocket Internet announced the redemption of 10,765,906 own shares. Thus, the share capital of the Company was reduced from EUR 165,140,790 by EUR 10,765,906 to EUR 154,374,884.

On September 20, 2018, Rocket Internet announced to carry out the share buy-back program 2018/2019 with a total maximum consideration (excluding ancillary costs) of up to EUR 150 million and a maximum volume of up to 5,500,000 shares, which represented a maximum of 3.6% of the outstanding share capital of Rocket Internet. The buy-back started on September 20, 2018 and ended on September 19, 2019. Until December 31, 2018, the Group repurchased 3,607,590 shares at a volume-weighted average price of EUR 23.23. On December 12, 2018, 1,860,486 own shares thereof were redeemed. Thus, the share capital of the Company was reduced from EUR 154,374,884 by EUR 1,860,486 to EUR 152,514,398. Please refer to the notes to the annual financial statements and the notes to the consolidated financial statements for further information about the repurchased shares.

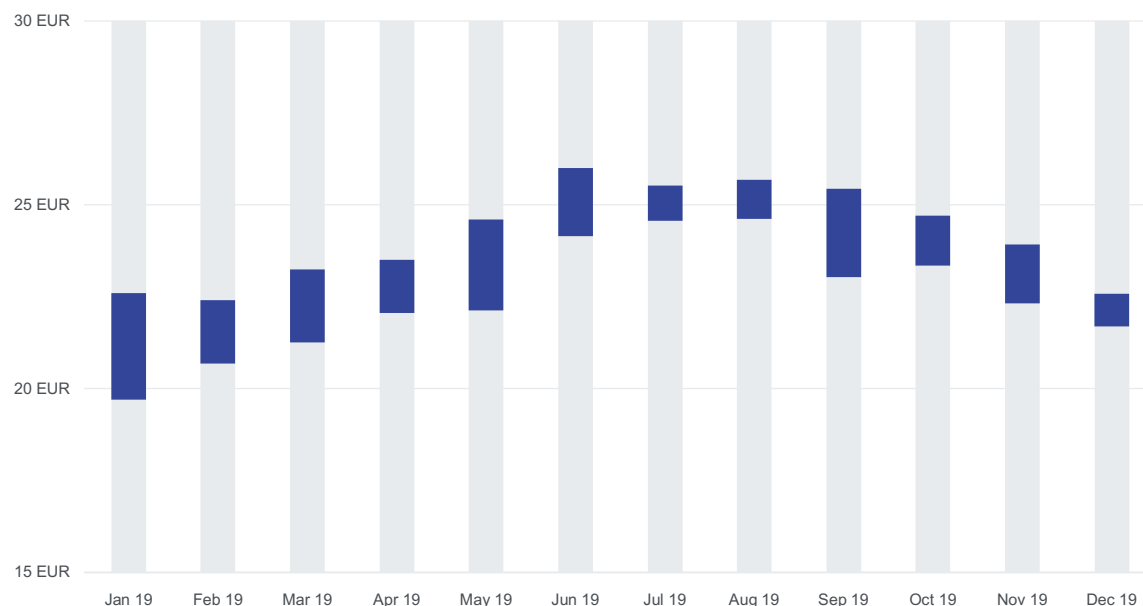
On October 9, 2019, the Group announced the redemption of a total of 1,747,104 treasury shares. The Company's share capital was reduced to EUR 150,767,294. The redeemed shares were repurchased between November 26, 2018 and December 28, 2018, through a public share buyback program.

On December 9, 2019, Rocket Internet resolved to buy back up to 10.0% of the Company's share capital through a public share purchase offer against payment of an offer price in the amount of EUR 21.50 per share. On December 27, 2019, in the course of the over-subscribed public share purchase offer a total of 15,076,675 shares were bought back.

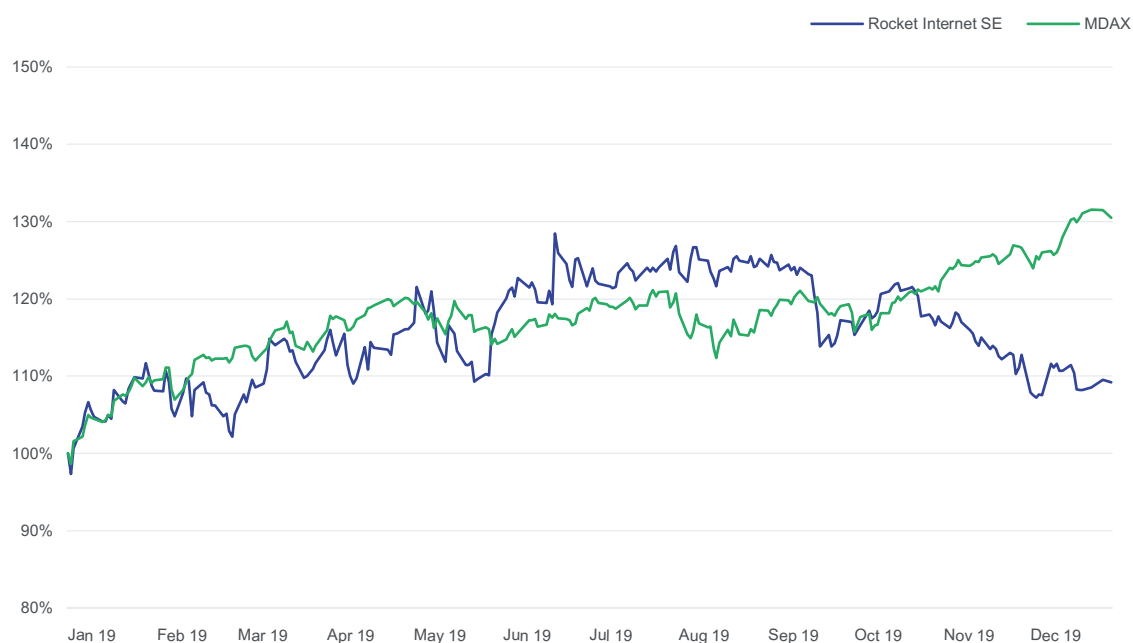
The market capitalization remained unchanged from the previous year with EUR 3.0 billion as of December 31, 2019.

The development of the Xetra closing share prices in 2019 is as follows:

Absolute in EUR



Relative, compared to development of the MDAX



In the financial year 2019, daily trading via the electronic computer trading system Xetra recognized on average 205,000 shares (previous year 394,000 shares) with an average value of EUR 4.8 million (previous year EUR 10.0 million). The ISIN code for the shares is DE000A12UKK6.

The subscribed capital of Rocket Internet SE amounted to EUR 150,767,294 on December 31, 2019 (previous year EUR 152,514,398) and was split into 150,767,294 (previous year 152,514,398) ordinary bearer shares with no-par value (Stückaktien ohne Nennbetrag). Every share grants one vote. Other share classes do not exist. As of December 31, 2019, 135,690,619 shares were outstanding.

Rocket Internet convertible bond

On July 22, 2015, Rocket Internet issued a convertible bond amounting to EUR 550.0 million, maturing in seven years with a nominal interest rate of 3.0% p.a. In September 2018 the Group repurchased the last outstanding convertible bonds. The buyback reduced interest expenses and potential shareholder dilution. The reason for the convertible bond buyback was among others that a financing through capital markets did not seem to be necessary anymore, due to the available liquidity of the Company as well as the overall situation of the Group. The bond was listed on the Open Market on the Frankfurt Stock Exchange and was also traded on German stock markets.

Position of the Group

The consolidated financial statements of Rocket Internet were prepared in accordance with IFRS as adopted by the European Union.

Earnings Position of the Group

General remark on the earnings position of the Group

Driven by the business model of Rocket Internet, the earnings position can vary substantially from year to year, which can be demonstrated by the actual performance of the Group in the financial years 2013 – 2019:

In EUR million	2019	2018	2017	2016	2015	2014	2013
Revenue	67.3	44.5	36.8	50.4	128.3	128.2	99.8
Result from deconsolidation of subsidiaries	8.4	10.3	11.6	48.3	167.0	452.6	0
Share of profit/loss of associates and joint ventures	203.8	215.8	2.6	-539.6	-188.6	75.1	1,449.0
EBITDA	181.6	203.3	-54.8	-565.3	-200.8	424.4	1,317.8
Financial result	118.7	1.0	47.0	-168.0	29.7	12.0	91.8
Profit/loss for the period	280.3	196.0	-6.0	-741.5	-197.8	428.8	1,395.6
Other comprehensive income for the period, net of tax	14.8	-2.2	377.3	118.3	36.4	78.2	9.2
Total comprehensive income/loss for the period, net of tax	295.0	193.8	371.4	-623.2	-161.4	507.0	1,404.8
Earnings per share (in EUR) – basic = diluted	1.90	1.28	0.01	-4.22	-1.24	3.24	11.93

Earnings position of the Group during the reporting period

In EUR million	2019	2018
Revenue	67.3	44.5
Other operating income	9.7	2.2
Result from deconsolidation of subsidiaries	8.4	10.3
Cost of materials and cost of financial services	-14.4	-16.1
Employee benefits expenses	-41.3	-26.0
Other operating expenses	-51.9	-27.4
Share of profit/loss of associates and joint ventures	203.8	215.8
EBITDA	181.6	203.3
Impairment of non-current assets, depreciation and amortization	-11.7	-1.7
Financial result	118.7	1.0
Income taxes	-8.4	-6.6
Profit/loss for the period	280.3	196.0
Other comprehensive income for the period, net of tax	14.8	-2.2
Total comprehensive income/loss for the period, net of tax	295.0	193.8

Revenue was structured as follows:

In EUR million	2019		2018	
New Businesses	50.2	75%	28.8	65%
Other Services	17.2	25%	15.7	35%
Total	67.3	100%	44.5	100%

Revenues of the New Businesses increased significantly by 74% from EUR 28.8 million in 2018 to EUR 50.2 million in 2019. This results primarily from a higher volume of FinTech operations.

The revenues from other services are mainly comprised of income from consulting services performed for non-consolidated network companies and letting of office space. The increase of revenues from other services results from higher rental income (including service charges) of EUR 9.1 million (previous year EUR 6.3 million). In contrast, revenues from services provided by the Group to non-consolidated network companies decreased.

Of the total consolidated revenues, 49% were generated in Germany (previous year 46%), 21% in the United Kingdom (previous year 27%), 7% in Luxembourg (previous year 9%), 7% in Australia (previous year 3%), 5% in France (previous year 7%), 2% in Finland (previous year 1%) and 9% in the rest of the world (previous year 7%).

The increase of other operating income mainly results from foreign exchange gains on FinTech loans which amount to of EUR 5.5 million (previous year EUR 1.5 million). A further notable effect results from the valuation gain of EUR 3.6 million (previous year EUR 0 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 8.4 million (previous year EUR 10.3 million) has decreased as had been forecast in the consolidated financial statements 2018 for 2019. It mainly originated from the deconsolidation (deemed disposal) of Expertlead (EUR 8.1 million). In 2018, the gain from deconsolidation primarily comprised gains the deconsolidation of Caterwings (EUR 8.9 million) in conjunction with the establishment of the B2B Food Group.

The item cost of materials and cost of financial services decreased from EUR 16.1 million by 11% to EUR 14.4 million. This figure mainly includes expenses for purchased goods and services of EUR 10.1 million (previous year EUR 9.5 million) as well as interest of the FinTech operations amounting to EUR 4.2 million (previous year EUR 2.2 million). The increase of expenses for purchased services was partially offset by the effect of the transition to IFRS 16 in the amount of EUR 3.3 million (rental expenses in the comparative period). In the previous year the Group incurred impairment losses of the FinTech operations amounting to EUR 4.4 million.

Employee benefit expenses, which amounted to EUR 41.3 million (previous year EUR 26.0 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 15.3 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 were partially offset by reduced expenses for regular salaries and social security due to decreased average number of own staff employed by fully consolidated companies	-8.1
Revaluation of liabilities for cash-settled share-based payments and other incentives mainly driven by the increase in fair value of the underlying equity instruments	-1.7
Increase of expenses for equity-settled share-based payments mainly driven by the reversal of expenses in 2018 due to then occurred departure of beneficiaries for which front-loading recognition of expenses (graded vesting) took place in the previous years	-5.5
Total	-15.3

Other operating expenses included mainly legal and consultancy fees (EUR 24.3 million; previous year EUR 7.7 million), currency translation losses (EUR 8.3 million; previous year EUR 0.8 million), rental, office and IT costs (EUR 4.6 million; previous year EUR 6.0 million), marketing expenses (EUR 4.4 million; previous year EUR 4.2 million) and expenses for external services (EUR 2.5 million; previous year EUR 1.2 million). Legal and consultancy fees increased due to expenses incurred in connection with the setup of Rocket Internet Capital Partners II Fund (RICP II).

The share of profit/loss from associates and joint ventures amounts to EUR 203.8 million (previous year EUR 215.8 million). The decrease by EUR 11.9 million (-6%) results from the following:

Share of profit/loss from associates and joint ventures reconciliation	Impact on result in EUR million
Decreased 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	-156.8
Increase of impairment losses (net balance of losses and reversals)	-19.5
Increase of gains from disposal (including valuation gains upon loss of significant influence)	164.4
Total	-11.9

In 2019, 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 142.8 million (previous year positive EUR 14.0 million) and mainly results from AEH New Africa II (Holding for parts of Jumia), Traveloka and GFG. Furthermore, gains from disposals of EUR 353.7 million (previous year EUR 189.4 million)

were recognized in 2019. They result from sale of shares in HelloFresh and Westwing as well as valuation gains upon loss of significant influence over Jumia and Spark Networks. Moreover, the Group recognized impairment losses, which, offset by the reversal of impairments, amounted to negative EUR 7.1 million. In the comparative period, the balance of impairment losses and reversals of impairment losses was EUR 12.4 million.

In 2018, the share of profit/loss from associates and joint ventures was particularly characterized by sales of HelloFresh shares, which generated disposal gains of EUR 172.6 million. Further positive effects included the deemed disposal gains reduced by the proportionate share of losses attributable to the financing rounds of Traveloka (EUR 52.0 million) and the Westwing IPO (EUR 24.7 million). Furthermore, pro rata gains from RICP (EUR 23.8 million) were recognized. The impairment charges recognized in connection with Asia Internet Holding S.à r.l. (EUR 10.9 million) were offset by the proportionate share of profit of Asia Internet Holding S.à r.l. (EUR 14.7 million). Negative effects mainly included the proportionate share of losses of Jumia (EUR 39.8 million), HelloFresh (EUR 28.4 million) and GFG (EUR 29.2 million), which were partially offset by the reversal of impairments in connection with GFG (EUR 14.4 million).

EBITDA declined from EUR 203.3 million in the previous year to EUR 181.6 million in 2019. It was mainly due to the significantly increased other operating expenses and employee benefits expenses as well as declined share of profit/loss of associates and joint ventures. By contrast, the revenue and other operating income increased.

The impairments of non-current assets and the depreciation and amortization amount in total to EUR 11.7 million (previous year EUR 1.7 million). Depreciation and amortization increased from EUR 1.0 million to EUR 6.0 million mainly due to the first-time application of IFRS 16 (depreciation of right-of-use assets). In 2019 the impairment charges of EUR 5.7 million (previous year EUR 0.7 million) mainly relate to goodwill.

The financial result of EUR 118.7 million (previous year EUR 1.0 million) primarily includes net changes (gains and losses) in fair value of equity instruments accounted for at fair value through profit or loss of EUR 97.9 million (previous year EUR 19.2 million), net foreign exchange gains of EUR 8.4 million (previous year gain of EUR 20.3 million) that relate to loans as well as to cash and cash equivalents and mainly reflect the development of the USD exchange rate and interest income of EUR 13.8 million (previous year EUR 9.5 million). Previous year, the buyback-losses from convertible bonds of EUR 39.2 million and interest expense from convertible bonds of EUR 7.6 million were recognized.

Other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods in the amount of EUR 14.8 million (previous year negative EUR 2.2 million) 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 EUR 13.1 million (previous year negative EUR 5.5 million) and exchange differences on translation of foreign operations in the amount of EUR 1.7 million (previous year EUR 3.3 million) .

Financial Position of the Group

Cash flows and Cash Position

In EUR million	2019	2018
Cash flow from operating activities	-222.0	-143.4
Cash flows from investing activities	501.1	696.4
Cash flows from financing activities	-340.8	-567.2
Net change in cash and cash equivalents	-61.7	-14.1
Net foreign exchange difference and change in loss allowance in cash and cash equivalents	6.9	17.5
Cash and cash equivalents at the beginning of the period	1,720.0	1,716.6
Cash and cash equivalents at the end of the period	1,665.1	1,720.0

The deterioration of the negative cash flow from operating activities in 2019 compared with the previous year by EUR 78.6 million is mainly due to higher by EUR 92.3 million 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. In total, payments in the amount of EUR 289.2 million (previous year EUR 111.8 million) were made for acquisitions of non-consolidated companies of which EUR 52.4 million relate to GFG, EUR 45.9 million to RICP, EUR 42.5 million to Linus Debt Invest DACH I GmbH & Co. KG, EUR 26.4 million to SME Credit Realisation Fund Limited, EUR 24.3 million to Westwing, EUR 18.3 million to Awaytravel and EUR 79.4 million to various other network companies. On the other hand, investing activities contain the cash-inflows from the sale of subsidiaries as well as from the sale of non-consolidated equity investments. In total, the Group received in 2019 EUR 949.1 million (previous year EUR 1,411.9 million) in cash for the sale of non-consolidated equity investments, which mainly relate to the sale of HelloFresh, Delivery Hero, Westwing, home24, Jumia and Spark Networks (previous year Delivery Hero and HelloFresh). Cash paid in connection with short-term financial management of cash investments in the amount of EUR 1,208.3 million (previous year EUR 610.4 million) mainly relate to cash outflows in connection with short term bank deposits of EUR 756.2 million (previous year EUR 33.7 million) as well as to payments for the highly liquid, easily convertible into cash listed shares as a part of the Group's treasury strategy of EUR 433.1 million (previous year EUR 573.0 million). The cash flows from investing activities also include cash received in connection with short-term financial management of cash investments in the amount of EUR 1,070.9 million (previous year EUR 14.0 million) that relate to proceeds from the sale of highly liquid, easily convertible into cash listed shares of EUR 859.3 million (previous year EUR 0 million), to cash inflows in connection with short term bank deposits of EUR 200.0 million (previous year EUR 2.9 million) and to the repayments of short-term loans to associates, joint ventures and other network companies.

Cash flows from financing activities include the cash-outflows from the repurchase of treasury shares including transaction costs of EUR 324.2 million (previous year EUR 317.5 million). Moreover, during 2019, 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 12.7 million (previous year EUR 75.3 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 36.9 million (previous year EUR 0 million). In 2019, fully consolidated subsidiaries received loans in the amount of EUR 12.0 million (previous year EUR 1.2 million). In 2019, the repayment of lease liabilities is reported for the first time as part of financing activities with the

transition to IFRS 16 and amounts to EUR 4.7 million. In financial year 2018, cash flows from financing activities included the cash-outflows for the repurchase of convertible bonds in the amount of EUR 325.1 million.

Due to exchange rate changes, the cash and cash equivalents of the Group increased by EUR 6.7 million (previous year decrease of EUR 17.7 million).

The Group continues to maintain a very good cash position, with available cash and cash equivalents of EUR 1,665.1 million (previous year EUR 1,720.0 million) as of December 31, 2019. In addition to cash and cash equivalents, the Group had short-term bank deposits of EUR 741.2 million (previous year EUR 185.1 million) as well as easily convertible into cash listed shares of EUR 122.5 million (previous year EUR 462.5 million) as of December 31, 2019.

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

Capital Structure

The capital structure as of the balance sheet date is characterized by a high equity ratio of 95.8% (previous year 97.3%). Historically, the Group obtained its financing primarily through equity capital financing both at the level of the parent Company and through attracting investors at the level of subsidiaries (non-controlling interests). In 2015 the Group issued convertible bonds (a cash inflow of EUR 550.0 million, less transaction costs totaling EUR 2.8 million, of which an amount of EUR 37.7 million was recorded as an equity component). During 2018, the Group had prematurely repurchased all outstanding bonds with a principal amount of EUR 298.3 million.

Investments

The investment activities undertaken in the financial years 2019 and 2018 are as follows:

In EUR million	2019	2018
Cash investing activities	-501.1	-696.4
Non-cash investing activities	3.3	34.8
Total divestments	-497.8	-661.6

For further details concerning cash investing activities, please refer to the information regarding the cash flows from investing activities. In 2019 and 2018, the proceeds from divestments exceeded the cash outflows for investing activities.

In 2019, the Group did not perform any significant non-cash investing activities. Significant non-cash investing activities in the year 2018 related to the contribution of shares of Altigi GmbH (Goodgame Studios) into Stillfront Group AB (EUR 23.2 million) and the contribution of Caterwings and Order-In into the B2B Food Group (EUR 11.6 million).

The capital contribution obligations as of December 31, 2019 totaling EUR 362.1 million (previous year EUR 69.3 million) will be financed by existing cash and cash equivalents. They result from participation contracts concluded before the reporting date.

Asset Position of the Group

Assets

In EUR million	Dec 31, 2019		Dec 31, 2018	
Non-current assets	1,524.1	37%	1,602.8	39%
Current assets	2,627.5	63%	2,509.4	61%
Total	4,151.7	100 %	4,112.1	100%

Equity and Liabilities

In EUR million	Dec 31, 2019		Dec 31, 2018	
Equity	3,978.2	96%	3,999.7	97%
Non-current liabilities	117.0	3%	88.1	2%
Current liabilities	56.5	1%	24.4	1%
Total	4,151.7	100%	4,112.1	100%

The Company's largest asset items are cash and cash equivalent (40% of the balance sheet total; previous year 42% of the balance sheet total), short-term bank deposits (18% of the balance sheet total; previous year 5% of the balance sheet total), non-current equity instruments (15% of the balance sheet total; previous year period 15% of the balance sheet total) as well as current equity instruments (3% of the balance sheet total; previous year period 11% of the balance sheet total) and shares in associates and joint ventures, accounted for using the equity method (9% of the balance sheet total; previous year 20% of the balance sheet total).

Non-current assets decreased from EUR 1,602.8 million by EUR 78.6 million to EUR 1,524.1 million. The decrease mainly results from the sale of HelloFresh, Delivery Hero and home24 shares as well as from declining share prices of Jumia and GFG.

Non-current financial assets increased from EUR 770.6 million by EUR 316.3 million to EUR 1,086.8 million most importantly due to the granting of long-term loans. Other changes resulted from the reclassification of Jumia from joint ventures and of home24 and GFG from associates to other non-current financial assets, from investments in new and existing network companies as well as from the fair value changes of equity instruments.

The decrease of investments in associates from EUR 735.5 million by EUR 383.0 million to EUR 352.5 million mainly results from the disposal of HelloFresh shares and Westwing shares as well as the pro-rata losses, impairment, disposal and reclassification to equity instruments recognized at fair value through profit or loss of home24 shares and the pro-rata losses and reclassification to equity instruments recognized at fair value through profit or loss of GFG shares. These effects were partially offset by investments in the RICP and Linus Debt Invest DACH I GmbH & Co. KG.

The decline of investments in joint ventures from EUR 84.7 million by EUR 71.6 million to EUR 13.0 million mainly results from the reclassification of Jumia from joint ventures to equity instruments recognized at fair value through profit or loss.

Due to the first-time application of IFRS 16, an increase of the right-of-use assets by EUR 45.7 million is to be noted in 2019. Further information regarding the first-time application of IFRS 16 can be found in note 2 of the notes to the consolidated financial statements. The acquisition of investment properties in 2019 had also an increasing effect on non-current assets.

The decrease of intangible assets from EUR 7.7 million by EUR 5.8 million to EUR 1.9 million was mainly attributable to impairments (EUR 5.6 million) and amortization (EUR 0.7 million).

Current assets increased from EUR 2,509.4 million by EUR 118.2 million to EUR 2,627.5 million. The change is mainly due to the increase of the current financial assets from EUR 774.4 million by EUR 174.8 million to EUR 949.2 million in 2019. On the one hand, short-term bank deposits increased from EUR 185.1 million by EUR 556.1 million to EUR 741.2 million. On the other hand, the amount of the highly liquid, easily convertible into cash listed shares declined from EUR 462.5 million by EUR 340.0 million to EUR 122.5 million. Within the item, a strong shift took place. The decrease mainly due to sales was only partly compensated by purchases of these shares. Furthermore, the decrease of short-term loan receivables by EUR 24.4 million to be noted. Cash and cash equivalents declined to EUR 1,665.1 million (previous year 1,720.0 million). For details concerning the development of liquidity, refer to section "Financial Position of the Group".

Total consolidated equity decreased from EUR 3,999.7 million by EUR 21.6 million to EUR 3,978.2 million. On the one hand, the positive total comprehensive income of EUR 295.0 million increased equity. On the other hand, the purchase of treasury shares in the amount of EUR 324.2 million including transaction costs decreased equity in 2019.

Non-current liabilities increased from EUR 88.1 million by EUR 28.9 million to EUR 117.0 million. The increase is mainly due to the recognition of lease liabilities as a result of the first-time application of IFRS 16 as of January 1, 2019. The non-controlling interests classified as financial liabilities decreased from EUR 75.3 million to EUR 51.0 million. The recognition of liabilities to financial institutions had an increasing effect of EUR 11.5 million.

Current liabilities increased from EUR 24.4 million by EUR 32.1 million to EUR 56.5 million. The change mainly results from the increase of trade payables by EUR 9.1 million, primarily due to consultancy fees incurred in connection with the setup of RICP II. The surge in current liabilities also results from the recognition of lease liabilities as a result of the first-time application of IFRS 16 as of January 1, 2019, of the increase of income tax liabilities by EUR 6.4 million and of liabilities from cash-settled share-based payments by EUR 5.5 million.

Key Developments of Selected Companies

The revenue of our selected companies shows growth compared to the previous year. Revenue of Jumia increased by 24%, home24 by 19% (20% on a constant currency basis), and GFG by 16% (17% on a constant currency basis).

The adjusted EBITDA margin of our selected companies continued to improve during the fiscal 2019 compared to the previous year. This concerns in particular home24. GFG achieved in the fourth quarter 2019 for the first time a positive adjusted EBITDA margin.

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

The earnings position in financial year 2019 was characterized by a markedly improved financial result. The financial position was primarily characterized by the proceeds from the sale of shares in Delivery Hero and HelloFresh, the expansion of FinTech operations (granting of loans) as well as cash outflows for the repurchase of own shares. The Group incubated new business models and several investments were made in existing and new complementary business models. The second equity Fund (RICP II) was set-up. Selected companies reported revenue increases.

Based on the solid balance sheet structure we are in a good position to implement our unchanged business strategy, e.g. to continue building companies on the Rocket Internet Platform, to develop our companies

operationally to market leadership in their market segment and to support them in order to build a globally linked, leading operating group of many, promising Internet business models.

Position of the Company

The annual financial statements of Rocket Internet SE were prepared in accordance with German Commercial Code (HGB).

Earnings Position of the Company

General remark on the earnings position of the Company

Driven by the business model of Rocket Internet SE, the earnings position can vary substantially from year to year, which is also due to occasional sales of participations. This can be demonstrated by the actual performance of the Company in the financial years 2013 – 2019:

In EUR million	2019	2018	2017	2016	2015	2014	2013
Revenue	17.7	14.8	17.1	28.1	34.2	28.8	26.0
Other operating income	1,460.1	238.0	274.2	150.6	30.5	5.9	187.5
EBITDA	1,376.7	191.7	149.6	80.5	-65.1	-44.6	161.7
Financial and investment result	-323.8	353.6	4.0	-32.0	-7.3	-0.6	-2.4
Net income/loss for the year	1,061.7	534.6	153.0	41.4	-73.5	-45.9	147.1

Earnings position of the Company during the reporting period

In EUR million	2019	2018
Revenue	17.7	14.8
Changes in work in progress	-0.8	-0.1
Other operating income	1,460.1	238.0
Cost of materials	-7.9	-6.5
Personnel expenses	-20.7	-19.0
Other operating expenses	-71.7	-35.4
EBITDA	1,376.7	191.7
Depreciation/amortization of property, plant and equipment and of intangible assets	-1.3	-0.5
Financial and investment result	-323.8	353.6
Income taxes	-5.1	-2.1
Expenses from loss assumption	-3.4	-8.2
Gains from profit assumption	18.7	0
Net income for the year	1,061.7	534.6

The Company's revenues have increased by EUR 2.9 million to EUR 17.7 million. As part of its subletting activities, Rocket Internet SE has been able to increase rental revenues due to increased demand for office space.

In 2019, other operating income increased from EUR 238.0 million by EUR 1222.1 million to EUR 1.460.1 million. This position primarily includes income from the intragroup contribution of various participations (Hello Fresh SE, Jumia Technologies AG, Bambino 106. V V UG (haftungsbeschränkt)/Traveloka as well as Atrium 122. Europäische VV SE/Westwing) into Brillant 3087. GmbH & Co. KG in the amount of EUR 1,242.4 million. In addition, write-ups of EUR 115.2 million were recognized on marketable securities (easily convertible into cash listed shares). The write-up of a loan receivable from a subsidiary amounted to EUR 6.0 million. Furthermore, the disposal of participations during the reporting period impacted the other operating income position by EUR 55.2 million (previous year EUR 192.6 million), the majority of which resulted from the sale of shares in HelloFresh SE in the amount of EUR 32.9 million and shares in Sparks Networks SE in the amount of EUR 14.1 million (previous year mainly sales of HelloFresh shares EUR 178.0 million). Moreover, other operating income also includes foreign currency gains of EUR 23.0 million (previous year EUR 29.6 million). These mainly result from foreign currency gains on marketable securities (EUR 13.8 million), on bank balances (EUR 7.8 million) and on loan receivables (EUR 0.8 million). The development of the USD exchange rate essentially reflects this. In addition, gains of EUR 8.3 million were generated from the sale of marketable securities. It applies in particular to the sale of shares in United Internet AG in the amount of EUR 6.4 million. Regarding financial assets, the write-up on Digital Services XXVIII S.à r.l. amounted to EUR 5.8 million.

The total personnel expenses increased by 8.8% to EUR 20.7 million (previous year EUR 19.0 million). The average number of employees during the financial year 2019 decreased in comparison to the previous financial year from 151 to 109. Accordingly, current personnel expenses decreased and amounted in the fiscal year to EUR 12.1 million (previous year EUR 14.4 million). Additionally, the accounting for equity-settled share-based payment plans generated expenses amounting to EUR 5.8 million (previous year EUR 3.9 million), which were recorded as personnel expenses. Moreover, the expenses for compensation obligations of EUR 2.8 million (previous year EUR 0.7 million) were recognized in personnel expenses.

Corresponding to other operating income, other operating expenses include losses from sales of marketable securities (easily convertible into cash listed shares) amounting to EUR 32.5 million. In addition, the disposal of participation in home24 SE during the reporting period impacted negatively the earnings position with a loss of EUR 21.4 million recognized in the other operating expenses. Furthermore, other operating expenses include foreign currency losses of EUR 5.4 million (previous year EUR 3.3 million). This mainly includes foreign currency losses on marketable securities (EUR 5.0 million). The expenses for compensation obligations generated expenses of EUR 2.8 million (previous year EUR 0.6 million). Moreover, non-cash net dissolutions of equity-settled share-based payment expenses of EUR 0.1 million (previous year gain EUR 3.5 million) were recognized.

The decline of the financial and investment result from EUR 353.6 million by EUR 677.4 million to negative EUR 323.8 million is mainly due to EUR 587.1 million higher impairment losses of financial assets. These mainly originate from the contribution of various participations made into Brillant 3087. GmbH & Co. KG, which have been contributed at fair value during the year and led to impairments in the amount of EUR 605.4 million due to losses from disposal. Furthermore, lower fair values were recorded as of December 31, 2019 compared to the previous year. The total impairment losses of financial assets of EUR 701.4 million were recognized. Additionally, impairment losses of loan receivables of EUR 5.9 million were carried out (previous year EUR 5.0 million).

The gain from participations in the financial year 2019 amounted to EUR 354.5 million (previous year EUR 488.6 million), the majority of which resulted from the distribution of profits of International Rocket KG, an affiliated company, in the amount of EUR 321.6 million (previous year EUR 451.6 million), the distribution from Global Fintech Holding S.à r.l. of EUR 14.5 million, the distribution from Global Growth Capital Fund I S.C.Sp. of EUR 10.3 million, the distribution from Asia Internet Holding S.à r.l. of EUR 5.1 million (previous year EUR 36.1 million) as well as the distribution from Rocket Internet Capital Partners Founder S.C.S. of EUR 2.5 million

(previous year distribution in kind from the participation Caterwings Holding through Convenience Food Group in the amount of EUR 0.6 million). The impairment losses of the marketable securities (easily convertible into cash listed shares) burdened the result of the financial year by EUR 0.1 million (previous year EUR 115.2 million).

Interest income of EUR 29.7 million (previous year EUR 20.2 million) mainly results from loans granted in the amount of EUR 18.2 million (previous year EUR 11.5 million) and from cash in banks in the amount of EUR 11.5 million (previous year EUR 8.7 million). Previous year, interest expenses on convertible bonds amounted to EUR 32.5 million.

The net income for the financial year amounts to EUR 1,061.7 million (previous year EUR 534.6 million). The Company realized a return on equity of 26.4% (previous year 16.3%). EBIT totaled EUR 1,375.4 million (previous year EUR 191.3 million) and EBITDA amounted to EUR 1,376.7 million (previous year EUR 191.7 million).

Financial and Asset Position of the Company

Assets

In EUR million	Dec 31, 2019		Dec 31, 2018	
Fixed assets	1,181.3	28%	1,283.9	39%
Current assets	3,025.8	72%	2,029.4	61%
Prepaid expenses	0.9	0%	0.9	0%
Total	4,208.0	100%	3,314.2	100%

Equity and Liabilities

In EUR million	Dec 31, 2019		Dec 31, 2018	
Equity	4,029.2	96%	3,285.7	99%
Provisions	13.9	0%	8.7	0%
Liabilities	164.9	4%	19.8	1%
Total	4,208.0	100%	3,314.2	100%

The financial position of the Company can be described as solid. It continues to offer opportunities for investments into new companies and for participations in capital increases in existing ones. The increase of cash and cash equivalents to EUR 2,002.0 million as of December 31, 2019 (previous year EUR 1,028.1 million) despite the purchase of marketable securities held as current and fixed assets as well as the repurchase of own shares mainly results from withdrawals from affiliated companies and the sale of investments.

The Company remains financed mainly through equity with an equity ratio as of balance sheet date of 96% (previous year 99%). No dividends were paid in 2019 and 2018.

The asset position comprises financial assets mainly in form of participations amounting to EUR 1,178.0 million (28% of total assets; previous year EUR 1,281.0 million, 39% of total assets), receivables from subsidiaries and companies in which a participation is held in the amount of EUR 596.5 million (14% of total assets; previous year EUR 518.9 million, 16% of total assets) as well as cash and cash equivalents in the amount of EUR 2,002.0 million (48% of total assets; previous year EUR 1,028.1 million, 31% of total assets).

The financial assets decreased from EUR 1,281.0 million by EUR 102.9 million to EUR 1,178.0 million. On the one hand, the decline is due to impairments of financial assets, to the withdrawal regarding International Rocket KG in the amount of EUR 321.6 million in conjunction with the sales of indirectly held shares in Delivery Hero SE, to impairments of shares in home24 SE amounting to EUR 82.6 million, to the withdrawal regarding Food Delivery Holding 23 S.à r.l. amounting to EUR 50.0 million as well to the withdrawal regarding Food Delivery Holding 27 S.à r.l. amounting to EUR 50.0 million. On the other hand, the decreasing effects were partially offset by additions from the contributions of various participations made into Brillant 3087. GmbH & Co. KG totaling to EUR 258.5 million as well as from investments into various network companies related to GFG (EUR 52.4 million), to Rocket Internet Capital Partners SCS (EUR 51.8 million), to GFC Global Founders Capital GmbH (EUR 26.0 million), to SME Credit Realisation Fund Limited (EUR 26.4 million), as well as Westwing Group AG (EUR 24.3 million). Furthermore, long term foreign currency loans amounting to EUR 8.9 million have been granted.

In financial year, loan receivables were impaired by EUR 5.9 million (previous year EUR 18.6 million). Opposite to this, there are write-ups on short-term receivables such as loan receivables and other receivables totaling EUR 6.0 million (previous year EUR 7.3 million). It relates to the reversal of the impairment of receivables from Bambino 106. V V UG (haftungsbeschränkt) in the fiscal year.

Overall Statement with regard to the Earnings, Financial and Asset Position of the Company

Rocket Internet SE has successfully addressed its multifaceted challenges during the financial year 2019. Adjusted for one-off effects as the intergroup contributions and the gains from disposals of participations, the EBITDA is above the range stated in the previous year's forecast. Rocket Internet SE's economic position continued to be characterized by investments and development of its network of companies. The total earnings clearly exceeded the expenses in the financial year. The overall business development can be considered as satisfactory. The development of investment activities and expansion of the network companies continued after the reporting date. Based on the Company's solid balance sheet structure, Rocket Internet SE is in a good position to achieve future growth.

4. Forecast Report, Report of Opportunities and Risks

Forecast Report

The prospects for the overall economic development are currently unclear. While the economic effects of the corona crisis initially affected China in particular, the epidemic has been spreading increasingly to Europe and America since March 2020. At the beginning of March 2020, the International Monetary Fund (IMF) annulled its forecast for global economic growth "World Economic Outlook" published in January 2020. According to this report, the global growth was still projected to increase to 3.3% in 2020 and further to 3.4% in 2021. The IMF now assumes that the growth will be lower in 2020 than in the previous year. However, it has not yet been possible to predict how much the economy would decline and to what extent the losses incurred can be recovered in the further course of the year.

In the first quarter of 2020, the spread of the disease caused by the corona virus has sent financial markets into a tailspin despite some of the biggest emergency stimulus measures since the global financial crisis 2008 announced by dozens of central banks across Europe, the Americas, Asia and Australia. The turbulences were clear in stocks, bonds, gold and commodity prices, underlining expectations of severe economic damage from

the outbreak. More than three-quarters of economists based in the Americas and Europe polled in March 2020, 31 of 41, said the current global economic expansion had already ended, in response to a question about whether the global economy was already in recession.

According to the “KfW’s Credit Market Outlook” (“KfW-Kreditmarktausblick”) published by KfW (Kreditanstalt für Wiederaufbau) on March 20, 2020, the German economy is well equipped to survive a lean period in connection with the corona crisis. Germany has healthy public finances and thus also far-reaching fiscal policy options, which must now be used in view of the challenges. Medium-sized businesses are now also benefiting from the long-standing strengthening of equity capital: the average equity ratio is above 30%. Banks are also more crisis-proof, not least thanks to the regulatory reforms since the financial crisis 2009. Since the shock does not originate in adverse economic developments, the recovery of which typically takes time, a very rapid catch-up movement is possible if the infection development is stabilized and the containment measures are reduced.

As the core of its business strategy, Rocket Internet will continue to use its expertise to identify Internet-based business models, incubate new companies and develop them operationally to market leadership, and has the necessary means to seize such opportunities. In 2020, Rocket Internet will continue to expand its number of incubations of interesting and promising online business models.

We expect that the investments in existing network companies and those newly founded by Rocket Internet in the area of New Businesses will increase. Accordingly, we expect the number of fully consolidated companies to increase 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 December 31, 2019. 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 between EUR 14 million to EUR 18 million. In the area FinTech, we expect positive operating results (EBITDA) in the range between EUR 29 million to EUR 36 million.

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 Company and the Group can vary substantially from year to year due to dilution or occasional sales of participations. The earnings position of the Group can also be subject to high volatility due to the results from deconsolidation. Overall, therefore, we estimate the predictability of EBITDA with regard to the timing and its amount to be low, as in previous years. Against this backdrop, corporate planning does not include a quantified projected result for 2020, but EBITDA is forecast to deteriorate for 2020 in comparison with 2019.

Rocket Internet SE expects revenues to remain at the prior-year period's level in 2020. A similar development is expected at Group level for revenues from other services.

Through the provision of essential administrative company functions and the recognition of expenses from share-based payment plans in the income statement, we expect a negative operating result (EBITDA) in the range between EUR 7 million to EUR 11 million in the annual financial statements of Rocket Internet SE for the reporting year 2020 provided there are no material divestments of participations and adjusted for special effects (e.g. foreign currency valuation, partial write-downs on loan receivables).

We expect the novel corona virus (COVID-19) will negatively impact the earnings position of the Company and the Group in the forecast period 2020. Possible implications on the Group are for example lower revenue growth of networks companies and compared to previous years a higher percentage of companies that will be discontinued or limited to operate regionally. But the extent and duration of such impacts over the longer term remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time. This concerns the severity and transmission rate of the corona virus, the extent and effectiveness of containment actions taken, including mobility restrictions, and the impact of these and other factors on the economy.

Risk Report

Risk Management System – Principles and Organization

Rocket Internet has implemented a management system to handle opportunities and risks arising out of its economic activities. The objective of the risk and opportunity management is to develop a risk management strategy and establish goals that create an optimal balance between growth and profitability on the one hand and the related risk on the other.

Risk is defined as the possibility of negative deviations of actual business performance from the planned targets or objectives, while opportunities represent the possibility of positive deviations. We do not seek to avoid risks in general, but to weigh the opportunities and risks associated with our decisions and our business activities, from a properly informed perspective. Accordingly, opportunities should be exploited to generate income or increase the Group's value and risks should be assumed only if they remain within appropriate limits that are acceptable to the Group. Thus, risks should be limited to a level deemed acceptable by the Group's management by taking appropriate measures, be transferred to third parties in full or in part, or, in those cases where risk mitigation is not considered advisable, be avoided or monitored closely. All employees are duty-bound to handle risks responsibly within their own area of responsibility. The risk policy principles and risk strategy are coordinated and aligned with the business strategy and business objectives.

The concept, organization and task of Rocket Internet SE's risk management system are defined by the Management Board and Supervisory Board and documented in a risk policy. These requirements are regularly adapted to changing legal conditions and continually developed.

The general form of structure and processes in the risk management system at Rocket Internet are based on the internationally recognized "Enterprise Risk Management Framework", a framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This links the risk management process to the internal control system. The use of this holistic, integrated approach should ensure that management and monitoring activities are systematically focused upon the strategic, operational, reporting-related and compliance-related objectives of Rocket Internet Group and their risks.

The risk management section coordinates the implementation and ongoing development of the risk management system. Significant activities of the risk management section are closely coordinated with the compliance section to ensure appropriate interlinking of individual subsystems (risk management, compliance management and internal control system) as well as related reporting with the aim to establish Group-wide effective monitoring systems. The systematic identification and assessment of opportunities is included in the strategic planning process.

The assurance of the effectiveness and efficiency of the risk management system is within the responsibility of the internal audit department. In addition, the Supervisory Board monitors the effectiveness of the internal control, risk management and internal audit system. As part of his statutory auditing obligations for the annual financial statements and consolidated financial statements, the external auditor also examines whether the early risk recognition system is generally suitable for the early identification of risks and developments which might endanger the Group so that suitable countermeasures can be swiftly introduced.

Risk Management System – Methodology and Reporting

The risk management system comprises measures which enable Rocket Internet SE to identify, assess and monitor from an early stage significant risks for the attainment of its corporate objectives.

Within the risk management system of Rocket Internet SE, also potential risks to the going-concern status of network companies are generally considered, independent of their consolidation status. The consolidation group for risk management purposes is hereby derived based on an individual assessment considering the risk-bearing capacity of the Rocket Internet Group and the potential risks per network company.

Due to the limited risk expertise at the network companies and often restricted control over the network companies the individual risks of the network companies that are included in the risk consolidation group are then assessed on Rocket Internet level using a top down approach.

The analysis of the potential risk consolidation group during the last annual risk assessment concluded that no single network company could currently create risks that would materially impact the Rocket Internet Group. As a result no network company was individually included in the risk consolidation group.

Nonetheless, Rocket Internet's risk register includes overall network company-related risks from its financing and investment activities.

Whilst overall responsibility for risk management lies with the Management Board, the operational management of the individual risks falls primarily within the area of responsibility of the respective company departments or network companies. This includes the early detection and identification, assessment, definition of appropriate measures, the management and monitoring of such measures and adequate documentation and reporting processes.

All risks are assessed by using defined classes for likelihood of occurrence and impact on Rocket Internet's objectives. These classes are used for assessing gross risks, i.e. before mitigation measures are in place, and net risks, i.e. considering mitigation measures already existing, in order to display the effectiveness of the mitigation measures.

The likelihood of occurrence refers to the estimated probability of a risk issue occurring during the time horizon under review. It is stated as percentage. The likelihood of occurrence is determined by choosing one of the given probability ranges which are shown in the following table:

Likelihood of Occurrence	Assessment
Almost Certain	[75% - 100%]
Likely	[50% - 74,9%]
Possible	[25% - 49,9%]
Unlikely	[5% - 24,9%]
Rare	[0% - 4,9%]

Risk is defined as the possibility of negative deviations of actual business performance from the planned targets or objectives of Rocket Internet. The impact assessment can be conducted either on a quantitative scale which is the preferred method or a qualitative scale, if risks cannot be quantified or qualitative aspects predominate, e.g. for compliance risks.

The quantitative classes are based on a scale relating to the potential impact on the assets, liabilities, financial position and profit or loss of the Group and will be adjusted continuously considering Rocket Internet's current situation. The qualitative classes are based on criteria considering reputational damage or criminal prosecution impact effects with special focus on compliance-relevant risks.

Impact	Qualitative and quantitative assessment
Insignificant	Insignificant negative impact on business operations, asset, financial and earnings position or reputation < EUR 0.5 million individual risk
Low	Limited negative impact on business operations, asset, financial and earnings position or reputation EUR 0.5 million – EUR 10 million individual risk
Medium	Some negative impact on business operations, asset, financial and earnings position or reputation > EUR 10 million – EUR 50 million individual risk
Major	Substantial negative impact on business operations, asset, financial and earnings position or reputation > EUR 50 million – EUR 100 million individual risk
Severe	Severe damaging negative impact on business operations, asset, financial and earnings position or reputation > EUR 100 million individual risk

Based on the assessment of likelihood of occurrence and impact, all identified risks are classified in a risk matrix.

		Likelihood of Occurrence				
		Rare	Unlikely	Possible	Likely	Almost Certain
Impact	Severe					
	Major					
	Medium					
	Low					
	Insignificant					
		Low	Moderate	High	Very High	Extreme

The risk matrix facilitates the comparison of the risks' relative priority and increases transparency over Rocket Internet's total risk exposure. In addition, the rating of risks from "Low" to "Extreme" is used to prioritize and determine which risk information is to be provided in more detail to the Management Board as well as to the Supervisory Board.

The systematic and standardized risk inventory is conducted once a year. However, the risk owners must continuously monitor any changing risk situations within their department or company. Significant changes in the risk situation must be reported immediately to the risk manager or Management Board.

The annual risk report prepared for the Management Board and Supervisory Board focuses primarily on existential risks and significant risks, along with the countermeasures adopted.

Risk Areas

A company with a business model that most notably includes founding, operationally developing and financing newly founded Internet-based business models as well as sometimes the complementary strategic participation in young companies in the Internet sector in order to strengthen the network and to realize advantages for self-founded companies such as for example increasing economies of scale as well as know-how, takes deliberate and notably entrepreneurial risks. The Rocket Internet Group is primarily exposed to operational, investment and valuation risks. These risks are related to the success potential of the business models of the network of companies as well as to the intense competition in the area of online business by other incubators and founders. Moreover, the worldwide expansion particularly into a large number of emerging markets increases the exposure to political, economic, legal as well as other risks and uncertainties. In this context, there is also the risk of target markets and their development deviating from pre-entry expectations.

The overall risk situation is determined by assessing the following risk clusters as the result of a consolidated consideration:

- Investment risk,
- Financing risk,
- Legal and compliance risk,
- Finance and reporting risk,
- Operational risk.

Risk clusters, which from the current perspective could significantly affect the asset, financial and earnings position of the Rocket Internet Group are presented below. These are not necessarily the only risks to which the Group is exposed. Further risks, which could affect our operations are currently not foreseen, or we assess these to be non-substantial.

Below, risks are presented in the order of their priority for the Group and risk assessments are given on a net risk basis considering existing mitigation measures.

Investment Risk

Rocket Internet's business strategy is to identify, incubate and develop internet-based business models. Identification of new, promising business models and proper judgement of the business opportunities are therefore key risks for the Rocket Internet Group. Misjudging the current market environment, demands and competition can lead to missed chances to establish promising businesses or unsuccessful implementation of new business models. All new business concepts and products bear the risk that they are technically, procedurally or organizationally (e.g. availability of service providers) not feasible for implementation.

Rocket Internet's industry experts for certain regions or business models are constantly identifying new opportunities. A structured process for identifying and evaluating new business opportunities based on information on e.g. business models and markets is in place. To assess the risks connected to new business concepts Rocket Internet performs a standardized, tool-based market and competition analysis prior to taking any investment or launch decisions with individual evaluations on the market situation, proper launch date and technical feasibility. Those research tools are constantly extended. However, due to a high uncertainty, the risk of wrong investment decisions is still considered to be high.

In the fast pacing Internet environment speed is one of the key factors for success. Rocket Internet's goal is to start operations within 100 days from the decision of establishing a business model.

Rocket Internet has industrialized the process of incubation with its platform approach. The launch process is standardized which connects the new network company (product) with all departments and provides best practice guidelines and support. Milestones are set and tracked by a dedicated management team which actively supports new network companies from day one. This combines unique launching knowledge with the flexibility to adapt to the individual needs of each network company. The scalability of standard processes and IT platforms hereby reduces implementation costs and time.

We provide guidance to network companies in their business development and seek to accelerate their operational development by giving access to Rocket Internet's technology platform and by exchange of knowledge.

After incubation or strategic investment, the business development of each company is monitored on a regular basis in short intervals by means of key performance indicators (KPIs) and financial data. The analysis is focused on operational performance of the network company thereby benchmarking relevant KPIs compared

with other network companies and external competitors, customer needs, market developments and technical performance and innovation to reduce the risks of wrong management decisions.

In addition to the operational support, Rocket Internet provides its network companies with the financial resources to start up, develop and grow their operations. As capital is a key component in growing companies, we aim to maintain a strong financial position as well as easy access to funding. Rocket Internet typically funds the network companies through a mix of own and third-party capital based on a financial budgeting planning including detailed cash planning according to the respective stage of the network company. Regular cash reporting is implemented which ensures an early identification of cash requirements.

All measures taken in regards of investment management, including the launch process, reduce other risks from this area to a moderate level. This does not mean that all launches or strategic investments will be successful.

Required value adjustments are recorded at an early stage to maintain a conservative business view of the asset position at all times.

Financing Risk

Due to the predominant equity financing via public markets, the Group is directly affected by developments and risks relevant to capital markets. The growth and expansion of Rocket Internet continuously requires additional capital. Problems in network company financing may have a negative impact on the ability to further develop network companies. Founding, investing and financing of a company depend on its own financing capability to a particularly high extent, which increases capital procurement risks.

The Group has to rely on the financing capability of its existing and future shareholders and their willingness to invest in the event of a further expansion of the network of companies. A critical success factor is to be able to provide promptly full and reliable information on the status and development of the Group companies. Communication of incorrect or incomplete information can result in reputational damage and might negatively impact the investor relations or even result in the loss of investors.

For addressing this high risk and to properly manage the investor relations the corporate finance team uses standard capital market communication and due diligence processes to collect all required information. Investment Controlling manages relevant information regarding the network companies. Although management of due diligence processes on company level are within the responsibility of the local management the experienced Rocket Internet teams support the network companies in providing correct and complete information. In addition, Rocket Internet and the network companies are supported by specialized law firms.

The subsequent financing of new and existing network companies by several co-investors permits the distribution of risks across several parties. The Group also systematically ensures risk diversification by starting and financing businesses in different operational business fields and geographic areas. In addition, the Rocket Internet Group has access to a variety of investors as well as existing strategic partnerships. As a result the investor relation risk is still considered to be moderate.

The Rocket Internet Group has currently a sufficient cash position to fulfil its capital requirements relating to the financing of new and existing companies and the operating business.

Legal and Compliance Risk

The great number of contractual relationships and agreements concluded by the Group on a regular basis give rise to various legal risks especially referred to legal risks in corporate law as well as competition/antitrust law. Furthermore, there are tax risks in connection with corporate reorganizations and resulting from interaction with the network companies.

These risks are reduced to a moderate level through mandating renowned corporate and tax law firms. A system of contract templates is in place for standard agreements. In addition, specialized law firms often located outside Europe are also engaged at the level of the company network, with a view to minimizing the risks resulting from legal uncertainty and capital recoverability. However, because of outsourcing, dependencies on the corporate and tax law firms can occur, which was reduced by the assignment of engagements to multiple professional firms.

Rocket Internet, depending on its respective ownership interest, is more or less involved in the strategic leadership and tactical implementation of the business plans of its subsidiaries, associates and joint ventures. It also performs a range of IT, marketing and other services, particularly commercial and technical consulting services for its subsidiaries and non-consolidated equity investments. However, the daily management of the network companies is in the responsibility of the local management. Nonetheless, restrictions on the control of network companies may exist, in particular if there is no shareholding majority and Rocket Internet is exposed to risks related to these network companies as a result of limited control. Rocket Internet is aware that reputational risks can arise for the Rocket Internet Group resulting from non-compliance of network companies with relevant legal or regulatory requirements.

To reduce the risk of non-compliance Rocket Internet prepared guidelines for implementing adequate management systems in various areas, such as compliance management, internal controls, risk management and further standardized processes to apply legal requirements, due diligence requirements and financial statement closing. Business and compliance activities are, where possible, closely monitored through board representation. In addition, key business decisions and corporate changes of the network companies are sometimes subject to investor approval. A standard monitoring and approval process for investor approvals is implemented. Due to mentioned measures, this risk is considered to be moderate.

Other compliance-related risks that could possibly result from violation of internal or external laws and regulations, such as capital market or data protection regulations are managed and monitored by Rocket Internet's Compliance sector. Rocket Internet established a Group-wide code of conduct which provides guidance on various professional situations, a compliance hotline which should support the detection of relevant infringements as well as training on special topics such as competition issues or the proper handling of insider information. Compliance risks are identified on an ongoing basis and adequate measures implemented as relevant. In consideration of the mentioned awareness-raising measures, the risks resulting from data protection regulations and handling insider information are considered as high. Other risks are assessed as moderate to low.

Finance and Reporting Risk

Finance and Reporting risks mainly comprise:

- the Rocket Internet accounting process,
- the consolidation process, incl. accounting and reporting of network companies,
- the valuation of participations, as well as
- treasury management.

Rocket Internet has implemented an internal risk management system for financial reporting to manage and reduce the finance and reporting risks to a moderate level. Due to limited control over processes at network company level, risks depending on information from network companies, i.e. reporting from network companies and input for valuation of investments, are assessed as high. For details refer to section 6 "Internal Control and Risk Management System for Financial Reporting".

In regard to treasury Rocket Internet is mainly exposed to liquidity and market risks. Rocket Internet has currently a sufficient cash position to finance investment activities. As a result, the liquidity risk is considered to be moderate. Currency and interest rate risk resulting from the international business activities are not material and therefore assessed to be low. The risks arising from the use of financial instruments are discussed in detail in note 26 and note 27 of the notes to the consolidated financial statements and in section 5 “Risk Report Concerning the Use of Financial Instruments” in this management report.

Operational Risk

Technology

Rocket Internet has created core technology platforms for the network companies, which allow a “plug and play” setup, and which are used as the starting point in the process of establishing a new company. Rocket Internet provides technology development services for its network companies if needed to adapt those platforms to their individual requirements, optimize the existing offerings or establish innovative products in the market. Delayed developments, developments not addressing future business models or technical innovation as well as changes not meeting business needs might have a negative impact on the economic success of Rocket Internet Group and its network companies.

Rocket Internet manages the program development risks for selected self-incubated network companies by following a standardized tool supported program development and change management process with a constantly increased amount and sophistication of automated unit-, integration- and functional tests to bring them to a moderate level. Such new projects have to pass a technology strategy review for the best possible technical strategy. Furthermore, IT planning is constantly monitored and adapted to the current needs.

Especially due to steadily growing cybercrime, Rocket Internet assesses the risks regarding the availability of the utilized IT systems as well as the confidentiality and integrity of data still as a major risk. The outage of IT systems can lead to disturbances of business operations, but it can also have a reputational impact.

The main causes, complexity of systems and infrastructure as well as external attacks, are mitigated by constant monitoring of all systems as well as the improvement of processes and security measures by a special IT security team or an external service provider. Due to the high dependency on the Internet and constantly evolving cybercrime activities, breaches of network and data security are considered to be a high risk.

Personnel

Berlin is increasingly becoming an established location for Internet and venture capital companies, which leads to increased competition for specialized management staff and functional experts. Rocket Internet has set up an inhouse recruiting sector that is successful in discovering candidates for digital business activities. In addition, operational departments are in direct contact with top candidates. As an international company which is interesting for people willing to work in the Internet business and start up environment, Rocket Internet can and does recruit many positions globally. Therefore, the recruiting risk is deemed to be moderate.

The individual skills, professional competence, and commitment of our employees contribute greatly to the success of the Rocket Internet Group. As a consequence, the loss of specialist staff and the associated loss of expertise is a moderate risk, the loss of key positions in the top management is a high risk, which we actively look to counter. It will be achieved for example under various personnel retention measures and targeted development of employees and motivation of professional and managerial staff through reasonable salary and incentive schemes.

Management Board's Overall Assessment of the Group's Risk Position

In summary, it should be noted that the Group performs systematic and regular analyses of the business risks based on qualified early risk detection systems and minimizes the risks through deliberate measures such as risk prevention, limitation of risks, risk diversification and risk insurance.

The assessment of the overall level of risk is based on a consolidated view of all significant risk fields and individual risks, also taking account of their interdependencies. At present, there are no discernible risks that could threaten the continued existence of the Rocket Internet Group. Apart from the risk of a global pandemic (novel corona virus) as described in the forecast report, there are no risks that could significantly affect the Group's assets, financial and earnings position in the forecast period 2020.

Opportunities Report

As mentioned above the risk management system is maintained by the risk management department. A systematic identification and assessment of opportunities is currently included in the strategic planning process. Strategic planning and the management of opportunities is shared between the Management Board, operational managers and the venture development team.

Rocket Internet's business largely depends on the identification of business opportunities. Rocket Internet has independent experts to identify relevant ideas which can preferably be pursued by Rocket Internet itself by creating own companies. Management relies on the work of these experts that propose ideas and prepare investment memos and business plans on the basis of which the decisions are made.

Rocket Internet regularly reviews and weighs opportunities of existing businesses in order to decide if the business activities should be continued or ceased.

Depending on the size of the engagement or divestment, different levels of approval are necessary.

Participation in the growth of the Internet sector

The Internet sector is still one of the fastest growing sectors of the economy. This offers generally good opportunities for companies that can face the current trends as demographic change, urbanization, climate change, globalization, digitalization, artificial intelligence, disruptive technologies, autonomous machines and edge computing with promising business models and establish themselves at an early stage and in new geographic locations. At the same time, the rapid pace of developments in the Internet sector entails risks, too.

Identification of new business models

The Group is established in the industry. As a result, it has many opportunities to identify innovations and trends in the Internet market and to participate preferably through founding. Rocket Internet's core competencies include, in particular, the pursuit of new digital business models and trends and the early identification of new markets.

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

Standardized network company founding and development process

The implementation of new business models is carried out using the unique platform approach that Rocket Internet developed. Rocket Internet has standardized the process of building companies. The goal is to start operations within 100 days from the decision of establishing the business model.

The parallel development of various business models enables to benefit from synergies through the exchange of information, knowledge and best-in-class solutions. The internationality of the Group and the staff structure offer the opportunity to access and understand the most diverse international markets quickly. Consequently, Rocket Internet Group can promote one of its key strategies: the initial tapping of new and undersupplied markets and markets that have not yet been explored by competitors, in particular in South East Asia, Australia and Latin America, but also in Europe. Moreover, the Group can generate economies of scope and scale as a result of its targeted international rollouts and its presence on several continents including many complex emerging markets.

Emerging markets engagement

While our network companies have substantial operations in developed markets, they typically strive to expand their emerging market activities. We include these emerging markets because we believe their growth in terms of gross domestic product (GDP), population and Internet penetration, combined with the absence of a sophisticated offline retail infrastructure, presents a significant market opportunity to leapfrog the development of traditional brick-and-mortar retail industries, which involves the maintenance of stores and other sales facilities. At the same time, the existence of high barriers of entry in these markets may bar competitors and may allow defending a stable market position. Some of the network companies operate in markets in which logistics, delivery and payment infrastructure do not exist and had to be built from the ground up. Competitors would have to first make similar significant efforts before they could enter the respective market.

Rocket Internet's investor reach

The existing capitalization and access to investors as well as the existing strategic partnerships enable Rocket Internet to establish and finance new companies internationally and over longer periods.

Rocket Internet infrastructure, technology partners and knowledge sharing

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

Strong and internationally leading technology partners (e.g. Google, Facebook) enable Rocket Internet Group to utilize external technologies benefitting from superior terms relative to competitors, which are achieved through bundling service agreements across the Group.

Another success factor is the Group's own core technology developed for different business models like Marketplaces, Financial Technology and eCommerce, which enables Rocket Internet Group to expediently set up several companies in parallel and in a timely manner. These software solutions can be adapted flexibly to the requirements of the respective company and are scalable. These operational activities are supported by the subletting of office space to network companies and other tenants.

5. Risk Report Concerning the Use of Financial Instruments

The major financial instruments of Rocket Internet Group are cash and cash equivalents (40% of total assets; previous year 42%) and short-term bank deposits (18% of total assets; previous year 5%) and equity instruments (18% of total assets; previous year 26%). The Group also records trade receivables and trade liabilities as well as loan receivables and loan liabilities from third parties as well as from associated companies, joint ventures and other network companies, which arise in the ordinary course of business.

The major financial instruments in the annual financial statements prepared in accordance with German GAAP (HGB) of Rocket Internet SE are cash (48% of the total assets, previous year 31%), investments in subsidiaries (23% of total assets, previous year 27%), participations (3% of total assets, previous year 12%) as well as short-term securities (3% of total assets, previous year 14%).

For information about the functions and objectives of our financial management, please refer to note 26 “Financial Risk Management” in the notes to the consolidated financial statements. The information disclosed therein also applies for the annual financial statements of the parent Company.

6. Internal Control and Risk Management System for Financial Reporting

Rocket Internet Group has a financial reporting-related internal control and risk management system based on the internationally recognized frameworks of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The reporting-related internal control and risk management system shall ensure the compliance, completeness and reliability of its accounting and related financial reporting as well as compliance with relevant laws and standards.

The financial reporting related internal control and risk management system comprises all organizational regulations and measures aimed to identify, assess and manage all risks that might have a material impact on the (consolidated) financial statements.

However, even an effective, and therefore adequate and well-functioning internal control and risk management system cannot guarantee the prevention or detection of all irregularities or inaccurate disclosures.

We consider the following elements of the internal control and risk management system to be significant with respect to the (consolidated) financial reporting process:

- Identification of all significant financial reporting-related processes and risk areas including supporting IT systems and definition of corresponding key controls.
- Documentation and regular update of risk and controls in a risk-control-matrix for each business process and accounting system comprising control description, control type and frequency and control owner.
- Implementation of entity level, preventive and detective controls (manual and automated controls, 4-eye-principle and segregation of duties).

- Continuing analysis of new or changing accounting principles, laws and other regulations and assessment of their effect on the financial statements. Regular update of Group-wide accounting and reporting directives in the form of accounting guidelines, charts of accounts and reporting procedures.
- Quarterly communication of information to all consolidated Group companies on current developments related to accounting, reporting, and the process of preparing the financial statements as well as the reporting deadlines to be observed.
- Support of Group companies in implementation of adequate accounting processes and systems, e.g. by providing accounting services, guidelines and checklists for financial statement closing as well as key risks and standard controls within the business processes.
- Centralized preparation of the consolidated financial statements (including combined management report), employing manual and automated controls and quality checks.
- Assuring requisite expertise of employees involved in the financial accounting and reporting process by means of appropriate selection procedures and training as well as employing specialists for specific valuation and IFRS topics such as valuation of investments and share-based payments.
- Monthly internal reports in the form of the income statement, the statement of financial position and business evaluations of Rocket Internet and monthly analysis on all cost units, including reporting of significant developments and budget/actual variances.

The internal audit department independently audits effectiveness and efficiency of the accounting related internal control and risk management system. The audit procedures are based on a risk-oriented annual audit plan. In addition, the financial reporting-related internal control system is subject to the risk-based financial statement audit of the external auditor.

If significant control weaknesses or opportunities for improvement are detected, they are assessed and countermeasures are developed with the responsible persons to further improve the effectiveness of the internal control system. Implementation of the management measures is monitored by the internal audit department and may be subject of subsequent audits. In order to ensure the quality of the accounting-related internal control system the internal audit department is involved.

7. Explanatory Report by the Management Board

in accordance with Sec. 176 (1) sentence 1 German Stock Corporation Act (AktG) on disclosures relating to takeover law in accordance with Secs. 289a (1) and 315a (1) German Commercial Code (HGB)

In accordance with Sec. 176 (1) sentence 1 German Stock Corporation Act (AktG), the Management Board of Rocket Internet SE has prepared the following explanatory report on the disclosures relating to takeover law in accordance with Sec. 289a (1) and Sec. 315a (1) German Commercial Code (HGB).

Composition of share capital

Rocket Internet SE's share capital currently amounts to EUR 150,767,294. It is divided into 150,767,294 bearer shares with no-par value (Stückaktien), each such share represents a notional share of EUR 1.00 in the share

capital. The share capital has been fully paid in. There are no other share classes. As of December 31, 2019, the Company held 15,076,675 treasury shares.

Restrictions relating to the voting rights or the transfer of shares

Rocket Internet SE held treasury shares as of the reporting date with restrictions relating to voting rights according to Sec. 71b AktG. The external shareholders' voting rights are not subject to any restrictions other than any possible statutory prohibitions on voting rights. There are no restrictions regarding the transfer of shares.

Shareholdings that exceed 10% of the voting rights

As notified in writing on September 23, 2016, Global Founders GmbH, Grünwald, held 37.1% of the voting rights in the Company in total. The total number of voting rights on this date was 61,210,467. The number of voting rights reported to the Company for September 23, 2016, would be equivalent to 45.1% of the total number of voting rights as at December 31, 2019. Please note that the last disclosed number of voting rights might since have changed within the thresholds without the shareholders being obliged to inform the Company.

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

The Management Board is not aware of further participations in capital exceeding 10% of voting rights. The current notifications of changes in voting rights in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) are also published on the website <https://www.rocket-internet.com/investors/share>.

Holders of shares with special rights conveying powers of control

Rocket Internet SE has not issued any shares with special rights conveying powers of control.

Type of voting rights control for the event that employees hold an interest in the share capital and do not directly exercise their control rights

In addition, there are no interests held by employees in the share capital under which employees cannot exercise their control rights directly.

Statutory provisions and provisions of the Articles of Association regarding the appointment and removal from office of Management Board members and modifications of the Articles of Association

According to Art. 9 (1), Art. 39 (2) and Art. 46 of the SE Regulation, Secs. 84 and 85 AktG and Art. 7 (4) of the Articles of Association, the Supervisory Board appoints the members of the Management Board for a maximum term of five years. Reappointments are allowed. In accordance with Art. 7 (1) of the Articles of Association, the Management Board consists of one or more members. The number of members of the Management Board is determined by the Supervisory Board.

The annual general meeting passes the resolutions to amend the Articles of Association. Sec. 20 (2) sentence 2 of the Articles of Association states that, unless this conflicts with mandatory legal provisions, amendments to the Articles of Association require a majority of two-thirds of the valid votes cast or, if at least one-half of the share capital is represented, the simple majority of the valid votes cast. The Articles of Association thereby make use of the option set out in Sec. 51 of the SE Implementation Act (SEAG), which is based upon Article 59 (1) and (2) of the SE Regulation. A majority of two-thirds of the valid votes cast is required, inter alia, for a change in the corporate object and the relocation of the registered office to another EU member state.

Authority of the Management Board to issue shares

The Management Board was authorized to increase the registered capital of the Company until August 21, 2019, with the consent of the Supervisory Board once or repeatedly, by up to a total of EUR 15,012,592 by the issuance of up to 15,012,592 new no-par value bearer shares against contributions in cash or in kind (Authorized Capital 2014). In principle, the shareholders are to be offered subscription rights. The new shares may be taken over by one or more banks with the obligation to offer them to the shareholders (so-called indirect subscription right). The subscription right of the shareholders is excluded for one or more capital increases in several circumstances specified in Art. 4 (3) of the Articles of the Association. The new shares shall bear the right to participate in the profits of the Company from the first day of the year in which they have been issued. The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the Supervisory Board's approval. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2014 or after the period for the utilization of the Authorized Capital 2014 has expired.

The share capital of the Company is conditionally increased by up to EUR 4,541,712 by issuance of up to 4,541,712 new registered no-par value shares (Conditional Capital 2014 / I). The Conditional Capital 2014 / I may only be used to fulfil the subscription rights which have been granted to the member of the Management Board of the Company, Mr. Oliver Samwer, in connection with the Stock Option Program 2014 / I in accordance with the resolution of the general meeting on September 8, 2014. The conditional capital increase will only be implemented to the extent that such subscription rights have been or will be issued in accordance with the Stock Option Program 2014 / I as resolved by the general meeting on September 8, 2014, the holder of the subscription rights exercises his rights and the Company does not deliver treasury shares to satisfy the subscription rights, whereas the Supervisory Board shall be exclusively competent regarding the granting and settlement of subscription rights to the member of Management Board. The new no-par value shares participate in the profit from the beginning of the financial year for which at the time of the issue of the new shares no resolution of the general meeting on the application of the balance sheet profit was passed, to the extent legally and factually admissible.

The share capital of the Company is conditionally increased by up to EUR 6,005,113 by issuance of up to 6,005,113 new no-par value bearer shares (Conditional Capital 2014 / II). The Conditional Capital 2014 / II may only be used to fulfil the subscription rights which have been granted to members of the Management Board (except for Mr. Oliver Samwer) and employees of the Company as well as members of the management bodies and employees of companies affiliated with the Company in the meaning of Secs 15 et seq. AktG in connection with the Stock Option Program 2014 / II in accordance with the resolution of the general meeting on September 8, 2014, amended by the general meeting on June 2, 2017. The conditional capital increase will only be implemented to the extent that such subscription rights have been or will be issued in accordance with the Stock Option Program 2014 / II as resolved by the general meeting on September 8, 2014, the holders of the subscription rights exercise their rights and the Company does not deliver treasury shares to satisfy the subscription rights, whereas the Supervisory Board shall be exclusively competent regarding the granting and settlement of subscription rights to the members of Management Board. The new no-par value shares participate in the profit from the beginning of the financial year for which at the time of the issue of the new shares no resolution of the general meeting on the application of the balance sheet profit was passed, to the extent legally and factually admissible.

The basic capital will be conditionally increased by up to EUR 72,000,000 by the issue of up to 72,000,000 new bearer no-par value shares with profit entitlement (Conditional Capital 2015/2017). The conditional capital increase serves the granting of shares on the exercise of conversion or option rights or the fulfilment of conversion or option obligations to the bearer or creditor of conversion bonds, option bonds, profit rights and/or profit bonds (or a combination of these instruments) (hereinafter together "Bonds") issued on the basis of the authorizing resolution of the General Meeting of June 23, 2015 or the authorizing resolution of the General

Meeting of June 2, 2017. The issue of new shares is based on the conversion or option price to be determined in accordance with the authorizing resolution of the General Meeting of June 23, 2015 or the authorizing resolution of the General Meeting of June 2, 2017. The conditional capital increase will only be implemented to the extent that the bearers or creditors of Bonds which are issued or guaranteed by the Company or company dependent on or directly or indirectly majority-owned by it on the basis of the above authorizing resolution of the General Meeting of June 23, 2015 or are issued or guaranteed on the basis of the authorizing resolution of the General Meeting of June 2, 2017, avail of their conversion or option right or satisfy the conversion or option obligations under such Bonds or to the extent the Company grants shares in the Company instead of paying the amount due and to the extent the conversion or option rights or conversion or option obligations are not serviced by the Company's own shares but by shares from Authorized Capital or other consideration. The new shares participate in the profit from the beginning of the financial year in which they are created and for all subsequent financial years. In deviation here from, the Management Board can, insofar as legally admissible, with the approval of the Supervisory Board, determine that the new shares participate in profit from the beginning of the financial year for which at the time of the exercise of the conversion or option rights, the fulfilment of the conversion or option obligations or the grant (of shares) instead of the amount of money due a resolution of the General Meeting as to the appropriation of the balance sheet profit has not yet been passed. The Management Board is authorized to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend Art. 4 (6) and Art. 4 (1) and (2) of the Articles of Association in accordance with the claims in each case on the Conditional Capital and after the expiry of all option and conversion periods.

The Management Board is authorized with the consent of the Supervisory Board to increase the basic capital of the Company in the period up to June 1, 2022 by up to EUR 67,557,803 once or several times by the issue of up to 67,557,803 new bearer no-par value shares for cash and/or contributions in kind (Authorized Capital 2017). A subscription right is in principle to be granted to the shareholders. The shares can thereby be taken up according to Sec. 186 (5) Stock Corporation Act even by one or more financial institutions with the obligation to offer them to the shareholders of the Company (indirect subscription right). The Management Board is however authorized to exclude the subscription right of the shareholders with the approval of the Supervisory Board for one or more capital increases in several circumstances specified in Art. 4 (7) of the Articles of Association.

The Management Board is also authorized with the consent of the Supervisory Board to specify the additional content of the rights attached to the shares and the Conditions of the share issue. The Supervisory Board is authorized after the exhaustion of the Authorized Capital 2017 or after expiry of the period for the use of the Authorized Capital 2017, to amend the version of the Articles of Association accordingly.

Material agreements of the Company that take effect in the event of a change of control following a takeover bid

There are no material agreements of the Company that take effect in the event of a change of control following a takeover bid.

Compensation agreements agreed by the Company with members of the Management Board or employees in the event of a takeover bid

There are no compensation agreements agreed by the Company with the members of the Management Board or employees in the event of a takeover bid.

8. Remuneration Report

Remuneration of the Management Board

Basic features of the remuneration system for the members of the Management Board

The total remuneration system of the Management Board has a simple and transparent structure. Apart from the usual fringe benefits, it consists of two components: a fixed base salary and a long-term incentive through variable option programs. The long-term remuneration components align the remuneration system with corporate responsibility and the interests of the shareholders.

The total remuneration is appropriate to the tasks and performance of each member of the Management Board. The criteria used to determine what remuneration is appropriate relate to the responsibilities of the individual members of the Management Board, the personal achievement together with the Company's economic situation, performance and future development. The industry environment and the remuneration structure that otherwise applies in the Company is also considered.

None of the remuneration components contain discretionary elements. The company does not provide a pension plan for the benefit of members of the Management Board.

Non-share-based payments (non-performance-based remuneration)

The members of the Management Board receive non-share-based remuneration, such as salaries, non-cash payments and other benefits.

The salaries of the members of the Management Board are paid in monthly installments. The members of the Management Board received in total annual salaries of EUR 1,000 thousand in the financial year 2019 (previous year: EUR 1,565 thousand).

Additionally, Rocket Internet SE bears 50% of the costs of the Management Board members' private health insurance, but no more than the cost that would occur in the public health insurance system. Rocket Internet SE pays a monthly gross amount of the applicable employer's contribution to the statutory pension and unemployment insurance, taking into account the contribution ceiling (Beitragsbemessungsgrenze).

All members of the Management Board received reimbursements of their out-of-pocket expenses, including travel expenses. In the event of a temporary incapacity to work as a result of health reasons, all Management Board members' service agreements provide that the relevant base salary will continue to be paid for up to six weeks, but not beyond the expiry of the service agreement. In the case of a Management Board member's death, the member's surviving spouse, or registered partner, and eligible surviving children are entitled jointly to the relevant base salary for the remainder of the month of death and the following three months.

The members of the Management Board are covered by directors and officers (D&O) insurance policies with coverage in line with best market practice and a deductible in line with the respective provisions of the AktG. The D&O insurance policies also cover the risk of criminal prosecution.

Share-based payments (long-term incentives)

Share options in Rocket Internet SE

The members of the Management Board participated in the Stock Option Programs 2014 in financial year 2019 (as well as in the prior year). Under the Stock Option Programs 2014 (SOP I and SOP II), one share option

grants the holder the right to subscribe for one share of the Company. Rocket Internet has the right, without any obligation, to pay the entitlements in cash instead of shares.

All 4,541,712 share options under the SOP I were granted to the Company's CEO Oliver Samwer after the listing of the Company's shares on the Open Market of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse or the Open Market) on October 2, 2014. These share options have an exercise price of EUR 42.63 per share option and will vest in monthly installments over a five-year vesting period and can be, subject to certain conditions, exercised after a waiting period of four years commencing on the date the share options were granted. The exercise price can change during the vesting period due to capital measures.

The options granted under the SOP I can only be exercised if (amongst others):

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

Under the SOP II in accordance with the resolution of the General Meeting of September 8, 2014, amended by the resolution of the General Meeting of June 2, 2017, the Supervisory Board was authorized to grant up to 3,408,342 share options to members of the Management Board (excluding Mr. Oliver Samwer).

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

The Supervisory Board was authorized to determine the duration of the vesting by resolution of the Annual General Meeting on June 2, 2017. The Supervisory Board exercised this option for 1,500,000 stock options granted to Alexander Kudlich. For 746,851 stock options granted to Alexander Kudlich, the vesting period is ten years with an initial vesting of part of the stock options after a period of four years. For 1,207,320 stock options granted to Alexander Kudlich, the vesting period is four years with an initial vesting of part of the stock options after a period of three years.

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

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

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

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

The table below provides an overview of the movements in the share option awards of SOP I and SOP II during the reporting period:

	Oliver Samwer		Alexander Kudlich		Total	
	2019		2019		2018 ¹⁾	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Share options						
Outstanding as of January 1	EUR 42.63	4,541,712	EUR 21.09	1,954,171	EUR 33.54	7,950,054
Granted during the period	-	-	-	-	-	-
Forfeited during the period	-	-	-	-	EUR 21.12	1,272,483
Exercised during the period	-	-	-	-	-	-
Outstanding as of December 31	EUR 42.63	4,541,712	EUR 21.09	1,954,171	EUR 38.28	6,677,571
Exercisable as of December 31	EUR 42.63	4,541,712	EUR 26.14	227,086	EUR 44.44	4,042,124

¹⁾ Pursuant to the resolution passed at the Company's extraordinary general meeting held on August 22, 2014, information on the individual remuneration of each member of the Management Board for the financial years 2014 - 2018 is not disclosed in accordance with Secs. 285 No. 9 a Sentence 5, 315a (2) and 314 (1) No. 6a Sentences 5 - 8 HGB in conjunction with Secs. 286 (5) and 314 (3) Sentence 1 HGB as well as Art. 61 of the SE Regulation.

Furthermore, Alexander Kudlich receives shares and share options respectively in single, founded network companies of Rocket Internet SE at their founding.

Ordinary shares in subsidiaries

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

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

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

Movements of shares in subsidiaries issued are as follows:

	Alexander Kudlich	Total
	2019	2018
Number of unvested shares as of January 1	6	107
Deconsolidation of subsidiaries	-	-79
Granted during the period	-	-
Vested during the period	3	22
Forfeited during the period	-	-
Number of unvested shares as of December 31	3	6
Number of vested shares as of December 31	561	558

Share options in subsidiaries

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

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

	Alexander Kudlich		Total	
	2019		2018	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding as of January 1	EUR 1.00	11	EUR 1.00	36
Deconsolidation of subsidiaries	EUR 1.00	0	EUR 1.00	-25
Granted during the year	EUR 1.00	0	EUR 1.00	0
Exercised during the year	EUR 1.00	0	EUR 1.00	0
Forfeited during the year	EUR 1.00	0	EUR 1.00	0
Outstanding options as of December 31	EUR 1.00	11	EUR 1.00	11
Exercisable as of December 31	EUR 1.00	7	EUR 1.00	6

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

Other disclosures

During the period of employment most additional jobs of the members of the Management Board outside of the Group require the previous written consent of the Supervisory Board. Additionally, the employment contracts contain non-compete obligations, which prohibit that members of the Management Board work for an entity that is a direct or indirect competitor of the Company or one of its network companies or that is related to one of such competitor. However, each member of the Management Board is allowed to invest in a competitor as long as such an investment does not exceed a certain, individually agreed percentage of the voting rights of this entity.

The employment contracts of the Management Board were effective until March 15, 2020. In this period the employment contracts may be terminated for cause. Through the dismissal of a member of Management Board the employment contract does not end automatically. Please refer to note 31 in the consolidated financial statements for information on the changes in the Management Board that occurred in March 2020.

According to the provisions of the German Stock Companies Act (Aktiengesetz) the members of the Management Board are covered by a directors and officers (D&O) insurance policy with a reasonable coverage and a retention of 10% of the damage, but within a year maximum 1.5 times the annual fix salary. The D&O insurance covers financial damages occurred through breach of duty by the members of Management Board in line with their activity as member of the Management Board and their operating activity.

There are no other service or employment contracts between Alexander Kudlich and his related parties and the Company or its subsidiaries. Oliver Samwer receives a regular salary of an indirect, wholly owned subsidiary of Rocket Internet, which is completely (100%) subtracted from its salary paid by Rocket Internet SE.

Total compensation

The following tables show the remuneration of the Management Board in accordance with the recommendations of the German Corporate Governance Code and the requirements of Sections 314 and 315 of the German Commercial Code (HGB) as determined in German Accounting Standard 17 (hereinafter "GAS 17").

The Code provides specific examples of the recommended presentation of compensation based on the reference tables used below.

According with GAS 17, grants must be reported broken down into performance-related and non-performance-related components and remuneration with a long-term incentive effect must be reported separately.

Contrary to the recommendations of the Code, GAS 17 does not include expenses for pension obligations, i.e. the past service cost according to IAS 19, in the total remuneration. The company does not provide a pension plan for the benefit of members of the Management Board.

The members of the Management Board received in 2019 a total remuneration of EUR 1,041 thousand (prior year: EUR 1,615 thousand).

In EUR thousand	Oliver Samwer			Alexander Kudlich		
	Entry date July 1, 2014			Entry date September 1, 2011		
	2019	2019 (min)	2019 (max)	2019	2019 (min)	2019 (max)
Fixed compensation	500	500	500	500	500	500
Fringe benefits	18	18	18	23	23	23
Non-cash compensation	-	-	-	-	-	-
One-year variable compensation	-	-	-	-	-	-
Total short-term compensation	518	518	518	523	523	523
Multi-year variable compensation (share-based payments)	-	-	-	-	-	-
Service cost	-	-	-	-	-	-
Granted compensation – Total	518	518	518	523	523	523

In EUR thousand	2019	2019 (min)	2019 (max)	2018
	Total	Total	Total	Total
Fixed compensation	1,000	1,000	1,000	1,565
Fringe benefits	41	41	41	51
Non-cash compensation	-	-	-	-
One-year variable compensation	-	-	-	-
Total short-term compensation	1,041	1,041	1,041	1,615
Multi-year variable compensation (share-based payments)	-	-	-	-
Service cost	-	-	-	-
Granted compensation – Total	1,041	1,041	1,041	1,615

The following table shows the remuneration during the reporting period for fixed compensation, fringe benefits, non-cash compensation, one-year variable compensation and multi-year variable compensation according to the year of cash flow as well as the service cost. The expenses for share-based payments relate to the share-

based payments granted during the current reporting period as well as to those granted in prior years and recognized as expenses during the reporting period 2019 respectively 2018.

	Oliver Samwer	Alexander Kudlich		
	Entry date July 1, 2014	Entry date September 1, 2011	Total	Total
In EUR thousand	2019	2019	2019	2018
Fixed compensation ^{*)}	500	500	1000	1,565
Fringe benefits ^{*)}	18	23	41	51
Non-cash compensation (in 2019 expense, in 2018 income from reversal)	0	6,835	6,835	-3,322
One-year variable compensation	-	-	-	-
Total short-term compensation	518	7,358	7,876	-1,706
Multi-year variable compensation (share-based payments)	1,156	2,852	4,009	3,751
Service cost	-	-	-	-
Expenses in the reporting period – Total	1,674	10,210	11,885	2,045

^{*)} Cash flow during the reporting period

Remuneration of the Supervisory Board

The remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association. It consists of fixed annual payments based on the responsibility and extent of the function of each member of the Supervisory Board as well as on the economic situation of the Company.

According to the Articles of Association effective at the end of the reporting period each member of the Supervisory board receives a fixed annual remuneration in the amount of EUR 50,000. The chairman of the Supervisory Board receives EUR 125,000 and the deputy chairman of the Supervisory Board EUR 75,000. Members of the Supervisory Board who hold their office in the Supervisory Board or who hold the office as chairman of the Supervisory Board or of the Audit Committee only during a part of the financial year receive a corresponding portion of the remuneration. The remuneration for the members of the Supervisory Board is due after the Annual Shareholders' Meeting that decides on the consolidated financial statements for the annual period for which the remuneration is paid.

In addition to the remuneration paid, the Company reimburses the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as Supervisory Board members as well as the value added tax on their remuneration and out-of-pocket expenses.

The members of the Supervisory Board are covered by a D&O insurance of the Company.

In the financial years 2019 and 2018, the remuneration was as follows:

In EUR thousand	2019	2018
Prof. Dr. Marcus Englert	125	103
Prof. Dr. Joachim Schindler	75	64
Norbert Lang	50	39
Pierre Louette	50	39
Prof. Dr. h.c. Roland Berger (till June 8, 2018)	-	11
Stefan Krause (till June 8, 2018)	-	11
Daniel Shinar ((till June 8, 2018)	-	11
Christopher H. Young ((till June 8, 2018)	-	11
Total fixed annual remuneration	300	289
Out-of-pocket expenses	20	33
Expenses in the reporting period – Total	320	322

9. Dependent Company Report

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

10. Corporate Governance Statement

The corporate governance statement issued in accordance with Sec. 289f HGB / Sec. 315d HGB is publicly available separately on the website of the parent Company under: <https://www.rocket-internet.com/investors/corporate-governance>.

Berlin, March 31, 2020

The Management Board

Oliver Samwer

Soheil Mirpour

Independent auditor's report

To Rocket Internet SE

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of Rocket Internet SE, Berlin, which comprise the balance sheet as at 31 December 2019, and the income statement for the fiscal year from 1 January to 31 December 2019 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Rocket Internet SE, which is combined with the group management report, for the fiscal year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance, which is published on a website cited in the group management report and is a component of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the fiscal year from 1 January to 31 December 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance or the declaration of compliance with the German Corporate Governance Code.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Initial measurement of financial assets

Reasons why the matter was determined to be a key audit matter

In the annual financial statements of Rocket Internet SE shares in affiliates, equity investments, securities classified as fixed assets and other loans totaling EUR 1,178,048k are presented under the balance sheet item "Financial assets" and account for 28% of total assets. Financial assets are recognized at the lower of cost or net realizable value.

In the reporting year 2019, Rocket Internet SE contributed various shares in stock corporations to an "Einheits-KG" (a special form of non-commercial asset management partnership). Due to the applicable principles of the swap, Rocket Internet SE transferred the shares at fair value and realized hidden reserves. The contribution and associated initial measurement at fair value resulted in a material impact on earnings of EUR 1.242.362k.

Rocket Internet SE's executive directors determine the fair values using quoted market prices or recent market transactions. If this information is not available, the fair values are determined using valuation models based on the Company's business plans for a multi-year period. The result of these measurements is heavily dependent on the selection of the valuation model and the underlying assumptions made by the executive directors of Rocket Internet SE (including, but not limited to, the discount rate, the forecast cash flows, the growth rates and liquidation preferences).

In light of the materiality of financial assets in relation to total assets, the impact on earnings from realizing hidden reserves and the complexity underlying the valuations and discretionary scope within the framework of the valuations, the initial measurement of the financial assets presented under this matter constitute a key audit matter.

Auditor's response

In our audit, we analyzed the process implemented by the executive directors of Rocket Internet SE as well as the recognition and measurement policies applied in calculating the fair value of financial assets for potential sources of error and gained an understanding of the process steps. We assessed whether the specific measurement principles in the internal fair value policy were consistent with the relevant provisions of German commercial law and the proclamations of the profession and examined their implementation by the executive directors of Rocket Internet SE.

We analyzed the forecasts by comparing them against the actual results achieved in the past and the current development of business figures. During this analysis, we also considered the changes in the market of peer group companies in the fiscal year and the forecasts made of their future development. We obtained an understanding of the significant assumptions underlying the growth and business performance forecasts through detailed discussions with the executive directors of Rocket Internet SE. Based on this, we assessed the adequacy of these assumptions.

We assessed the other significant valuation assumptions, such as discount rates or growth rates, with the support of internal valuation experts on the basis of an analysis of market indicators. As even small changes in the discount rate can have a material effect on fair value, we analyzed the inputs used to determine the discount rates and compared these with the general market information available.

We reviewed the sensitivity analyses prepared by the executive directors to assess the risk of impairment from changes in significant valuation assumptions. We also checked the mathematical accuracy of the valuation model.

Our procedures did not lead to any reservations relating to the measurement of financial assets.

Reference to related disclosures

For information on the recognition and measurement policies applied, we refer to the disclosures in the notes to the financial statements in section B (Summary of Significant Accounting Policies). The development of financial assets is presented in Section C.I. (notes to the balance sheet, fixed assets).

2. Subsequent measurement of shares in affiliates

Reasons why the matter was determined to be a key audit matter

Rocket Internet SE recognizes shares in affiliates at the lower of cost or net realizable value. In the case of permanent impairment, Rocket Internet SE's executive directors recognize impairment losses to the lower net realizable value. If the reasons for an impairment loss recorded in prior years no longer apply, the impairment is reversed.

Rocket Internet SE's executive directors determine the fair values using quoted market prices or recent market transactions. If this information is not available, the fair values are determined using valuation models based on the Company's business plans for a multi-year period. Rocket Internet SE's executive directors select the valuation model as well as the underlying assumptions (discount rates, estimate of future cash flows, growth rates and liquidation preferences in particular), which are subject to judgment.

Against the background of the material significance, the complexity of the valuation models as well as the judgment-based assumptions made by the executive directors, we consider the calculation of fair values to be a key audit matter.

Auditor's response

In our audit, we analyzed the process implemented by the executive directors of Rocket Internet SE as well as the recognition and measurement policies applied in calculating the fair value of shares in affiliates and gained an understanding of the process steps.

We assessed whether the specific measurement principles in the internal fair value policy were consistent with the relevant provisions of German commercial law and examined their implementation by the executive directors of Rocket Internet SE.

We analyzed the forecasts underlying the valuation by comparing them against the actual results achieved in the past and the current development of business figures. We obtained an understanding of the significant assumptions underlying the growth and business performance forecasts through detailed discussions with the executive directors of Rocket Internet SE.

We assessed the other significant valuation assumptions used by the executive directors, such as discount rates or growth rates, with the support of internal valuation experts on the basis of an analysis of market indicators. As even small changes in the discount rate can have a material effect on fair value, we analyzed the inputs used to determine the discount rates and compared these with the general market information available. We reviewed the sensitivity analyses prepared by the executive directors to assess the risk of impairment from changes in significant valuation assumptions. We also checked the mathematical accuracy of the valuation model.

Our audit procedures did not lead to any reservations relating to the calculation of fair values for the subsequent measurement of shares in affiliates.

Reference to related disclosures

For information on the recognition and measurement policies applied, we refer to the disclosures in the notes to the financial statements in section B (Summary of Significant Accounting Policies). The development of financial assets is presented in Section C.I. (notes to the balance sheet, fixed assets). Impairment of financial assets and reversals thereof are explained in Section D.IV (notes to the income statement, impairment of financial assets).

Other information

The Supervisory Board is responsible for the report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises in particular the corporate governance statement pursuant to Sec. 289f HGB, the responsibility statement in accordance with section 297 (2) sentence 4 HGB, the declaration of compliance with the German Corporate Governance Code in accordance with Sec. 161 AktG, the report of the Supervisory Board in accordance with section 171 (2) AktG, and the other parts of the annual report. We received a version of the other information before issuing this auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the

related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 6 June 2019. We were engaged by the Supervisory Board on 18 September 2019. We have been the auditor of Rocket Internet SE without interruption since fiscal year 2014.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the management report: review of the interim condensed consolidated financial statements and tax advisory services.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Jan-Menko Grummer.

Berlin, 31 March 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer	Beckers
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

ROCKET INTERNET

Responsibility Statement

**Pursuant to
Secs. 264 Abs. (2) HGB
2019**

Rocket Internet SE, Berlin

Responsibility Statement pursuant to Sec. 264 (2) HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and Combined Management Report (Management Report for the Group and Parent Company) includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Berlin, March 31, 2020

The Management Board

Oliver Samwer

Soheil Mirpour

About this Document

This document is a part of the Financial Report pursuant to Sec. 51 of the Exchange Rules for the Frankfurt Stock Exchange. The Financial Report was prepared on March 31, 2020 (editorial deadline) and submitted for publication on April 2, 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 German GAAP. Furthermore, this document includes in German GAAP 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 Parent Company as presented in accordance with German GAAP. 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.

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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