Delivery Hero FZ - LLC

Consolidated financial statements
31 December 2023

Principal business address:
Premises No: EX 75, Ground Floor, Building No: 07, Co-Work,
Dubai Outsource City, Dubai
United Arab Emirates

Delivery Hero FZ - LLC

Consolidated financial statements
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Content	***Pages***

KPMG Lower Gulf Limited
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Independent auditors' report

To the Shareholder of Delivery Hero FZ LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Delivery Hero FZ LLC and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the Dubai Creative Clusters Private Companies Regulations 2016 issued pursuant to Law No. (15) of 2014, as amended and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. 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 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 the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

We further report that the financial statements have been prepared, in all material respects , in compliance with the Dubai Creative Clusters Private Companies Regulations 2016 issued pursuant to Law No. (15) of 2014, as amended.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Dubai, United Arab Emirates

Date: 11 SEP 2024

Delivery Hero FZ - LLC

Consolidated statement of financial position
As at 31 December 2023

	Notes	**2023 AED**	2022 AED
ASSETS			
Non-current assets			
Property and equipment	*5*	**245,147,846**	195,740,704
Intangible assets and goodwill	*6*	**1,153,089,949**	1,132,152,222
Loan to a related party	*9*	**27,657,454**	-
Trade and other receivables	*7*	**11,962,688**	8,650,774
Total non-current assets		**1,437,857,937**	1,336,543,700
Current assets			
Inventories	*8*	**49,884,655**	54,784,856
Trade and other receivables	*7*	**232,607,017**	244,328,145
Due from related parties	*9*	**196,390,322**	136,914,883
Cash and cash equivalents	*10*	**1,065,498,800**	1,450,414,842
Total current assets		**1,544,380,794**	1,886,442,726
Total assets		**2,982,238,731**	3,222,986,426
EQUITY AND LIABILITIES			
Equity			
Share capital	*11*	**15,050,000**	50,000
Shareholder's contribution	*12.1*	**529,145,367**	532,572,266
Foreign currency translation reserve		**14,293,129**	27,590,624
Retained earnings		**1,032,647,626**	979,174,005
Other reserves	*12.2*	**56,126,335**	45,588,700
Total equity attributable to shareholder of the Company		**1,647,262,457**	1,584,975,595
Non-controlling interests		**(7,325,551)**	(7,054,172)
Total equity		**1,639,936,906**	1,577,921,423
Non-current liabilities			
Loans from related parties	*9*	**128,444,857**	521,853,783
Trade and other payables	*13*	**2,523,363**	1,736,179
Lease liabilities	*14*	**105,361,434**	75,881,779
Employees' end of service benefits	*15*	**45,487,128**	30,436,237
Total non-current liabilities		**281,816,782**	629,907,978
Current liabilities			
Due to related parties	*9*	**110,615,377**	172,941,390
Trade and other payables	*13*	**907,071,235**	797,979,604
Lease liabilities	*14*	**26,313,690**	28,017,413
Income tax liabilities		**16,484,741**	16,218,618
Total current liabilities		**1,060,485,043**	1,015,157,025
Total liabilities		**1,342,301,825**	1,645,065,003
Total equity and liabilities		**2,982,238,731**	3,222,986,426

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of Delivery Hero FZ – LLC and its subsidiaries as of, and for, the year ended 31 December 2023.

These consolidated financial statements were authorised and approved for issue by the Board of Directors on 10 September 2024 and signed on their behalf by:

DocuSigned by:

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Director

DS

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The notes on pages 8 to 49 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 1 to 3.

DS

MD

Delivery Hero FZ - LLC

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Notes	**2023 AED**	2022 AED
Revenue	*16*	**6,162,876,061**	5,072,984,530
Cost of sales	*17*	**(3,855,439,893)**	(3,228,239,362)
Gross profit		**2,307,436,168**	1,844,745,168
Marketing expense	*18*	**(411,365,931)**	(449,818,490)
IT expense	*19*	**(198,562,405)**	(174,411,084)
General administrative expense	*20*	**(394,579,484)**	(424,977,655)
Other income	*21*	**178,780,729**	244,173,856
Other expenses and impairment	*22*	**(387,646,089)**	(215,170,870)
Operating profit		**1,094,062,988**	824,540,925
Net finance costs	*23*	**(6,475,792)**	(35,230,648)
Foreign exchange gain, net		**4,294,859**	6,739,649
Profit before income tax		**1,091,882,055**	796,049,926
Current income tax expense	*24*	**(7,738,890)**	(26,851,191)
Net profit		**1,084,143,165**	769,198,735
Other comprehensive income (Net)			
Items that will be subsequently reclassified to profit or loss:			
Foreign currency translation reserve		**(13,297,495)**	26,861,599
Other comprehensive (loss)/income, net of tax		**(13,297,495)**	26,861,599
Total comprehensive income		**1,070,845,670**	796,060,334
Net profit attributable to:			
Shareholder of the Company		**1,084,414,544**	767,056,698
Non-controlling interests		**(271,379)**	2,142,037
		1,084,143,165	769,198,735
Total comprehensive income attributable to:			
Shareholder of the Company		**1,071,117,049**	793,918,297
Non-controlling interests		**(271,379)**	2,142,037
		1,070,845,670	796,060,334

The notes on pages 8 to 49 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 1 to 3.

Delivery Hero FZ – LLC

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Attributable to shareholder of the Company							
	Share capital	**Shareholder's contribution**	**Retained earnings**	**Other reserves**	**Foreign currency translation reserve**	**Total**	**Non-controlling interest**	**Total equity**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**
Balance at 1 January 2022	50,000	532,572,266	801,792,128	33,569,998	729,025	1,368,713,417	(49,943,678)	1,318,769,739
Total comprehensive income for the year:								
Net profit	-	-	767,056,698	-	-	767,056,698	2,142,037	769,198,735
Other comprehensive income	-	-	-	-	26,861,599	26,861,599	-	26,861,599
	-	-	767,056,698	-	26,861,599	793,918,297	2,142,037	796,060,334
Transfers during the year *(Note 12.2)*	-	-	(12,018,702)	12,018,702	-	-	-	-
Transactions with owners of the Group:								
Equity settled share-based transactions *(Note 26)*	-		84,728,925	-		84,728,925	-	84,728,925
Deconsolidation of subsidiaries under common control *(Note 29)*	-	-	42,410,631	-	-	42,410,631	40,747,469	83,158,100
Dividends paid *(Note 30)*	-	-	(704,795,675)	-	-	(704,795,675)	-	(704,795,675)
Balance at 31 December 2022	50,000	532,572,266	979,174,005	45,588,700	27,590,624	1,584,975,595	(7,054,172)	1,577,921,423
Balance at 1 January 2023	**50,000**	**532,572,266**	**979,174,005**	**45,588,700**	**27,590,624**	**1,584,975,595**	**(7,054,172)**	**1,577,921,423**
Total comprehensive income for the year:								
Net profit	**-**	**-**	**1,084,414,544**	**-**	**-**	**1,084,414,544**	**(271,379)**	**1,084,143,165**
Other comprehensive income	**-**	**-**	**-**	**-**	**(13,297,495)**	**(13,297,495)**	**-**	**(13,297,495)**
	-	**-**	**1,084,414,544**	**-**	**(13,297,495)**	**1,071,117,049**	**(271,379)**	**1,070,845,670**
Transfers during the year *(Note 12.2)*	**-**	**-**	**(10,537,635)**	**10,537,635**	**-**	**-**	**-**	**-**
Transactions with owners of the Group:								
Equity settled share-based transactions *(Note 26)*	**-**		**45,502,553**	**-**	**-**	**45,502,553**	**-**	**45,502,553**
Issuance of share capital *(Note 11)*	**15,000,000**	**-**	**-**	**-**	**-**	**15,000,000**	**-**	**15,000,000**
Reduction in capital *(Note 12.1)*	**-**	**(3,426,899)**	**-**	**-**	**-**	**(3,426,899)**	**-**	**(3,426,899)**
Dividends paid *(Note 30)*	**-**	**-**	**(1,065,905,841)**	**-**	**-**	**(1,065,905,841)**	**-**	**(1,065,905,841)**
Balance at 31 December 2023	**15,050,000**	**529,145,367**	**1,032,647,626**	**56,126,335**	**14,293,129**	**1,647,262,457**	**(7,325,551)**	**1,639,936,906**

The notes on pages 8 to 49 are an integral part of these consolidated financial statements.

Delivery Hero FZ – LLC

Consolidated statement of cash flows
For the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Cash flows from operating activities			
Net profit		**1,084,143,165**	769,198,735
Adjustments for:			
Depreciation of property and equipment	*5*	**73,974,165**	64,615,447
Amortisation of intangible assets	*6*	**15,660,376**	23,643,218
Employees' end-of-service benefits	*15*	**15,245,667**	7,652,696
Gain on disposal of property and equipment	*21*	**(3,148,733)**	(220,837)
Provision for expected credit loss	*22*	**4,619,666**	6,653,914
Interest expense on lease liabilities	*23*	**6,822,499**	4,340,705
Loss on termination of leases	*14,28*	**6,168,228**	13,714,207
Equity settled share-based transactions		**45,502,553**	84,728,925
Interest expense on loans from related parties	*9*	**15,130,747**	32,203,251
Interest income		**(15,477,454)**	(1,313,308)
Impairment of investments in equity-accounted investees	*22a*	**-**	15,000,000
Current income tax expense		**7,738,890**	26,851,191
Operating cash flows before changes in working capital		**1,256,379,769**	1,047,068,144
Working capital changes:			
Inventories		**4,900,202**	(21,695,547)
Trade and other receivables		**3,789,546**	(123,607,646)
Due from related parties		**(52,253,968)**	(17,216,566)
Due to related parties		**(62,326,013)**	(572,706)
Trade and other payables		**109,878,815**	256,895,111
Cash generated from operating activities		**1,260,368,351**	1,140,870,790
Employees' end-of-service indemnity paid	*15*	**(8,370,585)**	(8,316,129)
Interest received		**15,477,454**	1,313,308
Income tax paid		**(7,472,766)**	(25,889,262)
Net cash generated from operating activities		**1,260,002,454**	1,107,978,707
Cash flows from investing activities			
Purchase of property and equipment	*5,28*	**(71,613,403)**	(96,341,949)
Proceeds from disposal of property and equipment		**4,562,142**	8,477,468
Addition of intangible assets	*6*	**(36,615,804)**	(32,770,401)
Loans provided to related parties	*9*	**(27,657,454)**	-
Net cash used in investing activities		**(131,324,519)**	(120,634,882)
Cash flows from financing activities			
Proceeds from the issuance of shares	*11*	**15,000,000**	-
Repayment on account of shareholder's contribution	*12.1*	**(3,426,899)**	-
Dividend paid	*30*	**(1,065,905,841)**	(704,795,675)
Payment of principle portion of lease liabilities	*14*	**(31,730,036)**	(27,954,512)
Payments of interest on lease liabilities	*14*	**(6,822,499)**	(4,340,705)
Proceeds of loans from related parties	*9*	**62,029,026**	55,010,966
Repayment of loans from related parties	*9*	**(477,094,962)**	(364,421,740)
Net cash outflow on deconsolidation of subsidiaries under common control	*29*	**-**	(20,944,521)
Net cash used in financing activities		**(1,507,951,211)**	(1,067,446,187)
Net decrease in cash and cash equivalents		**(379,273,276)**	(80,102,362)
Exchange differences		**(5,642,766)**	26,083,630
Cash and cash equivalents at the beginning of the year		**1,450,414,842**	1,504,433,574
Cash and cash equivalents at the end of the year	*10*	**1,065,498,800**	1,450,414,842

The notes on pages 8 to 49 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 1 to 3

Delivery Hero FZ – LLC

Notes to the consolidated financial statements

1. General information

Delivery Hero FZ-LLC, Dubai – United Arab Emirates (the “Parent” or the “Company”) was incorporated on 3 November 2016 as a Free Zone Limited Liability FZ-LLC and operates in the United Arab Emirates under a commercial license no. 93866, issued by the Commercial Registration Department of Dubai Creative Clusters Authority.

The registered address of the Company is Premises no. EX 75, Ground floor, Building no. 07, Co- Work, Dubai Outsource City, Dubai, United Arab Emirates. The Company and its subsidiaries are collectively referred to as the Group (the “Group”). The principal activity of the Group is to provide access to an online platform to order food and deliver to end customers.

The Company is 100% owned by Delivery Hero SE and is the ultimate controlling parent of the Group which is also the ultimate controlling party (the “Ultimate Parent Company”).

These consolidated financial statements include the results of operations and the financial position of the material subsidiaries, as shown below:

Name of the subsidiary	**Country of Incorporation**	**Principal activities**	**Effective holding 2023**	Effective holding 2022
Talabat QFC LLC	Qatar	Provide professional services of information services in relation to an online restaurant ordering and advertisement services.	100%	100%
Talabat Services Company S.P.C	Bahrain	Engaged in business of retail sale via internet.	100%	100%
DHH I SPC (DIFC) Ltd.*	United Arab Emirates	Licensed to do structured financing for qualifying purposes.	100%	100%
Talabat Electronic and Delivery Services Company SPC	Oman	Licensed for export and import, delivery of meals, and software designing and programming.	100%	100%
Delivery Hero Talabat DB LLC	United Arab Emirates	Provide access to an online platform to order food and deliver to end customers.	100%	100%
Talabat For General Trading and Electronic Commerce Ltd	Iraq	Online food ordering commercial services and electronic trading	100%	100%
Talabat For Stores Services Company (Private Shareholding Company)	Iraq	Commercial services and general trade of all kinds in the local and global market, exporting legally approved materials and equipment, providing delivery services for all legally permitted materials from all related services.	100%	100%
Talabat General Trading and Contracting Company W.L.L*	Kuwait	General trading and contracting	100%	100%

1. General information *(continued)*

Name of the subsidiary	Country of Incorporation	Principal activities	Effective holding 2023	Effective holding 2022
Carriage Holding Company Limited*	United Arab Emirates	Registered as Special Purpose Vehicle in Abu Dhabi Global Market and is acting as holding entity of its subsidiaries. The subsidiaries are engaged in processing online orders on behalf of customers and delivering food to customers.	100%	100%
DH Stores Bahrain WLL	Bahrain	Food and beverage service activities, general trade and sale of tobacco products.	51%	51%
Stores Services Kuwait for General Trading Company WLL	Kuwait	Import and export, grocery, central market, non-food supermarket, general trade office, commission agent.	51%	51%
Delivery Hero Kitchens Kuwait Food Services Management Company WLL	Kuwait	Bakery management, management of catering services, food equipment, fast food stores, restaurant	51%	51%
Delivery Hero Kitchens Bahrain WLL	Bahrain	Real estate activities with own or leased property and general trade	51%	51%

* *These entities are effectively and beneficially fully owned by the Parent Company under the terms of a Mudarabah Agreement, which grants Parent Company control over the relevant activities of these companies and rights over the variable returns.*

2. New standards or amendments

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements of the Group.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported but may affect the accounting for future transactions or arrangements.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (non-current liability with covenants)	The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.

2. New standards or amendments *(continued)*

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements of the Group (continued)

Amendments to IFRS 16 Leases– Lease liability in a sale and leaseback	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements	The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements: • The terms and conditions of the arrangements • The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements • The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers • Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement • Liquidity risk information The amendments contain specific transition reliefs for the first annual reporting period in which an entity. applies the amendments.

2.2. New and amended IFRSs in issue but not yet effective and not early adopted.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 21– Lack of exchangeability	1 January 2025
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet decided.
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS Accounting Taxonomy 2023 – Update 1 International Tax Reform – Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability	Effective date not yet decided.
IFRS Accounting Taxonomy 2023 – Update 2 Common Practice for Financial Instruments, General Improvements and Technology Update	Effective date not yet decided.

2. New standards or amendments *(continued)*

2.2. New and amended IFRSs in issue but not yet effective and not early adopted (continued)

3. Material accounting policy information

3.1 *Statement of compliance*

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and with the Dubai Creative Clusters Private Companies Regulations 2016 issued pursuant to Law No. (15) of 2014, as amended.

3.2 *Basis of preparation*

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting polices below.

<u>Business combination common control transactions</u>

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same Ultimate Parent Company both before and after the combination.

When a subsidiary is deconsolidated on account of loss of control over subsidiary in a common control transaction with no / nominal consideration, the difference between the net book value of the subsidiary and the consideration received is recognised in retained earnings within equity.

(b) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in note 4.

3. Material accounting policy information *(continued)*

3.2 Basis of preparation (continued)

(c) Current vs non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other assets and liabilities as non-current.

(d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

3. Material accounting policy information *(continued)*

3.2 Basis of preparation (continued)

(e) Functional and presentation currency

These consolidated financial statements, unless otherwise indicated are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and presentation currency. Items included in the consolidated financial statements in respect of foreign subsidiaries are measured using the currency of the primary economic environment in which they operate and are translated in accordance with the policy stated in note 3.5.

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent and entities controlled by the Parent (its subsidiaries) made up to 31 December each year. Control is achieved when the Parent:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Parent reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Parent has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent considers all relevant facts and circumstances in assessing whether or not the Parent's voting rights in an investee are sufficient to give it power, including:

- The size of the Parent's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Parent, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Parent has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed off during the year are included in profit or loss from the date the Parent gains control until the date when the Parent ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3. Material accounting policy information *(continued)*

3.2 Basis of preparation (continued)

(f) Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owner of the Parent.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Interests in equity-accounted investees

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognise its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. Material accounting policy information *(continued)*

3.2 Basis of preparation (continued)

(f) Basis of consolidation (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Group transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(g) Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired include inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3. Material accounting policy information *(continued)*

3.2 Basis of preparation (continued)

(g) Business combination (continued)

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Goodwill or bargain purchase gain

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3.3 Revenue recognition

Revenue recognition under IFRS 15 Revenue from Contracts with Customer:

The Group recognises revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1: Identify the contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

3. Material accounting policy information *(continued)*

3.3 Revenue recognition (continued)

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for selling of goods or rendering services to the customers, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected sales discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognises revenue after the services are rendered to its customers and on the basis of contractual rates agreed with the customers.

The stand-alone selling prices are determined based on the observable price at which the Group sells the goods or services. For items that are not sold separately the Group estimates standalone selling prices using other methods.

The Group generates revenue mainly from online marketplace services, separately charged delivery fees, orders placed in the Group's delivery-only stores and advertising services, as well as subscription fees, service fees and, in certain cases, separately charged payment fees.

The Group determines for each specified good and service promised to the customer, primarily restaurants and/or orderers, whether it obtains control of the good or service before it is transferred to the customer. Often the Group is principal for a specified service, but agent for another service, when a single order is placed through its online marketplaces (refer to Note 4 for more details).

For online marketplace services in which the Group arranges for restaurants to sell food to orderers, the Group acts as an agent. The consideration for the online marketplace services primarily consists of commission fees charged to restaurants. Based on the specific contract with the partner restaurant, the Group might charge and recognise separately a fee for online payments, despite this payment option not representing a distinct performance obligation. Revenue from commission fees is recognised at a point in time when the order has been placed.

The Group also offers delivery services in which the ordered meals or other products are collected at a restaurant or store and delivered to the orderers, the Group acts as principal. The Group entities carry out the delivery services to the orderer (customer for delivery service) as principal. The consideration for the usage of delivery services primarily consists of delivery fees charged to customers and restaurants. Revenue from delivery fees is recognised at a point in time when the order is delivered.

For the sale and delivery of a variety of grocery and other convenience items through our delivery-only stores to orderers (customer of sold items), the Group acts as principal. The consideration for the orders placed in delivery-only stores comprises the Gross Merchandise Value ("GMV") net of VAT. GMV is the total value paid by customers (including VAT, delivery fees, service fees less other subsidies, such as voucher and other discounts). Revenue from delivery-only stores sales is recognised at a point in time when the order is delivered.

3. Material accounting policy information *(continued)*

3.3 Revenue recognition (continued)

For advertising services to restaurants and other businesses (customer of the service), the Group entities also act as principal. The control over the advertising services passes to the customer over time. Revenue for advertising services is recognised based on the time elapsed relative to the contract term at the reporting date or in the amount to which the Group entity has a right to invoice.

For subscription programs offered to orderers and restaurants, the Group acts as principal. Revenue from subscription fees is recognised on a straight-line basis over the period of the subscription.

Service fees are separately charged to orderers in certain markets for the usage of marketplace platforms. The Group acts as principal for the services offered. Revenue from services fees is recognised at a point in time when an order has been placed.

Other direct income mainly includes revenue generated from retail sales, payment processing fee, and other income streams. Retail sales are attributable to orders placed through our stores where the Group acts as a principal. Revenue from retail sales is recognised at a point in time when the order is delivered. For payment processing fees, based on the specific contract with the partner restaurant, the Group might charge and recognise separately a fee for online payments, despite this payment option not representing a distinct performance obligation.

Vouchers and discounts are treated as a reduction of revenue. The consideration is collected via online payment providers, as cash or via invoices to the restaurants. Settlement of the earned commissions and fees is initiated on a weekly, bi-weekly, or monthly basis contingent on an individual contractual agreement. The payment terms vary between two and ninety days.

3.4 Leases

As a lessee, the Group leases various offices, warehouses, retail stores, equipment and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. Material accounting policy information *(continued)*

3.4 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘General and administrative expenses’ in the consolidated statement of profit or loss and other comprehensive income.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets in ‘property and equipment’, and lease liabilities in ‘lease liabilities’.

3. Material accounting policy information *(continued)*

3.4 Leases (continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

In order to determine the lease term for lease contracts in which the Group is a lessee that include renewal or termination options, judgment is applied to assess the exercise of the respective option (refer to Note 4 for more details).

3.5 Foreign currencies and operations

Foreign currencies

Transactions in foreign currencies are translated into AED at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the Company at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Foreign operations

The assets and liabilities of foreign operations and fair value adjustments arising on acquisition are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to AED at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

3.6 Employee benefits

Provision is made for the full amount of end of service indemnity due to employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provision for end of service benefits

The Group’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

3. Material accounting policy information *(continued)*

3.6 Employee benefits (continued)

Share based payment

The Group participates in several share-based payment arrangements established and operated by the Ultimate Parent Company, under which its employees are awarded shares in the Ultimate Parent Company in return for their services to the Group. The Group classifies its share-based compensation programs as equity settled as the Group has no obligation to settle the award on behalf of the Ultimate Parent Company.

The grant date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in the retained earning in equity over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect forfeited awards.

3.7 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any impairment losses. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance are expensed when incurred. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

	Years
Buildings	5-10
Leasehold improvements	2-10
Tools and machinery	5
Furniture and fixtures	5
Vehicles fleet	3
Office equipment	4-5
Technical equipment	3

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss and other comprehensive income.

3.8 Capital work in progress

Properties in the course of construction for supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when assets are ready for their intended use.

3. Material accounting policy information *(continued)*

3.9 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life of the asset. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses and tested for impairment annually.

The estimated useful lives for the current and comparative years of intangible assets are as follows:

	Years
Goodwill	Indefinite
Licenses and software	2-5
Development costs of internally generated intangible assets	1.5-2
Other intangible assets	2-5

Research and development expenditure on internally generated intangible assets

Expenditure on research activities is recognised in the consolidated statement of profit or loss and other comprehensive income as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in consolidated statement of profit or loss and other comprehensive income as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired in a business combination.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

3.10 Impairment of non-financial assets including goodwill

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than it carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3. Material accounting policy information *(continued)*

3.10 Impairment of non-financial assets including goodwill (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, including goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets, including goodwill, with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than it carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss on non-financial assets, excluding goodwill, subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3. Material accounting policy information *(continued)*

3.12 Provisions (continued)

Where a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows discounted at pre-tax rate. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3.13 Shareholder's contribution

Shareholder's contribution represents amounts contributed by the shareholder to fund the acquisition of a subsidiary. There are no financial or non-financial obligations regarding this contribution and any repayment to the shareholder is entirely at the discretion of the Group. Accordingly, the total contribution provided by the shareholder as at the reporting date has been recorded as equity in these consolidated financial statements.

3.14 Financial instruments

Financial assets

Initial measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of a financial asset measured at fair value through profit or loss are recognised in profit or loss. A trade receivable is initially measured at the transaction price.

Classification of financial assets

The Group classifies financial assets at initial recognition as either financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (not applicable at the reporting date), or financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost.

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost:

- The financial asset is held within the Group's business model of which the objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss.

Within the Group, such financial assets are represented by cash and cash equivalents and receivables. Cash and bank balances comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Material accounting policy information *(continued)*

3.14 Financial instruments (continued)

Financial assets (continued)

Financial assets measured at amortized cost (continued)

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), bank balances and cash and others were measured at amortised cost using the effective interest method, less any impairment.

Financial instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Material accounting policy information *(continued)*

3.14 Financial instruments (continued)

Financial assets (continued)

Receivables

Receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), bank balances and cash and others were measured at amortised cost using the effective interest method, less any impairment.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Material accounting policy information *(continued)*

3.14 Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition of financial liabilities (continued)

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4. Judgements and use of estimates

In the application of the accounting policies, which are described in note 3 to these consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

4.1 Critical judgements in applying accounting policies

Revenue recognition of commissions from marketplace services

The Group considers itself an agent with respect to the provision of food ordering service via its online platforms as the companies of the Group are neither (i) the obligor for the ordered food, (ii) exposed to the inventory risk nor (iii) have pricing power for the food offered by restaurants but receive a commission as remuneration from restaurants.

Although users of the Group platforms are generally not a contracting party of the Group entities, they purchase the goods or services from the Group customers (e.g. restaurants).

4. Judgements and use of estimates *(continued)*

4.1 Critical judgements in applying accounting policies (continued)

Revenue recognition of commissions from marketplace services (continued)

Accordingly, the Group deducts vouchers and discounts granted to orderers, equal to a consideration payable to the customer, from revenue.

Revenue recognition of delivery services

As the demand for logistic services not offered by restaurant or quick commerce-partners, courier models are continuously being adapted to market demand and towards efficiency with consideration of the regulatory environment. The adaptation of delivery models considers changes to the responsibilities of parties involved in delivering the service and therefore judgement is required in weighing all facts and circumstances for determination of being a principal or an agent for these services. The Group assessed to operate as a principal for organizing delivery activities through electronic platforms and controls all services before it is transferred to the orderer.

Determination of lease term and implicit interest rate

Lease contracts entered into by entities occasionally include extension options. The Group applies judgment on whether exertion of extension options is reasonably certain. The Group also applies judgment in determining the incremental borrowing rate in the lease.

Determining whether activities should be considered research activities or development activities

Activities which have been carried out merely to maintain an existing asset are expensed. The costs of research activities related to development of new features are expensed whereas the costs incurred on activities for development of new features within the platform are capitalized as it is probable that there would be future economic benefits which would be derived from the new features. The management carries out a review on a monthly basis to check the accuracy and completeness of the assets capitalized and cost expensed.

4.2 Assumptions and estimation uncertainty

Goodwill impairment testing

Determination of a CGU's recoverable amount for the purpose of impairment testing requires assumptions and estimates, in particular on the Weighted Average Cost of Capital (WACC), future development of EBITDA and revenue growth per annum over the planning period. While management believes that the assumptions and estimates used are appropriate, any unforeseeable changes to these assumptions could affect the Group's financial position and financial performance.

Determining whether the conditions for recognising an internally generated intangible asset are met requires assumptions about future market conditions, customer demand, and other developments.

Following conditions are considered for recognising an intangible asset:

a) Technical feasibility of completing the intangible asset so that it will be available for the use or sale;
b) The Group has intention to complete the asset and ability to use the asset;
c) Asset will generate future probable economic benefits;
d) The Group has availability of resource to complete and use the asset; and
e) Expenditure for development can be measured reliably.

4. Judgements and use of estimates *(continued)*

4.2 Assumptions and estimation uncertainty (continued)

Determining whether the conditions for recognising an intangible asset are met requires assumptions about future market conditions, customer demand, and other developments. (continued)

All costs incurred are reviewed and any assumptions relating to future market conditions, customer demand and other developments are considered before determining if the cost is to be recognised as an intangible asset.

Determining whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development.

Direct and indirect costs to develop an asset are identifiable and those costs cannot be avoided as they are necessary to the completion of it. The management carries out a feasibility study and acquires all necessary approvals internally before incurring a particular cost.

Amortisation of intangible assets with finite useful lives

The determination of the useful lives of intangible assets with finite useful lives requires the use of assumptions and estimates, which serve as the basis for calculating the appropriate amortisation charge. These useful lives are regularly reviewed by the Group management and adjusted when necessary to reflect any changes in circumstances or new information.

Useful lives of property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the consolidated financial statements.

Delivery Hero FZ – LLC

Notes to the consolidated financial statements *(continued)*

5. Property and equipment

	Buildings and leasehold improvements	Technical equipment and machineries	Office equipment and others	Vehicle fleet	Computers and IT equipment	Capital work in progress	Total
	AED	AED	AED	AED	AED	AED	AED
Cost							
As at 1 January 2022	**111,991,576**	**34,752,551**	**41,950,433**	**39,819,505**	**28,652,819**	**17,874,551**	**275,041,435**
Deconsolidation of subsidiaries under common control *(Note 29)*	(56,520,510)	(6,175,485)	(2,407,529)	-	(1,069,921)	(3,683,179)	(69,856,624)
Additions	104,620,767	12,479,884	538,860	1,494,969	8,235,667	41,015,908	168,386,055
Reclassifications	13,760,201	1,203,834	91,017	986,646	1,951,068	(17,992,766)	-
Disposals	(15,660,716)	(921,037)	(2,039,239)	(77,493)	(117,801)	-	(18,816,285)
Termination of leases *(Note 28)*	(26,364,717)	-	-	-	-	-	(26,364,717)
Translation differences	(446,660)	(64,952)	(60,512)	(181,255)	(129,055)	(93,416)	(975,850)
As at 31 December 2022	**131,379,941**	**41,274,795**	**38,073,030**	**42,042,372**	**37,522,777**	**37,121,099**	**327,414,014**
Additions	**95,359,457**	**7,925,251**	**7,335,358**	**7,002,076**	**3,814,943**	**24,599,632**	**146,036,717**
Reclassifications	**42,971,422**	**1,289,743**	**1,481,953**	**-**	**161,859**	**(45,904,977)**	**-**
Disposals	**(10,915,228)**	**(621,480)**	**(1,057,887)**	**(11,659,150)**	**(1,453,776)**	**(88,477)**	**(25,795,998)**
Termination of leases *(Note 28)*	**(7,978,703)**	**-**	**-**	**(27,847,145)**	**-**	**-**	**(35,825,848)**
Translation differences	**(683,300)**	**87,869**	**(17,446)**	**(237,755)**	**(97,178)**	**(92,414)**	**(1,040,224)**
As at 31 December 2023	**250,133,589**	**49,956,178**	**45,815,009**	**9,300,398**	**39,948,622**	**15,634,863**	**410,788,659**
Accumulated depreciation:							
As at 1 January 2022	**(38,703,524)**	**(18,278,245)**	**(19,667,341)**	**(9,150,997)**	**(13,548,677)**	**-**	**(99,348,784)**
Deconsolidation of subsidiaries under common control *(Note 29)*	13,261,165	1,236,549	359,532	-	353,956	-	15,211,202
Depreciation (a)	(30,809,189)	(8,709,833)	(8,953,151)	(10,801,801)	(5,341,473)		(64,615,447)
Disposals	9,442,799	160,156	896,881	28,920	30,898	-	10,559,654
Termination of leases *(Note 28)*	6,178,499	-	-	-	-	-	6,178,499
Translation differences	146,460	28,398	57,119	30,053	79,536	-	341,566
As at 31 December 2022	**(40,483,790)**	**(25,562,975)**	**(27,306,960)**	**(19,893,825)**	**(18,425,760)**		**(131,673,310)**
Depreciation (a)	**(36,002,307)**	**(11,284,836)**	**(4,897,473)**	**(10,090,186)**	**(11,699,363)**	**-**	**(73,974,165)**
Disposals	**10,915,228**	**621,480**	**321,429**	**11,270,390**	**1,254,063**	**-**	**24,382,590**
Termination of leases *(Note 28)*	**3,468,506**	**-**	**-**	**11,647,127**	**-**	**-**	**15,115,633**
Translation differences	**217,894**	**29,071**	**56,287**	**117,938**	**87,251**	**-**	**508,441**
As at 31 December 2023	**(61,884,468)**	**(36,197,260)**	**(31,826,718)**	**(6,948,554)**	**(28,783,812)**	**-**	**(165,640,812)**
Carrying amount as at 31 December 2022	90,896,151	15,711,820	10,766,070	22,148,547	19,097,017	37,121,099	195,740,704
Carrying amount as at 31 December 2023	**188,249,120**	**13,758,918**	**13,988,291**	**2,351,844**	**11,164,810**	**15,634,863**	**245,147,846**

(a) Depreciation has been apportioned as follows in the consolidated statement of profit or loss and other comprehensive income:

	2023	2022
	AED	AED
Cost of sales	**(7,389,957)**	(5,402,794)
General administrative expense	**(66,584,208)**	(59,212,653)
	(73,974,165)	(64,615,447)

6. Intangible assets and goodwill

	Goodwill	Licenses	Software	Development costs of internally generated intangible assets	Other intangible assets	Total
	AED	AED	AED	AED	AED	AED
Cost						
As at 1 January 2022	1,110,232,368	1,041,803	41,824,802	13,989,773	11,170,859	1,178,259,605
Additions	-	-	15,569,106	17,201,295	-	32,770,401
Translation differences	-	(11,783)	(633,047)	(76,573)	-	(721,403)
As at 31 December 2022	**1,110,232,368**	**1,030,020**	**56,760,861**	**31,114,495**	**11,170,859**	**1,210,308,603**
Additions	**-**	**-**	**36,725**	**36,579,079**	**-**	**36,615,804**
Translation differences	**-**	**(10,913)**	**(588,691)**	**(75,000)**	**-**	**(674,604)**
As at 31 December 2023	**1,110,232,368**	**1,019,107**	**56,208,895**	**67,618,574**	**11,170,859**	**1,246,249,803**
Accumulated amortisation						
As at 1 January 2022	-	(653,365)	(36,676,490)	(7,385,696)	(10,284,500)	(55,000,051)
Amortisation	-	(54,918)	(18,116,915)	(4,585,026)	(886,359)	(23,643,218)
Translation differences	-	7,390	405,737	73,761	-	486,888
As at 31 December 2022	**-**	**(700,893)**	**(54,387,668)**	**(11,896,961)**	**(11,170,859)**	**(78,156,381)**
Amortisation	**-**	**(287,332)**	**(2,090,211)**	**(13,282,833)**	**-**	**(15,660,376)**
Translation differences	**-**	**8,948**	**576,504**	**71,451**	**-**	**656,903**
As at 31 December 2023	**-**	**(979,277)**	**(55,901,375)**	**(25,108,343)**	**(11,170,859)**	**(93,159,854)**
Carrying amount as at 31 December 2022	1,110,232,368	329,127	2,373,193	19,217,534	-	1,132,152,222
Carrying amount as at 31 December 2023	**1,110,232,368**	**39,830**	**307,520**	**42,510,231**	**-**	**1,153,089,949**

Goodwill impairment

In February 2019, the Group acquired an online delivery business in the UAE where the acquisition was completed for a total consideration amounting to AED 792 million. The consideration included cash consideration amounting to AED 631 million, out of which AED 503 million was payable at the time of acquisition and AED 128 million was payable after one year of acquisition. The consideration also included AED 161 million consideration that was contingent over the future performance of the acquired business. The Group discounted deferred and contingent consideration payable at present value. The group identified intangible assets related to customer contracts amounting to AED 15 million. Accordingly, goodwill amounting to AED 768 million was recognised at the time of acquisition.

Management had planned expected synergies from the acquisition of this business considering the intention of the Group to transfer the customer eventually to a unified platform i.e. Talabat. These synergies would be materialized mainly in Talabat's UAE business (Talabat UAE). Talabat UAE obtained significant benefits from the synergies due to the acquisition of the business in the UAE. Accordingly, Goodwill related to the above acquisition has been allocated and tested using "value in use" cash flows related to Talabat UAE.

Additionally, in January 2020, the group restructured its business in the MENA region, merging one of its online food delivery businesses that was acquired in 2017, into Talabat Kuwait. This reorganization involved the transfer of all customer data and relevant restaurant contracts from this business to Talabat Kuwait where this brand was phased out and its platform orders redirected to Talabat Kuwait. As a result of the business reorganization, this business is no longer operated or monitored as a separate entity but is fully integrated into the Talabat Kuwait business. Consequently, the Goodwill amounting to AED 342 million is allocated to Talabat Kuwait. Accordingly, Goodwill related to this acquisition has been tested using "value in use" cash flows related to Talabat Kuwait.

In line with the requirements of IAS 36, the Group conducted annual impairment testing for both of the above allocated Goodwill to assesses indicators for possible impairment as of 31 December 2022. Based on this assessment, no indications of impairment were identified as the recoverable amount was assessed as being higher than its carrying value.

6. Intangible assets and goodwill *(continued)*

The value in use was calculated by applying the discounted cash flow method. The basis for determining the expected future cash flow is a detailed planning period of five years for the free cashflows.

The following table shows the range of key assumptions of Talabat UAE and Talabat Kuwait for 2023 and 2022:

	2023	2022
	%	%
Revenue growth p. a. in planning period (CAGR)	13-17	13-17
EBITDA margin in planning period	19-22	19-22
Terminal value revenue growth	1	1
EBITDA margin after end of planning period	19-24	19-24
Discount rate in planning period/WACC (post tax)	12	12

For calculating EBITDA and revenue budgets, the process is based on a structured bottom-up approach that is carried out once a year. The overall process is directed by regional management via top-down target-setting in the form of specific KPIs. The respective local management then prepares the budget and adjusts it in an iterative process together with regional management. The business plan is prepared by regional management.

Local management teams use cohort models for revenue planning. The cohort models analyse the past order behaviour of (local) end customers and apply statistical methods to forecast the future behaviour of existing end customers. Future revenue from new end customers is derived from the planned marketing expenses and the development of estimated acquisition costs per new end customer. The key inputs of the cohort models include the customer retention/reorder rate, customer activity rate, average order size, and commission rates.

The discount rate was a post-tax measure estimated based on the historical industry weighted average cost of capital.

As part of the annual impairment testing in 2023, a sensitivity analysis was conducted with regard to the headroom. Management noted that any reasonably possible change (+/- 5%) in the key assumptions shown above will not lead to a situation where the carrying value exceeds its value in use.

7. Trade and other receivables

	2023	2022
	AED	AED
Trade receivables	**26,670,490**	24,899,835
Receivable from riders	**19,041,932**	29,813,357
Gross trade receivables	**45,712,422**	54,713,192
Less: Allowance for expected credit loss *(Note 31)*	**(5,003,337)**	(7,862,542)
Net trade receivables	**40,709,085**	46,850,650
Receivable from payment service providers (a)	**141,334,695**	108,197,288
Deposits	**15,579,393**	14,785,790
Loans to employees	**740,412**	2,841,137
Other receivables	**46,206,120**	80,304,054
Total	**244,569,705**	252,978,919
there of non-current	**11,962,688**	8,650,774
there of current	**232,607,017**	244,328,145

7. Trade and other receivables *(continued)*

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables and other receivables is included in Note 31.

(a) As an online delivery service platform, a significant portion of the Group's Gross Merchandise Value (GMV) is collected through online payments made via debit and credit cards, reflecting the Group's high level of online penetration. The Group typically receive funds from its payment service providers and payment gateways within one to two days (T+1 or T+2) depending on the country of operation. These accumulated balances are subsequently settled and distributed to the Group's restaurant partners following the clearing of funds from payment service providers usually on a weekly basis, depending on the specific country of operation.

Movement in provision for impairment of trade receivables, receivable from riders and other receivables is as follows:

	2023 **AED**	2022 AED
As at 1 January	**(7,862,542)**	(8,215,397)
Charge during the year	**(4,619,666)**	(6,653,914)
Utilized during the year	**7,447,936**	7,005,154
Translation differences	**30,935**	1,615
As at 31 December	**(5,003,337)**	(7,862,542)

8. Inventories

	2023 **AED**	2022 AED
Trading inventories	**35,650,728**	23,219,423
Rider equipment	**13,531,782**	30,840,637
Others	**702,145**	724,796
Total	**49,884,655**	54,784,856

9. Related party transactions and balances

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common control, key management personnel and shareholders. The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

Balance included in the consolidated statement of financial position as on 31 December 2023:

	Ultimate Parent Company **AED**	**Companies Under Common Control** **AED**	**Total** **AED**
Due from related parties – current (1)	**14,020,012**	**182,370,310**	**196,390,322**
Loan to a related party – non-current (2)	**27,657,454**	**-**	**27,657,454**
	41,677,466	**182,370,310**	**224,047,776**
Due to related parties – current (1)	**73,580,007**	**37,035,370**	**110,615,377**
Loans from related parties – non-current (3)	**127,975,411**	**469,446**	**128,444,857**
	201,555,418	**37,504,816**	**239,060,234**

9. Related party transactions and balances *(continued)*

Balance included in the consolidated statement of financial position as on 31 December 2022:

	Ultimate Parent Company AED	Companies Under Common Control AED	Total AED
Due from related parties – current (1)	1,822,355	135,092,528	136,914,883
	1,822,355	135,092,528	136,914,883
Due to related parties – current (1)	95,657,593	77,283,797	172,941,390
Loan from a related party – non-current (3)	521,853,783	-	521,853,783
	617,511,376	77,283,797	694,795,173

(1) Due to and from related parties are priced at a mutually agreed terms and are to be settled in cash within 12 months of the reporting date. None of these balances are secured. No exposure has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.
(2) Loan to a related party is unsecured and carries interest rate of 5% plus KIBOR. The loan is maturing in 2028.
(3) The movement for the loan from related parties is as follows:

	2023 AED	2022 AED
Balance as at 1 January	**521,853,783**	801,566,933
Additions during the year	**62,029,026**	55,010,966
Interest charged during the year *(a)*	**15,130,747**	32,203,251
Repayments made during the year	**(477,094,962)**	(364,421,740)
Translation differences	**6,526,263**	(2,505,627)
Balance as at 31 December	**128,444,857**	521,853,783

(a) Intercompany loans bear interest ranging from 3%-9% for the year ended 31 December 2023 *(2022: 3%-9%)*. Interest and principal are payable in full at the end of the loan's five-year term, with no covenants or security required.

Transactions included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023:

	Ultimate Parent Company AED	**Companies Under Common Control AED**	**Total AED**
Commission fees	-	**245,382,456**	**245,382,456**
Other income from service allocation	-	**160,624,468**	**160,624,468**
Transfer of end of service benefit	-	**7,221,471**	**7,221,471**
Shared group cost charges	**(372,413,281)**	**(10,613,142)**	**(383,026,423)**

Transactions included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022:

	Ultimate Parent Company AED	Companies Under Common Control AED	Total AED
Commission fees	-	208,902,851	208,902,851
Other income from service allocation	-	144,419,720	144,419,720
Transfer of end of service benefit	-	7,095,390	7,095,390
Shared group cost charges	(186,855,629)	(6,661,327)	(193,516,956)

9. Related party transactions and balances *(continued)*

Transactions with related parties are priced at a mutually agreed terms and are in normal course of business.

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2023 **AED**	2022 AED
Short-term benefits	**21,701,083**	22,062,968
Share based compensation	**16,056,745**	17,067,246
Employees' end of service benefits	**635,943**	649,814
	38,393,771	39,780,028

The above shows the compensation received by key management personnel who were actively engaged with the Group throughout the fiscal year.

10 Cash and cash equivalents

	2023 **AED**	2022 AED
Cash at banks (a)	**1,050,419,764**	1,195,360,028
Cash in hand	**3,174,274**	7,279,892
Short term deposits (b)	**11,904,762**	247,774,922
Total	**1,065,498,800**	1,450,414,842

(a) The Group's cash at bank and short term deposit are amounting to AED 1,062,324,436 at 31 December 2023 *(2022: AED 1,443,134,950)*. These are held with financial institutions, which are rated AA- to AA+, based on S&P Global Ratings. Impairment on cash at bank and short term deposit has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The group considers that these have low credit risk based on the external credit ratings of the counterparties.

(b) Short term deposits carry interest rate of 4.5% - 5.0% per annum *(2022:4.5 % - 5.0% per annum)* and have an original maturity of less than 90 days.

11. Share capital

	2023 **No. of shares**	**2023** **AED**	2022 No. of shares	2022 AED
Shares of AED 1000 each	**15,050**	**15,050,000**	50	50,000

The share capital as at 31 December 2023 comprises of 15,050 *(2022: 50)* authorized, issued and fully paid ordinary shares with a par value of AED 1,000 each. During the year 2023, the Company issued 15,000 ordinary shares with a par value of AED 1000 per share resulting in an increase in the share capital amounting to AED 15,000,000.

12. Shareholder's contribution and other reserves

12.1 Shareholder's contribution

One of the Group's subsidiaries entered into a share purchase agreement for the acquisition of an online food delivery businesses in Kuwait for a total consideration amounting to AED 342,475,610. This amount was funded by the Ultimate Parent Company, who also provided an additional amount of AED 190,096,656 as funding for the future operation of the business. This entire amount that was initially recorded as a payable to the related party and was subsequently waived off in the year 2019 based on the waiver agreement dated November 12, 2019.

12. Shareholder's contribution and other reserves *(continued)*

12.1 Shareholder's contribution (continued)

Current year movement includes a shareholder's contribution reduction amounting to AED 3,426,899, resulting into the balance of AED 529,145,367 as at 31 December 2023 as disclosed in the consolidated statement of changes in equity.

12.2 Other reserves

In accordance with local regulatory requirements, certain subsidiaries within the Group are required to establish a reserve for statutory reporting purposes i.e., statutory reserve. This reserve is not available for distribution except as stipulated by the companies' laws in the respective countries. The Group's statutory reserve represents the sum total of statutory reserves of all limited liability companies consolidated in these consolidated financial statements. During the year, a transfer was made to the other reserves of AED 10,537,635 *(2022: AED 12,018,702).*

13. Trade and other payables

	2023	2022
	AED	AED
Liabilities to restaurants	**278,392,219**	256,559,273
Liabilities for outstanding invoices	**294,462,280**	224,689,657
Trade payables	**171,389,770**	147,675,775
Liabilities to riders	**1,221,158**	1,732,186
Staff related accruals	**93,344,624**	86,363,605
Other payables	**70,784,547**	82,695,287
Total	**909,594,598**	799,715,783
thereof non-current	**2,523,363**	1,736,179
thereof current	**907,071,235**	797,979,604

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. Lease liabilities

The movement in the lease liabilities is as follows:

	2023	2022
	AED	AED
As at 1 January	**103,899,192**	90,765,553
Deconsolidation of subsidiaries under common control	**-**	(24,239,930)
Additions	**74,423,314**	72,044,106
Related to early termination of right-of-use assets	**(14,541,987)**	(6,472,011)
Finance charges on lease liabilities	**6,822,499**	4,340,705
Lease payments	**(38,552,535)**	(32,295,217)
Translation adjustments	**(375,359)**	(244,014)
As at 31 December	**131,675,124**	103,899,192
thereof non-current	**105,361,434**	75,881,779
thereof current	**26,313,690**	28,017,413

During the year, the Group derecognised lease liabilities amounting to AED 14,541,987 *(2022: AED 6,472,011)* as a result of termination of lease contracts prior to the end of the lease term. Lease liabilities are monitored within the Group's treasury function.

14. Lease liabilities *(continued)*

Amounts recognised in profit or loss

	2023 AED	2022 AED
Finance charges on lease liabilities	**6,822,499**	4,340,705
Depreciation on right-of-use assets *(Note 28)*	**28,855,435**	17,255,008
Short term and low value leases *(Note 20)*	**2,016,041**	12,061,942

Amounts recognised in statement of cash flow

	2023 AED	2022 AED
Payment of principal portion lease liabilities	**31,730,036**	27,954,512
Payments of interest on lease liabilities	**6,822,499**	4,340,705

15. Employees' end of service benefits

The movement in the provision for employees' end of service benefits is as follows:

	2023 AED	2022 AED
As at 1 January	**30,436,237**	24,649,473
Deconsolidation of subsidiaries under common control *(Note 29)*	**-**	(1,585,857)
Charge for the year	**15,245,667**	7,652,696
Payments during the year	**(8,370,585)**	(8,316,129)
Transfers from related parties	**7,221,471**	7,095,390
Translation adjustments	**954,338**	940,664
As at 31 December	**45,487,128**	30,436,237

16. Revenue

	2023 AED	2022 AED
Commission fees	**2,991,791,398**	2,640,325,337
Delivery fees	**1,527,532,721**	1,297,037,727
Advertising and listing fees	**534,441,059**	399,067,006
Service fees	**176,987,076**	67,290,788
Subscription fees	**97,504,566**	61,735,689
Other direct income	**984,550,657**	723,605,380
Less vouchers	**(149,931,416)**	(116,077,397)
Total	**6,162,876,061**	5,072,984,530

Timing of revenue recognition

	2023 AED	2022 AED
Revenue recognised at point in time	**5,530,930,436**	4,612,181,835
Revenue recognised over time	**631,945,625**	460,802,695
	6,162,876,061	5,072,984,530

16. Revenue *(continued)*

The following table provides information about receivables and payables from contract with customers.

	2023	2022
	AED	AED
Receivables included in "trade receivables" *(Note 7)*	**45,712,422**	54,713,192
Receivables included in "due from related parties"	**4,621,793**	12,451,099
Payables to restaurants included in " trade and other payables " *(Note 13)*	**278,392,219**	256,559,273

17. Cost of sales

	2023	2022
	AED	AED
Delivery expenses	**(2,973,416,986)**	(2,529,905,712)
Order processing cost	**(352,663,990)**	(305,603,269)
Other direct cost	**(529,358,917)**	(392,730,381)
Total	**(3,855,439,893)**	(3,228,239,362)

18. Marketing Expense

	2023	2022
	AED	AED
Restaurant acquisition	**(224,404,421)**	(229,719,734)
Customer acquisition	**(125,304,647)**	(159,749,478)
Other marketing expenses	**(61,656,863)**	(60,349,278)
Total	**(411,365,931)**	(449,818,490)

19. IT Expense

	2023	2022
	AED	AED
Personnel expenses	**(173,480,873)**	(152,363,594)
Other non-personnel IT expenses	**(25,081,532)**	(22,047,490)
Total	**(198,562,405)**	(174,411,084)

20. General administrative expenses

	2023	2022
	AED	AED
Personnel expenses	**(171,705,359)**	(145,607,606)
Share-based compensation *(Note 26)*	**(45,502,553)**	(84,728,925)
Depreciation and amortisation	**(82,244,584)**	(82,855,870)
Consulting and professional services	**(12,123,088)**	(13,769,328)
Other (non-income) taxes	**(58,992)**	(6,624,936)
Other office expenses	**(20,363,132)**	(22,749,662)
Travel expenses	**(6,112,380)**	(5,129,586)
Insurances	**(4,458,968)**	(3,443,674)
Telecommunications	**(7,777,967)**	(7,629,332)
Other HR and recruiting costs	**(3,207,922)**	(947,731)
Bank charges	**(3,025,616)**	(2,225,120)
Rent and lease expenses	**(2,016,041)**	(12,061,942)
Miscellaneous	**(35,982,882)**	(37,203,943)
Total	**(394,579,484)**	(424,977,655)

21. Other income

	2023 AED	2022 AED
Other income (a)	**175,631,996**	163,370,801
Gains on disposal of property and equipment	**3,148,733**	220,837
Reversal of contingent consideration (b)	**-**	80,582,218
Total	**178,780,729**	244,173,856

(a) Other income represents domestic and cross-border intra-group transactions involving the allocation of use of licenses and operational requirements at various organizational levels.

(b) In 2022, the Group reversed contingent liability related to acquisition of Zomato business as management did not expect to repay the liability.

22. Other expenses and impairment

	2023 AED	2022 AED
Shared group cost *(i)*	**(383,026,423)**	(193,516,956)
Bad debt expense *(Note 7)*	**(4,619,666)**	(6,653,914)
Impairment charge *(Note 31)*	**-**	(15,000,000)
Total	**(387,646,089)**	(215,170,870)

(i) Shared group cost mainly represents the charges from the Ultimate Parent Company, as disclosed in note 9, in relation to the use of global services.

23. Net finance costs

	2023 AED	2022 AED
Interest income	**15,477,454**	1,313,308
Interest expense on lease liabilities *(Note 14)*	**(6,822,499)**	(4,340,705)
Interest expense on loans *(Note 9)*	**(15,130,747)**	(32,203,251)
Total	**(6,475,792)**	(35,230,648)

24. Current income tax

	2023 AED	2022 AED
Current tax expense	**(7,738,890)**	(26,851,191)

Reconciliation of effective tax rate	2023 AED	2022 AED
Earnings before Income Taxes *(A)*	**1,091,882,055**	796,049,926
Tax at the Company's domestic rate of 0%	**-**	-
Effect of tax rates in foreign jurisdictions	**(16,550,075)**	(16,347,597)
Current tax (prior year adjustments)	**(847,963)**	(844,446)
Reversal / (Effect) of income tax provision*	**9,659,148**	(9,659,148)
Total tax expense *(B)*	**(7,738,890)**	(26,851,191)
Net results (Net profit after taxes)	**1,084,143,165**	769,198,735
Effective tax rate (B/A)	**0.71%**	3.37%

* In 2022, a provision was recognised for an income tax claim in one of the jurisdictions where the Group operates. However, in 2023, following a favourable resolution of the matter, the provision was reversed. Accordingly, the reversal of the provision has been accounted for, reducing the current tax expense for 2023.

25. Contingent liabilities and guarantees

Except for the ongoing business obligations which are under normal course of business, there has been no other known capital commitment on Group's financial statements as at reporting date. As at 31 December 2023, in addition to the above, the outstanding bank guarantees issued on behalf of the certain Group entities amounted to AED 26,188,110 *(2022: AED 9,279,153)*.

26. Share based payments

The Ultimate Parent Company has been operating share-based payment programs since 2011. As at 31 December 2023, the Group is participating in the following share-based payment arrangements managed by the Ultimate Parent Company.

26.1 Long-term incentive plan

Terms and conditions

Ultimate Parent Company is operating a long-term incentive plan (LTIP) consisting of two types of awards: Restricted Stock Plan (RSP) and Stock Option Program (SOP). Eligible participants are the management board, managing directors of certain subsidiaries, other members of the management, as well as certain employees. The Ultimate Parent Company commits to award restricted stock units (RSUs) and stock options based of a certain euro amount per year-over-the period of four years. The award consists of individual annual tranches that are awarded to the participants in a single award agreement in year one.

Measurement of fair values

The grant date fair value of the awards is a contractually fixed euro value. The instruments are vested in instalments over the one year or quarterly vesting period, based on the contract with employees. As a result, the total cost recognised each year will be different over the vesting period, which will result in recognition of a higher proportion of cost in the early years of the overall plan. Additionally, the stock options also have a non-market based performance condition which the Ultimate Parent Company is expected to meet.

	2023			2022		
	Number of options	**Weighted average exercise price EURO**	**Number of RSUs**	Number of options	Weighted average exercise price EURO	Number of RSUs
Outstanding as at January 1	**203,537**	**56.10**	**381,580**	162,889	66.64	80,680
Granted during the year*	**25,231**	**41.52**	**407,130**	52,532	49.42	396,253
Forfeited during the year	**(87)**	**38.94**	**(43,601)**	(11,884)	53.10	(30,396)
Exercised/released during the year	**-**	**-**	**(325,091)**	-	-	(64,957)
Outstanding as at December 31	**228,681**	**54.74**	**420,018**	203,537	56.10	381,580

* *Reflects number of options and shares fixed at the reporting date.*

The options outstanding as at December 31, 2023 had strike prices between Euro 28.68 and Euro 122.14 *(2022: year: Euro 35.30 and Euro 122.14)* and a weighted average remaining contractual life of 39 months *(2022: 43 months).* The plan contributed AED 39,978,166 of expenses in 2023 *(2022: AED 78,424,114).*

26. Share based payments *(continued)*

26.2 Hero Grant

Terms and conditions

Since 2020, the Hero Grant is issued as a one-time grant with different amounts to certain employees of the Group for various reasons (e.g. a substitute for discretionary bonus payments). Under this program, the Ultimate Parent Company committed itself to issue RSUs on the basis of a certain euro amount. The Hero Grant is usually subject to a twelve-month vesting and cliff period; in certain cases, up to two years respectively.

Measurement of fair values

The grant date fair value of the awards is the contractually fixed euro value. Such fair value does not incorporate dividend expectations. A total of 14,560 RSUs were granted in 2023 *(2022: 94,868 RSUs)*. The plan contributed AED 5,524,386 of expenses in 2023 *(2022: AED 6,304,811).*

27. Investment in equity-accounted investees

The investment in equity-accounted investees represent the following:

Name of the associate	**Principal activity**	**Place of incorporation**	**2023 AED**	2022 AED
Zone Elite Investment LLC	Logistics	United Arab Emirates	-	-

The Group's ownership interest in Zone Elite Investment LLC was 30% as at 31 December 2023 (2022: 30%). The principal activities of Zone Elite Investment LLC is to manage riders fleet. During the year ended 31 December 2022, investment in Zone Elite Investment LLC was written off in entirety and an impairment charge of AED 15,000,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

The movement in the investment in equity-accounted investees is as follows:

	2023 AED	2022 AED
As at 1 January	**-**	15,000,000
Impairment charge for the year	-	(15,000,000)
As at 31 December	**-**	**-**

28. Right-of-use assets

The movement in the right-of-use assets balance, included in property and equipment (Note 5), during the year is as follows:

	Buildings and leasehold improvements	Technical equipment and machineries	Vehicle fleet	Total
	AED	AED	AED	AED
Cost				
As at 1 January 2022	94,628,314	-	36,362,802	130,991,116
Deconsolidation of subsidiaries under common control *(Note 29)*	(35,701,424)	-	-	(35,701,424)
Additions	72,654,981	-	1,240,524	73,895,505
Termination of leases	(26,364,717)	-	-	(26,364,717)
Translation differences	(398,390)	-	(166,360)	(564,750)
As at 31 December 2022	**104,818,764**	**-**	**37,436,966**	**142,255,730**
Additions	**72,595,478**	**1,827,836**	**-**	**74,423,314**
Termination of leases	**(7,978,703)**	**-**	**(27,847,145)**	**(35,825,848)**
Translation differences	**(571,841)**	**88,587**	**(214,052)**	**(697,306)**
As at 31 December 2023	**168,863,699**	**1,916,422**	**9,375,769**	**180,155,890**
Accumulated depreciation				
As at 1 January 2022	(36,889,031)	-	(7,028,317)	(43,917,348)
Deconsolidation of subsidiaries under common control (*Note 29)*	11,422,083	-	-	11,422,083
Depreciation	(7,324,091)	-	(9,930,917)	(17,255,008)
Termination of leases	6,178,499	-	-	6,178,499
Translation differences	131,974	-	24,801	156,775
As at 31 December 2022	**(26,480,566)**	**-**	**(16,934,433)**	**(43,414,999)**
Depreciation	**(24,816,649)**	**(600,668)**	**(3,438,119)**	**(28,855,435)**
Termination of leases	**3,468,506**	**-**	**11,647,127**	**15,115,633**
Translation differences	**176,164**	**(29,111)**	**120,087**	**267,140**
As at 31 December 2023	**(47,652,545)**	**(629,778)**	**(8,605,338)**	**(56,887,662)**
Carrying amount as at 31 December 2022	78,338,198	-	20,502,533	98,840,731
Carrying amount as at 31 December 2023	**121,211,154**	**1,286,644**	**770,431**	**123,268,227**

29. Deconsolidation of subsidiaries under common control

As part of the restructuring plan of the Ultimate Parent Company, in 2022, the Group transferred ownership and control of its subsidiaries, Delivery Hero Kitchen DB L.L.C and Delivery Hero Stores DB L.L.C, Dubai, U.A.E to related parties, namely Delivery Hero Kitchens MENA Holding Ltd, and Dark Stores MENA Holding Ltd respectively.

Both the acquirer and acquiree were under the ownership and control of the Ultimate Parent Company. The consideration agreed to be transferred was AED 600,000 which was equal to the share capital of the respective subsidiaries. As the transaction was a common control transaction, the Group followed book-value accounting for the disposal of the subsidiaries and accordingly, impact on disposal was transferred through the equity.

29. Deconsolidation of subsidiaries under common control *(continued)*

The effect of de-consolidation due to the loss of control under the common control transfer of these entities is as follows:

Description		2022 AED
Property and equipment		54,645,422
Inventories		14,543,762
Trade and other receivables		31,033,444
Cash and cash equivalents		21,544,521
Total liabilities		(204,325,249)
Net liabilities at the date of transfer	**(A)**	(82,558,100)
Consideration received	**(B)**	600,000
Cash and cash equivalents transferred		(21,544,521)
Net cash outflows from transfer		(20,944,521)
Impact on transfer of subsidiaries	**(B-A)**	(83,158,100)

Impact of deconsolidation of subsidiaries under common control	2022 AED
Impact related to non-controlling interest *(49%)*	40,747,469
Gain pertaining to shareholder of the Company *(51%)*	42,410,631

30. Dividend

During the year the Board of Directors of the Company approved and paid dividends of AED 70,824.31 *(2022: AED 46,830.28)* per share amounting to AED 1,065,905,841 *(2022: AED 704,795,675)* to the shareholder of the Company.

31. Financial instruments/ Financial risk management

Risk management framework

The Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's management is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables. The carrying amounts of financial assets represent the maximum credit exposure.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023, the Group's maximum exposure to credit risk without taking *into* account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

31. Financial instruments/ Financial risk management *(continued)*

Credit risk (*continued)*

Exposure to credit risk

	Note	**2023 AED**	2022 AED
Trade and other receivables		**198,363,585**	172,674,865
Cash at bank	*10*	**1,050,419,764**	1,195,360,028
Short term deposits	*10*	**11,904,762**	247,774,922
Loan to a related party	*9*	**27,657,454**	-
Due from related parties	*9*	**196,390,322**	136,914,883
		1,484,735,887	1,752,724,698

The Group held cash at bank and short term deposit balances of AED 1,062,324,436 as at 31 December 2023 *(2022: AED 1,443,134,950)*. The cash and cash bank balances are held with bank and financial institution counterparties, which are rated AA- to AA+, based on S&P Global Ratings.

Expected credit loss for receivables

The following table provides information about the exposure to credit risk and ECL for trade and other receivables:

	Weighted average loss rate	**Gross carrying amount**	**Loss allowance**
		AED	**AED**
31 December 2023			
Current	**0.13%**	**28,655,418**	**(38,141)**
1-30 Days	**11.13%**	**5,457,877**	**(607,513)**
31-60 Days	**37.88%**	**3,788,921**	**(1,435,267)**
61-90 Days	**14.07%**	**2,362,679**	**(332,378)**
91-120 Days	**14.44%**	**1,374,708**	**(198,444)**
120-180	**22.38%**	**1,387,647**	**(310,615)**
Above 180 days	**77.50%**	**2,685,172**	**(2,080,979)**
Total		**45,712,422**	**(5,003,337)**

	Weighted average loss rate	**Gross carrying amount**	**Loss allowance**
		AED	**AED**
31 December 2022			
Current	0.22%	36,979,835	(79,949)
1-30 Days	15.56%	4,224,740	(657,405)
31-60 Days	44.13%	3,828,803	(1,689,470)
61-90 Days	39.25%	1,286,160	(504,804)
91-365 Days	49.75%	1,541,853	(767,136)
120-180	55.79%	1,428,863	(797,215)
Above 180 days	62.08%	5,422,938	(3,366,563)
Total		**54,713,192**	**(7,862,542)**

31. Financial instruments/ Financial risk management *(continued)*

Expected credit loss for receivables (continued)

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk gradings to categories exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Amounts due from related parties is not considered to be credit-impaired as at 31 December 2023 *(2022: not credit-impaired).*

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table summaries the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements was as follows:

		Contractual Cash flows			
31 December 2023	**Carrying amount AED**	**Total AED**	**Less than one year AED**	**One to five years AED**	**More than five years AED**
Trade and other payables *(excluding advance from customer and unearned income)*	**745,477,511**	**745,477,511**	**745,477,511**	**-**	**-**
Due to related parties	**110,615,377**	**110,615,377**	**110,615,377**	**-**	**-**
Loans from related parties	**128,444,857**	**179,951,245**	**-**	**179,951,245**	**-**
Lease liabilities	**131,675,124**	**155,801,780**	**32,364,100**	**92,390,820**	**31,046,860**
Total	**1,116,212,869**	**1,191,845,913**	**888,456,988**	**272,342,065**	**31,046,860**

31. Financial instruments/ Financial risk management *(continued)*

Liquidity risk *(continued)*

		Contractual Cash flows			
	Carrying amount	Total	Less than one year	One to five years	More than five years
31 December 2022	AED	AED	AED	AED	AED
Trade and other payables *(excluding advance from customer and unearned income)*	630,669,072	630,669,072	630,669,072	-	-
Due to related parties	172,941,390	172,941,390	172,941,390	-	-
Loans from related parties	521,853,783	685,976,798	-	685,976,798	-
Lease liabilities	103,899,192	116,258,519	31,099,328	69,753,874	15,405,317
Total	1,429,363,437	1,605,845,779	834,709,790	755,730,672	15,405,317

Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company's exposure to foreign exchange risk is limited, as a significant proportion of the foreign currency transactions, monetary assets and liabilities are in the currencies which are pegged to the US Dollar and have minimal exchange rate impact.

Interest rate risk

Exposure to interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows.

	Carrying amount	
	2023	2022
	AED	AED
Fixed rate instruments		
Short term deposits *(Note 10)*	**11,904,762**	247,774,922
Variable rate instruments		
Loan to a related party *(Note 9)*	**27,657,454**	**-**
Loan from related parties *(Note 9)*	**128,444,857**	521,853,783
Net exposure- variable rate instruments	**100,787,403**	521,853,783

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased *(decreased)* equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31. Financial instruments/ Financial risk management *(continued)*

Market risk *(continued)*

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments (continued)

	Profit or loss		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
2023				
Variable rate instruments	**(1,007,874)**	**1,007,874**	**(1,007,874)**	**1,007,874**
Cash flow sensitivity (net)	**(1,007,874)**	**1,007,874**	**(1,007,874)**	**1,007,874**
2022				
Variable rate instruments	(5,218,538)	5,218,538	(5,218,538)	5,218,538
Cash flow sensitivity (net)	(5,218,538)	5,218,538	(5,218,538)	5,218,538

32. Fair value measurement

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and bank balances, amounts due from related parties and trade and other receivables. Financial liabilities consist of trade payables and other payable and amounts due to related parties.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

32. Fair value measurement *(continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

33. Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to Shareholder through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from those of the prior years. The capital structure of the Group consists of equity attributable to the shareholder, comprising issued capital, reserves, and retained earnings.

34. Subsequent events

Subsequent event – Acquisition of entities

On 1 July 2024, the Company obtained control of the following subsidiaries as part of the common control transaction:

- Delivery Hero's 100% shareholding interest in Foodonclick.com FZ-LLC;
- Delivery Hero's 49% shareholding interest in Talabat for Delivery Services LLC;
- Delivery Hero's 100% indirect shareholding interests in Delivery Hero Egypt SAE;
- Delivery Hero's 100% indirect shareholding interest in Dark Stores MENA Holding Ltd.;
- Delivery Hero's 10% indirect shareholding interest in Delivery Hero Stores LLC;
- Delivery Hero's 100% indirect shareholding interest in Delivery Hero Kitchens MENA Holding Ltd.;
- Delivery Hero's 100% indirect shareholding interest in DH Kitchens LLC; and
- Delivery Hero's 100% indirect shareholding interest in Delivery Hero Payments MENA FZ-LLC.

Primary reasons for the acquisition:

The acquisition of the aforementioned companies was strategically executed to streamline and centralize both operational and financial management. By restructuring under the full control of Delivery Hero FZ LLC, our goal is to enhance efficiency, improve decision-making processes, and align all business activities with the Group's long-term strategic objectives. These companies were already under common control, with Delivery Hero SE as the ultimate beneficiary.

For the entity where only a partial acquisition occurred, the rationale was primarily because the acquirer already owned the remaining portion.

35. Impact of UAE Corporate Tax Law

On December 9, 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from January 2023, has confirmed the threshold of income over which the 9% tax rate would apply, and the Law is considered to be substantively enacted.

35. Impact of UAE Corporate Tax Law *(continued)*

A rate of 9% will apply to taxable income exceeding AED 375.000. A rate of 0% will apply to taxable income not exceeding AED 375,000.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the year ended 31 December 2023.

The Company has assessed the deferred tax implications for the year ended 31 December 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not expected to be material.

The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.