home24

ANNUAL REPORT 2020

AT A GLANCE

FISCAL YEAR 2020

KEY FIGURES

Non-financial KPIs	Unit	2020	2019	Change	Q4 2020	Q4 2019	Change
Number of orders	in k	3,251	2,196	48%	990	666	49%
Average order value	in EUR	235	255	-8%	244	246	-1%
Number of active customers (as of December 31)	in k	2,174	1,506	44%	2,174	1,506	44%
Employees (as of December 31)	number	1,759	1,633	8%	1,759	1,633	8%

Financial KPIs	Unit	2020	2019	Change	Q4 2020	Q4 2019	Change
Revenue	in EURm	491.9	371.6	32%	152.4	109.1	40%
Revenue growth at constant currency	in %	42%	20%	22 pp	50%	21%	29 pp
Gross profit margin	in %	46%	44%	2 pp	46%	45%	1 pp
Profit contribution margin	in %	29%	25%	4 pp	29%	27%	2 pp
Adjusted EBITDA margin	in %	3%	-8%	11 pp	3%	2%	1 pp
Earnings per share	in EUR	-0.61	-2.53	-76%	-0.17	-0.28	-39%
Cash flow from operating activities	in EURm	32.0	-39.2	>-100%	8.0	0.9	>100%
Cash flow from investing activities	in EURm	-11.4	-21,8	-48%	-4.1	-2.9	41%
Cash flow from financing activities	in EURm	37.4	-1.9	>-100%	50.8	3.8	>100%
Cash and cash equivalents at the end of the period	in EURm	103.1	45.6	>100%	103.1	45.6	>100%

home24 is a leading pure-play home&living e-commerce platform in continental Europe and Brazil. With over 100,000 home&living products in Europe and more than 200,000 articles in Latin America – from accessories to lamps to furniture – home24 offers its currently 2.2 million customers the right product for every taste, style and budget.

On its platform, home24 combines a broad, carefully selected range of relevant third-party brands with attractive private labels, making it a furniture manufacturer and retailer in one.

The Company is represented in seven European countries: Germany, France, Austria, the Netherlands, Switzerland, Belgium and Italy. In Brazil, home24 operates under the "Mobly" brand. Irrespective of size and weight, home24 delivers its products in Europe free of charge to the customer's home and also offers free returns.

home24's headquarters are located in Berlin. The Company employs more than 1,500 people worldwide. home24 has been listed on the Frankfurt Stock Exchange since June 15, 2018, and the Mobly share has been listed in B3's Novo Mercado segment in Brazil since February 5, 2021.

Further information can be found on the Company's website at www.home24.com


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LETTER TO OUR SHAREHOLDERS

THE MANAGEMENT BOARD OF HOME24 SE

From left to right:

Marc Appelhoff
Philipp Steinhäuser
Brigitte Wittekind
Johannes Schaback

DEAR HOME24 SHAREHOLDERS,
DEAR READERS,

Our homes have become hugely important places in the past year. They have evolved into the focal point of our social lives, with many people spending more time at home than ever before. This has also increased their willingness to invest in their own four walls or refurbish balconies and terraces. Homes also had to take on new roles, with many items of furniture and other objects being repurposed to create workspaces. Demands in terms of comfort and functionality have also changed during this time. At home24, we believe that this confirms our view that "home is what makes you happy" ("Zuhause ist, was Dir gefällt"), and we help our customers to realize their full potential at home.

home24 is more relevant than ever when it comes to finding good-quality, visually appealing, functional and sustainable furniture, accessories and lamps at fair prices. Over the past financial year, almost 2.2 million active customers were impressed by our wide range of curated products, approximately 44% more than in the previous year. We see this as confirmation that our combination of superior value for money and risk-free ordering will continue to generate interest. During our strong growth phase, it was particularly important to us to offer a satisfying shopping experience to the large number of customers who gave home24 a chance for the first time. We are proud of the entire home24 team, which has helped us to further boost already-encouraging customer satisfaction levels during this exceptional time. For us, this is the ultimate endorsement of our value proposition and an indication that we will be able to welcome these customers back to our platform in the future.

Sustainably scalable, profitable growth

After achieving the profitability threshold in the fourth quarter of 2019, we found ourselves back on an accelerated growth path to reinforcing our market position as a leading online destination in the home&living sector even before the outbreak of the COVID-19 pandemic. At the start of the pandemic, our first priority was to guide our employees and partners at our various locations in Asia, Europe and Brazil safely and healthily through the crisis. From March 2020 onwards, we encouraged any colleagues not involved in logistics processes or retail to work from home. We introduced strict hygiene standards and safety precautions at our warehouses, showrooms and outlets to protect our staff and, of course, our customers, and limited services such as the assembly service. When the pandemic forced us to close our retail stores, the team quickly adapted to our customers' new needs, demonstrating a pioneer spirit as they set about expanding our range of digital services. Video consultations were introduced at our showrooms, while our outlets switched to telesales – with both services continuing and being rolled out further even after reopening.

As a fundamental aspect of home24's values, acting in a sustainable, environmentally-friendly and socially responsible way is crucial to our strategy. As much as the past year placed temporary restrictions on our lives, climate change will have an even greater impact on our society and the economy in the future. We are aware of our responsibility and will move forward on our climate learning journey with a real sense of determination. We took an important step by measuring our carbon footprint for the European segment in detail and offsetting it for the first time in 2020. Based on our carbon footprint, we are in the process of developing specific strategies for reducing our emissions and, above all, optimizing them in the long term (more details in our Non-Financial Report). After its successful IPO in February 2021, our Brazilian segment is also working on a sustainability strategy.

2020 financial figures result in SDAX inclusion

We ended financial year 2020 with strong earnings, revising our guidance upwards on three separate occasions during the year. Overall, home24 recorded significant revenue growth of 42% at constant currency to EUR 492m in 2020, combined with a clear increase in profitability of 11 percentage points year-on-year based on the adjusted EBITDA margin. With an adjusted EBITDA margin of 3%, we were able to break-even at Group level on an annual basis for the first time. This substantial increase in profitability had a positive impact on our cash flow, with the one-off effects associated with supply chain restrictions and longer delivery times during the pandemic also having a positive effect on net working capital. We were primarily able to reach these important financial milestones due to our strategic investments in scalable logistics, technology fundamentals and automated processes in previous years. These investments form the basis for our long-term growth and enabled us to respond to unexpectedly strong demand in the past year without recording any decline in customer satisfaction. The 46% increase in order intake (compared to the previous year) translated into both revenue and profitability growth and proves that our business is sustainably scalable. We are very grateful for the excellent work of the entire home24 team and our partners in these exceptional times.

Our financial figures were also reflected in the positive performance of our shares. The resulting increase in market capitalization and trading volumes led to the stock's inclusion in Deutsche Börse's SDAX index in December.

Outlook for 2021: with a tailwind, increased online penetration and stronger capital resources, we are increasing investments in controlled growth

Increasingly dynamic customer demand led to a rise in online penetration in 2020, and we expect this trend to continue from this elevated level. Customers purchased items for their homes from their homes for the first time and found this to be a positive experience. The pandemic will remain an incalculable element of uncertainty in 2021, as customer behavior is difficult to predict. Bearing this fully in mind, although we are accelerating our growth investments in our marketing, product range and shopping experience, we are also prepared for a period of increased volatility as soon as pandemic-related restrictions are eased and public life settles into a "new normal".

By carrying out a capital increase in Europe in December 2020 and concluding the IPO of our Brazilian business Mobly in February 2021, we are well positioned in both segments to make these investments. Both segments have sufficient financial power to further consolidate their strong positioning in the attractive, yet still highly fragmented home&living e-commerce market. We will continue to focus on distinguishing features that will remain relevant for our customers for many years to come: using intelligent technology and data solutions for online purchases, providing a broad and relevant product range, expanding our multichannel offering via showrooms, enhancing our logistics expertise in previously underdeveloped regions, and acquiring new customers and retaining existing ones.

We are optimistic about the future, particularly with regard to further sales growth in 2021. Home has taken on a lasting significance for our customers, and 2020 showed that home24's model is uniquely equipped to meet customers' changing requirements. More and more people are creating their own "Happy Home" with the help of our product range. We are convinced that the shift in consumer demand from offline to online will continue, even in the furnishing sector. To exploit this considerable market potential, we have invested in our scalable home24 platform over many years and have the resources needed to continue pursuing our ambitions with a clear focus. All in all, there is still so much more we can achieve, and we are glad to have your support as we strive to reach our goals.

Thank you very much for the confidence you have shown in us.

Berlin, March 30, 2021

MARC APPELHOFF JOHANNES SCHABACK BRIGITTE WITTEKIND PHILIPP STEINHÄUSER

THE HOME24 BUSINESS MODEL

The Group is represented in seven European countries: Germany, France, Austria, the Netherlands, Switzerland, Belgium and Italy. In Brazil, home24 operates under the "Mobly" brand.

OUR BUSINESS MODEL

WHO WE ARE

home24 is a leading pure-play home&living e-commerce platform in continental Europe and Brazil. With over 100,000 home&living products in Europe and more than 200,000 articles in Latin America – from accessories to lamps to furniture – home24 offers its currently 2.2 million customers the right product for every taste, style and budget. On its platform, home24 combines a broad, carefully selected range of relevant third-party brands with attractive private labels, making it a furniture manufacturer and retailer in one.

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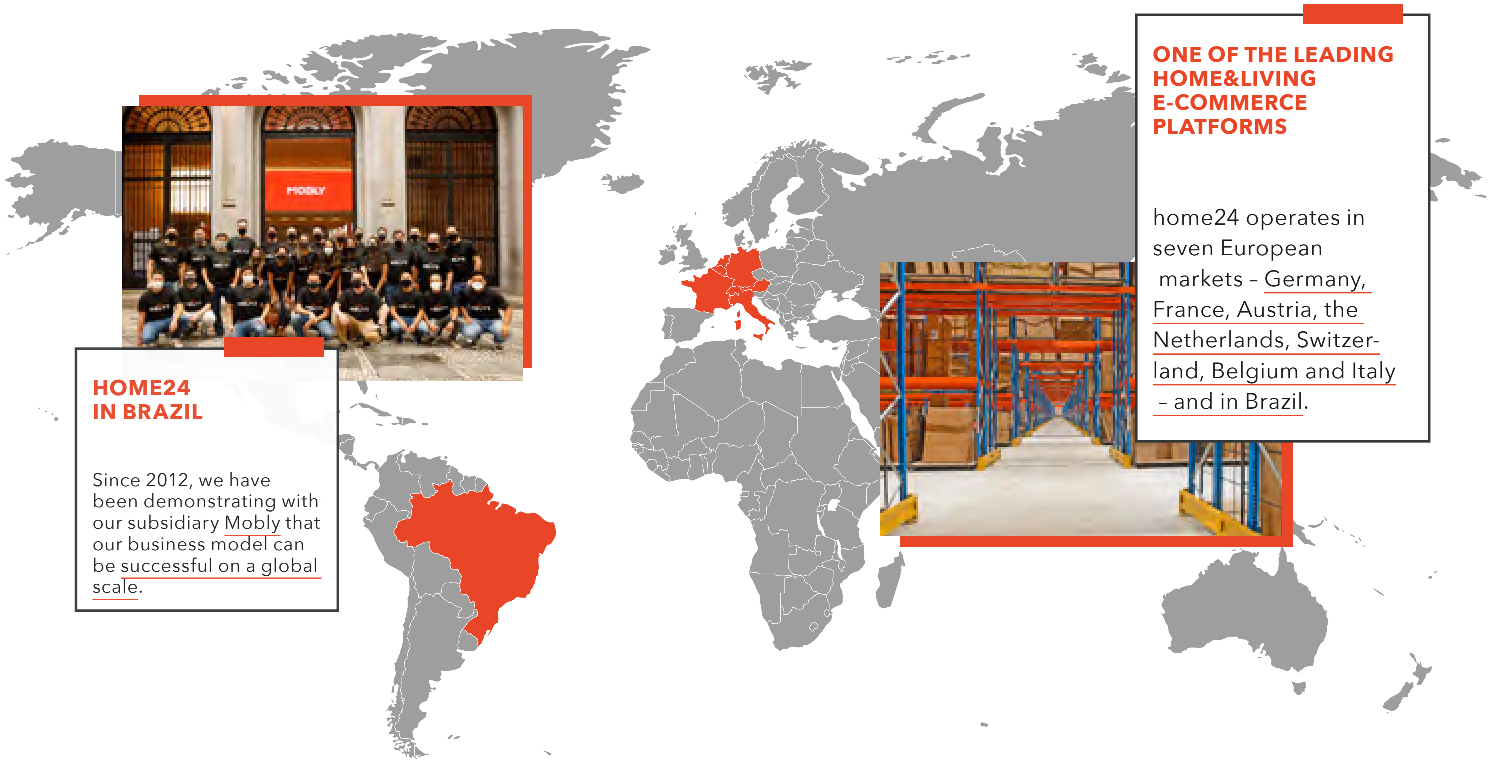


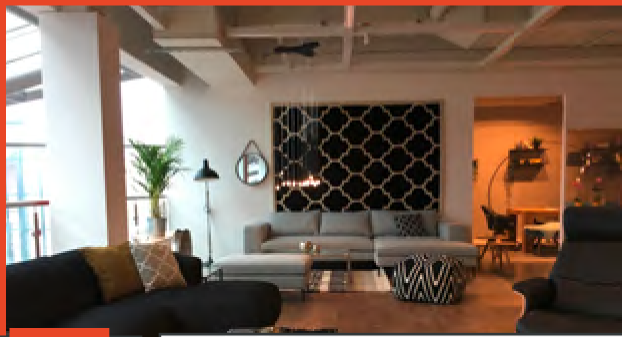
HOME24 IN BRAZIL

Since 2012, we have been demonstrating with our subsidiary Mobly that our business model can be successful on a global scale.

ONE OF THE LEADING HOME&LIVING E-COMMERCE PLATFORMS

home24 operates in seven European markets – Germany, France, Austria, the Netherlands, Switzerland, Belgium and Italy – and in Brazil.

OUR SHOWROOMS



ADVICE & IDEAS

Seeing, touching and trying out furniture live

SHOWROOMS

In addition to our products available online, we have a total of 18 showrooms in metropolitan areas in Germany, Austria, Switzerland and Brazil. Our showrooms offer our customers the opportunity to receive advice and be inspired in a personal conversation, thereby enhancing the home24 experience. Experienced interior design experts are available to provide free, customized advice.

In our showrooms, we are creating a long-term relationship with our customers and additional incentives for them to order furniture online at home24.

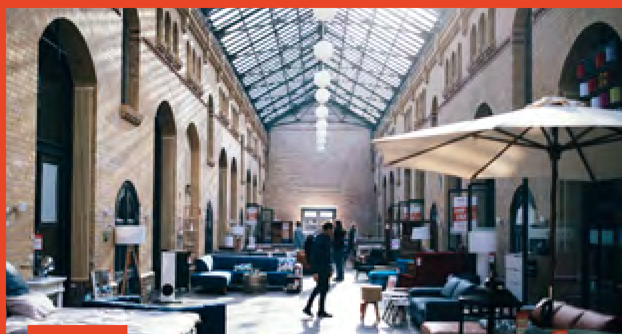
THE HOME&LIVING SHOPPING EXPERIENCE

home24's products are marketed via an online platform that combines two distinct business models to offer customers the best in terms of choice and value for money.

Third-party and white label products: a broad selection of home&living products marketed under third party and white label brands, which the Group usually does not keep in stock.

Private label products: bestsellers marketed under own private labels, which the Group sources for consumers at highly competitive prices directly from selected manufacturers and other suppliers. These items are usually kept in stock, reducing delivery times to customers even further.

OUR OUTLETS



UP TO 50% DISCOUNT

Display items, photo samples and returned merchandise

OUTLETS

In our outlets, customers will find a wide range of furniture, lamps and home accessories that changes weekly. The display items, photo samples and returned merchandise, which are slightly or not damaged at all, are available at discounts of up to 50 percent. Customers looking for a bargain can be sure to find one here.

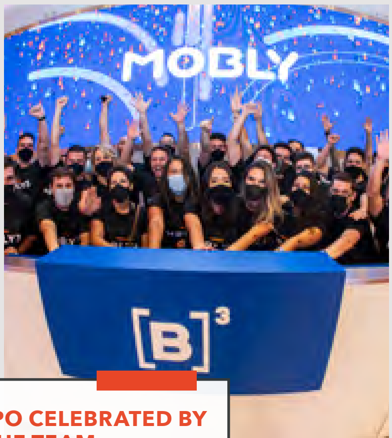
Outlets are also the places where we market our returns regionally. Returned merchandise is resold here without having to travel long distances, which reduces costs and is good for the environment – an important aspect of our sustainability!

SUCCESSFUL FURNITURE MODEL

Overall, home24 continues to see considerable catch-up potential in the online home&living market and expects consumer demand to continue shifting from offline to online in the furniture sector – primarily in light of the fact that people currently prefer to order goods for their homes from their homes. An increasing number of new customers, including older target groups, are buying our products – and given a positive shopping experience, we expect online purchasing to retain its relevance even after the crisis and the online market share to see sustained growth.

The strong demand from investors for the home24 share – and the Mobly share – shows that not only we as online sellers believe in the long-term growth opportunities for the home&living e-commerce sector in Europe and South America but that it is a sentiment shared by the capital markets as well.

On both continents, home24 has successfully driven its growth in recent years, further consolidating its position as one of the market leaders in the online home&living segment.



IPO CELEBRATED BY THE TEAM

Mobly shares have been traded on the Brazilian stock market since February 5, 2021. At over 51%, home24 continues to hold the majority of shares.

WE WANT TO EMPOWER PEOPLE TO CREATE HAPPY HOMES …

…BY OFFERING GREAT VALUE PRODUCTS PEOPLE LOVE

BROAD BUT RELEVANT, CURATED ASSORTMENT

empowering customers to choose from a wide range of styles, materials and prices

EXCLUSIVE ASSORTMENT ONLY AVAILABLE AT HOME24

combined with a broad selection of relevant third party products

WITH A GREAT VALUE FOR MONEY

and product quality aspiration, creating happy homes, and a clear commitment to sustainability

SUSTAINBABLE APPROACH TO SUPPLY CHAIN

with CO_2 neutrality in Europe and an obligation to reduce Scope 1 and Scope 2 emissions by 75% by 2024.

…IN A CONVENIENT AND INSPIRATIONAL SHOPPING EXPERIENCE

FAST, RELIABLE AND FLEXIBLE DELIVERY

times, paired with convenient payment methods and services

EFFECTIVE&FRIENDLY CUSTOMER SERVICE SUPPORT

and transparent communication whenever needed

TOUCH AND FEEL

Opportunities to get a touch and feel for the product offering online, but also in showrooms

PERSONALIZED RELEVANT CONTENT THAT INSPIRES AND CONSULTS

helping to make a complex purchase decisions easier (ref. no strong consumer brands)

SCALABLE TECHNOLOGY

Based on the strength of our platform, we have revolutionized the way people buy home&living products. Technology and Big Data are the driving forces:

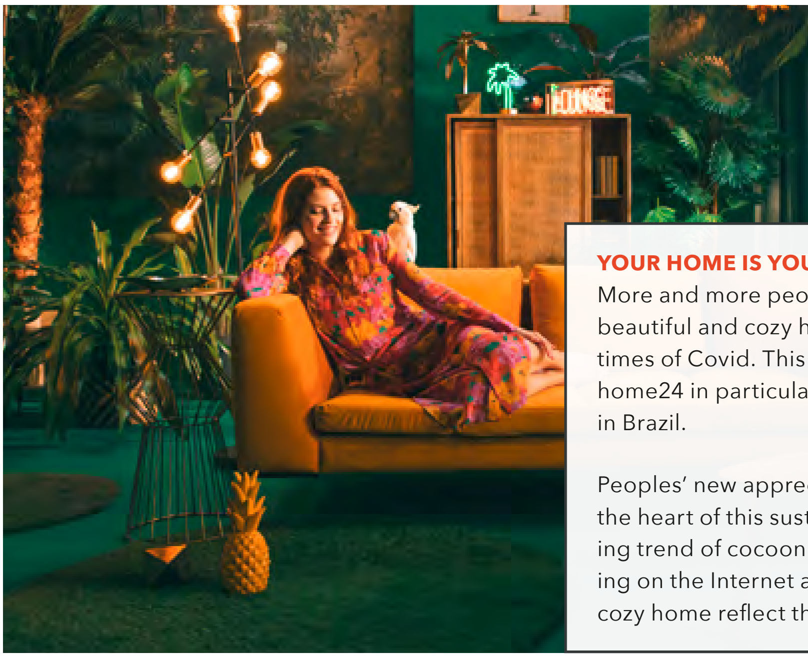
- We see huge potential for the future in this field!
- Big data processing capabilities empower the entire business
- A broad and relevant product range combines efficient customer conversion with superior value for money
- All business processes are seamlessly integrated throughout the value chain
- We harness Big Data to optimize our product range and personalize our customers' shopping experience
- We employ a team of top-notch technology and product specialists

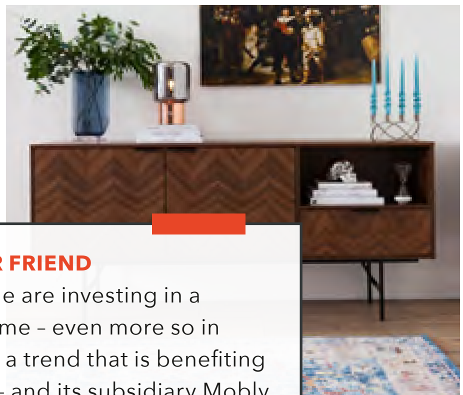
DISCOVERY
Be inspired
- MOBILE SITES&APPS
- PERSONALIZED RECOMMENDATIONS
- VR SEARCH FOR IMAGES

ASSORTMENT
Selection&Choice
- DEMAND FORECASTING
- AUGMENTED REALITY
- PRICING

LOGISTICS
Delivery&Service
- ONLINE PAYMENT
- WAREHOUSE&RETURN MANAGEMENT
- DELIVERY&TRANSPORT

MARKETING
Reach&Attract
- CRM
- CUSTOMER PROFILES
- CHANNEL OPTIMIZATION





YOUR HOME IS YOUR FRIEND

More and more people are investing in a beautiful and cozy home – even more so in times of Covid. This is a trend that is benefiting home24 in particular – and its subsidiary Mobly in Brazil.

Peoples' new appreciation of their homes is at the heart of this sustained success. The resulting trend of cocooning, straightforward ordering on the Internet and the new desire for a cozy home reflect the current zeitgeist.

WE #FORABETTERHOME

We offset our footprint by carefully selecting environmental projects that promote a better home for people, nature and the environment. For example, we are committed to reducing carbon emissions in two of our manufacturing countries, India and Indonesia. We also support social organizations and housing in Honduras, Peru and Rwanda.

NON-FINANCIAL REPORT

1. LETTER FROM THE CEO

Dear shareholders, colleagues and readers,

For us, our sustainability strategy is a key component of our future business strategy, and we firmly believe it also contributes to the Company's long-term success. Strategic targets relating to the environment, employees, society and the "Happy Home" are increasingly important elements of our plan to operate sustainably and successfully.

At home24, we work hard to ensure that people can create beautiful homes. We want to not only make the flow of products along the entire value and supply chain more sustainable, but also consciously design our business activities to be climate-neutral so that they will have a positive impact on our society and the environment.

Our mission is to enable our customers to create their own "Happy Home" with attractively priced furniture and an inspiring shopping experience. We are aware that we cannot do this without acting and operating responsibly. That's why we take our corporate responsibility to act sustainably and conscientiously towards society, our colleagues, our manufacturing partners and the environment very seriously.

We introduced our first minimum standards in these areas in recent years. 2020 marked an important milestone in climate protection for us, particularly with regard to our #ForABetterHome initiative. We measured our ecological footprint for the first time based on our business activities in 2019 and offset it with the help of selected environmental projects. With this in mind, we are delighted to report that home24 was climate neutral for the first time in the Europe segment in financial year 2020. We will also support our business in Brazil with its independent company Mobly on its journey towards sustainability.

We have already made several decisions in the past to make our company sustainable. With its direct customer delivery and decentralized warehousing, the core of our business model was designed from the outset to serve our customers while conserving resources as effectively as possible. Our investments in regional logistics and outlet centers make storing goods efficient and keep delivery distances short. In addition, we only stockpile products that we sell frequently while items in infrequently ordered sizes and colors are made to order. We make significant investments in customer satisfaction and avoiding returns – and when we have to collect returns from customers, we market them as locally as possible to prevent long logistics routes.

Measuring our footprint was just the next step on the road to a carbon-neutral company. Above all, this measurement helped us to understand the critical CO_2 drivers of transport logistics and goods distribution even better, so that we can not only offset them in the future but, more importantly, reduce them.

As part of our #ForABetterHome initiative, we made it our goal to reduce our direct emissions (Scope 1) and those from purchased energy (Scope 2) by 75 percent by 2024 in accordance with the Greenhouse Gas Protocol. We are also focusing on the improvement and conscious use of packaging to ensure that less waste is produced. At the same time, we want to keep our return rate low by improving our quality controls. To do this, we strengthened our internal quality team which, in addition to quality control after production, is also responsible for preventing returns.

We continuously strive to play our part and embark on a learning journey towards a climate-neutral company – yet we also know that we can make a much bigger difference by working together. Only by collaborating with our partners and customers to make our consumption and the associated elements of our supply chain more sustainable can we make all of our homes a "Happy Home" for many more generations to come.

Bearing in mind our tremendous responsibility, I am glad to be able to present to you our progress in the field of sustainability in 2020 in the following pages.

Kind regards,

MARC APPELHOFF

2. SUSTAINABILITY AT HOME24

2.1. About us

home24 SE (hereinafter also referred to as the "Company") is a European stock corporation with its registered seat in Berlin, Germany. The Company has been listed on the Frankfurt Stock Exchange since June 2018.

home24 SE is the parent company of the Group (hereinafter also referred to as "home24" or "the Group") and has a total of 18 subsidiaries, including ten located in Germany, three in Brazil, two in China, two in Poland, and one in the USA. home24 SE can directly or indirectly control the financial strategy and business policy of these companies.

We consider ourselves the go-to destination for home&living online shopping in continental Europe and Brazil. We primarily operate under the "home24" brand in seven European countries and under the "Mobly" brand in Brazil. In addition to our online offering, we have a total of 18 showrooms in Germany, Austria, Switzerland and Brazil as well as nine outlets in Germany and Brazil.

Our business is divided into two segments – Europe and LatAm. As of December 31, 2020, our overall team consisted of 1,759 employees (2019: 1,633 employees), including 932 in the Europe segment (including Asia) and 827 in the LatAm segment.

More information about our business model can be found on the pages of "The home24 Business Model".

2.2. Sustainability strategy, corporate governance and organization

2.2.1. SUSTAINABILITY STRATEGY

"Commit to the long game" – one of our seven company values – also reflects our intention to build lasting relationships based on trust. We want to create sustainable solutions rather than simply acting in pursuit of quick, short-term success. This applies to both our business decisions and the effects of our commercial activities on non-financial matters.

Our aim is to secure and enhance our company's success in line with social values. For us, being a sustainable company means ensuring profitable long-term growth while pursuing a balance between our commercial success and the impact of our business on people and the environment.

Implementing responsible business practices in the areas of supply chain management, human resources management, environmental protection and compliance enables us to identify and minimize risks at an early stage. On this basis, we want our activities to help address global challenges while at the same time opening up new business opportunities.

In 2020, home24 reports once again on 14 action areas in its key fields of supply chain management, human resources management, environmental protection and compliance that are assigned to legally defined non-financial matters as follows:

Non-financial aspect	Action area	Section
General		
	Compliance and risk management	6.1.
	Customer health and safety	4.2.3
Environmental matters		
	Managing environmental risks in the supply chain	4.2.1
	Waste management	5.1.
	Energy consumption and renewable energy use	5.2.
	Carbon emissions	5.3.
Employee matters		
	Employee satisfaction	3.2.
	Development opportunities and training program	3.3.
	Employee health	3.4.
	Employee diversity and equal treatment	3.5.
Social matters		
	Data protection	6.3.
	Capital markets	6.4.
Respect for human rights		
	Managing social impact in the supply chain	4.2.2
Anti-corruption matters		
	Combating corruption	6.2.

Our corporate culture is based on our company values, which are set out in our Code of Conduct, as well as our leadership principles. They give us guidance as to how we should interact with our customers, work with each other and resolve conflicts of interest. The Code of Conduct forms part of every employment agreement. The principles are explained as part of the onboarding process and new employees are made aware of the importance of the framework documents because we firmly believe that constantly developing our corporate culture is vital for our future sustainability and ability to create value.

Our principles and the standards we set for our business partners are enshrined in our Supplier Code of Conduct as well as in our agreements with these partners. The Group's business partners are required to take note of the Code of Conduct before we can enter into a business relationship with them.

Our other corporate policies communicate the values and self-image of our company and describe in detail how we deal with issues such as corruption, the environment, data protection and compliance violations.

2.2.2. CORPORATE GOVERNANCE

The Management Board, Supervisory Board and Annual General Meeting are the governing bodies of our company in accordance with applicable law and our Articles of Association. As a European stock corporation, home24 SE has a dual management system with a separation of personnel between the Management Board, which is responsible for the management of the Company, and the Supervisory Board as a controlling body.

The Management Board manages the Group under its own responsibility and without instructions from third parties in accordance with applicable law, the Company's Articles of Association, their Rules of Procedure, and taking into account resolutions passed by the Annual General Meeting. All members of the Management Board are jointly responsible for the management of the Company. Every member of the Management Board is responsible for the area assigned to them on their own authority. As of December 31, 2020, the Management Board had three members.

The Supervisory Board of home24 SE had four members as of December 31, 2020. It appoints the Management Board and advises and monitors it in its management of the Company. The Supervisory Board is also responsible for determining the remuneration of the Management Board. The Supervisory Board is always involved in decisions of fundamental importance for our company and/or the Group. Certain management issues also require the approval of the Supervisory Board.

The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and attends to its affairs externally; he advises the Management Board, particularly on corporate strategy and risk management issues.

As of December 31, 2020, the Supervisory Board had set up two committees: the Audit Committee and the Nomination Committee.

More details on corporate governance can be found in the Corporate Governance Report. Information on Management Board remuneration can be found in the Remuneration Report of this Annual Report.

2.2.3. ORGANIZATION

We use our organizational structure and processes to integrate and develop the issue of sustainability in our day-to-day business. The Management Board of home24 SE assumes strategic responsibility for sustainability within the Group.

Risk management

The Company's Governance, Risk and Compliance (GRC) department is tasked with the risk management of the Group. It identifies, assesses and develops concepts for reducing business risks that arise from our commercial activities, business relationships, products and services, including with regard to the key sustainability themes we have identified. The Governance, Risk and Compliance (GRC) department works closely with the subsidiaries and specialist departments. Teams and employees proactively implement measures in their respective areas to help shape a sustainable Company and minimize identified risks that we are unwilling to bear.

The Audit Committee of the Supervisory Board is closely involved in compliance and risk management efforts.

home24 conducts a net risk assessment for all identified risks, including those that impact non-financial aspects. In this context, no significant risks have been identified in 2020 that are associated with the Company's own commercial activities or with its business relationships, products and services, and have serious negative effects on non-financial matters.

2.3. Our stakeholders

As part of our commercial activities, we have many points of contact with different stakeholder groups. Our primary stakeholders are our customers, employees, suppliers and partners, as well as our shareholders and society as a whole. We maintain an open and respectful dialog with all stakeholders across a wide range of communication channels. This agile communication enables us to respond to specific situations and requirements.

In order to understand and fulfill our stakeholders' requirements for sustainable management, we conducted an analysis of key action areas assigned to the legally defined non-financial matters based on existing management systems and information channels in 2018 and 2019. Our stakeholders' central concerns related to employees, safe products and environmentally-friendly and humane supply chain activities, environmentally-friendly economic activity and lawful business practices. These again were the basis of our sustainability activities in the 2020 reporting year.

The following table provides an overview of the participation of interest groups when conducting our analysis:

Stakeholder engagement

Stakeholder	Channels	Issues
Customers	Customer service hotline and e-mail, social media	Product safety, product quality, data protection
Employees	Employee surveys ("mood checks"), town hall meetings, feedback sessions, "Ask anything" sessions	Employee satisfaction, CPD, employee diversity and anti-discrimination, employee health, environmental protection
Suppliers and partners	Contract negotiations, daily interaction	Good and sustainable cooperation, forecasts, complaints, product quality
Shareholders	Supervisory Board meetings, Audit Committee meetings, Annual Report, investor conferences, Annual General Meeting	Growth, profitability, corporate governance, sustainability (e.g. environmental and social issues)
Society	Press dialog, social media	Social and environmental matters in the supply chain, corporate governance, carbon emissions

2.4. Non-Financial Report

This non-financial report for 2020 was prepared in accordance with the requirements of Section 289b (1) and (3) and Section 315b (1) and (3) of the German Commercial Code (HGB) and using the GRI standards of the Global Reporting Initiative as a guideline. All relevant information relates to the Group where this is not explicitly stated. The reported information was selected based on the analysis of key action areas conducted in 2018 and 2019.

home24 has not yet defined any control-relevant non-financial key performance indicators in accordance with Section 289c (3) no. 5 HGB. In order to facilitate understanding of the Group, we will make the underlying concepts publicly available together with the figures available to us at the time of writing this report.

3. OUR EMPLOYEES

Dynamic interaction and actively involving our employees in our corporate development are key elements of our strategy. We place considerable emphasis on listening to and taking on board the ideas and creativity of our employees. Each and every member of the home24 team should play an active part in the Company's development. We believe that this is a fundamental pillar for our future success.

Our human resources policy focuses on creating a sense of cooperation and team spirit. When working together, we place considerable emphasis on our relationships with each other and on living out our company values and leadership principles. The Management Board personally promotes this goal. Our company values and leadership principles are communicated and practiced in various team events. We see corporate values and leadership principles not so much as a rigid construct but rather as guidelines that, much like society and our organization, are undergoing a broader transformation. We want to review the validity and acceptance of these guidelines as part of a structured process in 2021 and make adjustments where necessary, not least in light of the particular challenges posed by the COVID-19 pandemic in 2020 and the changing world of work. The "Momento Mobly" initiative was launched by our Brazilian subsidiary in 2020 to explain the company's corporate values and their everyday application to employees. Acceptance of these values rose by 40% among participants as a result. In 2020, Mobly was ranked seventh in a Glassdoor study/survey of the best companies for workplace ethics and culture in Brazil.

3.1. home24 in numbers

As of the end of 2020, home24 had 1,759 employees at 24 locations in five countries. 51% of the Group's workforce is employed in Germany (2019: 51%)

The following is an overview of how our employee structure developed in 2020 and 2019:

Employees by region

	2020	2019
Europe segment (including Asia)	932	871
LatAm segment	827	762

Employees by gender

	2020	2019
Women	676	647
Men	1.083	986

Employee age structure

	2020	2019
Under 30	845	764
Between 30 and 50	847	801
Over 50	67	68

In the reporting year, the average age in the home24 Group was 32 years (2019: 32 years). The average length of service was 2 years and 7 months (2019: 1 year and 10 months).

In 2020 there were 1,066 new employees (2019: 730) in the home24 Group; this figure consisted of 36% women and 64% men. Of the new employees, 40% joined the Europe segment and 60% joined the LatAm segment. This represented an increase of 46% compared to 2019.

As of December 31, 2020, 1,560 employees worked full-time and 199 part-time, 113 of whom were women and 86 men (2019: 1,457 full-time, 176 part-time). When compared to the total number of employees, 11% of the workforce worked part-time. This figure did not change compared to 2019.

The following table provides an overview of the average parental leave taken, the return rate and the retention rate for 2020 and 2019:

	Parental leave, female employees	Parental leave, male employees	Return rate	Retention rate
2020	**3%**	**<1%**	**62%**	**45%**
2019	6%	<1%	67%	37%

3.2. Employee satisfaction

For us, our employees' satisfaction is an important indicator of whether we are on the right track with our offering, the learning and development opportunities on offer and our management practices. In addition to various company events, free drinks and fruit, offering free preventative health measures, giving our employee vouchers and arranging discounts with various partners, the Company subsidizes the use of public transportation and offers a variety of products for the company pension scheme. We are also continually expanding our learning and development activities and investing in our employees' development (see below for more details). We launched part of this offering via our various communication channels based on the results of internal employee surveys and feedback from employees.

In order to better understand our employees' needs, measure their satisfaction, and target the right improvements, our sites in Europe and our subsidiaries in Brazil regularly conduct anonymous employee surveys. The results are discussed at team and town hall management meetings and appropriate initiatives and measures are taken as a result. The Company's Management Board also personally answers questions from employees in "Ask anything" sessions.

In Europe we hold monthly town hall meetings that were exclusively livestreamed in 2020 because of the COVID-19 pandemic. The Management Board uses these events to present information about the latest developments, strategic issues, internal company projects and other important initiatives. Staff at our warehouses, showrooms and outlets are either connected to these meetings by video conference or informed of the latest developments in person by management. Information from these town hall meetings is also summarized and made available to employees in newsletters and on the Company's intranet. Our subsidiaries in Brazil also hold similar meetings.

Staff retention begins in the first few days after a new employee joins us. As a result, we are always seeking to develop our welcome culture and improve the onboarding of new employees. As part of their onboarding events, all new employees receive information about our company culture directly from the Management Board or local management and get to know management and different departments.

A range of measures has been introduced to improve work-life balance. For example, they include parental leave and part-time work, flexible working hours, remote working opportunities and sabbaticals at our German locations. Financial year 2020 also presented particular challenges to the working conditions and practices of our employees due to the COVID-19 pandemic. In Europe, we opted at an early stage to facilitate remote working in many areas to protect our employees from contracting the virus either at our locations or on their way to work. In locations where remote working is not possible, such as in our warehouses, outlets and showrooms, we introduced comprehensive safety protocols and arranged our working processes to ensure that our employees could reduce contact and maintain social distancing wherever possible. We also provide our employees with protective masks free of charge. The head office of our subsidiary in Brazil switched to 100% remote working in 2020. However, employees have the opportunity to meet and exchange ideas at any time at Mobly's office, which is located above one of the Mobly showrooms in Sao Paulo. Onboarding events for new staff are also held here.

3.3. Development Opportunities and Training Program

3.3.1. DEVELOPMENT OPPORTUNITIES

Learning for personal development provides a foundation for successfully improving both our employees and our company, particularly in this age of digital transformation and social and environmentally-conscious entrepreneurship. If we want to grow in the future, we must meet the staffing requirements of tomorrow today. For this reason, our colleagues in the Human Resources team have become familiar with the company strategy at an early stage and are working closely with each individual department, enabling us to identify the qualitative and quantitative skills we require in good time. We identify the future development potential of our employees as part of regular performance reviews and work on the individual development targets set by our employees and line managers.

In 2021 we will again work to align our employees' personal development goals identified as part of one-to-one feedback discussions and performance reviews with the company strategy and set development targets accordingly.

In addition to regular language courses at different levels, the current range of courses available at our European subsidiaries includes other assorted learning content such as how to work with software (Excel, Google Suite, databases), deeper insights into the work of different departments and interactive sharing of various specialists' background knowledge. In addition to virtually-led interactive units on topics such as time management, communication and the specific challenges of working from home, we also offer a series of compulsory online training sessions on tackling corruption, data protection, IT security and safety at work. Furthermore, we offer learning content in areas such as communication skills, self-management and conflict management that can be completed voluntarily at any time and helps employees with their continuing development. We can measure and continually enhance the quality of our range of courses and adapt it to meet the needs of our employees by carrying out a feedback process after the course units. A modular leadership training program specially developed for managers is held at various locations in Europe – and virtually as well since March 2020 – to teach basic leadership principles, encourage participants to learn socially from one another, and create crossfunctional internal networks. For 2021, we are also planning to expand our range of courses for senior management in cooperation with external training providers. In 2020, 83% of employees in our European businesses with access to the online training program took part in a training session. 73% of all staff in this region have access to the training tool.

In Brazil, training sessions on tackling corruption were offered in 2020. As a result of the COVID-19 pandemic, online sessions on mental health issues were also offered. 89% of Mobly staff took part in a training session in 2020.

3.3.2. TRAINING PROGRAM

home24 also continued its dual vocational training model in 2020. During 2020, there were a total of 17 trainees within the Group. A second home24 trainee successfully completed his training to become an office management agent in February 2020 and has since become a permanent employee of the Company.

We offered one new training profession at home24 SE during the 2020 financial year: eCommerce agent. We are also continuing to take on trainees in the following roles: office management agent, IT specialist in application development, IT specialist in system integration, and marketing communications agent.

3.4. Employee Health

The health and wellbeing of our employees is essential for our success. Controlling and minimizing relevant occupational safety hazards for their safety is a matter we take very seriously.

In 2020, we conducted online training sessions on safety at work at our sites in Germany. The Company also gave interested employees the opportunity to receive a free optional flu vaccination at their premises administered by a company-appointed doctor during working hours. In 2020, our Brazilian subsidiary offered its employees the opportunity to switch free of charge to an improved health insurance plan with national coverage and reimbursement options, subsidized medication, a robust medical network and round-the-clock telephone support from a medical team. It also offered recurring online sessions on topics such as meditation and stretching as well as presentations on various mental health issues, including managing stress and anxiety in social isolation.

3.5. Employee Diversity and Equal Treatment

We employ 1,759 staff from over 80 countries. Cultural diversity is part of our DNA.

In our Code of Conduct and leadership principles, we support equal opportunities regardless of age, gender, nationality, religion, skin color, sexual orientation, or disability. The skills and potential of each individual are the determining factors for us.

At home24, we do not tolerate discrimination or violations of our company culture. Employees have the opportunity to contact the compliance hotline at each company as well as contacting Human Resources, the Management Board or the relevant executive management directly. No discrimination cases were reported in 2020.

A total of 33 refugees worked at our subsidiary home24 eLogistics GmbH & Co. KG in 2020. These individuals come from African countries such as Eritrea, Cameroon, Kenya, Nigeria and Somalia, as well as from the Middle East. We are working closely with immigration authorities in the State of Brandenburg and refugee accommodation centers to accelerate the employment process. The teams overcome their language barriers with the help of translators. The number of English and French speakers within our organization means that there are hardly any communication problems and colleagues are well integrated into their teams.

Our subsidiary in Brazil also promotes open discussion of discrimination issues. In 2020, Mobly launched a campaign to donate part of its revenue to a hostel in Sao Paolo offering free food and accommodation to people with a non-binary sexual orientation who find themselves in difficult situations. The Brazilian subsidiary also held various presentations and discussions on anti-discrimination issues.

We encourage women in our company. The Company's Management Board takes diversity into account when recruiting employees and filling leadership roles and, in particular, strives to give due consideration to female candidates without straying from its overriding principle that an individual should be recommended, nominated, hired, or promoted solely because they are the best professional for the role in question. As early as May 30, 2018, the Management Board set a target of at least 30% for the proportion of women in the top two levels of management below the Management Board in accordance with Section 76 (4) AktG, with the aim of reaching this target in five years (by May 30, 2023). By the end of financial year 2020, the proportion of women was 0% at the top level of the Company's management (e.g. at Senior Vice President level) and 22% at the second level of management (e.g. at Vice President level). One of the reasons for this was the appointment of Brigitte Wittekind as the first woman to the Company's Management Board effective January 1, 2020.

4. OUR SUPPLY CHAIN

4.1. Overview

Our supply chain is divided into four phases: procurement, logistics, distribution and disposal.

In the first phase, the items we offer are purchased. For this purpose, home24 works with more than 600 suppliers in over 50 countries. In the Europe segment, we primarily source our products from Central and Eastern Europe as well as Asia. Our colleagues in Shenzhen, China, help us to select local manufacturers and conduct relevant quality controls at production facilities. In the LatAm segment, we primarily obtain our products from Brazil and, to a lesser extent, China. In 2020, about 19% of the products we sold came from Germany, 22% from Brazil, 24% from China and 17% from Poland. We do not produce any goods ourselves.

In the second and third phases, our products are either delivered directly to customers by the manufacturer using third-party freight forwarders appointed by us or them or transported to our warehouses. Once they arrive at the warehouse, products are either directly transshipped and then transported to our freight forwarder's distribution centers or stored and delivered to the customer at a later date. We operate three of our own warehouses in Germany (in Walsrode, Ludwigsfelde and Halle (Saale)) and four warehouses in Brazil. After thorough examination, returns are either included back in our product range, offered in our outlets or sold to third parties. This returns setup helps us use existing resources in a responsible manner.

The last phase of our supply chain is waste disposal (e.g. packaging and/or electronic waste). The Group is largely supported by external service providers in this area.

4.2. Environmental and Social Impacts in our Supply Chain

4.2.1. MANAGING ENVIRONMENTAL RISKS IN THE SUPPLY CHAIN

The majority of the furniture we distribute is made of wood or wood products.

An array of laws and guidelines have to be observed when importing wood products from EU non-member states. Our Supplier Code of Conduct, which forms part of our supplier agreements, also defines the environmental standards we expect from our suppliers and their subcontractors and grants the Company the right to review compliance with the Code of Conduct. We also reserve the right to terminate the contract prematurely in the event of non-compliance with our requirements.

home24 SE does not source wood species listed in Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora ("CITES"). Wood species which were incorporated into Appendix II of the Convention at the 17th Conference of the Parties to CITES are imported once the Company's Product Quality department has conducted an extensive review and verification of compliance with the mandatory approval process.

In order to protect forests from illegal logging, the Company's Product Quality team ensures that deliveries of wood from countries that are part of the FLEGT licensing system for importing wood from partner countries are only imported into the EU with a FLEGT license.

All wood and wood products that fall under the EUTR according to the Regulation and whose legal origin has not already been certified by CITES or FLEGT require a due diligence system which ensures verification of the products' legal origin. home24 SE has introduced and formalized a due diligence system accordingly. This includes the collection of evidence about the origin of the wood as well as documents concerning the legality of the logging, an analysis of the risk of the wood's illegality, as well as the implementation of mitigating measures (such as conducting tests that enable identification of the wood species). The Product Quality team only accepts new furniture manufacturers into the supplier base after conducting a due diligence review. Our colleagues in Shenzhen, China, provide support in obtaining and checking the relevant documents from our Chinese contract partners.

Our subsidiary in Brazil is also committed to protecting forests from illegal logging. In its contracts with suppliers, it requires them to ensure that all products sold to the Company are made from legal timber. Before purchasing raw timber, the team there ensures that the wood supplier has IBAMA registration from the Brazilian environmental authority or that the timber is certified.

No significant fines or non-monetary sanctions were imposed on home24 in 2020 due to non-compliance with environmental legislation and regulations. There were also no cases brought forward by way of dispute settlement procedures.

4.2.2. MANAGING SOCIAL IMPACT IN THE SUPPLY CHAIN

Our Supplier Code of Conduct sets out the minimum requirements that we expect from our contract partners and their subcontractors. For example, it includes standards relating to respect for human rights, forced labor, child labor, discrimination, humane working conditions, health and safety, the fight against corruption, freedom of association and environmental protection.

We require our new suppliers to respect the principles of the Code of Conduct and comply with applicable laws and regulations upon acceptance of their contract. We also reserve the right to terminate the contract prematurely in the event of non-compliance with our requirements.

All but two of home24 SE's 349 suppliers accepted the Supplier Code of Conduct. The Company generated 99.7% of its annual revenue with these suppliers. In 2020, all new suppliers of the Group accepted our Supplier Code of Conduct by signing a contract. We plan to ensure compliance with our requirements by conducting unannounced and documented audits in the next few years.

In addition to committing our suppliers to comply with the Code of Conduct and applicable legislation, new manufacturers from Asia are reviewed for their sustainable suitability as suppliers by our team in Shenzhen, China, based on different criteria before they can establish a business relationship with home24 SE. In addition to product quality, technological and financial stipulations, these criteria also include general business aspects such as organization, employee expertise, impression of management, production, etc. In 2020, social criteria such as decent working conditions and social responsibility were added to this catalogue. The factory visits conducted as part of the audit also provide an impression of the prevailing working conditions, which are noted accordingly and addressed by the supplier in the event of recognizable irregularities. If these irregularities are serious or cannot be remedied, the Company will refrain from establishing a relationship with the supplier in question.

Our subsidiary in Brazil uses the Company's Asian manufacturing network, among others. Before establishing a business relationship with new partners, the Brazilian team also carries out a range of background checks from public sources on topics such as child labor, corruption and money laundering.

4.2.3. CUSTOMER HEALTH AND SAFETY

Reliable quality is crucial for safe products. We focus our actions on the satisfaction of our customers, which we measure regularly. Ensuring product safety along the entire lifecycle, from production and use to the disposal of our products, is important to us.

Legislation such as the EU's REACH Regulation is relevant to home24 SE. Manufacturers' information obligations for certain substances can be derived from this Regulation. To protect our customers, our supplier contracts require our manufacturers to refrain from using potentially harmful substances so that our products can be used safely. The Company's Product Quality unit also conducts a risk assessment with regard to the biochemical, electrical and mechanical safety of our products. Taking complaints statistics into account, we arrange for appropriate audits and tests to be performed (by independent institutes, for example) to ensure customer safety.

For 2021, the Company is furthermore planning to provide its partners with a list of restricted substances. This list defines thresholds for the amount of chemicals that can be used in our products and is designed to help our partners to comply with the maximum permissible amounts of chemicals and substances. Our partners will also receive an updated version of our quality assurance manual, which defines our requirements and standards for safe and high-quality products.

Our Brazilian subsidiary also carries out various product tests to safeguard customer health. Additionally, imported goods are only sold if they hold the necessary INMETRO certificate from Brazil's National Institute of Metrology, Standardization and Industrial Quality. The role of the Institute is to implement and ensure compliance with Brazil's metrology and product quality standards before products can be sold on the Brazilian market.

Compliance with product labeling and information requirements is another important factor in maintaining product safety and customer health. Various measures have been taken within the Group to ensure this, including, for example, the performance of appropriate checks as part of regular quality inspections in our warehouses as well as raising complaints about any deviations from specifications. Next year, we will continue to work on fully ensuring that our products comply with the applicable labeling and information requirements.

No fines were imposed in 2020 due to non-compliance with laws and regulations with regard to the provision and use of products or product safety and responsibility.

5. OUR CONTRIBUTION TO ENVIRONMENTAL PROTECTION

5.1. Waste Management

The amount of waste we produce will rise as our business volumes increase. Paper and municipal waste are the most common types of waste at our offices and showrooms, whereas most of the waste at our warehouses, outlets and photographic studios is caused by packaging for repackaging, shipping and returns. All waste is separated.

Our approach to using packaging materials is based on our customer focus. We want to ensure that our products are secure and are delivered to our customers at the expected level of quality. This means that protecting our products with packaging materials is very important to our business model. Packages that are delivered to our customers damaged are returned, which means additional transport costs. Some of them could be so badly damaged that they also need to be scrapped. In this respect, safe packaging is essential for sustainable business.

Nevertheless, to ensure that our economic growth does not become detached from our ecological footprint, we pay attention to the sustainability of our packaging materials. As a result, our packaging in the Europe segment is made from materials that are 90% recyclable. Our subsidiaries in Brazil also largely use packaging made of almost 100% recyclable materials for transporting their products. Packaging for sofas is an exception as only 50% of it is recyclable.

The Group has also tasked an external service provider to dispose of electronic waste and/or packaging to ensure compliance with applicable German and Brazilian law.

5.2. Energy Consumption and Renewable Energy Use

We see investments in renewable energy as a crucial step towards climate protection. With this in mind, we began to increase the share of renewable energy in our electricity consumption at our sites in Germany from mid-2018 onwards by switching to green electricity tariffs. At present, we have switched our administrative office in Berlin, all German outlets and showrooms, and our warehouses in Walsrode and Ludwigsfeld to green electricity tariffs. This means that approximately 70% of our overall power consumption across Europe ran on such tariffs in 2020. From 1 January 2021, our warehouse in Halle (Saale) will also be converted to green electricity tariffs.

At our Brazilian subsidiaries, around 60% of electricity consumed at the main warehouse in São Paulo in 2020 came from renewable energy sources.

5.3. Carbon Emissions

Climate awareness is a challenge for society as a whole, and we are already playing our part.

We measured and offset the ecological footprint of our locations and logistics in Europe for the first time based on our 2019 consumption data. The supply process for our goods, all the way from the manufacturer to acceptance by our end customers, is completely climate neutral, as are our corporate activities relating to offices, sales and warehouse locations, vehicles and operational mobility in Europe. When measuring our footprint, we enlisted the support of an external service provider, with the results checked by TÜV Rheinland.

Greenhouse gas emissions by scope:

In metric tons of CO_2 equivalents ($t\ CO_2E$) - Market-based	2019
Scope I	1,725.1
Scope II	1,560.7
Scope III (for selected categories)	18,810.3
Total, Scope I, II and III	**22,096.1**
Compensated	22,100
Net emissions	0

Greenhouse gas emissions broken down by source:

In metric tons of CO_2 equivalents ($t\ CO_2E$) - Market-based	2019
Logistics (inbound, internal and outbound logistics (including returns))	54%
Buildings (energy consumption and the upstream chain of the energy sources used, waste, water)	22%
Purchased external services (including use of cloud-based solutions)	17%
Office (office equipment and supplies, IT equipment)	4%
Employees (employee commuting and business travel)	2%
Company car fleet	0.5%
Customers (use of the online shop website)	0.5%

We offset our footprint by carefully selecting environmental projects that promote a better home for people, nature and the environment. For example, in 2020 we committed to reducing carbon emissions in two of our manufacturing countries, India and Indonesia. We also support social organizations and housing in Honduras, Peru and Rwanda.

We are already helping to reduce greenhouse gases with measures such as participating in climate protection initiatives, investing in outlets to ensure that returns get a new lease of life near to our customers, and avoiding business and first-class flights in accordance with our travel policy. In addition, we only have particularly popular products ready in our warehouse for quick dispatch. This enables us to keep delivery distances short, warehouse spaces efficient and energy consumption low. Items of furniture in less popular sizes and colors are manufactured to order, thus preventing overproduction and conserving resources.

As part of our #ForABetterHome initiative, we made it our goal to reduce our direct emissions (Scope 1) and those from purchased energy (Scope 2) by 75% by 2024. We are focusing on the improvement and conscious use of packaging to ensure that less waste is produced. We want to ensure that our return rate remains low by improving our quality controls. Our objective in 2021 is to develop our strategy to reduce carbon emissions further and work on additional reduction measures.

6. BEING A FAIR EMPLOYER

6.1. Compliance and Risk Management

Compliance management at home24 includes measures to ensure compliance with statutory requirements as well as internal company guidelines and codes of conduct that are binding for us. Our compliance management system is based on an analysis of potential risks that may arise from legal requirements, structures and processes, a specific market situation, or in particular regions.

The Group's risk management system regulates the recording, evaluation, documentation and reporting of all risks (compliance, financial, operating and strategic) across the Company. The Governance, Risk and Compliance (GRC) department is responsible for compliance and risk management within the Group with independent reporting lines to the Management Board and Supervisory Board of the Group. The Group's risk situation is reviewed once every six months. The Governance, Risk and Compliance (GRC) department reported to the Management Board and the Audit Committee of the Supervisory Board on the home24 Group's general risk situation in the second and fourth quarter of financial year 2020. This regular reporting process is supplemented by ad-hoc notifications to the Management Board and the Audit Committee in the event of relevant risks.

No known fines or non-monetary sanctions were imposed in 2020 due to non-compliance with social and economic legislation and/or regulations.

More information about our risk management activities is provided in the Report on risks and opportunities in the Combined Management Report.

6.2. Combating Corruption

The Management Board of home24 SE is committed to a zero-tolerance policy when it comes to corruption. Our anti-corruption guidelines increase awareness of compliance with the corresponding requirements and provide guidance for dealing with gifts and benefits.

Incidents can be reported internally in German, English and Portuguese via the relevant internal compliance hotline. Employees are informed via the hotline, on the intranet, in the anti-corruption guidelines, and as part of the onboarding process. They can also contact their line manager or the Company's Governance, Risk and Compliance (GRC) department directly.

In the event of a corruption incident, the Governance, Risk and Compliance (GRC) department and the Legal department of home24 SE support the Management Board and/or management of the relevant Group company as they analyze the facts and take follow-up action.

The Governance, Risk and Compliance (GRC) department advises on the relevant measures and informs the General Counsel as well as the Group's Management Board and/or the Supervisory Board if necessary.

In the 2020 financial year, classroom and online training courses on the topic of anti-corruption were held throughout the Group worldwide.

No corruption cases were reported in 2020.

6.3. Data Protection

The protection and security of personal data is high on our list of priorities. Data protection is based on applicable laws and regulations, particularly the EU General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG).

The Company's Management Board and/or relevant managers at the subsidiaries are responsible for data protection and information security. They are supported by the respective Legal department and Governance, Risk and Compliance (GRC) department of home24 SE when defining data protection requirements, creating documentation and setting up data protection-compliant processes. In 2018, home24 SE also appointed an external data protection expert in order to benefit from external data protection expertise and quickly incorporate the latest rulings found in case law and literature.

home24 SE customers' personal data is only collected, processed or used to the extent permitted by law or if the data subject has given their consent. Clear information and data protection guidelines also apply to collaborations and partner relations. We address complaints in a timely manner. In order to protect our digital systems from manipulation, we systematically search for potential weaknesses and quickly close any loopholes.

In 2020, data protection related documentation was updated continually, while compulsory online training sessions, assorted communication initiatives and awareness-raising activities ensured a greater awareness of risks surrounding the issue.

In light of the stricter data protection requirements implemented with the introduction of the new Data Protection Act in Brazil in 2020, our subsidiary Mobly initiated and implemented various measures to ensure that it conforms with appropriate legislation in the future. This included rolling out IT tools relevant to data protection and establishing an interdisciplinary team.

There were six outstanding complaints against the Company concerning breaches of customer data privacy in 2020 (three originated in 2018, one in 2019 and two in 2020). One complaints procedure from 2018 was concluded in 2020 when a fine was issued. The fine imposed on home24 SE was EUR 6k. The Company took additional measures to ensure the protection of customer data in the future such as improving and further automating relevant processes, setting up teams, and training its employees to raise awareness in this matter.

6.4. Capital Markets

The trust of capital market participants is very important to us. With this in mind, we introduced a capital markets compliance system in 2018 as part of our application to list the Company's shares on the stock exchange in order to ensure compliance with the requirements arising from Regulation 596/2014 of the European Parliament and of the Council of April 16, 2014 (Market Abuse Regulation) in particular.

In this context, a Group-wide capital markets compliance policy was adopted that addresses all employees, the Management Board and the Supervisory Board, as well as the governing bodies of subordinated Group companies. This capital markets compliance policy sets out obligations relating to insider law in particular and the standards of conduct required to fulfill these obligations. A capital markets compliance officer whose responsibility includes keeping insider lists was appointed based on the capital market compliance policy.

The Company also set out a directive on managers' transactions that includes definitions of the individuals and transactions subject to disclosure as well as the content of the disclosures.

In addition, the Company established an ad-hoc committee that makes decisions on the publication of ad-hoc announcements on the part of the Company or the delayed publication of insider information.

The Legal and Investor Relations departments regularly review the additional disclosure, notification and publication obligations arising from the stock market listing and ensure compliance with these obligations.

In 2020, Company employees again received capital markets compliance training. Similar training courses are planned for 2021.

REPORT OF THE SUPERVISORY BOARD OF HOME24 SE

THE SUPERVISORY BOARD OF THE HOME24 SE

From left to right:

Lothar Lanz, Verena Mohaupt, Magnus Agervald, Franco Danesi

The following report outlines the activities of the Supervisory Board of home24 SE during the 2020 financial year and reports on the audit of the Annual and Consolidated Financial Statements in accordance with Section 171 (2) of the German Stock Corporation Act (AktG).

COMPOSITION OF THE SUPERVISORY BOARD

In the 2020 financial year, the Supervisory Board consisted of Lothar Lanz (Chairman), Magnus Agervald (Deputy Chairman), Verena Mohaupt and Franco Danesi. The current Supervisory Board members were appointed by the Company's Annual General Meeting on June 19, 2019. Their term of office ends with the conclusion of the General Meeting that passes a resolution concerning the ratification of their acts for the financial year ending on December 31, 2020.

The members of the Supervisory Board have been members of the Company's Supervisory Board since the following dates:

- Lothar Lanz since July 22, 2015
- Magnus Agervald since June 13, 2018
- Verena Mohaupt since May 13, 2015
- Franco Danesi since May 14, 2018

ACTIVITIES OF THE SUPERVISORY BOARD

During the year under review, the Supervisory Board performed the duties required of it by law and by the Articles of Association of home24 SE. The Supervisory Board worked continuously with and regularly advised the Management Board, and monitored the management of the Company. The Management Board directly involved the Supervisory Board in all fundamental company decisions at all times. The strategic direction of the Group was closely coordinated by the Management Board and Supervisory Board.

During the reporting period, the Supervisory Board held a total of four meetings (on February 10, April 3, August 13, and November 9, 2020), all of which were attended by all Supervisory Board members. Due to stormy weather, the meeting on February 10, 2020 was held via video conference. The other meetings in 2020 were also held as video conferences because of the COVID-19 pandemic. At its meetings, the Supervisory Board dealt in detail with the economic position and operational and strategic development of the Company and its business units. In 2020, the Supervisory Board also passed numerous resolutions by written circular outside of these meetings. The Supervisory Board also dealt intensively with the strategic direction, operating activities and compliance issues of the Company in this respect. The Supervisory Board met regularly without the Management Board.

Discussions in the regular plenary sessions held by the Supervisory Board of home24 SE focused on the development of revenue and earnings, cash flows and investments as well as employment trends within home24 SE, its subsidiaries and locations. The strategic orientation towards profitable growth for the Group and the effects of the COVID-19 pandemic on the Company played a particularly significant role in this regard.

The Supervisory Board also regularly took note of the Group's risk position and risk management system, deviations from plans and targets and measures taken to counteract these deviations. The Supervisory Board voted on the reports and draft resolutions of the Management Board after in-depth discussion and consultation where required to do so in accordance with statutory provisions and those in the Articles of Association as well as the provisions of the Rules of Procedure of the Supervisory Board.

Between meetings, the Management Board informed the Supervisory Board regularly, promptly and comprehensively both in writing and orally about all key issues and events of material significance for assessing the situation, development and management of the Company. For this purpose, the Management Board and the Supervisory Board also held regular conference calls between meetings, at which the Management Board reported on current business trends, the position of the Group, short-term planning and strategic development. The Management Board extensively discussed key business transactions for home24 SE and its subsidiaries with the Supervisory Board based on detailed reports. The Management Board submitted all transactions requiring approval for resolution in a timely manner and explained them to the Supervisory Board. Mr. Lanz, in his role as Chairman of the Supervisory Board, and the other Supervisory Board members also remained in regular close personal contact with the Management Board, particularly its Chairman Marc Appelhoff, and discussed matters of strategy, business development, risk exposure, risk management and corporate compliance.

In particular, the Supervisory Board was involved in the preparation of the IPO of the Brazilian subsidiary Mobly S.A. and was kept regularly and comprehensively informed about the status of the preparatory measures. The matters requiring approval in this process were submitted to the Supervisory Board by the Management Board, explained in detail in each case and approved by the Supervisory Board. The Supervisory Board's work also focused on carrying out its task of appointing Management Board members. In August 2020, the Supervisory Board was informed that Management Board member Johannes Schaback will not be available for a further term of office after his appointment ends on March 31, 2021. Subsequently, the Supervisory Board was able to recruit a successor from among the Company's management team, Philipp Steinhäuser, who joined the Management Board as of January 1, 2021. Furthermore, the Company's remuneration system was revised in line with statutory requirements and the recommendations of the German Corporate Governance Code.

In addition, the Supervisory Board conducted a self-evaluation in November 2020. The work of the Supervisory Board was generally deemed to be efficient. To improve its work and meet the recommendations of the German Corporate Governance Code, the Supervisory Board adopted new Rules of Procedure on December 22, 2020, which have been published at https://www.home24.com/websites/homevierundzwanzig/English/4400/corporate-governance.html.

SUPERVISORY BOARD COMMITTEES

During the reporting period, the Supervisory Board set up committees as specified in its Rules of Procedure (Audit Committee and Nomination Committee) in order to exercise its duties efficiently.

In accordance with its Rules of Procedure, the Supervisory Board transferred certain powers to the committees as set out in statutory provisions. Where duties are not transferred to them to be dealt with conclusively, the committees undertake preparatory work on the issues and resolutions that concern them to be dealt with at plenary meetings. After committee meetings, the chairs of each committee regularly reported on the work of the committees at the Supervisory Board's plenary meetings.

In the 2020 financial year, the committees were composed as follows:

Audit Committee	**Nomination Committee**
Verena Mohaupt*	Lothar Lanz*
Lothar Lanz	Verena Mohaupt
Franco Danesi	Franco Danesi

* Chair

The Audit Committee held a total of four meetings during the year under review (February 10, April 3, August 13 and November 9, 2020), all of which were attended by all committee members. The auditor was regularly invited to the meetings and reported on the current work and relevant audit results. Like the meetings of the Supervisory Board, the meetings of the Audit Committee were held as video conferences for the same reasons.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

Ernst&Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, were appointed as auditors of the Annual and Consolidated Financial Statements for the 2020 financial year by the Annual General Meeting on June 3, 2020.

The auditors audited the Annual Financial Statements for 2020 and the Consolidated Financial Statements for 2020 as well as the Company's Combined Management Report and issued an unqualified auditors' report.

A final version of the Annual and Consolidated Financial Statements and Combined Management Report for home24 SE and the Group for the 2020 financial year were reviewed and discussed at the virtual Audit Committee meeting on March 26, 2021 which took place via video conference. Chief Executive Officer Marc Appelhoff and Chief Financial Officer Philipp Steinhäuser presented the Financial Statements of home24 SE and the home24 Group at this meeting. The auditors responsible for auditing the Annual Financial Statements, Gunnar Glöckner and Christian Patzelt, took part in the Audit Committee meetings, reported on the main findings of their audit, and discussed its scope and focal points. The Supervisory Board members have received and reviewed the draft audit reports in advance.

The audit reports were then discussed at the virtual Supervisory Board's plenary meeting on March, 26, 2021 which took place via video conference; the audit reports were available to all Supervisory Board members. At this meeting, Audit Committee Chairwoman Verena Mohaupt reported on the Audit Committee's previous meeting. The Financial Statements and the Combinded Management Report were discussed within the Supervisory Board. The Audit Committee Chairwoman further explained that basis for the discussions in the Audit Committee were final versions of the financial statements, but the formal audit opinions are expected to be available on March 30, 2021. The Audit Committee suggested to approve the Financial Statements after receipt of the final audit opinions in a Supervisory Board call on such date.

The Supervisory Board approved the result of the audit by the Audit Committee and agreed to the suggested procedure. No objections were raised as a result of the reviews carried out by the Audit Committee and the Supervisory Board. In the the Supervisory Board call on March 30, 2021, the auditor confirmed that the financial statements and presented audit reports have not been amended. On such basis, the Supervisory Board approved the Annual and Consolidated Financial Statements for the 2020 financial year in accordance with the recommendation of the Audit Committee, and the Annual Financial Statements of the Company for the 2020 financial year were thus adopted.

Berlin, March 30, 2021

For the Supervisory Board

LOTHAR LANZ

Chairman of the Supervisory Board

THE HOME24 SHARE

EQUITY MARKETS AND SHARE PRICE PERFORMANCE

The stock market environment was heavily impacted by the COVID-19 pandemic in financial year 2020, causing shares that benefited from the effects of the pandemic due to their business model to appreciate more than others. This was also true for the home24 share, whose value rose continuously over the course of the year to gain 329% in value.

The home24 share closed 2020 at an annual high of EUR 22.40.

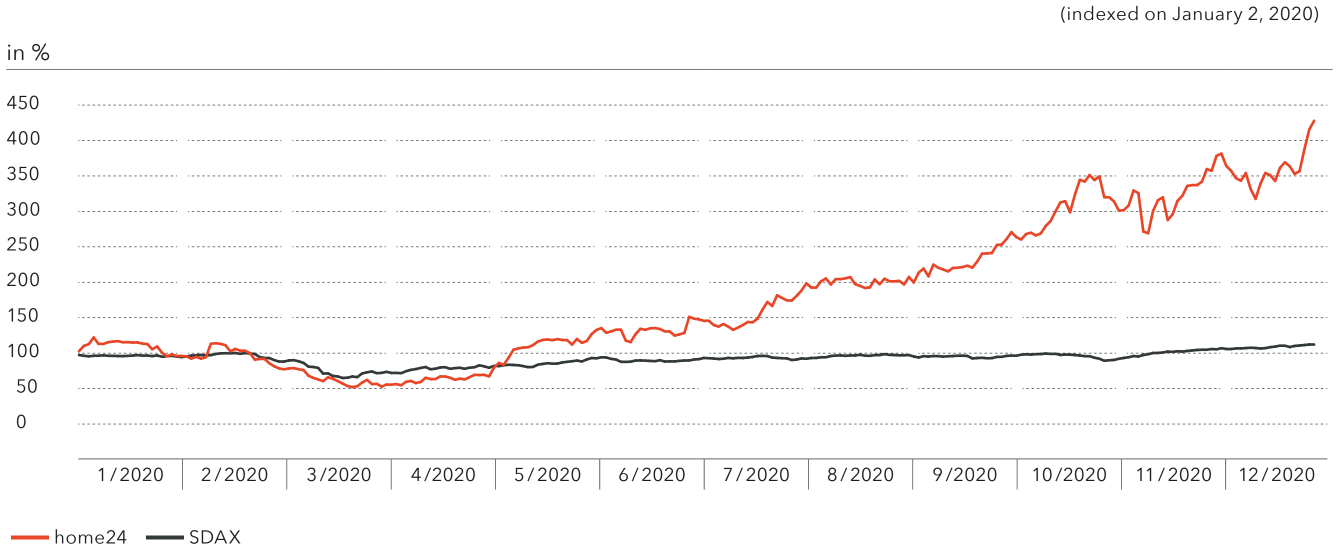
THE HOME24 SHARE

Share type	Bearer shares with no par value
Ticker symbol	H24
WKN	A14KEB
ISIN	DE000A14KEB5
Market segment	Regulated market (Prime Standard)

SHARE PERFORMANCE IN 2020

Opening price	January 2, 2020	EUR	5.23
Annual high	December 30, 2020	EUR	22.40
Annual low	March 20, 2020	EUR	2.56
Closing price	December 30, 2020	EUR	22.40
Number of shares outstanding	December 31, 2020	Shares	29,050,104
Market capitalization	December 30, 2020	EUR	650,722,330

PERFORMANCE OF THE HOME24 SHARE



SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2020

The chart below shows shareholders holding 3% or more of the voting rights in home24 SE as last disclosed by such shareholders pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG). Financial instruments as defined in Section 38 WpHG or aggregated equity investments and instruments as defined in Section 39 WpHG were included.

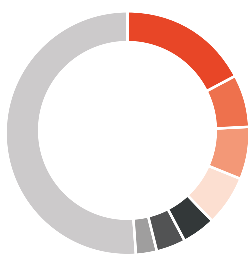
The percentage of voting rights shown is based on the current share capital of home24 SE. As a result of the capital increase implemented on December 8, 2020, a total of 2,640,918 new shares were successfully placed utilizing a portion of authorized capital at a placement price of EUR 17.58 per new share, increasing share capital by around 10% to EUR 29,050,104 in the 2020 financial year.

Please note that the distribution of voting rights shown below may have changed within the reportable thresholds.

Kinnevik AB (publ) disposed of its equity interest during the financial year. Morgan Stanley and Alexander Samwer are new additions to the group of shareholders as presented below. As a result of these and other changes, the proportion of shares held in free float or held by other shareholders showed a positive increase from 39.7% to 51.1%.

in %

- 17,3 % Ari Zweiman
- 7,1 % Baillie Gifford & Co
- 7,0 % MainFirst SICAV
- 6,5 % Zerena GmbH
- 4,5 % Amiral Gestion
- 3,9 % Morgan Stanley
- 2,7 % Alexander Samwer
- 51,1 % Free Float / Other[1]



1) Free float / Other refers to equity interests of less than three percent in home24 SE

COMMUNICATION WITH THE CAPITAL MARKETS

home24 pursues active, transparent and continuous communication with investors, analysts and other capital market participants. Investor relations activities include face-to-face meetings or phone talks with investors, and participation in roadshows and conferences that help build and deepen strong investor relationships.

At present, Berenberg, Citi and Hauck & Aufhäuser regularly publish up-to-date research and analyst comments on the home24 share.

The latest company updates, financial reports, press releases, company presentations etc. are available on the Investor Relations website at home24.com.

CORPORATE GOVERNANCE REPORT

The Management Board and Supervisory Board report on the Company's corporate governance by submitting the Corporate Governance Statement below in accordance with Sections 289f[1] and 315d of the German Commercial Code (HGB). The Corporate Governance Statement and the takeover-related disclosures in accordance with Sections 289a (1[1]) and 315a (1[1]) HGB are also part of the Combined Management Report[2]. Both the Management Board and Supervisory Board place a strong emphasis on good corporate governance and are thus guided by the recommendations of the German Corporate Governance Code (hereinafter referred to as the "GCGC").

1. DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 GERMAN STOCK CORPORATION ACT (AKTG)

In December 2020, the Management Board and the Supervisory Board issued the following annual Declaration of Conformity in accordance with section 161 German Stock Corporation Act (AktG):

The Management Board and the Supervisory Board of home24 SE declare that home24 SE (the **"Company"**) has complied with the recommendations of the German Corporate Governance Code as amended on February 7, 2017 and published by the Federal Ministry of Justice and Consumer Protection on April 24, 2017, in the official section of the Federal Gazette (Bundesanzeiger) (hereinafter the **"2017 GCGC"**) since the publication of the last annual declaration of conformity in December 2019, subject to the following exceptions:

No. 4.2.3 (2) sentences 4, 6 and 7 of the 2017 GCGC

When determining the remuneration structure for the Management Board, the 2017 GCGC recommends that such remuneration shall take into account both positive and negative developments. The amount of remuneration shall be capped, both as regards variable components and in the aggregate and the variable remuneration components shall be based on demanding and relevant comparison parameters.

The variable remuneration provided to the Management Board on the basis of the Long Term Incentive Plan 2019 **("LTIP")** and the Virtual Option Program 2013/2014 **("VSOP")** are subject to certain conditions and its economic value depends upon the development of the Company's share price. Apart from the link to the Company's share price, these schemes do, however, not contain explicit provisions accounting for negative developments. In addition, the VSOP does not contain comparison parameters and the parameters and targets set forth in the LTIP may not be demanding enough to fulfill the recommendations of the 2017 GCGC. However, the Supervisory Board is convinced that the variable remuneration of the Management Board is well-balanced and appropriate. In the view of the Supervisory Board, the remuneration is sufficiently focused on the positive development of the Company in the long-term given that the share-based payment component is linked to the Company's share price and the long-term nature of the defined targets.

Both the amount of the total remuneration as well as the number of Performance Shares granted to Management Board members under the LTIP in the reporting period were capped. However, some Management Board members still have older claims under the VSOP and the LTIP, which are not capped.

No. 4.2.3 (4) sentences 1 and 3 of the 2017 GCGC

The 2017 GCGC recommends that contracts entered into with members of the Management Board shall ensure that payments, including fringe benefits, made to a member of the Management Board due to an early termination of such contracts do not exceed an amount equal to twice the annual remuneration of such member (severance cap) and do not exceed the remuneration for the remaining term of the contract. Such cap shall be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, shall take into account the expected total remuneration for the current financial year.

[1] Standards in each case pursuant to Art. 83 (1) of the Introductory Act to the German Commercial Code (EGHGB) in the version applicable before ARUG II entered into force.

[2] The Corporate Governance Statement in accordance with Sections 289f[1] and 315d HGB forms an unaudited part of the Combined Management Report.

The current service contracts of the members of the Management Board do not provide for any payments in case of an early termination and consequently do not include a severance cap.

No. 5.4.1 (2) sentence 2 of the 2017 GCGC

The 2017 GCGC recommends that within the company specific situation the composition of the Supervisory Board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of no. 5.4.2 of the 2017 GCGC, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity.

The Supervisory Board has not specified a regular limit to Supervisory Board members' term of office in the reporting period as also and in particular Supervisory Board members with many years of experience may excellently exercise their duties.

No. 7.1.2 sentence 3 of the 2017 GCGC

The 2017 GCGC recommends that the Consolidated Financial Statements and the Combined Management Report shall be made publicly accessible within 90 days from the end of the respective financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the respective reporting period.

The Company has not published the Consolidated Financial Statements and the Combined Management Report within the time period recommended in order to ensure a high quality of financial reporting.

The Management Board and the Supervisory Board of the Company declare that the Company complies and intends to comply in the future with the recommendations of the German Corporate Governance Code as amended on December 16, 2019 and published by the Federal Ministry of Justice and Consumer Protection on March 20, 2020, in the official section of the Federal Gazette (Bundesanzeiger) (hereinafter the "2020 GCGC"), subject to the following exceptions:

Recommendations concerning remuneration in section G.I of the 2020 GCGC

The recommendations concerning the remuneration of the Management Board in section G.I of the 2020 GCGC are closely related to the changes of the German Stock Corporation Act (Aktiengesetz) resulting from the German Act Transposing the Second Shareholders' Rights Directive (**"ARUG II"**). The Company makes use of the transitional provisions provided therein and will present a new remuneration system for the Management Board to the Annual General Meeting 2021 for approval.

In principal, this new remuneration system shall fulfill the recommendations contained in section G.I of the 2020 GCGC. However, the new remuneration system may not fully comply with recommendations G.7 and G.9 of the 2020 GCGC. The Company plans to ensure the implementation of its corporate strategy for long-term and sustainable growth by determining at the beginning of each financial year certain ambitious performance criteria for the annual bonus, which - in addition to operational objectives – are also based on strategic objectives. After the end of the financial year, the Supervisory Board shall determine the amount of the individual annual bonus depending on the achievement of the objectives. In addition, there is the long-term variable remuneration under the Company's LTIP, which rewards the long-term success of the Company and the long-term share price performance and thus also sustainable growth in the interest of the shareholders. With regard to the long-term LTIP remuneration component, the Supervisory Board does not consider it appropriate to set performance criteria for each upcoming financial year, as the exercisability of the LTIP Performance Shares depends on the LTIP terms and conditions and the performance of the LTIP Performance Shares is linked to the long-term performance of the Company's shares without additional short-term targets influencing the value of the remuneration under the LTIP.

In line with the transitional provisions of the ARUG II, the Supervisory Board will in the future determine the remuneration of the Management Board in accordance with the remuneration system approved by the General Meeting, which will not impact service contracts previously entered into with Management Board members.

The remuneration of the Management Board already meets the essential requirements of the 2020 GCGC with the following proviso: In deviation from recommendation G.11 of the 2020 GCGC, some of the current service contracts entered into with members of the Management Board do not provide for the possibility of retaining or reclaiming variable remuneration in justified cases. In addition, contrary to recommendation G.16 of the 2020 GCGC, some of the current service contracts entered into with members of the Management Board do not provide for the possibility to take into account the remuneration from Supervisory Board memberships at non-group entities.

2. CORPORATE GOVERNANCE

The Company's corporate governance is primarily determined by statutory requirements, the recommendations of the GCGC and internal Company guidelines. Good corporate governance in the sense of equipping management for long-term, sustainable commercial success is a key concern for the Management Board and Supervisory Board.

Ensuring that all employees and the management work together as a team and are committed to satisfying customers is a decisive factor in lasting business success. In light of this, the Company's management worked together to create a catalog of corporate values and publish it within the Company. These values provide a foundation for all commercial decisions and day-to-day interaction between all employees and management, and are publicly available on the career website at https://home24.career.softgarden.de/en/.

In addition to these corporate values, management has also jointly drawn up leadership principles. These principles have been communicated within the Company to ensure that all employees can see as transparently as possible what home24 means by good leadership. Mutual respect, trust and team spirit are at the core of these leadership principles.

The Company reacted quickly to the unique challenges presented by the COVID-19 pandemic, with a particular focus on the health of our employees and on preventing sources of infection as part of our responsibility toward the community. Where their role allows for it, each of the Company's employees has been offered the opportunity to work from home since the start of the COVID-19 pandemic. In all other areas, various measures and health and safety protocols were implemented at a similarly early stage and have been continually refined and adjusted to reduce the risk of infection at work as far as possible.

The Company has also introduced a compliance management system that includes measures to comply with statutory requirements as well as internal company guidelines and codes of conduct. The compliance management system is based on an analysis of potential risks that may arise from legal requirements, structures and processes, a specific market situation, or in particular regions. Incidents can be reported internally via the compliance hotline. Employees are informed about the hotline on the intranet, in the anti-corruption guidelines, and as part of the onboarding process. They can also contact their line manager or the Governance, Risk and Compliance (GRC) department directly.

The Group's risk management system regulates the recording, assessment, documentation and reporting of all risks (compliance, financial, operating and strategic risks) across the Company. The Governance, Risk and Compliance (GRC) department is responsible for compliance and risk management within the Group with independent reporting lines to the Management Board and Supervisory Board of the Company. In the 2020 financial year, the GRC department reported semi-annually to the Management Board and the Audit Committee of the Supervisory Board on the home24 Group's general risk situation.

3. WORKING PRACTICES AND COMPOSITION OF THE MANAGEMENT BOARD, SUPERVISORY BOARD AND THEIR COMMITTEES

As a European stock corporation (Societas Europaea – SE) with its registered seat in Berlin, the Company has a two-tier governance system consisting of the Management Board and Supervisory Board in accordance with the German Stock Corporation Act (AktG), the SE Act and the SE Regulation. Both corporate bodies collaborate closely and based on mutual trust in the best interests of the Company.

3.1. Working Practices of the Management Board

The Management Board manages the Company within sole responsibility and in accordance with the best interest of the corporation, with the aim of creating sustainable added value in accordance with statutory provisions, the Company's Articles of Association and the Rules of Procedure for the Management Board. The Management Board develops the Company's strategic direction, agrees on it with the Supervisory Board and ensures its implementation. The Management Board also ensures compliance with legal provisions and internal Company guidelines and works to ensure that these provisions and guidelines are observed across the Group (compliance). The Management Board ensures appropriate risk management and risk control in the Company. The Management Board regularly provides the Supervisory Board with timely and comprehensive information about all issues of relevance to the Company concerning strategy, planning, business development, risk position, risk management and compliance.

The cooperation and responsibilities of Management Board members are set out in detail in the Rules of Procedure for the Management Board. Every member of the Management Board is fully responsible for their assigned business area within the framework of Management Board resolutions. The business responsibility plan of the Management Board as of December 31, 2020 was defined as follows:

Marc Appelhoff	Finance (including Investor Relations, Accounting, Taxes), Marketing (including Performance Marketing, Corporate Communications, Branding and Showrooms), Commercial (including Product Range, Purchasing and Pricing), International (Brazil), Legal
Brigitte Wittekind	Operations (including Warehouse, Logistics), Product Quality and Safety, Customer Service, Outlets, Internal Control System
Johannes Schaback	Technology (including Information Technology, Data, IT Security, Data Protection, Enterprise Resource Planning and Digital Shopping Experience), HR

Marc Appelhoff has been Chairman of the Management Board (CEO) since January 1, 2020. Irrespective of this schedule of responsibilities, the members of the Management Board are jointly accountable for the overall management. They work closely together and keep each other informed of important measures and events in their business areas. The entire Management Board jointly decides on all matters in which the Management Board is required to make a decision by law, the Articles of Association, or the Rules of Procedure, particularly with regard to company strategy and essential business policy issues. The Management Board has not set up any committees. According to the Rules of Procedure, Management Board meetings should be held regularly. They must be held when required to ensure the wellbeing of the Company.

The Chairman of the Management Board and its other members maintain regular contact with the Supervisory Board, especially its Chairman, inform the Supervisory Board and its Chairman about the course of business and the situation of the Company and its subsidiaries, and discuss strategy, planning, business development, risk positioning, risk management, and compliance with the Supervisory Board and its Chairman. The Management Board informs the Supervisory Board and/or its Chairman immediately about important events and business matters that may significantly impact any assessments of the Company's situation and development as well as its management. Furthermore, the Management Board provides the Supervisory Board with comprehensive information and obtains the appropriate approvals for certain transactions of fundamental importance for which the Articles of Association or the Management Board's Rules of Procedure require the approval of the Supervisory Board or one of its committees.

Members of the Management Board are subject to an extensive non-competition clause and ban on secondary employment during their membership of the Management Board. The Supervisory Board decides on exceptions to this rule. Each Management Board member must disclose conflicts of interest to the Chairman of the Supervisory Board and to the Chairman of the Management Board without undue delay and must inform the other members of the Management Board accordingly.

A collective D&O insurance policy has been taken out for members of the Management Board. For details, see the disclosures in the Remuneration Report.

3.2. Composition of the Management Board

The Management Board consists of one or more members in accordance with the provisions of the Articles of Association. The Supervisory Board determines the number of Management Board members, the required qualifications and the appointment of suitable candidates to individual positions. The Supervisory Board appoints members of the Management Board for a maximum term of office of five years. The Supervisory Board can appoint a chairman of the Supervisory Board as well as a deputy chairman. In financial year 2020, the Management Board had the following members:

Marc Appelhoff (Chairman)
Brigitte Wittekind
Johannes Schaback

On May 30, 2018, the Supervisory Board set a target of 25% for the proportion of women on the Management Board in accordance with Section 111 (5) AktG, with the aim of reaching this target within five years (by May 30, 2023). This target was reached during financial year 2020 as the proportion of women on the Management Board was 33.3%.

Diversity should continue to be taken into account when making future changes to the Management Board, as diversity in management bodies can contribute to company success. Nevertheless, the Supervisory Board will continue to predominantly select Management Board members based on their professional and personal suitability regardless of their gender or background, for example. Although the age of an individual is also generally irrelevant when assessing their professional suitability for a position, the Supervisory Board has set an age limit of 66 years for members of the Company's Management Board.

3.3. Working Practices of the Supervisory Board

The Supervisory Board regularly advises and monitors the Management Board in its management of the Company. As stated in point 3.1, the Supervisory Board is involved in decisions of fundamental importance for the Company and works closely with the Company's other management bodies, particularly the Management Board. The Supervisory Board appoints and dismisses the members of the Management Board. It also works with the Management Board to ensure long-term succession planning by maintaining a dialog about potential internal and external candidates that could hold management positions within the Company. The Supervisory Board monitors the proper functioning of the Management Board and considers any necessary long-term changes to the Board and its composition.

The rights and obligations of the Supervisory Board are specifically based on statutory provisions, the Articles of Association, and the Rules of Procedure for the Supervisory Board. The Supervisory Board carries out its work in both plenary meetings as well as in committees whose chairs provide the entire Supervisory Board with regular reports on their committees' activities.

Based on self-evaluation carried out in November 2019, the Supervisory Board decided to amend its Rules of Procedure effective January 1, 2020 and, in particular, to introduce an age limit of 75 years for its members in accordance with the recommendations of the German Corporate Governance Code (GCGC) and abolish the Remuneration Committee.

The Supervisory Board conducted another self-evaluation in November 2020. For this purpose, each member of the Supervisory Board completed a survey with questions about cooperation within the Supervisory Board and with the Management Board as well as its personnel and focus areas ahead of the Supervisory Board meeting on November 9, 2020. Based on these results, the Supervisory Board discussed at length the extent to which the Supervisory Board and its committees fulfill their role at its meeting on November 9, 2020. Overall, the work of the Supervisory Board and its committees was deemed to be efficient. To improve its activities and meet the requirements of the German Corporate Governance Code, the Supervisory Board adopted new Rules of Procedure on December 22, 2020 which are published at https://www.home24.com/websites/homevierundzwanzig/English/4400/corporate-governance.html.

According to the Rules of Procedure of the Supervisory Board, the Supervisory Board must hold at least one meeting per quarter. Additional meetings must be convened as necessary. The Supervisory Board may also pass resolutions outside of its meetings, particularly by circular resolutions. The Supervisory Board assesses, at regular intervals, how effective the Supervisory Board as a whole and its committees fulfill their tasks and whether or not a self-evaluation should be carried out. This self-evaluation focuses on both the qualitative criteria established by the Supervisory Board and, in particular, procedures within the Supervisory Board, as well as the timely and sufficient supply of information to the Supervisory Board.

Supervisory Board members are obliged to act in the best interests of the Company and must disclose their conflicts of interest without undue delay to the Chairman of the Supervisory Board, particularly those that may arise as a result of an advisory or governing body role with customers, suppliers, lenders, borrowers, or other third parties.

A collective D&O insurance policy has been taken out for members of the Supervisory Board. For details, see the disclosures in the Remuneration Report.

3.4. Composition of the Supervisory Board

The Supervisory Board is not subject to employee representation. The Supervisory Board appoints a Chairman and Deputy Chairman from among its members. In the event that a Supervisory Board member has significant and permanent conflicts of interest, the affected Supervisory Board member shall resign from his or her office.

In financial year 2020, the Supervisory Board had the following members:

Lothar Lanz*	
Verena Mohaupt**	
Franco Danesi	
Magnus Agervald**	

* Chairman of the Supervisory Board and independent member as defined by No. C.6 (2) GCGC
** Independent member as defined by No. C.6 (2) GCGC

On May 30, 2018, the Supervisory Board adopted a resolution to increase the proportion of women on the Supervisory Board to 25% within five years (by May 30, 2023). This ratio was achieved in financial year 2020.

In resolutions adopted on May 30, 2018, the Supervisory Board set targets for its composition and defined a profile of skills. The profile of skills was amended effective June 19, 2019 to reflect the reduced number of Supervisory Board members and on December 22, 2020 in line with the recommendations of the GCGC.

According to the profile currently applicable, members of the Supervisory Board must collectively possess the knowledge, skills and professional expertise required to successfully perform their duties. Each member of the Supervisory Board ensures that they have sufficient time available to carry out their duties. Diversity should be taken into account when selecting Supervisory Board members. In addition, at least two members of the Supervisory Board should possess international experience, and at least two Supervisory Board members should not have any board function, advisory role, or representation obligations towards the Company's major tenants, lenders or other business partners. At least three members of the Supervisory Board must be independent. At least one member of the Supervisory Board must have accounting or auditing expertise (Section 100 (5) AktG). Generally speaking, Supervisory Board members must not have any board function or advisory role with the Company's major competitors and must not have any personal ties to any of the Company's major competitors. A Supervisory Board member who is not a member of any Management Board of a listed company shall not accept more than five Supervisory Board posts at non-group listed companies or comparable functions, with an appointment as Chairman of the Supervisory Board being counted twice. In addition to their Supervisory Board mandate with the Company, members of the Supervisory Board who are members of the Management Board of a listed company should not generally hold more than one further Supervisory Board post with listed companies or in Supervisory Board committees of companies that make similar requirements outside of the Group in which they carry out their Management Board activities, and should not hold the chairmanship of the Supervisory Board either at the Company or at another listed company outside of the Group in which they carry out their Management Board activities. In general, only candidates who are no older than 75 at the time of their selection should be proposed for selection as a member of the Supervisory Board.

In the opinion of the Supervisory Board, its current composition satisfies the profile of skills. With the exception of the deviations listed above under point 1, the Company has been in compliance with the individual recommendations in No. 5.4.1 (2) of the 2017 GCGC, which deal with the setting of specific targets for the composition of the Supervisory Board, the criteria to be taken into account for the composition of the Supervisory Board, and the development of a profile of skills.

3.5. Working Practices and Composition of the Committees of the Supervisory Board

In financial year 2020, the Supervisory Board had two standing committees: the Audit Committee and the Nomination Committee. The committee Chairs report regularly to the Supervisory Board on the work of their committees.

AUDIT COMMITTEE

In accordance with the Rules of Procedure of the Supervisory Board, the Audit Committee consists of three members. The Chairman of the Audit Committee must have specific knowledge and experience in applying accounting principles and internal control procedures, and must be familiar with audits. Neither the Chairman of the Supervisory Board nor former members of the Company's Management Board shall be appointed as Chairman of the Audit Committee, who shall also be independent as defined by the German Corporate Governance Code.

In the reporting period, the Audit Committee had the following members:

Verena Mohaupt*	
Lothar Lanz	
Franco Danesi	

* Chairwoman

The Chairwoman of the Audit Committee is independent and is not a former member of the Company's Management Board. She also has particular expertise and experience in the application of accounting principles and internal control procedures and is familiar with audits. She therefore also fulfills the prerequisites of Section 100 (5) AktG.

The primary focus of the Audit Committee is to review the accounting process, monitor the effectiveness of the internal risk management system and the internal control system, and to deal with auditing and compliance matters.

It also passes resolutions on placing the audit assignment with the auditor, identifying focal points for the audit and the remuneration of the auditor. In addition, the Audit Committee monitors the audit, particularly the independence required of the auditor and the additional services rendered by the auditor. The Audit Committee regularly assesses the quality of the audit of the Financial Statements.

The Audit Committee held a total of four meetings during the year under review (February 10, April 3, August 13 and November 9, 2020), all of which were attended by all committee members. Due to stormy weather, the meeting on February 10, 2020 was held via video conference. The other meetings in 2020 were also held as video conferences because of the COVID-19 pandemic.

The Audit Committee also prepares the Supervisory Board's resolutions concerning the Annual and Consolidated Financial Statements. For this purpose, the Audit Committee focuses strongly on the Annual and Consolidated Financial Statements, and the Combined Management Report. The Audit Committee has a regular exchange with the auditor, in particular about the audit report and its findings, and makes recommendations to the Supervisory Board.

NOMINATION COMMITTEE

Members of the Remuneration Committee form the Supervisory Board's Nomination Committee. Accordingly, the Nomination Committee was composed as follows in the reporting period:

Lothar Lanz*	
Verena Mohaupt	
Franco Danesi	

* Chairman

The Nomination Committee submits suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting.

4. TARGETS FOR WOMEN AT MANAGEMENT LEVEL

The Management Board also takes diversity into account when filling leadership roles and, in particular, strives to give due consideration to female candidates without straying from its overriding principle that an individual should be recommended, nominated, employed, or promoted solely because they are the best person for the role in question, both professionally and personally. On May 30, 2018, the Management Board set a target of 30% for the proportion of women in the top two levels of management below the Management Board in accordance with Section 76 (4) AktG, with the aim of reaching this target in five years (by May 30, 2023). The Management Board fosters the achievement of this target development through long-term planning. By the end of financial year 2020, the proportion of women was 0% at the top level of management (e.g. at Senior Vice President level) and 22% at the second level of management (e.g. at Vice President level). The decline in the proportion of women compared with the previous financial year can be explained by internal promotions made on the basis of merit. Notably, Brigitte Wittekind was promoted from the top level of management to the Company's Management Board on January 1, 2020.

5. GENERAL MEETING AND SHAREHOLDERS

As at December 31, 2020, the share capital of the Company was divided into 29,050,104 no-par value bearer shares. All of the shares are ordinary shares without preferential rights, which means that every share entitles its holder to one vote. The Company's shareholders exercise their rights within the framework of the opportunities provided by law and the Articles of Association by exercising their voting rights before or during the Company's General Meeting. Every shareholder is entitled to participate in the General Meeting, address the meeting in relation to items on the agenda, ask relevant questions and propose resolutions. These rights are restricted by law at General Meetings held virtually due to the COVID-19 pandemic.

The Management Board presents the Annual and Consolidated Financial Statements and the Combined Management Report of the Company and the Group at the Annual General Meeting. The Annual General Meeting decides on the appropriation of profits as well as the discharge of the Management Board and Supervisory Board, and appoints the Company's Supervisory Board members and auditor. The Annual General Meeting also decides on the content of the Articles of Association.

In accordance with the provisions of the Articles of Association, resolutions of the Annual General Meeting are passed by a simple majority of votes cast and, if a capital majority is required, by a simple majority of the capital represented when passing the resolution, unless a higher majority is required by binding legal requirements.

The Company's Annual General Meeting is held within the first six months of the financial year and is generally convened by the Management Board. When convening a General Meeting, the Management Board decides whether the meeting will take place at the Company's headquarters, at the registered office of a German stock exchange, or in a German city with more than 100,000 residents.

The next Annual General Meeting will take place on June 17, 2021, in Berlin. The corresponding agenda and the reports and documents required for the Annual General Meeting are published on the Company's website. Due to the COVID-19 pandemic, the Annual General Meeting will again be held as a virtual event without the physical presence of shareholders or their proxies.

6. REPORTABLE OWN-ACCOUNT TRANSACTIONS BY MANAGEMENT

Members of the Management Board and Supervisory Board as well as all parties closely linked to these individuals are obliged to notify the Company of own-account transactions in shares or related financial instruments in accordance with Article 19 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse (Market Abuse Regulation) where these transactions exceed EUR 20,000 per year. These notifications must be made immediately but no later than within three business days after the date of the transaction. The Company publishes all of these notifications at https://www.home24.com/websites/homevierundzwanzig/English/4500/news.html.

7. FURTHER INFORMATION FOR THE CAPITAL MARKETS

All key dates for shareholders, investors and analysts are published at the start of the year for the duration of the applicable financial year in the Company's financial calendar at https://www.home24.com/websites/homevierundzwanzig/English/4550/finanzkalender.html.

The Company provides the capital markets – particularly shareholders, analysts and investors – with information based on standardized criteria. The information is transparent and consistent for all capital markets participants.

The Company discloses insider information, voting rights notifications, and own-account transactions by management in accordance with statutory provisions. All disclosures required by statute, as well as press releases and presentations from press and analyst conferences, are published immediately on the Company's website at https://www.home24.com/websites/homevierundzwanzig/English/4500/news.html.

8. TAKEOVER-RELATED DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A (1)[1] AND 315A (1)[1] HGB, AND EXPLANATORY REPORT[2]

The disclosures required in accordance with Sections 289a (1)[1] and 315a (1)[1] HGB is listed and explained below.

8.1. Composition of Subscribed Capital

Information on the composition of subscribed capital can be found under note 5.17 of the Notes to the Consolidated Financial Statements.

8.2. Restrictions Affecting Voting Rights or the Transfer of Shares

As at the end of financial year 2020, home24 SE held a total of 2,735 of its own shares, from which the Company does not derive any rights in accordance with Section 71b AktG.

8.3. Equity Interests in the Company that Exceed 10% of Voting Rights[1]

Based on the notification of voting rights pursuant to Section 33 WpHG available as of December 31, 2020, the following equity interests in the Company exceeded 10% of voting rights were held as of that date:

- Ari Zweiman, born April 15, 1972: 17.27% (attribution of 5,015,637 shares of 683 Capital Partners, LP/683 Capital Management, LLC, New York, pursuant to Section 34 WpHG)

The notifications of voting rights published by the Company are available at https://www.home24.com/websites/homevierundzwanzig/English/4500/news.html.

8.4. Statutory Provisions, Provisions of the Articles of Association Governing the Appointment and Dismissal of Members of the Management Board, and Amendments to the Articles of Association

The Management Board consists of several persons in accordance with Article 7 (1) of the Articles of Association. The Supervisory Board determines the number of Management Board members. The Supervisory Board appoints members of the Management Board on the basis of Article 9 (1), Article 39 (2), and Article 46 of the SE Regulation, Sections 84 and 85 AktG, and Article 7 (3) of the Articles of Association for a term of office lasting no longer than five years; reappointments are permitted. The Supervisory Board is entitled to revoke the appointment of a Management Board member for good cause (see Article 9 (1), Article 39 (2) of the SE Regulation, and Section 84 AktG).

The General Meeting decides on changes to the Articles of Association. Unless a higher majority is required by binding legal requirements or the Articles of Association, resolutions of the Annual General Meeting are passed by a simple majority of votes cast in accordance with Article 20 of the Articles of Association and, if a capital majority is required, by a simple majority of the capital represented when passing the resolution. The majority requirement set out in Section 103 (1) Sentence 2 AktG is unaffected by this provision.

According to Section 11 (5) of the Articles of Association, the Supervisory Board is authorized to decide on changes and additions to the Articles of Association relating only to the wording. The Supervisory Board is also authorized to amend the wording of the Articles of Association accordingly after carrying out capital increases from Authorized Capital and/or Conditional Capital or after the expiry of the corresponding authorization, option, or conversion period (Section 4 (3), (4), (7) and (8) of the Articles of Association).

[1] Standards in each case pursuant to Art. 83 (1) of the Introductory Act to the German Commercial Code (EGHGB) in the version applicable before ARUG II entered into force.

[2] The takeover-related disclosures required pursuant to Sections 289a (1)[1] and 315a (1)[1] HGB are part of the Combined Management Report and, together with the Declaration of Conformity, form part of the Corporate Governance Report.

8.5. Authority of the Management Board to Issue and Buy Back Shares

The Management Board is authorized to increase the share capital of the Company with the approval of the Supervisory Board on one or more occasions by a total of up to EUR 70,864 until May 17, 2023 by issuing up to 70,864 no-par value bearer shares against contributions in cash (Authorized Capital 2015/II). The preemptive rights of shareholders are disapplied. Authorized Capital 2015/II is used to fulfill purchase rights (option rights) granted or promised by the Company to its current or former directors before it became a stock corporation during the period between October 1, 2011, up to and including December 31, 2014; shares from Authorized Capital 2015/II may only be issued for this purpose. The issue amount is EUR 1.00 per share for up to 43 new shares, and EUR 36.86 per share for up to a further 70,821 new shares. The Management Board is authorized to specify the additional content of the rights embodied in the shares and the conditions of the share issue with the approval of the Supervisory Board. The issuance of shares to members of the Company's Management Board also requires the approval of the Supervisory Board.

The Management Board is authorized to increase the share capital of the Company with the approval of the Supervisory Board on one or more occasions by a total of up to EUR 113,328 until May 17, 2023 by issuing up to 113,328 no-par value bearer shares against contributions in kind (Authorized Capital 2015/III). The preemptive rights of shareholders are disapplied. Authorized Capital 2015/III is exclusively used to issue new no-par value shares for the purposes of fulfilling present or future pecuniary claims of directors and employees of the Company or its affiliated companies arising from the "virtual" stock option programs in 2010 and 2013/2014 (concerning shadow options and collectively referred to as the virtual option program); shares from Authorized Capital 2015/III may only be issued for this purpose. The issue amount is EUR 1.00 per share for up to 113,328 new shares. Contributions for the new shares are made by recovering the pecuniary claims that the option holders have against the Company as a result of the shadow option program. The Management Board is authorized to specify the additional content of the rights embodied in the shares and the conditions of the share issue with the approval of the Supervisory Board. The issuance of shares to members of the Company's Management Board also requires the approval of the Supervisory Board.

The share capital of the Company is conditionally increased by up to EUR 2,429,819 by issuing up to 2,429,819 no-par value bearer shares (Conditional Capital 2019). Conditional Capital 2019 is exclusively used to service the preemptive rights issued to subscription rights holders on the basis of the authorization given by the General Meeting on March 10, 2017, amended by resolutions of the General Meetings on July 28, 2017 and May 24, 2018, June 19, 2019 and June 3, 2020 as part of the 2019 LTIP (or its previous name, LTIP 2017). The new shares are issued at the lowest issue amount of EUR 1.00 per share. Contributions for the new shares are made by recovering remuneration claims of the subscription rights holders arising from the performance shares granted to them as a contribution in kind. This conditional capital increase is only carried out to the extent that performance shares have been issued in accordance with the resolution of the General Meeting on March 10, 2017, amended by resolutions of the General Meetings on July 28, 2017, May 24, 2018, June 19, 2019 and June 3, 2020, the preemptive rights holders exercise their rights in accordance with the agreement, and the Company fulfills the preemptive rights neither with its own shares nor by cash payment. The new shares participate in profits from the start of the financial year in which the share issue takes place; however, the new shares participate in profits from the start of the financial year preceding the one in which they are issued in the event that the General Meeting does not pass a resolution on the appropriation of profits for the financial year preceding the one in which the new shares are issued.

After partial exercise of a corresponding authorization granted by the General Meeting on June 3, 2020 based on resolutions of the Management Board and the Supervisory Board on December 8, 2020, the Management Board is authorized to increase the share capital with the approval of the Supervisory Board on one or more occasions by a total of up to EUR 10,379,483 until June 2, 2025 by issuing up to 10,379,483 new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2020). Shareholders must be granted a preemptive right. The Management Board is authorized to disapply the shareholders' preemptive right in circumstances outlined in the authorization. The Management Board is also authorized to specify further details of the capital increase and its implementation with the approval of the Supervisory Board; this also includes specifying the dividend entitlement of the new shares which, contrary to Article 9 (1) Letter c) i) of the SE Regulation together with Section 60 (2) AktG, can also be specified for a financial year that has already ended.

The share capital of the Company is conditionally increased by up to EUR 10,774,773 by issuing up to 10,774,773 new no-par value bearer shares (ordinary shares) (Conditional Capital 2020). The Conditional Capital 2020 is used when exercising conversion or option rights and/or for fulfilling conversion or option obligations to grant shares to the holders and/or creditors of convertible bonds, bonds with warrants, profit participation rights, and/or income bonds (or combinations of these instruments) (hereinafter jointly referred to as bonds) that have been issued due to the authorization resolution adopted by the Shareholders' Meeting on June 3, 2020. These new shares are issued at the conversion or option price determined in accordance with the authorization resolution adopted by the General Meeting on June 3, 2020. The conditional capital increase is only implemented to the extent that the holders and/or creditors of bonds issued and/or guaranteed until June 2, 2025 by the Company or by another company that is dependent on the Company or in its direct or indirect majority ownership based on the authorization resolution exercise their conversion or option rights and/or fulfill conversion or option obligations arising from such bonds or, insofar as the Company issues shares in the Company in place of payment of the amount of cash due, and insofar as the conversion or option rights and/or conversion or option rights are not serviced by the Company's own shares, shares from authorized capital or other methods of performance. The new shares participate in profit from the start of the financial year in which they are issued, as well as all subsequent financial years. The Management Board is also authorized, with the approval of the Supervisory Board, to specify further details concerning the implementation of the conditional capital increase.

The Management Board is authorized by a resolution adopted by the General Meeting on May 18, 2018 to acquire its own shares with the approval of the Supervisory Board and in accordance with the following provisions: The authorization is valid until June 30, 2022, and is restricted to the acquisition of 33,282 shares or up to 10% of existing share capital at the time the authorization is exercised, whichever is lower. These shares may only be acquired for an equivalent value of EUR 24.14 per share. The Management Board is also authorized to cancel its own shares without the need to obtain another General Meeting resolution for this cancellation and the implementation thereof. In accordance with Section 237 (3) No. 3 AktG, the Management Board is authorized to adjust the number of shares in the Articles of Association accordingly. The cancellation can also be associated with a capital decrease; in this case, the Management Board is authorized to reduce the share capital by the pro-rata amount of share capital attributable to the canceled shares.

As a result of a resolution adopted by the General Meeting on May 24, 2018, the Management Board is authorized – with the approval of the Supervisory Board by May 24, 2023 and in accordance with the principle of equal treatment (Article 9 (1) Letter c) ii) of the SE Regulation in conjunction with Section 53a AktG) – to acquire the Company's own shares up to a total of 10% of the Company's existing share capital on the date the resolution is passed or the Company's existing share capital at the time the authorization is exercised, whichever is lower. Under certain specific conditions, the Management Board is also entitled to use equity derivatives when acquiring the Company's own shares in this respect. Shares acquired based on this authorization may not at any time exceed 10% of the Company's share capital when taken together with the Company's own shares that it has already acquired and still holds or that are attributable to it in accordance with Article 5 of the SE Regulation in conjunction with Sections 71a et seq. AktG. This authorization can be exercised by the Company on one or more occasions, as a whole or in partial amounts, or in pursuit of one or more purposes, but can also be exercised on behalf of the Company or its subsidiaries by one of its subsidiaries or third parties. The Company may not use this authorization for the purposes of trading in its own shares.

The Management Board is authorized by a resolution adopted by the General Meeting on May 24, 2018 to use the Company's own shares that it already holds (treasury shares) as well as those acquired based on the aforementioned authorization in the additional ways outlined in detail in the authorization, in addition to a sale via the stock exchange or via an offer to all shareholders. In doing so, the preemptive rights of the shareholders are disapplied in certain circumstances specified in the authorization.

8.6. Material Agreements Entered into by the Company Providing for a Change of Control upon a Takeover Bid

The media services agreement in place between home24 SE and SevenVentures GmbH provides for a termination option for SevenVentures GmbH for good cause if RTL Group S.A., and/or a company affiliated with it as defined in Section 15 AktG, or RTL2 Fernsehen GmbH&Co. KG directly or indirectly individually or jointly acquire(s) more than 50% of the share capital and/or voting rights in home24 SE.

The agreements on the use of Google Online Marketing products also contain provisions according to which a change of control needs to be reported and constitutes a right of termination. In addition, the agreements with the providers on credit card payments include obligations to disclose information in the event of a change of ownership at home24 SE.

8.7. Compensation Arrangements Agreed by the Company with the Members of the Management Board or Employees in the Event of a Takeover Bid

No compensation arrangements of this kind are in place.

REMUNERATION REPORT[1]

1. MANAGEMENT BOARD REMUNERATION

1.1. Principles of the Remuneration System

The remuneration system for members of the Company's Management Board helps to advance the business strategy and further the Company's long-term development. The incentives provided by the remuneration motivate the members of the Management Board to work towards the Company's long-term success. The Management Board remuneration system thus serves the interests of the shareholders as well as the employees, customers, and other stakeholders. The remuneration system for members of the Management Board was last modified and revised in its entirety based on a resolution adopted by the Supervisory Board on November 11, 2020.

The total remuneration of the Management Board consists of an annual fixed remuneration component, a short-term, performance-related remuneration component in the form of an annual variable cash remuneration, long-term incentive remuneration in the form of options, and additional fringe benefits. The Management Board remuneration system is also supplemented by the possibility of appropriate, standard commitments in connection with the start of work on the Management Board.

The Supervisory Board determines the total annual target remuneration of a Management Board member on conclusion of the Management Board service contract. All remuneration components are proportionate to the duties and performance of the Management Board. The criteria for the appropriateness of the remuneration include both the duties of the individual Management Board member, their personal performance, and the economic position, performance, and future prospects of the Company, as well as how customary the remuneration is in comparison to industry peers and the remuneration structure of the Company. Total remuneration for an individual Board member is limited to a maximum of EUR 15m per year.

1.2. Non-performance-related Benefits

1.2.1. FIXED REMUNERATION

The fixed non-performance-related remuneration, the amount of which is based on the area of responsibility and experience of the relevant Management Board member, is paid in twelve monthly installments. In accordance with the current Management Board remuneration system, fixed remuneration makes up 25–35% of a Management Board member's total target remuneration.

In financial year 2020, Management Board members received a total of EUR 749k (2019: EUR 742k) in fixed remuneration.

1.2.2. FRINGE BENEFITS

Management Board members also received additional fringe benefits totaling EUR 37k in the 2020 financial year (2019: EUR 97k). These additional fringe benefits include allowances for health insurance and monthly gross amounts representing the employer's contribution to statutory pension and unemployment insurance as well as accident/disability insurance with coverage totaling EUR 500k in the event of death and EUR 800k in the event of disability. In the previous year, fringe benefits also included reimbursements of usual expenses of EUR 9k and the cost of D&O insurance of EUR 47k.

1.3. Performance-related Benefits

Variable remuneration is tied to performance and aligned with the Company's short- and long-term development. In accordance with the recommendations of the GCGC, the value of the proportion of long-term variable remuneration outweighs that of short-term variable remuneration. The extent to which the relevant component is realized depends on achievement of the targets set for the individual Management Board member. In the current remuneration system for the Management Board, short-term variable remuneration accounts for 5-10% of the total target remuneration and long-term variable remuneration for 60-70% of the total target remuneration.

[1] This Remuneration Report is a component of the Combined Management Report and at the same time part of the Corporate Governance Report including the Corporate Governance Statement.

To ensure the implementation of the corporate strategy for the long-term and sustainable growth of the Company, operational annual targets of a financial and non-financial nature are derived for the members of the Management Board, the achievement of which is incentivized via the annual bonus as short-term variable remuneration. In addition, there is the long-term variable remuneration under the Company's LTIP, which rewards the long-term success of the Company and the long-term share price performance and thus also sustainable growth in the interest of the shareholders.

1.3.1. ANNUAL VARIABLE CASH REMUNERATION

The Supervisory Board set uniform annual targets for the members of the Management Board at the beginning of the 2020 financial year. The relevant weighting of the targets for the annual bonus is 80% for the financial targets and 20% for the non-financial targets. The financial targets were broken down into the following three equally weighted categories: revenue growth, profitability based on the adjusted EBITDA margin, and the cash position at the end of the 2020 financial year. In each category there is a target for achieving the full bonus (stretch) and a minimum below which no bonus is earned (floor). Between floor and stretch, the degree of target achievement is interpolated linearly. The targets for the different categories were: revenue growth 10% to 19%, adjusted EBITDA margin -0.5% to 1.5%, and the cash position EUR 20m to EUR 30m. Improving sustainability and customer satisfaction were defined as non-financial targets. Target achievement was assessed at the discretion of the Supervisory Board, taking the relevant company KPIs into account.

Considering the targets set, the Supervisory Board decided to set the amount of the bonus for the 2020 financial year at a total of EUR 550k. This variable cash remuneration was paid after the end of the reporting period.

In the reporting period, the members of the Management Board received variable cash remuneration of EUR 117k for financial year 2019.

1.3.2. LONG-TERM SHARE-BASED PAYMENT

The content of the individual remuneration arrangements issued to the Management Board as part of share-based payment plans and the scope of the awards granted under these arrangements is outlined below.

Long-Term Incentive Plans (LTIP)

LTIP enables the Management Board to participate in increases in the Company's equity value by receiving performance shares that are linked to the performance of home24 SE's shares. These instruments are designed like options: the beneficiary receives the difference in value between the higher share price and the exercise price on the exercise date – at the discretion of the Company – in the form of either cash or shares. The vesting period is one calendar year. The exercise is linked to the expiration of a four-year holding period and the attainment of a revenue growth target (CAGR) during the holding period. The performance shares may be exercised within four years of the expiration of the holding period.

The contracts with Management Board members provide for the granting of a certain number of performance shares at a fixed exercise price in the first year of the contract. For subsequent performance periods, the Company has agreed to grant performance shares subject to the following conditions (hereinafter referred to as "variable performance shares"). Depending on the individual agreement, the exercise price of the instruments to be granted shall correspond to the Company's average share price in the third quarter of the calendar year ending prior to the start of the performance period or a period to be determined by the Supervisory Board. If the total value of the instruments nominally granted exceeds an agreed limit ("cap") at the beginning of the performance period, the number of instruments to be granted shall be reduced such that the total value of the commitment does not exceed the limit. The total remuneration of the Management Board members is also capped.

Virtual Stock Option Programs (VSOP)

VSOP makes it possible to participate in increases in the Company's equity value by issuing phantom ("virtual") options that are linked to the performance of the Company's shares. The awards issued are settled in the form of either shares or cash at the discretion of the Company. A commitment in each case comprises several tranches with various vesting periods ranging in length from six to 48 months. This type of agreement no longer forms part of the current remuneration system. There are unexercised virtual options outstanding which were issued until 2016.

The supplementary disclosures in the Notes to the Consolidated Financial Statements on outstanding share-based payment awards are broken down below for the individual members of the Management Board.

Marc Appelhoff
Chairman of the Management Board

Change in the number of outstanding awards and average exercise prices

	2020		2019	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**8.93**	**290,918**	**12.08**	**187,480**
Granted during the reporting period	–	0	3.23	103,438
Outstanding at the end of the reporting period	**8.93**	**290,918**	**8.93**	**290,918**
Exercisable at the end of the reporting period	**–**	**0**	**–**	**0**
VSOP				
Outstanding at the beginning of the reporting period	**24.14**	**36,507**	**12.88**	**68,456**
Exercised during the reporting period	–	0	0.02	–31,949
Forfeited during the reporting period	24.14	–4,214	–	0
Outstanding at the end of the reporting period	**24.14**	**32,293**	**24.14**	**36,507**
Exercisable at the end of the reporting period	**24.14**	**32,293**	**24.14**	**36,507**

In addition to the outstanding awards, a commitment to issue a nominal 103,438 variable performance shares each for the 2021 and 2022 service periods was made in the previous year.

The fair value of the performance shares granted in the previous year for the 2020 service period was EUR 192k. The fair value of the variable performance shares was EUR 343k at the contract date.

The number of remuneration awards granted under the LTIP in 2019 and outstanding at the end of the reporting period was corrected by 19,770 shares in the current reporting year due to an incorrect disclosure in the previous year.

Remaining life and exercise prices of outstanding awards

	2020		2019	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
0.02	4.5	93,740	5.5	93,740
3.23	6.8	103,438	7.8	103,438
24.14	4.5	93,740	5.5	93,740
Outstanding at the end of the reporting period	**5.3**	**290,918**	**6.3**	**290,918**
VSOP				
24.14	2.0	32,293	2.8	36,507
Outstanding at the end of the reporting period	**2.0**	**32,293**	**2.8**	**36,507**

Brigitte Wittekind
Member of the Management Board since January 1, 2020

Change in the number of outstanding awards and average exercise prices

	2020		2019	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**3.23**	**123,208**	**–**	**0**
Granted during the reporting period	–	0	3.23	123,208
Outstanding at the end of the reporting period	**3.23**	**123,208**	**3.23**	**123,208**
Exercisable at the end of the reporting period	**–**	**0**	**–**	**0**

In addition to the outstanding awards, a commitment to issue a nominal 85,519 variable performance shares for the 2021 service period was made in the previous year.

The fair value of the performance shares issued in the previous year for the 2020 service period was EUR 229k. The fair value of the variable performance shares was EUR 140k at the contract date.

Remaining life and exercise prices of outstanding awards

	2020		2019	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
3.23	6.8	123,208	7.8	123,208
Outstanding at the end of the reporting period	**6.8**	**123,208**	**7.8**	**123,208**

Johannes Schaback
Member of the Management Board

Change in the number of outstanding awards and average exercise prices

	2020		2019	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**13.08**	**779,438**	**14.68**	**59,770**
Granted during the reporting period	–	0	12.95	719,668
Forfeited during the reporting period	12.95	-59,972	–	0
Outstanding at the end of the reporting period	**13.09**	**719,466**	**13.08**	**779,438**
Exercisable at the end of the reporting period	**–**	**0**	**–**	**0**

The fair value of the performance shares issued in the previous year for the service period from April 1, 2019 to April 30, 2021 was EUR 332k.

Remaining life and exercise prices of outstanding awards

	2020		2019	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
0.02	5.2	23,435	6.2	23,435
1.00	6.8	41,098	7.8	44,834
13.00	6.8	577,500	7.8	630,000
24.14	6.1	77,433	7.1	81,169
Outstanding at the end of the reporting period	**6.7**	**719,466**	**7.7**	**779,438**

Christoph Cordes
Member of the Management Board until December 31, 2019

Change in the number of outstanding awards and average exercise prices

	2020		2019	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**12.08**	**140,610**	**12.08**	**187,480**
Forfeited during the reporting period	–	0	12.08	–46,870
Outstanding at the end of the reporting period	**12.08**	**140,610**	**12.08**	**140,610**
Exercisable at the end of the reporting period	**–**	**0**	**–**	**0**
VSOP				
Outstanding at the beginning of the reporting period	**24.14**	**36,507**	**12.88**	**68,456**
Exercised during the reporting period	–	0	0.02	–31,949
Expired in the reporting period	24.14	–4,214	–	0
Outstanding at the end of the reporting period	**24.14**	**32,293**	**24.14**	**36,507**
Exercisable at the end of the reporting period	**24.14**	**32,293**	**24.14**	**36,507**

Remaining life and exercise prices of outstanding awards

	2020		2019	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
0.02	4.5	70,305	5.5	70,305
24.14	4.5	70,305	5.5	70,305
Outstanding at the end of the reporting period	**4.5**	**140,610**	**5.5**	**140,610**
VSOP				
24.14	2.0	32,293	2.8	36,507
Outstanding at the end of the reporting period	**2.0**	**32,293**	**2.8**	**36,507**

Dr. Philipp Kreibohm
Member of the Management Board until March 31, 2019

Change in the number of outstanding awards and average exercise prices

	2020		2019	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	12.21	60,178	8.95	77,228
Forfeited during the reporting period	–	0	-2.56	-17,050
Outstanding at the end of the reporting period	12.21	60,178	12.21	60,178
Exercisable at the end of the reporting period	–	0	–	0
VSOP				
Outstanding at the beginning of the reporting period	24.14	23,306	14.79	38,055
Forfeited during the reporting period	–	0	0.02	-14,749
Outstanding at the end of the reporting period	24.14	23,306	24.14	23,306
Exercisable at the end of the reporting period	24.14	23,306	24.14	23,306
Call-Optionen				
Outstanding at the beginning of the reporting period	–	0	0.02	108,532
Forfeited during the reporting period	–	0	0.02	-108,532
Outstanding at the end of the reporting period	–	0	–	0
Exercisable at the end of the reporting period	–	0	–	0

Remaining life and exercise prices of outstanding awards

	2020		2019	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
0.02	4.5	21,887	5.5	21,887
3.23	5.7	8,202	6.7	8,202
24.14	4.8	30,089	5.8	30,089
Outstanding at the end of the reporting period	4.8	60,178	5.8	60,178
VSOP				
24.14	2.0	23,306	3.0	23,306
Outstanding at the end of the reporting period	2.0	23,306	3.0	23,306

Total cost of share-based payment

The expense recognized in accordance with IFRS for share-based payment awards granted to the Management Board is presented below for the individual members of the Management Board.

In EURk	2020	2019
Marc Appelhoff	586	842
Brigitte Wittekind (since January 1, 2020)	299	0
Johannes Schaback	160	352
Christoph Cordes (until December 31, 2019)	0	-175
Dr. Philipp Kreibohm (until March 31, 2019)	0	-224
Total	**1,045**	**795**

The negative amounts in the previous year resulted from the reversal of expenses recognized in prior periods for forfeited payment awards.

1.4. Payments on Termination of Management Board Activity

In the event that a Management Board member dies before the end of their term of office, their spouse or registered partner and their dependent children under the age of 25 living at home are jointly and severally entitled to continue receiving their full fixed remuneration for the month of their death and the three subsequent months.

1.5. Loans and Advances

In the 2020 financial year, members of the Management Board did not receive any advances or loans from the Company or its subsidiaries.

1.6. Pension Commitments

No company pension arrangements have been agreed with the Management Board members.

1.7. Total Remuneration

Members of the Management Board were granted total benefits of EUR 1,565k (2019: EUR 1,514k) during the 2020 financial year.

In EURk	2020	2019
Fixed remuneration	749	742
Fringe benefits	37	97
Total	**786**	**839**
One-year variable remuneration	550	150
Share-based payment	229	525
Total	**779**	**675**
Total remuneration	**1,565**	**1,514**

The above table does not show the remuneration actually paid but the remuneration granted in the 2020 financial year, considering the individual target achievement. The value of the share-based payment is equivalent to the fair value of the payment awards at the time they were granted and/or modified. The share-based payment for financial year 2019 was corrected by EUR 36k in the current reporting year due to an incorrect disclosure in the previous year.

The share-based payment for the 2020 financial year relates to the commitment to Brigitte Wittekind for her activities in the 2020 financial year, which had been granted in the previous year.

In addition, expenses for share-based payment awards granted to members of the Management Board in the financial year ended amounted to EUR 1.0m (2019: EUR 0.8m).

1.8. Benefits of Former Management Board Members

As of the reporting date, home24 SE had no pension recipients or beneficiaries from among its former Management Board members or directors. As a result, the total benefits for former Management Board members and their surviving dependents and pension obligations to former Management Board members and their surviving dependents are EUR 0.

1.9. Other

In the event of temporary incapacity due to illness, accident or another reason not attributable to the Management Board member in question, the Management Board member will continue to receive their full fixed remuneration for three months, but for no longer than the effective termination of their employment contract.

The Management Board members are covered by insurance policies for executives and senior managers known as Directors and Officers (D&O) insurance. The D&O insurance covers liability risks arising from breaches of duty by members of the Management Board when carrying out their duties. In accordance with the applicable provisions of the German Stock Corporation Act (AktG), the policies provide for deductibles of 10% of the financial damages, but no more than 150% of the annual fixed salary. All members of the Management Board are included in the protection offered by the D&O insurance. Besides the Management Board, the D&O insurance covers other executive bodies and supervisory and control bodies within the home24 Group. The cost of D&O insurance in the current financial year totaled EUR 56k (2019: EUR 47k).

Apart from the employment contracts, there are no other service or employment agreements between members of the Management Board or individuals closely related to them and the Company or its subsidiaries.

1.10. Total Remuneration for 2020

The following tables show the Management Board remuneration in accordance with the requirements of Sections 314 [2] and 315 HGB, as defined in German Accounting Standard (GAS) 17.

As for financial year 2019, the benefits received, i.e. the amounts paid out in the reporting period, are also disclosed in accordance with the recommendations of the German Corporate Governance Code as amended on February 7, 2017 (“2017 GCGC”). Pursuant to the recommendations of the 2017 GCGC, the maximum and minimum remuneration achievable for variable remuneration components is also disclosed.

GAS 17 sets out that benefits must be broken down into performance-related and non-performance-related components and long-term incentive remuneration must be presented separately. In contrast to the recommendations in the Code, GAS 17 does not require expenses for pension obligations, i.e., service cost in accordance with IAS 19, to be included in total remuneration. The Company does not have pension arrangements for its Management Board members.

[2] Standard pursuant to Art. 83 (1) of the Introductory Act to the German Commercial Code (EGHGB) in the version applicable before ARUG II entered into force.

Marc Appelhoff
Chairman of the Management Board

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EURk	**2020**	**2020 (min)**	**2020 (max)**	**2019**	**2020**	**2019**
Non-performance-related benefits						
Fixed remuneration	250	250	250	250	250	250
Fringe benefits	32	32	32	32	32	32
Total non-performance-related benefits	**282**	**282**	**282**	**282**	**282**	**282**
Performance-related benefits						
One-year variable remuneration	350	0	450	50	50	50
Multi-year variable remuneration	0	0	0	192	0	96
LTIP (8 years)	0	0	0	192	0	0
VSOP (5 fiscal years)	0	0	0	0	0	96
Total performance-related benefits	**350**	**0**	**450**	**242**	**50**	**146**
Total remuneration	**632**	**282**	**732**	**524**	**332**	**428**

Brigitte Wittekind
Member of the Management Board since January 1, 2020

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EURk	**2020**	**2020 (min)**	**2020 (max)**	**2019**	**2020**	**2019**
Non-performance-related benefits						
Fixed remuneration	250	250	250	0	250	0
Fringe benefits	29	29	29	0	29	0
Total non-performance-related benefits	**279**	**279**	**279**	**0**	**279**	**0**
Performance-related benefits						
One-year variable remuneration	150	0	250	0	17	0
Multi-year variable remuneration	229	0	229	0	0	0
LTIP (8 years)	229	0	229	0	0	0
Total performance-related benefits	**379**	**0**	**479**	**0**	**17**	**0**
Total remuneration	**658**	**279**	**758**	**0**	**296**	**0**

Johannes Schaback
Member of the Management Board

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EURk	**2020**	**2020 (min)**	**2020 (max)**	**2019**	**2020**	**2019**
Non-performance-related benefits						
Fixed remuneration	250	250	250	208	250	208
Fringe benefits	32	32	32	26	32	26
Total non-performance-related benefits	**282**	**282**	**282**	**234**	**282**	**234**
Performance-related benefits						
One-year variable remuneration	50	0	150	50	50	50
Multi-year variable remuneration	0	0	0	332	0	0
LTIP (8 years)	0	0	0	332	0	0
Total performance-related benefits	**50**	**0**	**150**	**382**	**50**	**50**
Total remuneration	**332**	**282**	**432**	**616**	**332**	**284**

Christoph Cordes
Member of the Management Board until December 31, 2019

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EURk	**2020**	**2020 (min)**	**2020 (max)**	**2019**	**2020**	**2019**
Non-performance-related benefits						
Fixed remuneration	0	0	0	250	0	250
Fringe benefits	0	0	0	31	0	31
Total non-performance-related benefits	**0**	**0**	**0**	**281**	**0**	**281**
Performance-related benefits						
One-year variable remuneration	0	0	0	50	0	50
Multi-year variable remuneration	0	0	0	0	0	96
VSOP (5 fiscal years)	0	0	0	0	0	96
Total performance-related benefits	**0**	**0**	**0**	**50**	**0**	**146**
Total remuneration	**0**	**0**	**0**	**331**	**0**	**427**

Dr. Philipp Kreibohm
Member of the Management Board until March 31, 2019

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EURk	**2020**	**2020 (min)**	**2020 (max)**	**2019**	**2020**	**2019**
Non-performance-related benefits						
Fixed remuneration	0	0	0	34	0	34
Fringe benefits	0	0	0	8	0	8
Total non-performance-related benefits	**0**	**0**	**0**	**42**	**0**	**42**
Performance-related benefits						
One-year variable remuneration	0	0	0	0	0	261
Multi-year variable remuneration	0	0	0	0	0	44
VSOP (5 fiscal years)	0	0	0	0	0	217
Total performance-related benefits	**0**	**0**	**0**	**0**	**0**	**261**
Total remuneration	**0**	**0**	**0**	**42**	**0**	**303**

2. SUPERVISORY BOARD REMUNERATION

The remuneration of the Supervisory Board is governed by Article 14 of the Articles of Association and consists of fixed annual payments, the amount of which is based on the responsibilities and scope of activities of each Supervisory Board member. The remuneration for Supervisory Board members is proportionate to their duties and the situation of the Company. Ordinary members of the Supervisory Board receive fixed annual remuneration of EUR 30k. By way of derogation, the Chairman of the Supervisory Board receives fixed annual remuneration of EUR 90k, while the Deputy Chairman of the Supervisory Board receives such remuneration totaling EUR 45k. The Chairman of the Audit Committee receives additional fixed annual remuneration of EUR 30k, while members of the Audit Committee also receive such additional remuneration totaling EUR 10k each.

Supervisory Board members who only belong to the Supervisory Board or hold the office of Chairman or Deputy Chairman for part of a financial year receive pro-rata remuneration accordingly.

Supervisory Board members are covered by the Company's D&O insurance. The Company also reimburses Supervisory Board members for the reasonable expenses they incur when carrying out their Supervisory Board mandate as well as the VAT payable on their remuneration and expenses.

The remuneration of the individual members of the Supervisory Board was as follows:

	2020			2019		
In EURk	**Fixed remuneration**	**Additional remuneration for committee work**	**Total**	**Fixed remuneration**	**Additional remuneration for committee work**	**Total**
Lothar Lanz	90	10	100	90	10	100
Verena Mohaupt	30	30	60	30	30	60
Franco Danesi	30	10	40	30	10	40
Magnus Agervald	45	0	45	45	0	45
Alexander Samwer	0	0	0	14	0	14
Christian Senitz	0	0	0	2	1	3
Total	**195**	**50**	**245**	**211**	**51**	**262**

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

1. GENERAL INFORMATION

1.1. Business Model

home24 is a platform for home&living online shopping in continental Europe, where it operates in seven countries predominantly under the "home24" brand, and in Brazil, where the Group operates under the "Mobly" brand.

In order to serve different tastes, styles and budgets, home24 today offers its customers more than 100,000 stock-keeping units (SKUs) of home&living products in Europe and more than 200,000 SKUs in Latin America. The broad range of products comprises large items of furniture (such as living and dining room furniture, upholstered furniture and bedroom furniture), accessories and lamps. home24 sources its products from suppliers in over 50 countries, including direct sourcing from individual manufacturers for our private label range.

home24's products are mainly marketed via an online platform that combines two distinct business models.

Third-party and white label products: a broad selection of home&living products marketed under third party and white label brands, which the Group usually does not keep in stock.

Private label products: Bestsellers marketed under own private labels, which the Group sources directly from selected manufacturers and other suppliers. These items are usually kept in stock.

1.2. Group Structure and Internal Steering System

home24 SE was founded in 2009 in Berlin, Germany. The Consolidated Financial Statements of home24 SE (the "Company") and its subsidiaries (collectively also referred to as "home24" or the "Group") are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU. The principle business activity of the Group is online retail, focusing on the marketing, fulfillment and sale of home&living products in continental Europe and Brazil.

The Group's two most important entities are home24 SE, registered in Berlin, Germany, and Mobly Comércio Varejista Ltda., registered in São Paulo, Brazil. The Management Board controls all activities at Group level, subdivided into the Europe and Latin America (LatAm) segments, with reporting of financial figures and non-financial key performance indicators playing a central role. The most important financial and non-financial key performance indicators for managing the Group are: Revenue growth at constant currency, adjusted EBIDTA margin, cash flow from investing activities, cash flow from changes in net working capital, number of orders, number of active customers and average order value.

The position of the Group in the Europe segment essentially corresponds to that of home24 SE.

2. REPORT ON ECONOMIC POSITION

2.1. Market Development

The main factor influencing market performance in financial year 2020 was the fallout from the COVID-19 pandemic. Therefore the gross domestic product (GDP) decreased by approximately 4.9% in Germany in 2020 (source: Statistisches Bundesamt, 2021), in all of the EU economies together the decrease contracted by even 6.6% (source: Eurostat, 2021). The picture in Brazil is similar. Here, too, a decline of almost 4.1% in Brazilian GDP can be observed (source: IBGE, 2021).

Despite the generally negative macroeconomic environment, various sectors of the economy nevertheless benefited from the pandemic. These include online retail, as temporary closures of bricks-and-mortar retailers and other restrictions forced consumers to shop virtually to a greater extent. Plus, customer demand temporarily shifted to the home&living segment from other segments in the context of the COVID-19 pandemic. While consumers spent more time in their homes than usual, there were only limited opportunities to spend money on other things such as travel, theater, restaurants, etc. As a result, online sales in the home&living segment worldwide are expected to have risen by almost 20% y-o-y in 2020 (source: Statista, November 2020). For the German online home&living market, it is assumed that around 7.6% of additional market growth in 2020 is attributable to the COVID-19 pandemic (source: Statista, 2020).

This has pushed up the global online share of the home&living market from around 8% to approximately 9.5% (source: Statista, November 2020). As the online share worldwide and in home24's target markets remains relatively low compared with other sectors such as consumer electronics, household appliances and clothing despite the positive trend in 2020, the online home&living segment will continue to harbor significant upside potential in the coming years. Consumer demand in the home&living segment is expected to be boosted further by the continuation of flexible working models, which makes people's homes more relevant. For example, around 83% of employees want to continue working at least one day from home after the pandemic (source: PwC, January 2021). Moreover, consumers have had many positive online shopping experiences during the pandemic. Accordingly, 83% of customers in Germany (source: bevh, July 2020) are likewise planning to spend the same amount or more on online shopping in the home&living segment in the near future.

home24 further increased its brand awareness by making investments in recent years. As a result, home24 has achieved aided brand recognition of more than 56% in its most important market, Germany (DCMN Insights, Q4 2020).

2.2. Business Development

Management believes that home24 continued to perform very well in financial year 2020. After breaking even on an adjusted EBITDA basis for the first time in the fourth quarter of financial year 2019, home24 continuously improved profitability in financial year 2020 on the back of additional y-o-y growth in revenue.

Besides a number of operational improvements, the main contributing factor was the rise in customer demand in the course of the COVID-19 pandemic. While the initial impetus from the pandemic was negative due to constraints within supply chains from Asia and consumer uncertainty, the implications for home24 have since April 2020 been predominantly positive overall. Management believes that consumers appreciate the benefits of buying home&living products from home24 at a time when people focus on their homes.

The challenges facing home24 in financial year 2020 were therefore less on the demand side than on the sourcing side. Due to the unforecast strong demand, the quantities ordered from suppliers had to be adjusted upwards on several occasions. Suppliers, in turn, faced the challenge of reliably maintaining their production capacity despite the restrictions in place as a result of the COVID-19 pandemic. Disruption to established, global supply chains between Asia, Europe and Latin America, not only of end products, but also of intermediate products such as foam or springs, had to be managed by manufacturers and retailers together.

Thus, in financial year 2020, home24 not only placed significant emphasis on revenue growth and profitability; it also focused to an even greater extent than previously on providing a positive shopping experience so that the many new customers who have placed their trust in home24 in recent months remain attached to online home&living shopping going forward. The task list for financial year 2020 included managing supply chains, ensuring a high level of product availability in combination with short delivery times, providing a quick customer service response and handling many other operational issues. It is therefore all the more gratifying to note that not only did revenue growth and profitability exceed the targets originally communicated for the financial year; measured internally, customer satisfaction also reached record levels.

The Group believes that home24 has emerged stronger from the past twelve months, enabling it to continue consistently pursuing its growth path in order to harness economies of scale to steadily improve profitability and further expand its competitive position.

2.3. Research and Development

The Group develops core elements of its internal software in-house. By adopting this approach, the Group wants to ensure that the software as best as possible satisfies rapid growth and scaling requirements, and the individual challenges posed by the online furniture sector. If the criteria for capitalization were met, development costs were capitalized in the financial year ended. Accordingly, investments in internally generated intangible assets totaled EUR 6.6m (2019: EUR 8.0m). Amortization of internally generated intangible assets totaled EUR 5.0m (2019: EUR 4.7m).

2.4. Financial Position, Cash Flows and Financial Performance

In financial year 2020, home24 continued to focus on sustainable growth in order to build on its competitive position. At the same time, the Group improved profitability along the entire value chain and further strengthened cash and cash equivalents by implementing a capital increase. This is reflected in the development of the financial position, cash flows and financial performance of the Group.

2.4.1. FINANCIAL PERFORMANCE

Simplified Income Statement

In EURm	2020	2019	Change	Change in %
Revenue	491.9	371.6	120.3	32%
Cost of sales	-264.4	-207.8	-56.6	27%
Gross profit	**227.5**	**163.8**	**63.7**	**39%**
Gross profit margin	**46%**	**44%**	**2pp**	
Selling and distribution costs	-191.8	-185.9	-5.9	3%
Impairment losses on financial assets	-3.5	-1.3	-2.2	>100%
Administrative expenses	-42.2	-42.2	0.0	0%
Other operating income	1.6	3.7	-2.1	-57%
Other operating expenses	-1.8	-1.9	0.1	-5%
Operating result (EBIT)	**-10.2**	**-63.8**	**53.6**	**-84%**

Non-financial key performance indicators

	Unit	2020	2019	Change in %
Number of orders	In k	3,251	2,196	48%
Average order value	In EUR	235	255	-8%
Number of active customers (as of December 31)	In k	2,174	1,506	44%

Revenue

In financial year 2020, consolidated revenue came to EUR 491.9m, up 32% y-o-y. At constant currency, revenue grew 42% y-o-y. All major product categories and both segments of the Group contributed to the increase in revenue. The growth in revenue is primarily due to a rising number of active customers and an increasing number of orders placed, whereas the average order value fell slightly as a result of foreign currency effects triggered by the depreciation of the Brazilian real against the euro. As of December 31, 2020, home24 had a total of 2.2m active customers, compared to 1.5m as of December 31, 2019. The number of orders placed during the 2020 financial year increased by 48% to 3.3m compared to the previous year. The current financial year also saw favorable customer demand effects in the context of the COVID-19 pandemic. The temporary closure of bricks-and-mortar retailers and customers' willingness to spend a relatively high proportion of their disposable income on home&living products caused revenue growth to accelerate. By generating revenue growth of +42%, the Group clearly exceeded the revenue targets for financial year 2020 set out in the Combined Management Report for 2019 (y-o-y revenue growth of +10% to +20% at constant currency). The prior-year guidance regarding the non-financial performance indicators number of orders and number of active customers was met in the 2020 financial year. The average order value came in below management's forecast as a result of foreign currency effects.

Cost of Sales

Cost of sales mainly consists of the purchase price of consumer products plus inbound shipping and handling charges. In 2020, cost of sales increased by 27% from EUR 207.8m to EUR 264.4m. Revenue less cost of sales results in gross profit. In financial year 2020, the Group posted a gross profit of EUR 227.5m, up +39% from EUR 163.8m in the previous year. At 46%, the gross profit margin was 2 percentage points higher than the previous year's figure of 44%.

Selling and Distribution Costs

In 2020, selling and distribution costs amounted to EUR 191.8m, up by 3% compared to EUR 185.9m in 2019. The disproportionately low increase in selling and distribution costs compared to revenue growth was due to the improved fulfillment expenses and marketing expenses ratios, and the elimination of depreciation on the „fashion for home“ brand, which had led to temporarily higher other selling costs in 2019.

Selling and distribution costs comprise the following:

In EURm	2020	2019	2019	Change in %
Fulfillment expenses	-82.4	-71.3	-11.1	16%
Marketing	-71.5	-64.8	-6.7	10%
Other selling and distribution costs	-37.9	-49.8	11.9	-24%
Total selling and distribution costs	**-191.8**	**-185.9**	**-5.9**	**3%**
as % of revenue				
Fulfillment expenses ratio	-17%	-19%	2 pp	
Marketing expenses ratio	-15%	-17%	2 pp	

Fulfillment expenses

Fulfillment expenses consist of expenses from distribution, handling and packaging, warehouse employee benefits, warehouse freelancers and payment processing. Fulfillment expenses rose 16% in financial year 2020, increasing from EUR 71.3m to EUR 82.4m. However, the fulfillment expenses ratio as a percentage of sales improved by 2 percentage points to 17%, partly due to more cost-efficient processes in the warehouses.

Marketing expenses

Marketing expenses mainly include performance marketing costs as well as TV marketing expenses. In the 2020 financial year, marketing efficiency was further improved compared with the previous year, supported by high market demand overall. As a result, the marketing expenses ratio as a percentage of revenue in the reporting year improved by 2 percentage points to 15%, with marketing expenses totaling EUR 71.5m in the current financial year.

Other selling and distribution costs

Other selling and distribution costs mainly contain rent and ancillary costs or depreciation of right-of-use-assets for leased warehouses, outlets and showrooms, employee benefits and freelancer expenses for central fulfillment, retail and marketing activities including customer service, and other sales-related expenses and depreciation. In financial year 2020, other selling and distribution costs decreased from EUR 49.8m to EUR 37.9m. The decline is mainly due to the elimination of depreciation on the "fashion for home" brand, which had depressed earnings by EUR 10.6m in 2019.

Administrative expenses

Administrative expenses are primarily composed of overhead expenses including employee benefit expenses and employee share-based payment expenses, depreciation and amortization, IT and other overhead costs. In financial year 2020, administrative expenses also included EUR 0.4m in expenses incurred in connection with the IPO of the Brazilian subsidiary Mobly S.A. in February 2021. In financial year 2020, administrative expenses remained at the previous year's level.

Adjusted EBITDA

home24 measures profitability also based on adjusted EBITDA in order to assess the operating performance of the business. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. In addition to share-based payment expenses for employees, the adjusted amounts in the reporting year also include one-off costs incurred in connection with the Brazilian subsidiary’s IPO mentioned above. The adjusted EBITDA margin reflects the ratio of adjusted EBITDA to revenue.

In EURm	2020	2019	Change	Change in %
Operating result (EBIT)	**-10.2**	**-63.8**	**53.6**	**-84%**
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	22.7	32.1	-9.4	-29%
Share-based payment	2.9	3.5	-0.6	-17%
Costs related to the IPO	0.4	0.0	0.4	n/a
Adjusted EBITDA	**15.8**	**-28.2**	**44.0**	**>-100%**
Adjusted EBITDA margin	**3%**	**-8%**	**11 pp**	

In financial year 2020, the Company posted its first-ever positive full-year adjusted EBITDA, in the amount of EUR 15.8m. Besides the favorable effects on demand in the context of the COVID-19 pandemic, the positive trend in adjusted EBITDA and the adjusted EBITDA margin is attributable in particular to improvements in profitability along the entire length of the Company's value chain and a stable fixed cost base. The Company therefore exceeded the forecast set out in the 2019 Combined Management Report for an adjusted EBITDA margin for financial year 2020 in a range of +2% to -2%.

Overall, the Group's operating result (EBIT) improved from EUR -63.8m in the previous year to EUR -10.2m.

Other financial key performance indicator

Profit contribution comprises gross profit less fulfillment costs and impairment losses on financial assets. The profit contribution margin reflects the ratio of profit contribution to revenue.

In EURm	2020	2019	Change	Change in %
Gross profit	227.5	163.8	63.7	39%
Fulfillment expenses	-82.4	-71.3	-11.1	16%
Impairment losses on financial assets	-3.5	-1.3	-2.2	>100%
Profit Contribution	**141.6**	**91.2**	**50.4**	**55%**
Profit contribution margin	29%	25%	4pp	

The rise in the profit contribution is due especially to the increase in gross profit. The profit contribution margin rose by 4 percentage points overall y-o-y. This is attributable both to an improved gross profit margin and to an improved ratio of fulfillment expenses to revenue. Both indicators rose by 2 percentage points compared with the previous year.

2.4.2. FINANCIAL PERFORMANCE OF THE SEGMENTS

Revenue

In financial year 2020, revenue in the Europe segment rose by +40% y-o-y to EUR 389.2m, representing 79% of Group revenue. Compared with the previous year, home24 significantly increased both the number of orders (+44%) and the number of active customers (+41%) whereas the average order value remained mostly steady (-1%).

In financial year 2020, revenue in the LatAm segment rose by +10% y-o-y to EUR 102.7m, representing 21% of Group revenue. At constant currency, revenue grew significantly 47% y-o-y. This positive trend was mainly driven by the increased number of orders (+53%) and active customers (+49%), while the average order value fell considerably due to foreign currency effects (-25%).

Due to the foreign currency effects in the LatAm segment, the Europe segment contributed significantly more to the Group's revenue growth in financial year 2020 than would be the case when adjusting the figure for such effects.

ADJUSTED EBITDA

The Europe segment generated positive adjusted EBITDA of EUR 14.9m in the current financial year after EUR –27.3m in the previous year. The adjusted EBITDA margin came in at 4% compared to –10% in the previous year. This positive trend is mainly attributable to improvements in profitability along the entire length of the Company's value chain and a stable fixed cost base.

The LatAm segment was able to outperform the prior year's adjusted EBITDA as well. The LatAm segment generated positive adjusted EBITDA of EUR 0.9m in the current financial after EUR –0.8m in the previous year. The adjusted EBITDA margin came in at 1% compared to –1% in the previous year.

Non-financial key performance indicators

Europe	Unit	2020	2019	Change in %
Number of orders	In k	1,753	1,218	44%
Average order value	In EUR	344	346	–1%
Number of active customers (as of December 31)	In k	1,190	844	41%

LatAm	Unit	2020	2019	Change in %
Number of orders	In k	1,498	978	53%
Average order value	In EUR	107	142	–25%
Number of active customers (as of December 31)	In k	984	662	49%

2.4.3. CASH FLOWS

In EURm	2020	2019	Change
Cash flow from operating activities	32.0	–39.2	71.2
thereof change in net working capital	20.8	–6.3	27.1
Cash flow from investing activities	–11.4	–21.8	10.4
Cash flow from financing activities	37.4	–1.9	39.3
Net change in cash and cash equivalents	**58.0**	**-62.9**	**120.9**
Cash and cash equivalents at the beginning of the period	45.6	108.6	–63.0
Effect of exchange rate changes on cash and cash equivalents	–0.5	–0.1	–0.4
Cash and cash equivalents at the end of the period	**103.1**	**45.6**	**57.5**

The Group's cash flow from operating activities amounted to EUR 32.0m in financial year 2020 compared with EUR –39.2m in 2019, a rise of EUR 71.2m within the space of a year. This performance was driven mainly by the sharp improvement in adjusted EBITDA and the positive change in net working capital. Besides the change in trade payables and similar liabilities, the latter was supported mainly by the increase in advance payments received due to strong customer demand, which had not been expected in the original forecast for the financial year. The Company therefore met or exceeded the target set out in the 2019 Combined Management Report of a slight improvement in cash flow from the change in net working capital.

Cash outflows from investing activities fell considerably in line with the previous year's forecast and primarily continued to relate to investments in internally generated software as well as the expansion of warehouse capacity in both segments in the previous year. home24 invested EUR 7.1m in intangible assets and EUR 3.6m in property and equipment during the current financial year. The change in restricted cash and long-term security deposits also led to cash outflows of EUR 1.6m.

As of December 31, 2020, the Group had the following financing facilities:

	Total facility (in BRLm)	Total facility (translated into EURm)[1]	Interest rate	Due	Carrying amount at 12/31/2020 (in EURm)	Carrying amount at 12/31/2019 (in EURm)
Overdraft facility	30.0[2]	4.7	100% CDI + 7.92%	n/a	4.7	2.2
Financing of supplier liabilities	7.0[3]	1.1	14.2%	May 2021	0.6	5.6
Amortizing loan	1.0	0.2	26.8%	December 2021	0.2	0.0
Amortizing loan	4.6	0.7	15.4%	November 2023	0.5	0.8
Amortizing loan	4.1	0.6	13.1%	October 2024	0.4	0.9
Amortizing loan	3.0	0.5	12.0%	May 2022	0.5	0.0
Amortizing loan	30.0	4.7	11.9%	December 2024	4.7	0.0
Amortizing loan	4.5	0.7	24%-30%	February-September 2020	0.0	0.6
Total					**11.6**	**10.1**

1 Translation at closing rate on December 31, 2020.
2 Facility was increased from BRL 10m to BRL 30m in financial year 2020.
3 Facility was reduced from BRL 25.8m to BRL 7m in financial year 2020.

Cash flow from financing activities primarily reflects cash inflows from the EUR 45.6m capital increase implemented in December 2020 and the net increase in bank loans (EUR +4.4m) in the LatAm segment. Set against this were cash outflows attributable to the repayment of lease liabilities (EUR –10.3m) and cash paid to non-controlling interests (EUR –2.3m).

Driven by the positive operating performance and the capital increase, the Group's cash and cash equivalents rose by EUR 57.5m in financial year 2020 to stand at EUR 103.1m as of the reporting date.

In the Europe segment, the Group also has a EUR 4.0m reverse factoring facility, of which EUR 3.2m had been drawn down as of the reporting date. There are further reverse factoring facilities in the LatAm segment, which are used primarily by the Group's business partners, however, and where the due dates of the liabilities remain unchanged for the Group.

The Group considers the available liquidity to be sufficient to finance its ongoing growth plans. These Consolidated Financial Statements have been prepared on a going-concern basis.

2.4.4. FINANCIAL POSITION

In EURm	December 31, 2020	December 31, 2019	Change	Change in %
Non-current assets	109.5	120.5	-11.0	-9%
Current assets	178.4	109.7	68.7	63%
Total assets	**287.9**	**230.2**	**57.7**	**25%**

In EURm	December 31, 2020	December 31, 2019	Change	Change in %
Equity	114.3	85.9	28.4	33%
Non-current liabilities	46.9	45.1	1.8	4%
Current liabilities	126.7	99.2	27.5	28%
Total equity and liabilities	**287.9**	**230.2**	**57.7**	**25%**

Compared with December 31, 2019, total assets received increased by EUR 57.7m to EUR 287.9m.

Property and equipment fell by EUR 2.3m to EUR 17.5m in the current financial year, primarily due to lower capital expenditure and depreciation.

Intangible assets fell from EUR 38.9m to EUR 37.0m in financial year 2020. Additions totaling EUR 7.2m, primarily for internally generated and acquired software products, were offset by amortization of EUR 8.0m.

Capitalized right-of-use assets decreased by EUR 3.9m to EUR 43.7m in the current financial year. Depreciation of EUR 10.9m was set against additions of right-of-use assets amounting to EUR 8.7m. At the same time, current and non-current lease liabilities decreased by a total of EUR 3.6m to EUR 48.0m as of December 31, 2020. The change is primarily the result of scheduled repayments of EUR 10.3m and additions of lease liabilities under newly signed or remeasured leases amounting to EUR 8.7m.

Trade receivables rose by EUR 3.2m to EUR 16.3m in the reporting period due in particular to the higher business volume.

The biggest change on the asset side was in cash and cash equivalents. These increased by EUR 57.5m to EUR 103.1m. Changes in cash and cash equivalents are discussed in section 2.4.3.

Equity increased by EUR 28.4m overall to EUR 114.3m due especially to the EUR 45.6m capital increase implemented in December. Conversely, the net loss for the financial year reduced equity.

The rise in current liabilities in the reporting period is due in particular to customer advance payments recognized as contract liabilities, and trade payables and similar liabilities. Contract liabilities rose by EUR 14.8m to EUR 27.0m mainly as a result of the increased business volume. Trade payables and similar liabilities climbed by EUR 8.7m to EUR 64.0m due in part to the increased use of a reverse factoring facility.

2.4.5. FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

home24 uses different financial and non-financial key performance indicators to manage the Group.

Key criteria for assessing operating performance are the sustained increase in revenue at constant currency, adjusted EBITDA margin, cash flow from investing activities and cash flow from changes in net working capital.

In addition to these financial key performance indicators, the Management Board also measures non-financial key performance indicators for the purposes of managing the Group. The focus is on the number of orders, the number of active customers and the average order value.

The number of orders is an important driver of growth for the Group and is monitored independently of the value of the goods. In the financial year ended, a total of 3.3m orders were placed (2019: 2.2m).

home24 also measures its success based on the number of active customers. Active customers are all customers who have placed at least one order in the twelve months preceding the reporting date. In financial year 2020, there were 2.2m active customers (2019: 1.5m).

The average order value includes the value added tax charged in the country in question. The average order value affects the Group's revenue and due to currency effects fell in financial year 2020 from EUR 255 to EUR 235.

2.5. Overall Assessment

home24 can look back on a successful financial year 2020, culminating not only in y-o-y revenue growth of 42% at constant currency for the year as a whole, but also in the first-ever positive adjusted EBITDA margin (3%) and positive cash flow from operating activities.

The revenue growth was driven in particular by a higher order intake attributable to the larger number of active customers. As a result, the Group by far exceeded the target of revenue growth at constant currency of between +10% and +20% communicated in the prior-year Financial Statements. Each of the two segments made a similar contribution to the successful results (Europe: 40%; LatAm: 47% at constant currency). The development of the adjusted EBITDA margin also exceeded the Management Board's expectations. The adjusted EBITDA margin came to 3% for 2020 as a whole, which is above the range of +2% to –2% communicated in the 2019 Annual Report.

3. REPORT ON RISKS AND OPPORTUNITIES

3.1. Risk management system

The Management Board of home24 SE bears overall responsibility for establishing and maintaining an effective risk management system for the Group.

Risks are defined as potential future events assessed for their probability of occurrence and impact that would cause actual figures to negatively deviate from planned figures if they occurred. Group-wide standards for dealing with risks form the basis of a successful risk management system. The Governance, Risk and Compliance (GRC) unit responsible for this area continuously develops and implements risk management instruments, guidelines and methods based on the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II). With its standardized procedures for identifying, assessing, monitoring, documenting and reporting risks and measures, the COSO framework supports decision-making by providing consistent, comparable and transparent information. This standard was coordinated with the Management Board and defined in the Risk Management Policy.

All home24 employees are called upon to act in a risk-aware manner and properly communicate knowledge of new and existing risks. The Governance, Risk and Compliance (GRC) unit reported to the Management Board and the Audit Committee of the Supervisory Board on the Group's general risk situation in the second and fourth quarter of financial year 2020. This regular reporting process is supplemented by ad-hoc notifications to the Management Board and the Audit Committee in the event of relevant risks. More information about the risk methodology and risk reporting can be found on the next pages of this Annual Report.

COUNTERMEASURES AND INTERNAL CONTROL SYSTEM

The risk management and internal control systems are continuously being improved. In the second and fourth quarter of the 2020 financial year, home24 carried out the process defined in the risk management policy for recording, assessing and communicating identified risks. The risks, responsibilities and countermeasures were compiled in a risk register. The first audit carried out by the Group's Internal Audit department took place in 2020 as planned.

INTERNAL CONTROL SYSTEM RELEVANT FOR THE CONSOLIDATED FINANCIAL REPORTING PROCESS

The aim of the internal control system relevant for the financial reporting process is to ensure proper and effective accounting and financial reporting. The key characteristics of this system are outlined below in accordance with Section 315 (4) of the German Commercial Code (HGB).

The internal control system includes principles and procedures as well as preventative and detective controls. The basis for the system is an analysis of significant accounting and financial reporting risks associated with the Group's main business processes. The necessary controls, some of which currently are formally documented in risk control matrices, are then defined.

A function and role concept is designed to ensure the separation of duties between departments and within processes. Regulations on transactions requiring approval are in place.

General IT controls monitor system access and changes that could have an effect on accounting. Implementation and documentation of these controls was completed in the current financial year.

The effects of new or changed financial reporting standards, laws and other regulations on the financial statements are continually analyzed. The Group accounting policy contains a description of applicable accounting methods. The process of preparing the Consolidated Financial Statements is supported by consolidation software. Preparation of the financial statements is supported by a formalized process that defines the relevant activities, schedule and responsibilities.

The Management Board and the Audit Committee of the Supervisory Board are regularly informed about significant control weaknesses. However, the internal control system for the accounting process cannot provide absolute certainty that material misstatements are avoided in accounting.

3.2. Risk Methodology and Reporting

The identification, assessment and regular monitoring of risks are key drivers in enabling home24 to achieve its objectives. In its risk strategy, the Group takes into account significant risks as well as risks that represent a threat when aggregated at Group level.

The following risks could have a significant adverse impact on the business, financial situation, liquidity, operating results, and outlook of home24, either alone or in conjunction with other risks and uncertainties. The risks identified by the risk owners in internal risk surveys and workshops are quantified based on the probability of their occurrence, as well as their potential financial effects on adjusted EBITDA, and documented in a risk matrix. Risks owners are responsible for developing and implementing effective measures to mitigate risks and leverage opportunities within their area of responsibility. Depending on the nature, characteristics and assessment of the risks and bearing in mind costs and effectiveness, the risk owners use different risk strategies to mitigate the risk. Possible risk strategies include risk acceptance, risk prevention, risk mitigation and risk transfer to third parties. The risk assessment reporting period is 12 months from the assessment date. The probability of occurrence and financial impact on adjusted EBITDA are both divided into five categories.

Presentation – Five categories for probability of occurrence

Probability of occurrence	Assessment
almost certain	75% –100%
likely	50% –74.9%
possible	25% –49.9%
unlikely	5% –24.9%
rarely	0% –4.9%

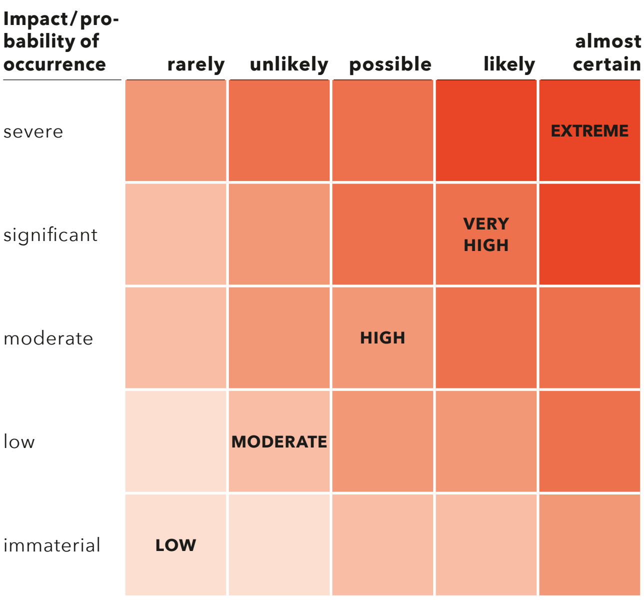
Presentation - Five categories for financial impact on adjusted EBITDA

Impact	Quantitative assessment (preferred)	Qualitative assessment (alternative)		
		Financial impact	Criminal relevance	Impact on reputation
severe	> EUR 11.6m	Strong negative impact on business activities, financial performance and cash flows	▪ Violations of the law threatening the Group's existence ▪ Severe legal consequences for the liability of top management ▪ Impact on operations threatening the Group's existence	▪ Broad, international coverage in the media ▪ Long-term reputation loss of the company ▪ Strong negative impact on financial position, cash flows and financial performance (e.g. loss of sales)
significant	> EUR 4.7m	Significant negative impact on business activities, financial performance and cash flows	▪ Severe violations of the law ▪ Criminal proceedings ▪ Material consequences for individual managers ▪ Strong impact on operations	▪ Negative coverage in the media with medium-term reach ▪ Medium-term reputation damage ▪ Difficult to achieve corrections, long-term PR measures required
moderate	> EUR 2.3m	Some negative impact on business activities, financial performance and cash flows	▪ Significant violation of rules of procedure/laws/contractual obligations ▪ Significant penalties ▪ Consequences under labor law	▪ Negative coverage in the media with minor reach ▪ Corrections achieved through medium-term PR measures
low	> EUR 233k	Limited negative impact on business activities, financial performance and cash flows	▪ Violation of internal rules/laws/agreements without strong impact ("trivial") ▪ Minor penalties ▪ Limited disciplinary action for individuals	▪ Short-term negative impact on reputation/image ▪ Posts in blogs/on Facebook/on Twitter etc. ▪ No further coverage by other media
immaterial	< EUR 233k	Minor negative impact on business activities, financial performance and cash flows	▪ No criminal prosecution	▪ Very short-term negative impact on reputation/image

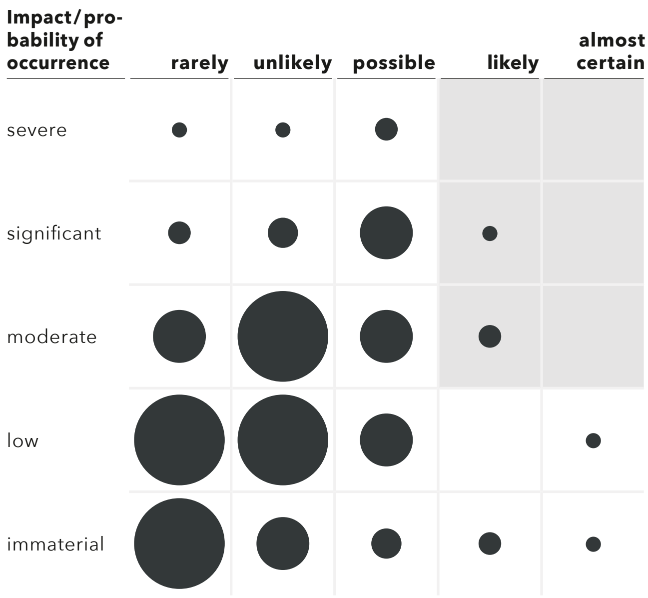
Each gross risk is assigned relevant countermeasures and control measures as well as responsibilities. All risk are reassessed on a gross basis after taking into account the countermeasures and control measures implemented (net risk = gross risk less countermeasures). Net risks are also divided into five classes. The risk matrix enables net risks to be compared to the presentation of the relative risk assessment and increases the transparency of material key risks.

The risk assessment in this report reflects the net risk assessment.

Presentation - Five categories for net risk assessment



Presentation - Distribution of the number of net risks in the risk matrix



home24 assesses risks as significant in the risk report if they threaten the continued existence of the Group or are deemed to constitute material key risks.

The continued existence of the Group as a going concern is deemed to be threatened if the financial impact is three to four times more severe than the "severe risk" category. A material key risk is one that exceeds the critical combination of a probability of occurrence in excess of 50% and potential losses of EUR 2.3m. Risk reporting is based on risks categorized as significant risks.

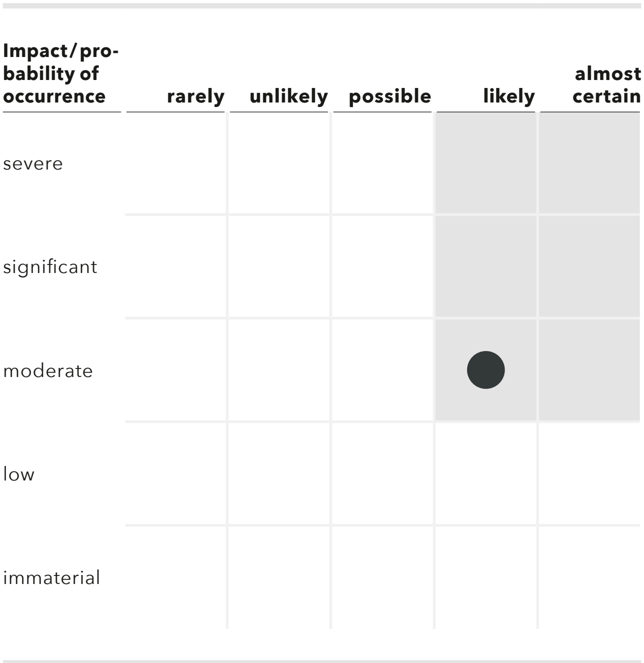
3.3. Risks

The risks recorded in accordance with the aforementioned system are summarized below. According to this, there are currently no apparent going-concern risks, i.e. risks that could threaten the continued existence of home24. Overall, the risks are considered typical for an online retail company. The most relevant risks (known as 'key risks') based on the potential probability of occurrence and impact are shown separately.

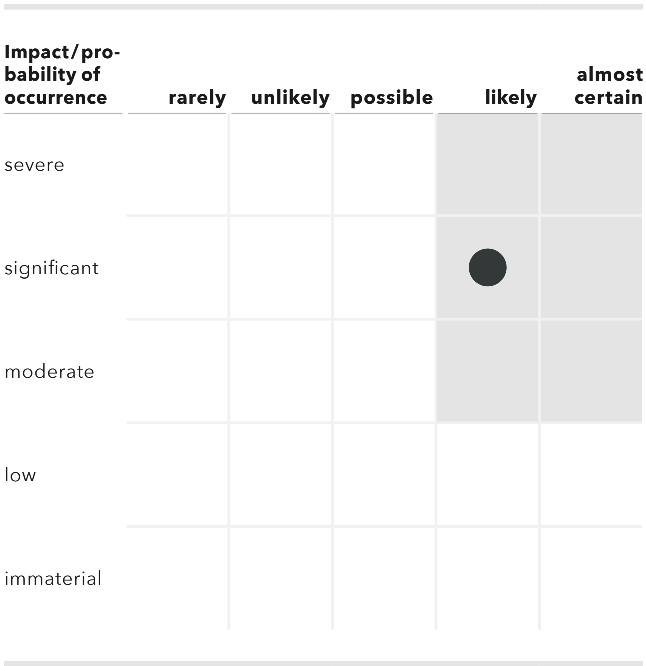
The material key risks outlined below generally relate to the Europe segment and the LatAm segment. If the risk only relates to one segment, this is explicitly stated. To improve the presentation, financial risks (credit risk, currency and interest rate risk as well as liquidity risk) are not presented separately in the report on risks and opportunities but in the Notes to the Consolidated Financial Statements, under note 6.

Regardless of the processes implemented to enable the identification of risks and any countermeasures taken to manage the identified risks, residual risks that cannot be completely eliminated, even by a comprehensive risk management system, are present in all commercial activities. It therefore cannot be ruled out that currently unknown potential risks or those currently deemed to be immaterial could have a negative impact on business performance.

LEGAL REQUIREMENTS RELATING TO THE PROTECTION OF PERSONAL INFORMATION



CYBER SECURITY



As an e-commerce company, home24 collects and processes personal information in order to process orders, receive payments, communicate with customers, manage marketing activities, carry out payroll activities, etc. In this context, home24 is subject to laws and regulations regarding the protection of personal information; for home24 SE, this particularly includes the EU General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG).

To limit possible damages arising from non-compliance with data protection requirements, the Company appointed an external data protection officer back in 2018. Internal data protection lawyers and other employees in the Legal department continuously work to raise awareness of this issue, offer compulsory online training sessions, monitor and communicate legal requirements, update and develop other relevant documents and support specialist departments, together with the individual responsible for IT security and/or the Human Resources department, when implementing these requirements. Regular meetings with Management Board members and senior management staff ensure that relevant requirements are communicated to top management in a timely manner.

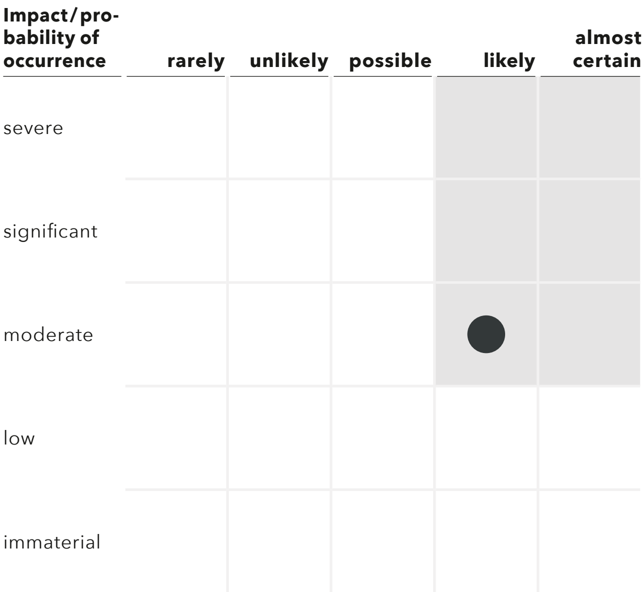
The general risk assessment remains unchanged in 2020 compared to the previous year.

Cyber security risks associated with external and internal attacks and/or internal control weaknesses could manipulate or deactivate the webshop, relevant fulfillment IT systems and applications, payment systems and other internal IT systems and applications. These risks include ransomware attacks, DDOS attacks, data loss caused by security breaches and operational disruptions as well as inaccurate notifications caused by breaches of integrity.

To counter cyber security threats, the Company started to improve the implementation of its IT security requirements back in 2019 with the support of internal and external resources and is constantly increasing its investments in cyber security. In addition, those responsible for IT security at home24 continually monitor relevant risk areas, maintain processes and controls, and implement technological solutions with the aim of ensuring the security of data and operations.

Although initiatives have continuously been undertaken with a view to reducing IT security risks, for example in relation to authentication and monitoring, the general risk assessment remains unchanged compared with the previous year due in part to the significantly higher number of employees working from home and the associated risks.

PREDICTABILITY OF INVENTORY LEVELS



The smooth processing and fulfillment of customer orders is of material significance for the business. The inability to predict the required inventory levels could lead to excess stock and/or unavailability of goods and thus to long delivery times and dissatisfied customers.

To address this risk, home24 has developed and introduced a forecast model. Forecasts for procured goods are continuously updated before orders are placed. They are based on knowledge about the product lifecycle, customer demand, planned sales campaigns, warehouse availability and manufacturer lead times.

Although the inventory forecasting model was continually improved again in 2020, the Group believes that external factors such as a recession (and the related changes in customer purchasing behavior) and/or supply chain constraints as possible consequences of the COVID-19 pandemic could have a negative effect on the risk's probability of occurrence and impact. As a result, the general assessment of the risk remains unchanged y-o-y in 2020.

In financial year 2020, the number of material key risks fell from five in the previous financial year to three, as the Group believes that the measures taken to mitigate the risks associated with potential capacity restraints at logistics service providers (e.g. by moving logistics services in-house, entering into long-term contracts with strategically important service providers and improved logistics forecasting) and product quality (e.g. by implementing personnel and organizational changes, the better implementation of existing measures and better data as the basis for targeted quality improvements) are proving effective. Even though these risks are no longer part of this Annual Report, they continue to be monitored accordingly by the risk owners.

Although the risk associated with the COVID-19 pandemic does not represent a material risk to the Group in 2020, there remain unforeseeable risks to business performance over a longer time horizon, including as a result of supply chain constraints and a possible future recession. This risk and its impact are being closely monitored by the Group and measures are continuously being taken and promptly adapted in line with the latest developments.

	2020		2019	
Key Risks	**Impact**	**Probability**	**Impact**	**Probability**
Legal requirements relating to the protection of personal information	moderate	likely	moderate	likely
Cyber security	significant	likely	significant	likely
Predictability of inventory levels	moderate	likely	moderate	likely
Product quality	moderate	unlikely	moderate	likely
Capacity constraints for logistics service providers	moderate	possible	moderate	likely
Risk associated with the COVID-19 pandemic	significant	possible	significant	possible

3.4. Opportunities

The home&living sector in the markets served by home24 has a market volume of over EUR 120bn (source: Euromonitor). Online penetration in the home&living sector in these markets is lower in other markets such as the USA and UK. The COVID-19 pandemic greatly accelerated the shift toward the increased use of online home&living shopping in 2020. The Group is confident that there is further potential for catch-up effects in the coming years, with correspondingly attractive market growth rates.

This is supported by the favorable demographic trend, which the Group believes will accelerate the shift from offline to online shopping in the home&living segment going forward. The Group believes, that the increasing number of Internet users buying products online is attributable mainly to Millennials and other young people, who are generally very Internet-savvy and particularly keen on online retail. These are spending more and more of their growing income in the online home&living segment. Nevertheless, the COVID-19 pandemic has shown that the trend toward online shopping is discernible in all age groups and is not restricted solely to Millennials.

Furthermore, home24 expects the pandemic to change the world of work for the long term. It will be possible to carry out an increasing proportion of work from home, as a result of which the home and the related furniture and home furnishings will remain of greater relevance to consumers even after the pandemic has ended.

By making investments in recent years, including in the new ERP system, the opening of mega-outlets as well as additional warehouse locations, home24 has created a basis that enables the profitable scaling of business volumes.

The home&living sector is highly fragmented in terms of both suppliers and retailers. The fragmented supply base puts market participants of critical mass in a strong negotiating position. home24 believes that, supported by the weak presence of brands, the Group has the opportunity to itself become the online leader in the home&living segment and establish its own strong home&living brand.

The wide range of products enables home24 to offer its customers a wide selection of relevant products for the mass market. When marketing bestsellers as private label products, the Group can use its knowledge of customer preferences in terms of styles, materials or anchor prices to improve gross margin and offer bestsellers at attractive prices and with relatively short delivery times. This foundation of its business model, with its combination of a broad product range and high-margin private labels, gives home24 the perfect position for online marketing, enabling it to participate in the rising interest in online shopping in a cost-efficient way.

Ultimately, its much improved capital resources will help the Group to achieve its goals. Due to the capital increase carried out in December, home24 is in a stronger position to leverage market opportunities.

3.5. Overall Assessment of Risks and Opportunities

The statements on future developments contained in this Annual Report are based on Management Board estimates and were issued to the best of their knowledge and belief when the Consolidated and Annual Financial Statements of home24 SE were prepared. Nevertheless, the Management Board's assessments are subject to risks and uncertainties. As a result, actual developments can deviate from the assessment if the aforementioned risks and opportunities occur or if the underlying assumptions prove to be inaccurate or incorrect.

The overall assessment for the Group does not currently suggest the existence of any going-concern threats to the Group as a result of individual risks or aggregated risk positions. Furthermore, no significant opportunities were identified that could lead to the Group significantly exceeding its targets.

4. EVENTS AFTER THE REPORTING PERIOD

Philipp Steinhäuser has been a member of the Management Board since January 1, 2021 and serves as the Company's Chief Financial Officer (CFO).

In early February 2021, the shares of the subsidiary Mobly S.A. were admitted to trading on the Novo Mercado segment of the B3 stock exchange (previously the São Paulo stock exchange), Brazil. Since February 5, 2021, they have been traded under the ticker symbol MBLY3 and the ISIN BRMBLYACNOR5 ("Mobly IPO").

A total of 37,037,038 newly issued ordinary shares of Mobly S.A. and 1,610,306 ordinary shares held by VRB GmbH&Co. B-197 KG were placed within the scope of Mobly IPO. In addition, VRB GmbH&Co. B-197 KG granted a greenshoe option for up to 5,797,102 ordinary shares out of its shareholding. The stabilization agent was permitted to exercise this option in the period up to March 6, 2021. The option was exercised early and in full on February 22, 2021. A total of 44,444,446 ordinary shares of Mobly S.A. were thus placed through Mobly IPO. After the IPO, the Group's shareholding in Mobly S.A. amounts to 51%.

Mobly S.A.'s gross proceeds from its IPO amounted to BRL 777.8m (corresponding to EUR 120.5m at the February 5, 2021 exchange rate). VRB GmbH&Co. B-197 KG realized gross proceeds in the amount of BRL 33.8m (corresponding to EUR 5.2m at the February 5, 2021 exchange rate) through its sale of Mobly S.A. shares. In addition, VRB GmbH & Co. B-197 KG realized gross proceeds of BRL 121.7m (corresponding to EUR 18.7m at the February 22, 2021 exchange rate) due to the full exercise of the greenshoe option.

Due to the IPO of the subsidiary Mobly S.A., the Group plans to restructure the share-based payment plans of the management and senior employees of the Mobly subsidiaries and, in particular, to align it with the value of the now listed Mobly S.A. share. In this context, share-based payments awards granted in the past under a virtual stock option program (VSOP) and already vested, will be settled early with a cash payment of BRL 15.5m (corresponding to EUR 2.4m at the March 22, 2021 exchange rate). Grants not yet vested are to be replaced by new share-based payments awards to be issued by Mobly S.A.

After the IPO, subsidiary Mobly Comercio Varejista Ltda. repaid bank loans of BRL 70.1m (corresponding to EUR 11.0m at the December 31, 2020 exchange rate), with some of the payment being made before it was due.

No other events of material significance occurred after the closing date.

5. FUTURE PERFORMANCE AND OUTLOOK

Although global economic output declined in 2020 owing to the COVID-19 pandemic (Germany: –5.0%; Statista, February 2021), current estimates expect the trend to reverse in future years (Germany: 3.2% in 2021 and 3.1% in 2022; Statista, February 2021). Nevertheless, it can be assumed that individual sectors will benefit from this dynamic economic upturn to varying degrees.

The home&living sector proved to be comparatively robust in 2020 (Germany: -3.7%; VDM, February 2021), with the surge in online demand going some way to compensating for the decline in the offline channel. The online home&living sector is expected to grow by a further 10% worldwide in 2021 (Statista, November 2020) and online penetration is projected to increase from around 9–10% to approximately 11% (Statista, November 2020).

Following a successful year in 2020, home24 can therefore look forward with great optimism. Firstly, management believes that people will continue to prioritize decorating and furnishing. Thanks to flexible work models (such as working from home arrangements), people's own homes and second homes in the countryside will remain highly relevant for consumers even when the pandemic is over. Secondly, it is assumed that the shift in customer demand to online channels, which was intensified by the pandemic, will continue. Traditional offline retail is also increasingly opening up to hybrid models using webshops. Online shopping is therefore now expected to become more and more commonplace for consumers in the home&living segment as well. Due to the scalability of its own business model, home24 believes it is ideally positioned to reap above-average benefits from this trend in 2021 and beyond. What is more, extraordinarily positive business performance can be expected in the first quarter of 2021 at least, particularly in Europe, underpinned by the restrictions in place as a consequence of the COVID-19 pandemic, though this might be followed by volatility in consumer behavior in subsequent quarters as public life gradually returns to normal.

On this basis and using the liquidity base that has been significantly reinforced in recent months, the Group plans to systematically pursue its growth strategy, but without relinquishing the core profitability it has achieved. Assuming stable exchange rates, home24 anticipates revenue growth of between +20% and +40% in the 2021 financial year. The Group is also striving for an adjusted EBITDA margin of between 0% and +2% for the 2021 financial year. The outlook considers both the expectation of a strong first quarter and the strong basis for comparison with the previous year from Q2 2020 onward and the possibility of increased volatility in consumer demand in Q2 through Q4 2021. home24 will continuously monitor the outlook throughout the year and update it as required.

In order to pursue further growth targets, the Group will moderately increase the cash flow from investing activities compared with the previous year. Furthermore, the Group anticipates a significant increase in net working capital, mainly due to the temporary waiver of early payment of outstanding receivables arising from installment purchases in Brazil. In terms of the Company's non-financial key performance indicators, the Management Board also expects the number of orders and the number of active customers to rise in the coming year in line with the revenue projections. A material change in the average order value is not anticipated.

6. CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement published in accordance with Sections 289f [1] and 315d of the German Commercial Code (HGB), together with the Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG), is contained in the Corporate Governance Report and at the same time forms an unaudited, integral part of the Combined Management Report. In accordance with Section 161 of the German Stock Corporation Act (AktG), the Declaration of Conformity is available on the parent company's website at http://irpages2.eqs.com/download/companies/homevierundzwanzig/CorporateGovernance/201228_home24%20SE_declaration_of_conformity_DCGK_English.pdf.

7. NON-FINANCIAL REPORT

The Non-financial Report for the home24 Group is included in this Annual Report in accordance with Section 315b HGB.

8. REPORT ON THE REMUNERATION OF MEMBERS OF GOVERNING BODIES

The reporting on the remuneration of members of the governing bodies of home24 SE and the Group is included in the Remuneration Report. This Remuneration Report is a component of the Corporate Governance Report and the Combined Management Report.

9. TAKEOVER-RELATED DISCLOSURES

The takeover-related disclosures required pursuant to Sections 289a (1) [2] and 315a (1) [1] HGB and the explanatory report for home24 SE and the Group are part of the Combined Management Report and are presented in the Corporate Governance Report.

10. SUPPLEMENTARY MANAGEMENT REPORTING ON THE ANNUAL FINANCIAL STATEMENTS OF HOME24 SE

The Management report of home24 SE and the Group Management Report have been combined. The following statements are based on the Annual Financial Statements of home24 SE, which have been prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act in conjunction with Art. 61 of Council Regulation (EC) No 2157/2001.

10.1. Business Activities

home24 SE is the parent company of the Group. The Company's registered office is located in Berlin, Germany. Its business activities principally comprise the development, care, procurement, marketing and sale of home & living products. Other activities include management of the online shops, customer services, human resources management, IT and financial and risk management. The country-specific home24 websites and fashionforhome.de website are part of home24 SE.

As the Group parent, home24 SE is represented by its Management Board, which is responsible for the direction of the Group and the Company's strategy.

The Annual Financial Statements of home24 SE are prepared in accordance with the German Commercial Code (HGB). The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This gives rise to differences in accounting policies. The differences mainly relate to the accounting for internally generated intangible assets, leases, share-based payment and provisions.

[1] Standards pursuant to Art. 83 (1) of the Introductory Act to the German Commercial Code (EGHGB) in the version applicable before ARUG II entered into force.

[2] Standards in each case pursuant to Art. 83 (1) of the Introductory Act to the German Commercial Code (EGHGB) in the version applicable before ARUG II entered into force.

home24 SE has extensive supply and service relationships with its subsidiaries. Purchased services primarily comprise logistics, sales and quality assurance. The services home24 SE provides for its subsidiaries mainly concern administrative and IT services and subletting store and warehouse space. Supply relationships concern the sale of returns from customer orders.

10.2. Financial Position, Cash Flows and Financial Performance

The financial performance of home24 SE is presented in the condensed income statement below, classified by types of expense, and shows revenue growth in the reporting period with rising expenses for materials and an increase in other operating income.

Net income/loss for the year is the key control parameter for the single-entity Financial Statements of home24 SE.

In EURm	**2020**	**2019**	**Change**	**Change in %**
Revenue	397.8	287.5	110.3	38%
Other operating income	63.6	2.1	61.5	>100%
Cost of materials	-273.1	-219.7	-53.4	24%
Personnel expenses	-24.3	-20.9	-3.4	16%
Depreciation and amortization	-3.6	-3.3	-0.3	9%
Other operating expenses	-95.1	-83.1	-12.0	14%
Operating result (EBIT)	**65.3**	**-37.4**	**102.7**	**>-100%**
Financial result	-1.5	-0.3	-1.2	>100%
Expenses from loss absorption	-12.1	-8.1	-4.0	49%
Income/loss for the period	**51.7**	**-45.8**	**97.5**	**>-100%**

Due in part to favorable effects on customer demand in the context of the COVID-19 pandemic, home24 SE was able to increase its revenue by EUR 110.3m to EUR 397.8m in the reporting period. The growth in revenue is primarily due to a rising number of active customers (+41%) and an increasing number of orders placed (+44%), with the average order value falling from EUR 346 to EUR 344. Overall, home24 SE's encouraging growth in the continental European sales markets is thus continuing.

Other operating income resulted mainly from reversals of past write-downs of receivables and investments in a subsidiary (EUR +60.7m in total), as the reasons for the impairments no longer applied as of the reporting date. This was due to the IPO of the indirect equity investment Mobly S.A., Sao Paulo. In addition, other operating income primarily included currency translation gains and prior-period income, including from the reversal of provisions.

The cost of materials rose by EUR 53.4m to EUR 273.1m in tandem with the growth in revenue. EUR 50.1m of this increase is attributable to expenses for goods purchased, while EUR 3.3m is attributable to the cost of services purchased from other companies in the Group.

Other operating expenses rose by EUR 12.0m to EUR 95.1m in financial year 2020, mainly due to increased advertising costs (EUR +6.6m) and higher impairment losses on trade receivables (EUR +1.9m).

The cost of absorbing the loss incurred by home24 Outlet GmbH was EUR 12.1m in financial year 2020, up from EUR 8.1m in the previous year.

The target of a slight improvement in net income/loss for the year set in the 2019 Combined Management Report was achieved and/or exceeded. Even excluding the aforementioned income from reversals of write-downs of receivables and investments in a subsidiary, net income/loss for the financial year showed a significant y-o-y improvement.

The number of employees increased in financial year 2020 from an average of 358 to 413.

The financial position of home24 SE is presented in the following condensed statement of financial position.

In EURm	**December 31, 2020**	**December 31, 2019**	**Change**	**Change in %**
Fixed assets	143.7	83.1	60.6	73%
Current assets	158.0	91.8	66.2	72%
Prepaid expenses	1.0	1.0	0.0	0%
Total assets	**302.7**	**175.9**	**126.8**	**72%**
Equity	212.7	114.6	98.1	86%
Provisions	17.5	10.7	6.8	64%
Liabilities	72.3	50.1	22.2	44%
Deferred income	0.2	0.5	-0.3	-60%
Total capital	**302.7**	**175.9**	**126.8**	**72%**

Total assets of home24 SE rose by EUR 126.8m to EUR 302.7m.

The long-term financial assets included in fixed assets increased by EUR 63.1m to EUR 126.2m due mainly to reversals of past write-downs of receivables and shares in a subsidiary (EUR +60.7m). home24 SE also issued loans to affiliated companies to finance ongoing business activities.

The rise in current assets is attributable mainly to cash (EUR +56.6m). The change in cash is explained in more detail later in this section. In addition, there was an increase in trade receivables (EUR +3.9m), due in particular to the higher business volume, and in receivables from affiliated companies (EUR +4.7m).

Equity increased by EUR 98.1m overall to EUR 212.7m due especially to the positive net income for the financial year and the EUR 46.4m capital increase implemented in December. The equity ratio stood at 70% as of December 31, 2020 (December 31, 2019: 65%).

Provisions rose by EUR 6.8m to EUR 17.5m, mainly as a result of higher provisions for outstanding purchase invoices.

The rise in liabilities is attributable in particular to the high level of payments received on account of customer orders (EUR +13.2m) and increased liabilities to affiliated companies (EUR +4.4m).

For more information on the liquidity situation of home24 SE and its financial performance, please refer to the statement of cash flows of the Group that essentially reflects the financial performance of home24 SE. Responsibility for the Group's liquidity management lies with home24 SE. The positive cash flow from operating activities of the Group and also home24 SE is mainly attributable to the positive trend in operating result and the change in net working capital. In financial year 2020, cash flow from investing activities mainly included capital injections to subsidiaries (EUR 6.2m) and payments to acquire additional shares in a subsidiary (EUR 2.1m). In the consolidated statement of cash flows, the latter are presented as cash paid to non-controlling interests within cash flow from financing activities. Cash flow from financing activities primarily reflects cash inflows from the EUR 45.6m capital increase (after deduction of transaction costs) implemented in December 2020.

Cash of EUR 98.3m (2019: EUR 41.7m) includes cash on hand and bank deposits as well as time deposits at banks that can be converted into specified cash amounts within no more than three months.

10.3. Report on risks and opportunities

The business performance of home24 SE is essentially subject to the same risks and opportunities as that of the Group. home24 SE participates fully in its subsidiaries' risks. The statements on the overall assessment of the risk situation in the Group by the Management Board are therefore also considered a summary of the risk situation of home24 SE. The description of the internal control system relevant for the financial reporting process and the risk management system for home24 SE as required by Section 289 (4) HGB is provided in the Group's risk report.

10.4. Future Performance and Outlook

The majority of the business in the Europe segment is carried out through home24 SE. Due to the close ties between home24 SE and the Group companies as well as the importance of home24 SE in the Group, please refer to the statements on the development of the markets and revenue relating to the Group. The statements also reflect the expectations for the parent company, home24 SE. In financial year 2021, the net income of home24 SE under the German Commercial Code will be below the prior-year figure due to positive one-off effects in financial year 2020, such as reversals of write-downs of receivables and shares in a subsidiary.

Berlin, March 30, 2021

Marc Appelhoff   Johannes Schaback

Brigitte Wittekind   Philipp Steinhäuser

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In EURm	Notes	December 31, 2020	December 31, 2019
Non-current assets			
Property and equipment	5.10	17.5	19.8
Intangible assets	5.11	37.0	38.9
Right-of-use assets	5.25	43.7	47.6
Other financial assets	5.12/5.26	10.7	9.2
Other non-financial assets	5.13	0.6	5.0
Total non-current assets		**109.5**	**120.5**
Current assets			
Inventories	5.14	41.3	38.7
Advance payments on inventories	5.14	1.9	2.0
Trade receivables	5.15	16.3	13.1
Other financial assets	5.12/5.26	3.6	3.2
Other non-financial assets	5.13	12.2	7.1
Cash and cash equivalents	5.16	103.1	45.6
Total current assets		**178.4**	**109.7**
Total assets		**287.9**	**230.2**

In EURm	Notes	December 31, 2020	December 31, 2019
Equity			
Subscribed capital	5.17	29.1	26.4
Treasury shares	5.17	0.0	–0.1
Capital reserves	5.17	122.8	79.9
Other reserves	5.18	-21.9	–4.7
Accumulated losses		-15.2	–1.9
Equity attributable to the owner of the parent company		**114.8**	**99.6**
Non-controlling interests	5.18	-0.5	–13.7
Total equity		**114.3**	**85.9**
Non-current liabilities			
Borrowings	5.21/5.26	5.7	1.3
Lease liabilities	5.25	36.5	40.7
Other financial liabilities	5.19/5.26	1.1	0.5
Other non-financial liabilities	5.20	0.5	0.0
Provisions	5.24	2.1	2.1
Deferred tax liabilities	5.9	1.0	0.5
Total non-current liabilities		**46.9**	**45.1**
Current liabilities			
Borrowings	5.21/5.26	5.9	8.8
Lease liabilities	5.25	11.5	10.9
Trade payables and similar liabilities	5.22/5.27	64.0	55.3
Contract liabilities	5.23	27.0	12.2
Income tax liabilities		0.2	0.1
Other financial liabilities	5.19/5.27	5.7	5.2
Other non-financial liabilities	5.20	10.8	6.2
Provisions	5.24	1.6	0.5
Total current liabilities		**126.7**	**99.2**
Total liabilities		**173.6**	**144.3**
Total equity and liabilities		**287.9**	**230.2**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EURm	Notes	2020	2019
Revenue	5.1	491.9	371.6
Cost of sales		-264.4	-207.8
Gross profit		**227.5**	**163.8**
Selling and distribution costs		-191.8	-185.9
Impairment losses on financial assets	6.	-3.5	-1.3
Administrative expenses		-42.2	-42.2
Other operating income	5.2	1.6	3.7
Other operating expenses	5.3	-1.8	-1.9
Operating result (EBIT)		**-10.2**	**-63.8**
Finance income	5.4	0.6	1.3
Finance costs	5.4	-6.8	-5.9
Loss before taxes		**-16.4**	**-68.4**
Income taxes	5.9	-0.7	0.5
Loss for the period		**-17.1**	**-67.9**
Loss attributable to:			
Owners of the parent company		-16.1	-66.2
Non-controlling interests		-1.0	-1.7
Earnings per share (in EUR); basic (=diluted)	5.7	-0.61	-2.53
Average number of shares in circulation (in m); basic (=diluted)	5.7	26.6	26.2
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translation of Financial Statements of foreign operations		-0.5	-0.1
Other comprehensive loss for the period, net of tax		**-0.5**	**-0.1**
Total comprehensive loss for the period		**-17.6**	**-68.0**
Loss attributable to:			
Owners of the parent company		-16.5	-66.3
Non-controlling interests		-1.1	-1.7

CONSOLIDATED STATEMENT OF CASH FLOWS

In EURm	Notes	2020	2019
Cash flow from operating activities			
Loss before taxes		-16.4	-68.4
Depreciation of property and equipment	5.6	3.8	3.3
Amortization of intangible assets	5.6	8.0	18.4
Depreciation of right-of-use assets	5.6/5.25	10.9	10.4
Non-cash expenses from share-based payments	5.8	2.9	3.5
Other non-cash income and expenses		0.0	0.1
Change in provisions		1.3	-0.1
Change in net working capital			
Change in inventories and advanced payments for inventories		-5.5	-5.8
Change in trade receivables and other assets		-9.2	-3.1
Change in trade payables and other payables		19.6	5.0
Change in contract liabilities		15.9	-2.4
Change in other assets/liabilities		0.6	0.0
Income taxes paid, less reimbursements		0.1	-0.1
Cash flow from operating activities		**32.0**	**-39.2**
Cash flow from investing activities			
Payments to aquire property and equipment	5.10	-3.6	-10.9
Payments to aquire intangible asstets	5.11	-7.1	-10.7
Proceeds from the sale of property and equipment		0.3	0.0
Change in restricted cash and long-term deposits/securities	5.12	-1.6	-0.3
Proceeds from government grants		0.6	0.1
Cash flow from investing activities		**-11.4**	**-21.8**
Cash flow from financing activities			
Proceeds from capital increases by shareholders less transaction costs	5.17	45.6	-0.3
Cash paid to owners and non-controlling interests	5.17	-2.3	0.0
Proceeds from borrowings	5.26	16.4	8.9
Repayment of borrowings	5.26	-12.0	-3.0
Redemption of lease liabilities	5.25	-10.3	-9.1
Proceeds from lease incentives received	5.25	0.0	1.6
Cash flow from financing activities		**37.4**	**-1.9**
Net change in cash and cash equivalents		**58.0**	**-62.9**
Cash and cash equivalents at the beginning of the period		45.6	108.6
Effect of exchange rate changes on cash and cash equivalents		-0.5	-0.1
Cash and cash equivalents at the end of the period		**103.1**	**45.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2019

		Equity attributable to the owners of the parent company		
In EURm	**Notes**	**Subscribed capital**	**Treasury shares**	**Capital reserves**
As of January 1, 2019		**26.1**	**-0.1**	**125.4**
Loss for the period				
Other comprehensive income for the period				
Total comprehensive loss for the period		**0.0**	**0.0**	**0.0**
Proceeds from shares issued	5,17	0.3		
Utilization of free capital reserve	5,17			-45.8
Equity-settled share-based payments	5,8			0.3
As of December 31, 2019		**26.4**	**-0.1**	**79.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020

		Equity attributable to the owners of the parent company		
In EURm	**Notes**	**Subscribed capital**	**Treasury shares**	**Capital reserves**
As of January 1, 2020		**26.4**	**-0.1**	**79.9**
Loss for the period				
Other comprehensive income for the period				
Total comprehensive loss for the period		**0.0**	**0.0**	**0.0**
Proceeds from shares issued	5,17	2.7		43.7
Transaktionskosten abzüglich Steuern				-0.8
Purchase of non-controlling interests	5,18			
Equity-settled share-based payments	5,8		0.1	
As of December 31, 2020		**29.1**	**0.0**	**122.8**

	Equity attributable to the owners of the parent company						
	Other reserves						
	Currency translation reserve	Reserve for changes in accounting policies	Transactions with non-controlling interests	Retained earnings/ accumulated losses	Total	Non-controlling interests	Total equity
	2.6	**0.1**	**-7.3**	**15.5**	**162.3**	**-12.1**	**150.2**
				-66.2	-66.2	-1.7	-67.9
	-0.1				-0.1	0.0	-0.1
	-0.1	**0.0**	**0.0**	**-66.2**	**-66.3**	**-1.7**	**-68.0**
				-0.1	0.2	0.0	0.2
				45.8	0.0		0.0
				3.1	3.4	0.1	3.5
	2.5	**0.1**	**-7.3**	**-1.9**	**99.6**	**-13.7**	**85.9**

	Equity attributable to the owners of the parent company						
	Other reserves						
	Currency translation reserve	Reserve for changes in accounting policies	Transactions with non-controlling interests	Accumulated losses	Total	Non-controlling interests	Total equity
	2.5	**0.1**	**-7.3**	**-1.9**	**99.6**	**-13.7**	**85.9**
				-16.1	-16.1	-1.0	-17.1
	-0.4				-0.4	-0.1	-0.5
	-0.4	**0.0**	**0.0**	**-16.1**	**-16.5**	**-1.1**	**-17.6**
					46.4	0.0	46.4
					-0.8		-0.8
	0.2		-17.0	0.0	-16.8	14.3	-2.5
				2.8	2.9	0.0	2.9
	2.3	**0.1**	**-24.3**	**-15.2**	**114.8**	**-0.5**	**114.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

home24 SE (the "Company") is a listed European stock corporation and the parent company of the home24 Group ("home24" or the "Group"). Shares in home24 SE were admitted for trading on the Frankfurt Stock Exchange (Prime Standard) on June 15, 2018. The Company's registered address is Greifswalder Straße 212-213, 10405 Berlin, Germany. The Company is entered in the commercial register at the Charlottenburg Local Court (HRB 196337 B).

home24 considers itself a go-to destination for home&living online shopping in continental Europe, where it operates in seven countries predominantly under the "home24" brand, and in Brazil, where the Group operates under the "Mobly" brand.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

The Consolidated Financial Statements for the financial year ended December 31, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) as of the reporting date. The provisions of Section 315e (1) of the German Commercial Code (HGB) have also been taken into account.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

These Consolidated Financial Statements have been prepared on a going-concern basis.

The Consolidated Financial Statements are prepared in euros (EUR), which is the functional currency of home24 SE and the presentation currency of the Group. Unless indicated otherwise, all figures in the Consolidated Financial Statements have been rounded to millions of euros (EURm). This can result in rounding differences and the percentages presented may not precisely reflect the figures they refer to

CURRENCY TRANSLATION

Foreign currency transactions are translated into the Group companies' functional currency using the spot rate prevailing at the dates of the transactions. Monetary assets and liabilities of Group companies denominated in foreign currencies are translated into the functional currency using the closing rate on each reporting date, and any resulting translation differences are recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are recognized in the Statement of Comprehensive Income under Finance income and Finance costs. All other foreign exchange gains and losses are recognized within other operating income/expenses. Non-monetary items in foreign currencies are translated using historical rates.

The functional currencies of the foreign subsidiaries are determined in accordance with the provisions of IAS 21. Assets and liabilities of foreign operations with functional currencies other than the euro are translated into euros at the closing rate prevailing on the reporting date. Income and expenses from foreign operations are translated into euros at average monthly exchange rates. Foreign exchange differences are recognized in other comprehensive income and shown in the currency translation reserve in equity unless the currency translation difference is attributable to non-controlling interests.

2.2. Principles of Consolidation

BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise home24 SE and its subsidiaries over which the Company has control as defined in IFRS 10. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the significant activities of the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The subsidiaries' Financial Statements are prepared to the same closing date as the parent company's Financial Statements. The Financial Statements of the companies included in the Consolidated Financial Statements have been prepared based on the uniform accounting policies of the parent company home24 SE.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group entities are eliminated in full on consolidation.

BUSINESS COMBINATIONS

The Group accounts for business combinations applying the acquisition method. When a newly acquired subsidiary's is consolidated for the first time, all acquired assets and liabilities are recognized at their fair value at the acquisition date. Any positive difference between the purchase costs and the fair value of identifiable net assets is recognized as goodwill. Any negative difference is recognized in the Statement of Comprehensive Income. Incidental acquisition costs are expensed.

NON-CONTROLLING INTERESTS

A change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Any surplus or shortfall in relation to the consideration paid versus the carrying amount of the non-controlling interest is recognized in the parent company's equity in the case of transactions where a non-controlling interest is acquired or sold without a loss of control. The Group has opted to report these effects under the other reserves.

Profits or losses and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group's parent and to non-controlling interests, even if this results in the non-controlling interests having a negative balance.

2.3. Summary of Significant Accounting Policies

CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period
- 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 liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

PROPERTY AND EQUIPMENT

Property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses, where required. The present value of the expected costs of disposing of or dismantling and removing an asset after its use is included in the cost of the asset if the recognition criteria for a provision are met.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the Statement of Comprehensive Income for the financial year within "Other operating income" or "Other operating expenses".

Property and equipment are depreciated on a straight-line basis i.e., the depreciable amount as the difference between the cost of the asset and its residual value is distributed evenly over its estimated useful life:

	Useful life in years
Operating and office equipment including leasehold improvements	3–23
Hardware	2–8
Vehicles	5

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

INTANGIBLE ASSETS

The Group's intangible assets comprise internally generated and acquired software and other licenses as well as goodwill.

Internally generated software directly attributable to the design and testing of identifiable and unique software products controlled by the Group is recognized as an intangible asset if the following criteria are met:

- It is technically feasible to complete the software enabling internal use of the sale of the software product;
- The Group intends to complete the software product and is able and willing to use or sell it;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources are available to complete development of the software product; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product mainly include the software development employee cost. Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense will not be recognized as an asset in a subsequent period.

Acquired software and other licenses are recognized at the costs incurred to acquire them and bring them to use.

Goodwill acquired through acquisitions is reported at initial recognition in the amount of the positive difference between the purchase price and the fair value of the acquired identifiable net assets. Following initial recognition, goodwill is measured at cost less cumulative impairment losses.

Intangible assets, with the exception of goodwill and domain rights, which are included in acquired software and other licenses, have finite useful lives and are amortized on a straight-line basis over their respective economic lives:

	Useful life in years
Internally generated software	1-7
Acquired software and other licenses	3-7

Amortization of internally developed and acquired software begins when the software is in the condition necessary for it to be capable of operating in the manner intended by management.

Goodwill, domain rights and intangible assets under development are tested annually (as of December 31) for impairment at cash-generating unit level. An impairment test is also conducted if circumstances indicate that the carrying amount may be impaired.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If there are such indications or an annual impairment test is required, the Group estimates the recoverable amount of the relevant asset.

When testing for impairment, the carrying amount of the asset is compared with its recoverable amount. The recoverable amount of an asset is the higher of its fair value (determined in accordance with IFRS 13) less costs to sell and its value in use. The Group calculates only one of the two amounts if that amount already exceeds the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated as of the acquisition date to the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those cash-generating units.

A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets. If the carrying amount of a cash-generating unit exceeds its recoverable amount, the cash-generating unit is considered impaired and is written down to its recoverable amount. Impairment losses are recognized through profit or loss. An impairment loss recognized for goodwill may not be reversed in subsequent periods.

Further details on impairment of non-financial assets are provided under note 5.11.

LEASES – GROUP AS LESSEE

According to IFRS 16 "Leases", the Group assesses at inception of a contract 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.

If a contract is, or contains, a lease, the Group recognizes 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, less any lease incentives received, plus any initial direct costs incurred and the estimated costs incurred by the Group for dismantling and removing the underlying asset or restoring the underlying asset to the state required in the lease.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. 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 present value of the lease payments for the respective lease that are not yet paid at the commencement date, discounted using the Group's incremental borrowing rate.

The Group's lease payments included in the measurement of the lease liability comprise fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or the rate as at the commencement date.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset, a change in future lease payments resulting from a change in an index or a rate.

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 recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Neither a right-of-use asset nor a lease liability is recognized for short-term leases (i.e., a lease term of twelve months or less) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group's leases mainly comprise real estate, primarily for its office space, retail stores (showrooms and outlets) and warehouses.

LEASES – GROUP AS LESSOR

The Group sublets parts of its leased office and warehouses spaces to third parties.

The Group's subleases are classified as operating leases, since the Group does not transfer substantially all of the risks and rewards incidental to ownership of an asset. Lease income is recognized on a straight-line basis over the term of the leases and is reported under other operating income due to its operational nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as the lease income.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity.

Accounting for financial assets

Classification and Measurement

Financial assets are reported at fair value at initial recognition. For the purpose of their subsequent measurement, financial assets are at initial recognition classified either as debt instruments measured at amortized cost, as debt instruments or equity instruments measured at fair value through other comprehensive income (OCI) or as debt instruments, derivatives and equity instruments measured at fair value through profit or loss.

How financial assets are classified at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group's business model for managing its financial assets. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group measures a financial asset at the date of its initial recognition at fair value plus (in the case of a financial asset not at fair value through profit or loss) transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined in accordance with IFRS 15.

IFRS 9 distinguishes between the following measurement categories in which financial assets are classified:

- Debt instruments at amortized cost (AC): This category is the most relevant for the Group and encompasses assets that are held to collect contractual cash flows, whereby the cash flows solely comprise payments of interest and principal on the outstanding capital amount ("held to collect"). They are measured at amortized cost using the effective interest rate method. Gains and losses are recognized through profit or loss if the instrument is derecognized or an impairment loss is recognized. As of the reporting date, the Group's non-current financial assets, cash and cash equivalents, trade receivables and other financial assets (with the exception of currency forwards) fall under this category.

- Debt instruments at fair value through other comprehensive income (FVOCI): Assets that are held for both, collecting contractual cash flows and selling financial assets, and whereby the cash flows solely comprise payments of interest and principal on the outstanding capital amount, are measured at fair value through other comprehensive income. Interest income, foreign currency gains/losses from subsequent measurement and impairment losses or reversals of impairment losses are recognized in the income statement. The remaining fair value changes are shown in other comprehensive income. When the financial asset is derecognized, the accumulated net gains or losses previously recognized in other comprehensive income are reclassified to profit or loss. As of the reporting date, the Group does not hold any financial assets that would be classified within this category.

- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL): Debt instruments that do not meet the criteria for classification as "at amortized cost" or "FVOCI", as well as derivatives and equity instruments are measured at fair value through profit and loss. Fair value changes to these instruments are recognized through profit or loss. The Group's foreign currency forwards fall under this category.

- Equity instruments designated as measured at FVOCI, with gains and losses remaining in other comprehensive income: Equity instruments are usually measured at fair value through profit or loss. However, at initial recognition, an entity has the option of presenting changes in fair values in other comprehensive income. When the instrument is sold, the accumulated gains and losses in other comprehensive income are not reclassified to the income statement, and impairment losses are also not recognized through profit or loss. The Group does not hold any financial assets that would be classified within this category.

In addition, the Group recognizes financial assets from security deposits provided in connection with tax litigation. The security deposit gives the Group the right to obtain future economic benefits by either receiving a cash refund or using the payment to settle the potential tax liability. Due to the lack of specific rules on accounting for such security deposits in IFRS, the Group has chosen the following accounting method with reference to the rules of IAS 8.10. The asset is recognized at cost, which corresponds to the expected future payments.

A purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned (regular way purchase or sale) are recognized at the trade date, i.e. at the date that the Group commits itself to purchasing or selling the asset.

Impairment of Financial Assets

The Group evaluates all financial assets not measured at fair value through profit or loss in accordance with the expected credit loss (ECL) model. The amount of the impairment depends on the allocation of the financial instrument to one of the following stages:

- Stage 1: All financial instruments are allocated to stage 1 at initial recognition. The expected credit loss corresponds to the loss arising from possible default events in the twelve months following the reporting date ("12-month ECL")).

- Stage 2: This stage includes financial instruments that have had a significant increase in credit risk since initial recognition. For these assets, risk allowances must take into account the present value of all expected losses over the expected life of the financial instrument ("lifetime ECL").

- Stage 3: This stage includes financial assets for which there is objective evidence of impairment at the reporting date. For these assets, "lifetime ECL" is recognized and interest revenue is calculated on the net carrying amount (that is, net of risk allowances).

Given that trade receivables are short-term in nature and therefore the financing component is not significant, the Group applies the simplified approach permitted under IFRS 9. This approach involves measuring an impairment from inception at an amount equal to the lifetime expected credit losses.

Derecognition of Financial Assets
A financial asset is derecognized if one of the following criteria is met:

- The contractual rights to receive the cash flows of the financial asset have expired

- The Group has transferred its contractual rights to receive the cash flow of the financial asset to third parties or assumed a contractual obligation to an immediate payment of the cash flow to a third party under a pass-through arrangement, thereby transferring substantially all risks and rewards of the ownership of the financial asset.

If the Group neither transfers nor retains substantially all risks and rewards of the ownership of this asset, nor transfers the control of the asset, it continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the Group also recognizes the liability associated with it. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained by the entity.

If the continuing involvement guarantees the transferred asset, the extent of the continuing involvement corresponds to the lower of the asset's initial carrying amount and the maximum amount of the consideration received which the Group might have to pay back.

Financial liabilities
Financial liabilities are recognized initially at fair value and, in the case of borrowings, net of directly attributable transaction costs.

The Group's financial liabilities are subsequently accounted for at amortized cost using the effective interest rate method and at fair value through profit or loss. The first category covers financial liabilities, trade payables and similar liabilities, and other financial liabilities. The second category covers foreign currency forwards held for trading.

Derecognition of Financial Liabilities
A financial liability is derecognized when the underlying obligation is performed or canceled or expires. If an existing financial liability is exchanged for another financial liability of the same lender with substantially different terms or if the terms of an existing liability are substantially modified, the exchange or modification is accounted for as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amounts is recognized in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are only offset and their net amount recognized in the Statement of Financial Position if the entity has a legally enforceable right to offset and intends to do so.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank deposits and short-term, highly liquid deposits that can be converted into fixed amounts of cash within no more than three months and are not exposed to any significant risk of changes in value in the form of interest rate or credit risk.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash as defined above.

INVENTORIES

Inventories are recognized at the lower of cost and net realizable value. The cost of inventories is determined on the basis of the weighted average cost. The cost of inventories includes the cost of purchase, conversion and shipping incurred in bringing the inventories to their present location and condition.

Impairments due to damaged, obsolete and slow-moving items of inventory are recognized in order to properly reflect the value of inventories in the Statement of Financial Position. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

PROVISIONS

Provisions are non-financial liabilities of uncertain timing or amount. They are recognized if the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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

Among other things, the Group recognizes provisions for the dismantling of installations to warehouses and office buildings or to restore leased assets to the condition required by the lease agreement at the present value of the estimated future costs to be incurred in dismantling and removing the installations. The restoration obligations are added in the corresponding amount to the installations shown in the Statement of Financial Position or to the capitalized right-of-use assets.

SUBSCRIBED CAPITAL

Subscribed capital (no-par value shares with discretionary dividends) is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction (net of tax) from the transaction proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognized as capital reserves in equity.

TREASURY SHARES

Any treasury shares acquired by the Group are recognized at cost and deducted from equity. The acquisition, disposal, issue or cancellation of treasury shares is recognized through other comprehensive income.

SHARE-BASED PAYMENT

The Group holds share-based payment plans that are settled with equity instruments. Under these plans, the Group receives services from Management Board members and employees in return for the Company's equity instruments.

The fair value of the share-based payment awards at the time they are granted is recognized as personnel expenses on a straight-line basis over the vesting period and recognized in equity with a corresponding counter entry. The contractual services through which the counterparty will acquire the legal right to exercise the instruments are to be provided during the vesting period. For awards with graded vesting features, each tranche of the instrument is treated as a separate grant by distributing the personnel expenses over the respective tranche's vesting period. Personnel expenses are determined for the number of awards that are expected to vest, taking into account non-market-based factors. The number is estimated at the grant date and at the end of each reporting period. Any changes to estimates are recognized in the income statement with a corresponding counter entry in retained earnings/accumulated losses in equity. If the terms and conditions of existing payment awards are modified, the difference between the fair values of the original awards and the modified awards is determined at the date of the modification; any incremental fair value granted is allocated over the remaining vesting period. If the period of service begins before the terms and conditions of a grant are finally agreed or if the terms and conditions are subject to board approval, a provisional fair value measurement is performed and updated when the terms and conditions are finally agreed or no longer subject to board approval.

The Group also entered into share-based payment arrangements for the purchase of media services. Expenses for media services are recognized at fair value in the vesting period. The counter entry for equity-settled remuneration agreements is made in equity against capital reserves, while the cash-settled remuneration agreements are recognized in liabilities. The fair value of media services as part of agreements settled with equity instruments is determined when the service is performed. The corresponding liability for agreements settled with cash is recognized at fair value as of the reporting date. In the 2020 financial year, media services with share-based payment arrangements were no longer utilized.

REVENUE

The Group recognizes revenue in accordance with IFRS 15 "Revenue from Contracts with Customers". Revenue is generally recognized at an amount that reflects the consideration the Group can expect to receive in return for transferring goods or services to customers (less rebates, returns and value added tax). The Group recognizes revenue when the corresponding performance obligation is satisfied by the transfer of the goods or services promised. It is satisfied when the customer has gained control of the goods i.e., after the goods have been delivered or the services have been provided to the customer.

The Group generates revenue mainly by selling furniture and home furnishing through its web shops and outlets.

The identified performance obligations of the Group mainly comprise the sale of goods including delivery and assembly services, both of which are fulfilled at the time of delivery. Sold goods are subject to a 30-day right of return.

In its sales transactions, home24 is generally acting as a principal, as home24 usually controls the goods before those goods are transferred to the customer. The Group assumes that this is also the case when the goods are delivered directly by the manufacturer to the customer, as home24 has primary delivery responsibility vis-à-vis the customers and is responsible for customer acceptance of the ordered merchandise, the Group retains inventory risk and the price is set only by home24.

In the LatAm segment, the Group partially operates as an agent for the purpose of sales transactions, where third parties sell their products via the Group's webshop. In this event, the Group recognizes commission corresponding to the net amount which it receives for these intermediary activities.

Right of returns

The Group generally grants its customers the right to return purchased products. As a result of a right of return, the consideration the Group is entitled to receive is variable and revenue is only recognized to the extent that the product is not expected to be returned. To estimate variable consideration, the Group uses and regularly adjusts country-specific historical data and experience.

The Group recognizes an asset (and a corresponding adjustment to cost of sales) for its right to recover goods from customers for expected returns. The asset is measured at the original carrying amount of the inventories less expected costs to recover the products, including potential decreases in the value of the returned products. The asset is presented under other non-financial assets.

If the customer has already paid the amount receivable for a product that is expected to be returned at a future date, the Group recognizes a refund liability, which is presented under other current financial liabilities.

Significant financing component

Customer contracts are settled by prepayment, credit card, invoicing, PayPal and other country-specific payment methods. Among other methods, the Group offers its customers in the German and Brazilian markets payment by installments, in which case the payments are due within twelve months at the latest. These contracts contain a financing component, as the date of receipt of the consideration differs from the timing of transfer of the goods to the customer. Electing to apply the option granted under IFRS 15, the Group does not present the financing component as interest income or expense and presents the total consideration as revenue.

Contract balances

Trade Receivables

A receivable represents the Group's unconditional right to an amount of consideration (i.e., only the passage of time is required before payment of the consideration is due). The accounting policies for financial assets are explained in this section under "Financial instruments".

Contract Liabilities

A contract liability is recognized if the customer makes the payment or the Group has an unconditional right to a certain amount of consideration, i.e. a receivable, before the Group transfers the goods or services to a customer. A contract liability is the Group's obligation to transfer goods or services to a customer for which it has received or is entitled to receive consideration from the customer. Contract liabilities are recognized as revenue when the Group fulfills its contractual obligations.

COST OF SALES

Cost of sales consists of the purchase price of goods acquired plus inbound shipping and handling charges. Shipping charges and handling charges for incoming goods are included in the inventory and recognized as cost of sales upon sale of products to the customers. Cost of sales also includes loss allowances on inventories.

GOVERNMENT GRANTS

Government grants are recognized if there is reasonable assurance that the grant will be received and the Company or its subsidiaries comply with the conditions attaching to it. They are reported as deferred income under non-current non-financial liabilities and are recognized in profit or loss on a systematic basis over the useful life of the subsidized asset. If it is uncertain that the conditions under which the grant was received will be satisfied, these grants are shown in their full amount under other financial liabilities.

INCOME TAXES

Income taxes are recognized in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. Income tax expense/income comprises current tax and deferred tax and is generally recognized in the Statement of Comprehensive Income for the financial year. Income tax expense/income that relates to items recognized outside profit or loss is also recognized outside profit or loss. It is recognized either in other comprehensive income or directly in equity according to where the underlying transaction was recognized.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, in accordance with the initial recognition exemption, no deferred taxes are recognized for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction at initial recognition affects neither the profit/loss for the period under IFRS nor the taxable profit.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carryforwards will be utilized.

Deferred tax assets for deductible temporary differences and tax loss carryforwards are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax loss carryforwards can be utilized.

The Company controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal ("outside basis differences"). Deferred tax liabilities are not recognized on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

home24 recognizes uncertain income tax positions if it is probable that the taxation authorities will not accept an uncertain income tax treatment. Uncertainties regarding income tax treatment are continuously analyzed. If an uncertain tax position is assumed, an appropriate provision for risks is made. This risk provisioning also changes as a result of discussions in connection with tax audits or new developments in court rulings. The amount of the risk provision corresponds to the measurement of existing tax uncertainties at the most likely amount or at the expected value. Insofar as uncertain tax liabilities or uncertain tax assets exist, these are shown as current or deferred tax liabilities or assets.

3. KEY ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Management makes estimates and assumptions that affect the amounts recognized in the Financial Statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are continually reviewed and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimates, in the process of applying the accounting policies. In particular, critical estimates and judgments are made in:

- Determining the fair value of share-based payment and the number of awards expected to vest; see note 5.8
- Measuring and identifying loss allowances on inventories and trade receivables; see note 5.14 and note 6.
- Determining expected return rates; see note 2.3 Revenue, note 5.13 and note 5.19
- Assessing the probable recoverability of deferred tax assets; see note 5.9
- Measuring impairment losses on non-financial assets; see note 2.3 Impairment of non-financial assets and note 5.11
- Determining lease terms and the incremental borrowing rate; see note 5.25
- Presenting reverse factoring agreements in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flow; see note 5.22
- Assessing the probability of occurrence and the amount of the outflow of resources when recognizing and measuring provisions and contingent liabilities; see note 9.

4. NEW FINANCIAL REPORTING STANDARDS

4.1. Effects of New and Amended IFRSs Relevant for Financial Year 2020

The Consolidated Financial Statements take into account all IFRSs endorsed as of the reporting date and whose adoption is mandatory in the European Union (EU). The financial reporting standards listed below, which were effective as of January 1, 2020, had no impact on the Consolidated Financial Statements.

- Amendments to references to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Materiality
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (Phase 1)
- Amendments to IFRS 16: COVID-19 Related Concessions (effective as of June 1, 2020)

4.2. Standards Issued but not yet Effective

The following standards had already been adopted by the IASB but were not yet effective at the time the Consolidated Financial Statements were released for publication. The Group intends to apply these new and amended standards and interpretations from their effective date.

Standard	**Effective date**	**Effects**
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 und IFRS 16: Interest Rate Benchmark Reform (Phase 2)	January 1, 2021	No effects expected
Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9	January 1, 2021	No effects expected
Amendments to IFRS 3: Reference to the Conceptual Framework	January 1, 2022 [1]	No effects expected
Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract	January 1, 2022 [1]	No effects expected
Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022 [1]	No effects expected
Annual Improvment Project 2018 - 2020: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1, 2022 [1]	No effects expected
IFRS 17: Insurance Contracts	January 1, 2023 [1]	No effects expected
Amendments to IAS 1: Classification of liabilities as current or non-current	January 1, 2023 [1]	No effects expected
Amendments to IAS 1: Disclosure of Accounting Policies	January 1, 2023 [1]	No effects expected
Amendments to IAS 8: Definition of Accounting Estimates	January 1, 2023 [1]	No effects expected

[1] Not yet endorsed by the EU as of December 31, 2020.

5. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED STATEMENT OF CASH FLOWS

5.1. Revenue

The Group generated revenue of EUR 491.2m (2019: EUR 370.4m) from the sale of furniture and home furnishings, mainly through its web shops, outlets and showrooms. In its LatAm segment, the Group also uses third-party websites to sell its goods (marketplace model). Revenue from the sale of furniture and fixtures includes EUR 1.2m (2019: EUR 0.9m) in revenue from sales transactions in which the Group acts as an agent. The Group also recognized other revenue of EUR 0.7m (2019: EUR 1.2m).

The following table shows the breakdown of external revenue from contracts with customers by major geographic market:

In EURm	2020	2019
Europe	389.2	278.3
Brazil	102.7	93.3
Total	**491.9**	**371.6**

The following table provides information on receivables and liabilities arising from contracts with customers:

In EURm	December 31, 2020	December 31, 2019
Trade receivables	16.3	13.1
Contract liabilities	27.0	12.2

Information on loss allowance on trade receivables is presented under note 6. Contract liabilities are further explained under note 5.23.

5.2. Other Operating Income

In EURm	2020	2019
Currency translation gain	0.9	0.7
Income from subleases	0.3	0.2
Other	0.4	2.8
Total	**1.6**	**3.7**

In the previous financial year, other operating income of EUR 2.1m comprised income from the recognition of claims for refunds from the tax office relating to indirect taxes in the LatAm segment.

5.3. Other Operating Expenses

In EURm	**2020**	**2019**
Currency translation losses	-1.5	-0.6
Other	-0.3	-1.3
Total	**-1.8**	**-1.9**

In the previous year, other operating expenses included expenses from the adjustment of tax refund claims relating to indirect taxes.

5.4. Financial Result

In EURm	**2020**	**2019**
Foreign exchange gains	0.3	0.5
Other Interest Income	0.3	0.8
Finance income	**0.6**	**1.3**
Interest expenses from financial liabilities at amortized costs	-0.9	-0.7
Interest expenses from unwinding of discounts on lease liabilities	-1.0	-1.3
Losses from foreign currency forwards	-0.6	-0.1
Foreign exchange losses	-1.1	-0.2
Other finance costs	-3.2	-3.6
Finance costs	**-6.8**	**-5.9**

In the previous year, other interest income of EUR 0.7m was attributable to interest income in the LatAm segment that arose in connection with claims for refunds from the tax office.

Other finance costs include EUR 2.6m (2019: EUR 3.0m) in interest charged by financial service providers or business partners for early payment related to trade receivables or factoring agreements.

5.5. Employee Benefit Expenses

In EURm	**2020**	**2019**
Wages and salaries	35.9	37.7
Social security costs	6.7	7.3
Total	**42.6**	**45.0**
Share-based payment	2.9	3.2
Total	**45.5**	**48.2**

Contributions to statutory pension insurance amounted to EUR 3.6m in the financial year ended (2019: EUR 3.9m).

Employee benefit expenses were recognized in the Consolidated Statement of Comprehensive Income as follows:

In EURm	**2020**	**2019**
Included in selling and distribution costs	25.7	27.3
Included in administrative expenses	19.8	20.9
Total	**45.5**	**48.2**

Employee benefit expenses are reduced by directly attributable costs capitalized as part of internally generated software. These amount to EUR 5.2m in financial year 2020 (2019: EUR 5.7m).

5.6. Depreciation and Amortization

In EURm	**2020**	**2019**
Depreciation of property and equipment	3.8	3.3
Amortization of intangible assets	8.0	18.4
Depreciation of right-of-use assets	10.9	10.4
Total	**22.7**	**32.1**

Depreciation of property and equipment and right-of-use assets and amortization of intangible assets were recognized in the Consolidated Statement of Comprehensive Income as follows:

In EURm	**2020**	**2019**
Included in selling and distribution costs	13.0	22.6
Included in administrative expenses	9.7	9.5
Total	**22.7**	**32.1**

5.7. Earnings per Share

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to the shareholders of home24 SE by the basic weighted average number of shares outstanding.

	2020	**2019**
Loss for the period attributable to the shareholders of home24 SE (in EURm)	-16.1	-66.2
Weighted average number of shares (in m)	26.6	26.2
Earnings per Share (in EUR)	**-0.61**	**-2.53**

In accordance with IAS 33 Earnings per Share, the effects of potential shares that counter a dilutive effect were not included in the calculation of the diluted earnings per share for the financial years ended December 31, 2020 and 2019. As a result, the diluted earnings per share equal basic earnings per share.

The Company has granted 5,003,368 (2019: 4,720,153) stock options and phantom ("virtual") stock options to Management Board members and employees that could potentially dilute basic earnings per share in the future but that were not included in the calculation of the diluted earnings per share because they counteract dilution during the periods presented.

5.8. Share-based Payment

SHARE-BASED PAYMENT GRANTED TO MEMBERS OF THE MANAGEMENT BOARD AND TO EMPLOYEES

The Group uses share-based payment awards to incentivize performance by the members of the Management Board and selected employees in key positions and to retain them within the Group. All share-based payment awards granted to Management Board members and employees are treated as equity-settled share-based payment transactions as defined by IFRS 2. This also applies to commitments that give the Company the choice of settling compensation in cash, because the Company plans on share-based settlement, as in the past. The contents of the individual remuneration plans are presented below.

Long-Term Incentive Plans (LTIP)

LTIP enables Management Board members and employees to participate in increases in the Company's equity value by receiving performance shares that are linked to the performance of home24 SE's shares. These instruments are designed like options: the beneficiary receives the difference in value between the higher share price and the exercise price on the exercise date – at the discretion of the Company – in the form of either cash or shares. The vesting period corresponds to one calendar year. The exercise of the awards is linked to the expiration of a four-year holding period and the attainment of a revenue growth target (CAGR) during the holding period. The number of awards issued to employees is also linked to an annual performance assessment. The performance shares may be exercised within four years of the expiration of the holding period.

Performance shares are mainly granted to employees at the end of the year, for the following performance year. In individual cases, commitments are also made during the year. The last performance shares for the one-year vesting period 2020 were granted in December of the financial year ended.

The contracts with Management Board members provide for the granting of a certain number of performance shares at a fixed exercise price in the first year of the contract. For the one-year vesting periods 2020 and 2021 the Company has agreed to grant performance shares subject to the following conditions (hereinafter referred to as: "variable performance shares"). Depending on the individual agreement, the exercise price of the instruments to be granted shall correspond to the Company's average share price in the third quarter of the calendar year ending prior to the start of the vesting period or a period to be determined by the Supervisory Board. If the total value of the instruments nominally granted exceeds an agreed limit (Cap) at the beginning of the vesting period, the number of instruments to be granted shall be reduced such that the total value of the commitment does not exceed the limit. The total remuneration of the Management Board members is also capped.

In financial year 2017, performance shares were granted to managing directors of the subsidiary Mobly Comercio Varejista Ltda. for the calendar years 2017 to 2020. and entitled to a share of the value growth of the LatAm segment. The other rules are applicable as for the LTIP of the parent company. In the 2020 financial year, these now fully vested commitments were settled early through the transactions with non-controlling interests described in note 5.18.

Virtual Stock Option Programs (VSOP)
VSOP makes it possible to participate in increases in the Company’s equity value by issuing phantom (“virtual”) options that are linked to the performance of the Company’s shares. The awards issued are settled in the form of either shares or cash at the discretion of the Company. A commitment in each case comprises several tranches with various vesting periods ranging in length from six to 48 months.

Up until financial year 2019, VSOPs were issued to managers and employees of the subsidiary Mobly Comercio Varejista Ltda. These awards entitle the holders to a share of the value growth of the LatAm segment and are additionally linked to the attainment of revenue growth targets.

In addition, there are outstanding VSOPs that were issued as part of the remuneration awarded to employees and the Management Board of home24 SE between 2010 and 2016. These awards had either fully vested or expired by the reporting date.

This type of agreement no longer forms part of the current remuneration system.

Individual Option Agreements (Call Options)
In 2012 and 2014, stock options were issued to former managing directors of home24 SE (at the time: home24 GmbH). The options entitle the holders to acquire shares of the Company. These options either vested or expired by 2016. The options still outstanding are exercisable and do not have a limited life. This type of agreement no longer forms part of the current remuneration system.

The following tables include statistics on the quantity, exercise price and remaining life of the awards granted, which are grouped according to the types of agreement explained above.

Change in the number of awards and average exercise prices

	2020		2019	
	Excercise price (in EUR)	Number	Excercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	9.64	2,820,350	15.73	898,081
Granted during the reporting period	9.56	770,659	6.86	2,072,478
Forfeited during the reporting period	7.09	-167,833	7.64	-150,209
Exercised during the reporting period	519.69	-6,132	–	0
Outstanding at the end of the reporting period	8.83	3,417,044	9.64	2,820,350
Exercisable at the end of the reporting period	**–**	**0**	**–**	**0**
VSOP				
Outstanding at the beginning of the reporting period	4.42	1,829,068	8.42	994,069
Granted during the reporting period	–	0	0.57	1,050,800
Forfeited during the reporting period	0.57	-266,421	2.87	-118,067
Excercised during the reporting period	–	0	0.02	-80,840
Expired during the reporting period	34.48	-47,058	31.84	-16,894
Outstanding at the end of the reporting period	4.16	1,515,589	4.42	1,829,068
Exercisable at the end of the reporting period	**12.39**	**437,971**	**14.55**	**485,029**
Call options				
Outstanding at the beginning of the reporting period	36.86	70,735	9.19	281,478
Excercised during the reporting period	–	0	0.02	-210,743
Outstanding at the end of the reporting period	36.86	70,735	36.86	70,735
Exercisable at the end of the reporting period	**36.86**	**70,735**	**36.86**	**70,735**

In the 2020 financial year, a total of 6,132 performance shares held by the managing directors of the subsidiary Mobly Comercio Varejista Ltda. were settled, of which 3,066 options at an exercise price of EUR 1,038.38 and 3,066 options at an exercise price of EUR 1.00. The underlying transaction for these options related to interests in Jade 1216. GmbH whose capital was not affected by home24 SE's share split, which was implemented in 2018 at a ratio of 1:43.

The weighted average share price of the options exercised in the previous year was EUR 3.51 on the date of exercise.

In addition to the options outstanding, the Management Board was promised the issue of a nominal 188,957 variable performance shares for the 2021 vesting period as well as 175,638 variable performance shares for the 2022 vesting period.

Remaining life and number of outstanding instruments by exercise price

	2020		2019	
Excercise price (in EUR)	**Remaining life (in years)**	**Number**	**Remaining life (in years)**	**Number**
LTIP				
0.02	4.7	371,957	5.7	371,957
1.00	6.3	196,041	7.3	226,583
3.23	6.9	943,161	8.0	960,667
8.17	6.2	144,723	7.2	168,464
9.93	7.9	727,785	–	0
13.00	6.8	577,500	7.8	630,000
24.14	4.9	455,877	6.0	459,613
1,038.38	–	0	6.0	3,066
Outstanding at the end of the reporting period	**6.5**	**3,417,044**	**7.2**	**2,820,350**
VSOP				
0.02	3.8	669,480	5.0	802,690
0.69	5.0	321,995	6.0	419,149
2.04	4.0	153,734	5.0	186,676
3.18	1.0	90,623	2.0	90,623
4.74	2.0	40,458	3.0	41,522
5.33	3.0	54,856	4.0	56,906
24.14	1.6	151,451	2.3	179,004
36.86	n.l.	21,769	n.l.	21,769
47.36	1.0	11,223	1.4	27,864
59.20	–	0	1.0	2,865
Outstanding at the end of the reporting period	**3.5**	**1,515,589**	**4.6**	**1,829,068**
Call Options				
36.86	n.l.	70,735	n.l.	70,735
Outstanding at the end of the reporting period	**n.l.**	**70,735**	**n.l.**	**70,735**

n.l. = not limited

Fair value disclosures

The weighted fair values of the fixed awards granted in the financial year ended are listed below:

Fair values (in EUR)	**2020**	**2019**
LTIP	9.33	2.09
VSOP	0.00	0.64

The variable performance shares promised to the Management Board for 2021 and 2022 were measured at an average of EUR 2.48 per nominally promised award.

Monte Carlo simulation was used for measurement. This method simulates future share price performance in scenarios based on the value of a share at the measurement date and assuming a normal distribution of returns. The fair value of an award is the mean of the present values of the calculated price paths. It takes into account the fact that options cannot be exercised until the holding period expires and are only exercisable during contractually permitted periods. Employees' exercise behavior was simulated based on exercise behavior to date and taking into account generally accessible empirical data. The cap and the exercise price of the variable performance shares to be determined from future average prices were simulated depending on the assumed price scenarios. When measuring the awards, the revenue growth target was taken into account by simulating future revenue on the basis of an expected mean, an expected standard deviation and correlation with the share price.

The fair values of the firmly granted awards were determined based on the following volume-weighted measurement parameters.

	2020	**2019**
Expected volatility	51.72%	43.4%
Share value (in EUR)	15.99	5.07
Expected dividends (in EUR)	0	0
Risk-free interest rate	–0.65%	–0.31%

The fair value of the variable performance shares granted to the Management Board for 2021 and 2022 was measured taking into account an average share value of EUR 6.36, a volatility of 44.90% and a risk-free interest rate of -0.38%.

The volatility is derived from historical share prices of a peer group comprising companies with comparable business models that operate in the same industries. The share value is the market price of the Company's shares at the measurement date. The risk-free interest rate is derived from prime-rated government bonds at matching maturities.

SHARE-BASED PAYMENT AS PART OF THE PURCHASE OF MEDIA SERVICES

The Company entered into an agreement to purchase media services on July 13/23, 2017. The agreement was treated as equity-settled share-based payment as defined by IFRS 2. For a percentage share of gross media volume provided, the value of the media volume at list price, the media partner received remuneration in the form of shares in home24 SE. All claims under the media services agreement were settled for the period from August 1, 2017 to May 31, 2019 and the agreement ceased to be used as of May 31, 2019.

TOTAL COST OF SHARE-BASED PAYMENT

In EURm	**2020**	**2019**
Equity-settled	2.9	3.5
thereof media services purchased	0.0	0.3
Total	**2.9**	**3.5**

5.9. Income Taxes

INCOME TAX EXPENSE/INCOME

In EURm	2020	2019
Current taxes	-0.2	-0.1
Deferred taxes	-0.5	0.6
Total	**-0.7**	**0.5**

RECONCILIATION BETWEEN EXPECTED AND CURRENT INCOME TAXES

In EURm	2020	2019
Loss before taxes	-16.4	-68.4
Expected income taxes	5.2	20.9
Unrecognized deferred tax assets on tax losses of the fiscal year	-4.0	-19.0
Share-based payment expenses, non-deductible for tax purposes	-0.9	-0.9
Other non-deductible expenses	-0.7	-0.5
Other	-0.3	0.0
Current income taxes	**-0.7**	**0.5**

The weighted average applicable tax rate was 31.5% (2019: 30.5%) and was derived from the tax rates in the individual countries weighted by earnings before taxes.

DEFERRED TAXES

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The composition of deferred taxes for temporary differences and tax loss carryforwards is presented as follows:

In EURm	December 31, 2020	Change in 2020	December 31, 2019	Change in 2019
Tax loss carryforwards	2.8	0.5	2.3	-1.1
Lease liabilities	12.1	-1.1	13.2	1.8
Other liabilities	0.1	-0.5	0.6	-0.1
Right-of-use assets	-11.5	0.9	-12.4	-1.1
Internally generated intangible assets	-6.4	-0.6	-5.8	-0.9
Intangible assets aquired in a business combination	1.6	-0.2	1.8	2.0
Other assets	0.3	0.5	-0.2	0.0
Deferred tax liabilities	**-1.0**	**-0.5**	**-0.5**	**0.6**

All changes in deferred taxes in the Statement of Financial Position during the financial year ended and the prior year were recognized in profit or loss.

Deferred income tax assets are recognized for tax loss carryforwards and deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable or deferred tax liabilities are recognized. As of December 31, 2020, deferred tax assets on tax-loss carryforwards of EUR 2.8m were recognized (2019: EUR 2.3m) as well as tax-deductible differences of EUR 14.4m (2019: EUR 16.6m). No deferred tax assets were recognized for deductible temporary differences of EUR 11.2m (2019: EUR 8.2m). Deductible temporary differences can be carried forward indefinitely.

TAX LOSS CARRYFORWARDS

As of December 31, 2020, the Group's unused tax loss carryforwards, for which there was no deferred tax asset recognized in the Statement of Financial Position, relate to corporation tax loss carryforwards of EUR 364.1m (2019: EUR 357.8m), trade tax loss carryforwards of EUR 358.5m (2019: EUR 356.0m) and loss carryforwards incurred outside Germany of EUR 49.6m (2019: EUR 65.3m).

Loss carryforwards can be carried forward indefinitely.

UNCERTAINTY OVER INCOME TAX TREATMENTS

The Group is not aware of any tax risks where an adjustment by the tax authority is likely and there are no contingent liabilities.

5.10. Property and Equipment

Property and equipment changed as follows:

In EURm	Operating and office equipment	Vehicles	Advance payments made for property and equipment	Total
Cost				
As of January 1, 2019	**15.2**	**1.0**	**1.3**	**17.5**
Additions	12.9	0.9	0.0	13.8
Disposals	-0.5	0.0	-1.2	-1.7
Currency translation	-0.1	0.0	0.0	-0.1
As of December 31, 2019	**27.5**	**1.9**	**0.1**	**29.5**
Additions	3.1	0.0	0.5	3.6
Disposals	-0.5	0.0	-0.2	-0.7
Currency translation	-1.7	-0.6	0.0	-2.3
As of December 31, 2020	**28.4**	**1.3**	**0.4**	**30.1**
Accumulated depreciation				
As of January 1, 2019	**-6.8**	**0.0**	**0.0**	**-6.8**
Additions	-3.1	-0.2	0.0	-3.3
Disposals	0.4	0.0	0.0	0.4
As of December 31, 2019	**-9.5**	**-0.2**	**0.0**	**-9.7**
Additions	-3.7	-0.1	0.0	-3.8
Disposals	0.3	0.0	0.0	0.3
Currency translation	0.6	0.0	0.0	0.6
As of December 31, 2020	**-12.3**	**-0.3**	**0.0**	**-12.6**
Carrying amount				
As of December 31, 2019	**18.0**	**1.7**	**0.1**	**19.8**
As of December 31, 2020	**16.1**	**1.0**	**0.4**	**17.5**

Operating and office equipment include leasehold improvements, among others.

As of December 31, 2020, property and equipment in the amount of EUR 1.0m (2019: 1.7m) was pledged to third parties as collateral for financial liabilities.

5.11. Intangible Assets and Goodwill

Intangible assets and goodwill changed as follows:

In EURm	Goodwill	Customer lists	Brand	Internally developed software	Software and other licenses	Advance payments made for intangible assets	Total
Cost							
As of January 1, 2019	**3.1**	**4.1**	**15.0**	**36.5**	**24.4**	**0.0**	**83.1**
Additions	0.0	0.0	0.0	8.0	0.5	0.0	8.5
Disposals	0.0	0.0	0.0	-10.8	0.0	0.0	-10.8
Currency translation	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1
As of December 31, 2019	**3.1**	**4.1**	**15.0**	**33.6**	**24.9**	**0.0**	**80.7**
Additions	0.0	0.0	0.0	6.6	0.5	0.1	7.2
Disposals	0.0	0.0	0.0	-1.9	0.0	0.0	-1.9
Currency translation	0.0	0.0	0.0	-1.5	-0.8	0.0	-2.3
As of December 31, 2020	**3.1**	**4.1**	**15.0**	**36.8**	**24.6**	**0.1**	**83.7**
Accumulated amortization							
As of January 1, 2019	**0.0**	**-3.2**	**-5.3**	**-19.9**	**-5.8**	**0.0**	**-34.2**
Additions	0.0	-0.9	-9.7	-4.7	-3.1	0.0	-18.4
Disposals	0.0	0.0	0.0	10.8	0.0	0.0	10.8
As of December 31, 2019	**0.0**	**-4.1**	**-15.0**	**-13.8**	**-8.9**	**0.0**	**-41.8**
Additions	0.0	0.0	0.0	-5.0	-3.0	0.0	-8.0
Disposals	0.0	0.0	0.0	1.9	0.0	0.0	1.9
Currency translation	0.0	0.0	0.0	0.8	0.4	0.0	1.2
As of December 31, 2020	**0.0**	**-4.1**	**-15.0**	**-16.1**	**-11.5**	**0.0**	**-46.7**
Carrying amount							
As of December 31, 2019	**3.1**	**0.0**	**0.0**	**19.8**	**16.0**	**0.0**	**38.9**
As of December 31, 2020	**3.1**	**0.0**	**0.0**	**20.7**	**13.1**	**0.1**	**37.0**

Internally generated software contains software in development in the amount of EUR 6.2m (2019: EUR 5.1m).

The brand, which was fully written down, was pledged as collateral to third parties as of the December 31, 2020 reporting date for liabilities of EUR 3.0m (2019: EUR 2.4m).

IMPAIRMENT TESTING OF ASSETS

As of December 31, 2020, the Company recognized goodwill totaling EUR 3.1m (2019: EUR 3.1m) and intangible assets in development of EUR 6.2m (2019: EUR 5.1m).

The goodwill and the majority of intangible assets in development were allocated to the Europe cash-generating unit (CGU). The annual impairment test (as of December 31) was performed at the level of this CGU. The recoverable amount of the CGU was calculated based on its value in use. The value in use was determined using a DCF method and is based on financial plans agreed by management over a period of five years. Subsequently, a terminal value is added, assuming a long-term growth rate of 2% (2019: 2%). The underlying financial plans reflect the current performance and estimates by management regarding the future development of certain parameters, such as market prices and profit margins. General market assumptions (macroeconomic trends, market growth, etc.) are included, taking into account external macroeconomic and business-specific sources. The long-term growth rate is based on published country-specific studies.

The discount rate before taxes was determined using the Capital Asset Pricing Model. Accordingly, a risk-free interest rate, a market risk premium, and a premium for credit risk (spread) were calculated based on the relevant business-specific peer group. The calculation also takes into account the capital structure and the beta factor of the relevant peer group. The resulting discount rate before taxes amounted to 14% (2019: 9%).

The annual impairment test did not result in impairment of goodwill or intangible assets in development. Furthermore, it was tested whether potential changes to key assumptions could lead to the carrying amount of the units exceeding their respective recoverable amounts. As of December 31, 2020, this was not the case.

5.12. Other Financial Assets

As of December 31, other financial assets were comprised as follows:

In EURm	December 31, 2020	December 31, 2019
Non-current financial assets		
Restricted cash	8.8	8.7
Deposits and securities provided	1.9	0.5
Total	**10.7**	**9.2**
Current financial assets		
Receivables from suppliers and service providers	1.8	1.0
Deposits	0.4	0.4
Receivables from a factoring agreement	0.3	1.6
Restricted cash	0.1	0.2
Other	1.0	0.0
Total	**3.6**	**3.2**

Restricted cash comprises bank deposits that are used as security deposits for the leases of office, warehouse or sales space. The Company's access to these accounts is restricted.

In the current financial year, security deposits and collateral provided include the payment of a disputed tax liability of EUR 1.5m, which was deposited as collateral in connection with ongoing legal proceedings in the LatAm segment.

The receivables under a factoring agreement comprise amounts receivable from a non-bank factoring company arising from trade receivables sold to the financial services provider and derecognized at the reporting date. Further information on the factoring agreement is presented under note 5.15.

Receivables from suppliers and service providers include short-term non-interest-bearing loans to suppliers of EUR 0.6m (2019: EUR 0.2m).

Other current financial assets include EUR 0.7m in receivables from outstanding purchase price payments from the sale of shares in a subsidiary to non-controlling interests.

5.13. Other Non-financial Assets

In EURm	December 31, 2020	December 31, 2019
Non-current non-financial assets		
Prepaid expenses	0.4	0.6
VAT receivables	0.2	4.4
Total	**0.6**	**5.0**
Current non-financial assets		
VAT receivables	9.8	5.1
Advance payments made and prepaid expenses	1.8	1.0
Right to repossess goods from expected returns	0.5	0.7
Income tax receivables	0.0	0.2
Other	0.1	0.1
Total	**12.2**	**7.1**

Non-current and current VAT receivables primarily comprise tax credits to be offset in the LatAm segment.

5.14. Inventories and Advance Payments on Inventories

In EURm	**December 31, 2020**	**December 31, 2019**
Inventories	44.8	43.7
Impairment loss for slow-moving and obsolete inventories	–3.5	–5.0
Total	**41.3**	**38.7**

Inventories include EUR 3.8m (2019: EUR 1.4m) of unfinished goods. These are purchased primary materials for the production of private label products.

The cost of inventories recognized as expenses during the period representing cost of sales amounted to EUR 265.6m (2019: EUR 207.8m).

In the 2020 financial year, income from the reversal of impairment losses totaling EUR 0.9m was recognized (2019: expense of EUR 0.7m). Impairment losses and their reversals are shown in cost of sales.

The net realizable value of inventories in the Statement of Financial Position was EUR 3.8m (2019: EUR 7.0m). For estimating the net realizable value, coverages, price elasticities and recovery rates/proceeds are forecast. These are based on the Group's planning assumptions, which reflect the selling strategy, and on realized recovery proceeds in the past.

All of the advance payments made shown in the Statement of Financial Position relate to prepayments for ordered goods.

5.15. Trade Receivables

Trade receivables mainly relate to customer receivables.

As of December 31, 2020, the impairment of customer receivables amounted to EUR 3.9m (2019: EUR 1.9m). Of this amount, EUR 0.4m relates to the impairment of non-current trade receivables, which have been written down in full. Further information on impairment losses and credit risk is presented under note 6.

Trade receivables do not carry interest and are therefore not subject to interest risk.

In financial year 2020, the Group had one factoring agreement with a non-bank factoring company in relation to its trade receivables arising from the payment in installments. This factoring agreement meets the derecognition requirements of IFRS 9, as home24 has transferred all of the material risks and rewards of ownership of the receivables and not retained any continuing involvement in them.

In financial year 2019, the Group also had one factoring agreement with a bank in relation to its trade receivables arising from purchases on account. This factoring agreement gave the Group the right, but not the obligation, to buy back receivables past due. As a result of the buyback option, the Group retained substantially all the risks and rewards of ownership of the transferred receivables. Therefore, these receivables were not derecognized and the amount payable under the buyback option, which is the strike price of the option, was presented under other financial liabilities as a liability under a factoring agreement. The Group classified these trade receivables into the "hold to collect" business model in accordance with IFRS 9 and therefore measured them at amortized cost. The factoring agreement was terminated as of December 31, 2020. The carrying amounts in connection with the factoring agreement were as follows in the previous year:

In EURm	**2019**
Trade receivables transferred	1.9
Liabilities under a factoring agreement	1.5

The Group presents the cash flows in connection with the two factoring agreements in cash flows from operating activities, as these cash flows relate mainly to the provision of goods and services.

5.16. Cash and Cash Equivalents

In EURm	**December 31, 2020**	**December 31, 2019**
Cash at bank and cash on hand	38.1	35.6
Short-term deposits	65.0	10.0
Total	**103.1**	**45.6**

Short-term deposits can be converted into specified cash amounts at any time with notice of no more than three months.

In connection with the factoring agreement terminated in financial year 2020, a bank account had been pledged to the factoring provider as collateral. There were also some restrictions on the use of this bank account in connection with the factoring agreement. As of December 31, 2019, the balance on the account was EUR 6.3m.

5.17. Subscribed Capital and Capital Reserves

	Number of shares	Number of treasury shares	Subscribed capital/ treasury shares (in EURm)	Capital reserves (in EURm)	Total
As of January 1, 2019	26,060,010	–33,282	26.0	125.4	151.4
Proceeds from shares issued	349,176	0	0.3	0.0	0.3
Equity-settled share-based payments	0	6,375	0.0	0.3	0.3
Utilization of free capital reserve	0	0	0.0	–45.8	–45.8
As of December 31, 2019	**26,409,186**	**-26,907**	**26.3**	**79.9**	**106.2**
Proceeds from shares issued	2,640,918	0	2.7	43.7	46.4
Transaction costs, net of tax	0	0	0.0	–0.8	–0.8
Equity-settled share-based payments	0	24,172	0.1	0.0	0.1
As of December 31, 2020	**29,050,104**	**-2,735**	**29.1**	**122.8**	**151.9**

In the previous year, an amount of EUR 45.8m was reversed from the free capital reserves and offset against home24 SE's loss for the year. Accordingly, the equity items were restated for the purpose of the Consolidated Financial Statements.

The share capital entered in the commercial register as of January 1, 2020, amounted to EUR 26,409,186. The share capital as a whole was divided into 26,409,186 no-par value bearer shares each with a notional value of EUR 1 per share.

In June 2020, the Company transferred a total of 24,172 treasury shares on the basis of the authorization granted by the Extraordinary General Meeting held on May 24, 2018. As a result of this transfer, the Company held 2,735 treasury shares as of December 31, 2020.

The Company's Annual General Meeting June 3, 2020 adopted several resolutions, including:

- a resolution to revoke the authorization granted to the Management Board by the Company's Annual General Meeting on May 18, 2018 to increase the share capital of the Company with the approval of the Supervisory Board pursuant to Article 4 (6) of the Articles of Association by a total of up to EUR 117,690 until May 17, 2023 by issuing new no-par value bearer shares against contributions in cash (Authorized Capital 2017).

- a resolution to revoke the authorization granted to the Management Board by the Company's Annual General Meeting on May 18, 2018 to increase share capital on one or more occasions with the approval of the Supervisory Board pursuant to Article 4 (7) of the Articles of Association by a total of up to EUR 7,525,804 until May 17, 2023 by issuing up to 7,525,804 new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2018).

- a resolution authorizing the Management Board to increase share capital with the approval of the Supervisory Board on one or more occasions by a total of up to EUR 13,020,401 until June 2, 2025 by issuing up to 13,020,401 new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2020).

- a resolution to increase Conditional Capital 2019 provided for in Article 4 (5) of the Articles of Association from EUR 2,096,972 to EUR 2,429,819.
- a resolution to revoke Conditional Capital 2018 pursuant to Article 4 (8) of the Articles of Association.
- a resolution to conditionally increase the share capital of the Company by up to EUR 10,774,773 (Conditional Capital 2020). Conditional Capital 2020 is used when exercising conversion or option rights and/or for fulfilling conversion or option obligations to grant shares to the holders and/or creditors of bonds that have been issued due to an authorization resolution adopted by the Annual General Meeting on June 3, 2020.

The above resolutions adopted by the Company's Annual General Meeting on June 3, 2020 became effective upon registration of the respective amendments to the Articles of Association in the relevant commercial register of the Charlottenburg (Berlin) local court on July 8, 2020.

Capital Increase

On December 8, 2020, the Management Board of home24 SE adopted a resolution, approved by the Supervisory Board of home24 SE, to increase the share capital of home24 SE by EUR 2,640,918 to EUR 29,050,104 in return for cash contributions utilizing a portion of Authorized Capital 2020 of home24 SE by issuing 2,640,918 new no-par value bearer shares with a notional value of EUR 1 per share. Shareholders' preemptive rights were disapplied in accordance with Article 4 (7) of the Articles of Association of home24 SE. The capital increase was entered in the commercial register of Charlottenburg (Berlin) local court on December 9, 2020, and is therefore effective.

The new shares were issued at EUR 17.58 each, corresponding to gross proceeds of EUR 46.4m. After deducting the transaction costs of EUR 0.8m set off in equity, the capital increase provided the Group received with cash of EUR 45.6m.

The share capital entered in the commercial register as of December 31, 2020, therefore amounts to EUR 29,050,104. The share capital is divided into 29,050,104 no-par value bearer shares each with a notional value of EUR 1 per share.

Authorized and conditional capital were comprised as follows as of the reporting date:

	Numbers of no-par value shares	Amount (in EUR)
Authorized Capital 2015/II	70,864	70,864
Authorized Capital 2015/III	113,328	113,328
Authorized Capital 2020	10,379,483	10,379,483
Conditional Capital 2019	2,429,819	2,429,819
Conditional Capital 2020	10,774,773	10,774,773

5.18. Transactions with Non-controlling Interests

In November and December 2020, home24 SE increased its equity interest in Jade 1216. GmbH from 92.92% to 100%, while Jade 1216. GmbH increased its equity interest in VRB GmbH&Co. B-197 KG from 89.14% to 99.79%. Jade 1216. GmbH is the ultimate holding company in the LatAm segment. The consideration for the purchase of these additional interests totaled EUR 3.2m. The difference between the carrying amount of the non-controlling interests in the consolidated net assets of the Jade 1216. GmbH and VRB GmbH&Co. B-197 KG subgroup and the consideration paid or payable in the amount of EUR 17.8m was recognized in the other reserves.

Moreover, in December 2020 VRB GmbH&Co. B-197 KG reduced its equity interest in Mobly S.A. from 100% to 89.11%. Mobly S.A. is the Brazilian holding company in the LatAm segment. The consideration for the sale of these interests totaled EUR 0.7m. The difference between the carrying amount of the non-controlling interests in the consolidated net assets of the Mobly S.A. subgroup and the consideration receivable in the amount of EUR 1.0m was recognized in other reserves.

The acquisition or disposal of further interests in the subsidiaries in the LatAm segment is presented below:

In EURm	
Consideration paid	-3.2
Carrying amount of non-controlling interests	-14.6
Difference recognized in other reserves	**-17.8**

In EURm	
Consideration received	0.7
Carrying amount of non-controlling interests	0.3
Difference recognized in other reserves	**1.0**

The ownership interests held in the subsidiaries are presented under note 12.

5.19. Other Financial Liabilities

In EURm	December 31, 2020	December 31, 2019
Non-current financial liabilities		
Government grants	1.1	0.5
Total	**1.1**	**0.5**
Current financial liabilities		
Refund liabilities from expected returns	1.3	1.5
Debtors with credit balances	0.9	0.5
Foreign currency forwards	0.7	0.1
Liabilities under a factoring agreement	0.0	1.5
Other	2.8	1.6
Total	**5.7**	**5.2**

The Group received government investment grants for two warehouse sites. Since it is uncertain whether the conditions associated with the grants will be fulfilled, the payments already received are shown under non-current financial liabilities.

In financial year 2019, the Group reported liabilities under a factoring agreement with a credit institution. Since the criteria for derecognizing the trade receivables transferred under the factoring agreement were not met, the Company reported a financial liability in the amount of the purchase price received. The factoring agreement was terminated as of December 31, 2020.

Other current financial liabilities as of December 31, 2020 include EUR 0.9m in liabilities from outstanding purchase price payments to non-controlling interests.

5.20. Other Non-financial Liabilities

In EURm	December 31, 2020	December 31, 2019
Non-current non-financial liabilities		
VAT liabilities	0.5	0.0
Total	**0.5**	**0.0**
Current non-financial liabilities		
Employee benefit liabilities	4.9	3.7
VAT liabilities	5.6	2.4
Deferred income	0.2	0.0
Other taxes	0.1	0.1
Total	**10.8**	**6.2**

5.21. Borrowings

Current and non-current borrowings consist solely of liabilities to banks.

	Total facility (in BRLm)	Total facility (translated into EURm)[1]	Interest rate	Due	Carrying amount at 12/31/2020 (in EURm)	Carrying amount at 12/31/2019 (in EURm)
Overdraft facility	30.0[2]	4.7	100% CDI +7.92%	n/a	4.7	2.2
Financing of supplier liabilities	7.0[3]	1.1	14.2%	May 2021	0.6	5.6
Amortizing loan	1.0	0.2	26.8%	December 2021	0.2	0.0
Amortizing loan	4.6	0.7	15.4%	November 2023	0.5	0.8
Amortizing loan	4.1	0.6	13.1%	October 2024	0.4	0.9
Amortizing loan	3.0	0.5	12.0%	May 2022	0.5	0.0
Amortizing loan	30.0	4.7	11.9%	December 2024	4.7	0.0
Amortizing loan	4.5	0.7	24%–30%	February-September 2020	0.0	0.6
Total					**11.6**	**10.1**

1 Translation at closing rate on December 31, 2020.
2 Facility was increased from BRL 10m to BRL 30m in financial year 2020.
3 Facility was reduced from BRL 25.8m to BRL 7m in financial year 2020.

The credit facility used in the amount of EUR 0.6m (2019: EUR 5.6m) is used by the Group to finance its short-term liquidity requirements in connection with supplier liabilities.

One loan is subject to non-financial covenants relating to requirements concerning the shareholding structure. All covenants were met as of the reporting date.

Information on the liquidity risks to which the Group is exposed with regard to financial liabilities is presented under note 6.

5.22. Trade Payables and Similar Liabilities

Information on the liquidity risks to which the Group is exposed with regard to trade payables and similar liabilities is presented under note 6.

The Group participates in supplier (reverse) factoring programs in both of its segments. As of December 31, 2020, certain suppliers had transferred their receivables from the Group in the amount of EUR 4.4m (2019: EUR 1.1m) to various factoring providers. Under these arrangements, the factoring providers agree to pay the participating suppliers the supplier invoices payable by the Group and home24 settles these at a later date by paying the factoring provider. In the LatAm segment, reverse factoring lines are primarily used by suppliers without resulting in any changes in payment terms for the Group. The Group has derecognized the original liabilities to which the agreement relates and recognized a new liability. The Group presents the amounts transferred from the suppliers within trade payables and similar liabilities, as the nature and terms of the liabilities remain the same as those of other trade payables. The payments to the factoring provider are included in cash flow from operating activities, as they are still part of the Group's normal operating cycle and still mainly operating cash flows in nature – that is, payments for the purchase of goods and services.

5.23. Contract Liabilities

Contract liabilities of EUR 27.0m (2019: EUR 12.2m) mainly result from contracts with customers that were entered into with the “prepayment” option. Contract liabilities are recognized as revenue when the Group delivers the goods to the customer; this takes place within a maximum of twelve months. As a rule, therefore, contract liabilities that exist at the beginning of a reporting period are fully recognized as revenue during the current financial year.

5.24. Provisions

The change in provisions is shown below:

In EURm	Restoration obligation	Other	Total
As of January 1, 2019	1.4	0.6	2.0
Utilization	0.0	–0.3	–0.3
Addition	0.7	0.2	0.9
As of December 31, 2019	**2.1**	**0.5**	**2.6**
Utilization	0.0	-0.2	-0.2
Addition	0.0	1.4	1.4
Currency translations	0.0	-0.1	-0.1
As of December 31, 2020	**2.1**	**1.6**	**3.7**

EUR 2.1m of provisions are due in more than one year (2019: EUR 2.1m). All other provisions are expected to be used during the course of the year.

Provisions for restoration obligations relate to future obligations to return warehouse and other leasehold improvements to their original condition or to restore leased assets to the condition required by the lease agreement. Other provisions mainly include provisions for tax risks from pending litigation in the LatAm segment.

5.25. Leases

The Group's leases primarily relate to office and warehouse spaces as well as sales floors for outlets and showrooms, which home24 groups as "Property." Other leases are reported under "Other." The basic terms of the leases for "Property" run for two to ten years and for "Other" from two to five years.

Some of the Group's property leases include extension and termination options. Such lease terms are used to obtain for the Group the maximum operational flexibility with regard to the leases held. The majority of the existing extension and termination options can only be exercised by the Group and not by the respective lessor.

In determining the duration of leases, management takes into account all facts and circumstances that constitute a financial incentive to exercise the extension options. Changes in lease terms resulting from the exercise of extension or termination options are only included in the lease term if an extension or non-exercise of a termination option is sufficiently probable.

The leases involve fixed lease payments or variable lease payments linked to an index due monthly.

In the 2020 financial year, applying IFRS 16 resulted in the following presentation in the Statement of Financial Position and Statement of Comprehensive Income.

LEASES IN THE STATEMENT OF FINANCIAL POSITION

In EURm	Property	Other	Total
Right-of-use assets as of January 1, 2019	37.6	0.0	37.6
Additions	20.3	0.3	20.6
Currency translations	–0.2	0.0	–0.2
Depreciation	–10.3	–0.1	–10.4
Right-of-use assets as of December 31, 2019	**47.4**	**0.2**	**47.6**
Additions	8.3	0.4	8.7
Currency translations	-1.7	0.0	-1.7
Depreciation	-10.7	-0.2	–10.9
Right-of-use assets as of December 31, 2020	**43.3**	**0.4**	**43.7**

In EURm	December 31, 2020	December 31, 2019
Current lease liabilities	11.5	10.9
Non-current lease liabilities	36.5	40.7
Total	**48.0**	**51.6**

The following table shows the contractually agreed (undiscounted) lease payments including those extension options which the Group is reasonably certain of exercising as of the reporting date:

In EURm	Up to 1 year	Between 1 and 5 years	More than 5 years	Contractually agreed cash outflows	Carrying amount at December 31, 2020
Lease liabilities	11.5	35.6	2.7	49.8	**48.0**

In EURm	Up to 1 year	Between 1 and 5 years	More than 5 years	Contractually agreed cash outflows	Carrying amount at December 31, 2019
Lease liabilities	10.8	36.0	8.0	54.8	**51.6**

LEASES IN THE STATEMENT OF COMPREHENSIVE INCOME

In EURm	2020	2019
Interest expense from lease liabilities (included in finance costs)	-1.1	-1.3
Depreciation of right-of-use assets (included in selling and distribution costs and administrative expenses)	-10.9	-10.4
Expenses for short-term leases (included in selling and distribution costs and administrative expenses)	-0.3	-0.5
Expenses for leases of low value assets that are not short-term leases (included in selling and distribution costs and administrative expenses)	-0.1	0.0
Income from subletting under operating leases (included in other operating income)	0.3	0.2

Income from subletting in the 2020 financial year relates to operating leases for warehouse and office space. The subletting agreement for the office space had expired by December 31, 2020. The agreed (undiscounted) lease payments for subletting the warehouse space amount to EUR 0.3 million over the remaining term. The lease will end in the next financial year.

The total cash outflow from leases in the financial year under review amounted to EUR 10.3m (2019: EUR 9.1m).

5.26. Notes to the Statement of Cash Flows

Cash and cash equivalents presented in the Statement of Cash Flows correspond to the cash and cash equivalents shown in the Statement of Financial Position and solely comprise bank balances, cash in hand and short-term demand deposits.

The amounts of interest paid and received in the 2020 financial year totaled EUR 4.8m (2019: EUR 5.5m) and EUR 0.2m (2019: EUR 0.1m), respectively.

In EURm	1. Januar 2020	New contracts/ Reassess-ment acc. To IFRS 16.39ff.	Cash flows	Currency effects	Other changes	December 31, 2020
Borrowings	10.1	0.0	4.4	-2.9	0.0	11.6
Lease liabilities	51.6	8.7	-10.3	-2.0	0.0	48.0

In EURm	January 1, 2019	New contracts/ Reassess-ment acc. To IFRS 16.39ff.	Cash flows	Currency effects	Other changes	December 31, 2019
Borrowings	3.3	0.0	5.9	0.0	0.9	10.1
Lease liabilities	38.8	22.1	-9.1	-0.2	0.0	51.6

The cash change in borrowings totaling EUR 4.4m (2019: EUR 5.9m) is attributable to EUR 16.4m from draw down (2019: EUR 8.9m) and to EUR 12.0m from repayment (2019: EUR -3.0m) of bank loans. The other change in borrowings of EUR 0.9m in the previous year related to the acquisition of property and equipment by taking over bank liabilities directly related with such property and equipment, which are shown as a non-cash transaction.

Further explanations of the change in the Consolidated Statement of Cash Flows are presented in the Combined Management Report in section 2.4.3.

5.27. Financial Instruments

Financial assets and liabilities are divided into the following measurement categories as of the reporting date:

In EURm	IFRS 9 measurment category	December 31, 2020	December 31, 2019
Financial assets			
Trade receivables	AC	16.3	13.1
Other financial assets	AC	14.3	12.4
Cash and cash equivalents	AC	103.1	45.6
Financial liabilities			
Trade payables and similar liabilities	FLAC	64.0	55.3
Borrowings	FLAC	11.6	10.1
Other financial liabilities	FLAC	6.1	5.6
Foreign currency forwards	FVTPL	0.7	0.1

AC = Amortized Costs
FLAC = Financial Liability measured at Armortized Costs
FVTPL = At Fair Value through Profit and Loss

The fair value of trade receivables, trade payables and similar liabilities, other financial assets and other financial liabilities, cash and cash equivalents and borrowings nearly corresponds to their respective carrying amount, mainly due to their short terms and/or variable interest. The fair value of non-current financial assets and borrowings with fixed interest rates (Level 3) also corresponds approximately to their carrying amount, as there have been no significant changes in the measurement parameters since the restricted cash was invested or the loans were granted.

Foreign currency forwards are recognized in the Statement of Financial Position at fair value.

The fair value of foreign currency forwards is measured using a measurement model with inputs observable on the market (Level 2 of the fair value measurement hierarchy in IFRS 13). It is determined based on the present values of future payments due using the yield curves for the relevant currencies applicable as of the reporting date.

Fair value measurement
The fair values recognized or reported for assets and liabilities in the Financial Statements are classified according to the fair value hierarchy below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Measurement parameters other than quoted prices included in Level 1 that are observable for the asset or liability either directly (prices) or indirectly (derived from prices).

Level 3: Measurement parameters for assets or liabilities not based on observable market data.

6. FINANCIAL RISK MANAGEMENT

In the course of its ordinary activities, the Group is exposed to default risks, market risks (including currency risk, interest rate risk and other price risks) and liquidity risks. The primary objectives of the financial risk management functions are to establish risk limits, and ensure that exposure to risks stays within these limits.

The financial risk management is carried out by a central treasury department supervised by the Management Board. The Management Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk and investment of excess liquidity.

CREDIT RISK

Credit risk is the risk that a counterparty will fail to discharge its obligations under a financial instrument, causing a financial loss. The Group's maximum exposure to credit risk is the carrying amount of financial assets and receivables and the carrying amount of cash and cash equivalents.

In particular, the "purchase on account" method of payment gives rise to credit risk on trade receivables. To avoid credit losses, the Group implements an extensive risk management system. To decide whether home24 will offer customers payment methods such as purchase on invoice and for the purpose of monitoring credit risk, the Group checks its customers' creditworthiness using statistical methods based on payment history, for example, and with the help of external credit agencies, which provide home24 with assessments of the probability that new customers will meet their obligations. Outstanding receivables from customers are monitored on a regular basis. As of the reporting date, unsettled trade receivables resulting from the purchase on invoice method of payment amounted to EUR 14.3m in total (2019: EUR 9.7m).

Each customer receivable resulting from the purchase on invoice method of payment is assessed on the basis of the customer risk profile using external credit scores. In determining probabilities of default, data on the Group's own historical experience, current conditions and the maturity structure of the receivables are also taken into account. Trade receivables are usually derecognized if they are classified as uncollectible by external debt collection service providers or in the absence of a justified expectation that the contractual cash flows will be realized.

The remaining credit risk from other trade transactions is limited because cash is received at the time of the sale (prepayments, PayPal, credit card) or promptly after receipt of the order.

The expected credit loss is calculated over the entire lifetime of the receivable based on the simplified approach according to IFRS 9.5.5.15.

The following overview shows the Group's credit risk exposure for trade receivables determined using a provision matrix:

December 31, 2020	Receivables < 30 days	Receivables between 30 - 60 days	Receivables between 60 - 90 days	Receivables > 90 days	Total
Gross value (in EURm)	13.5	1.5	0.6	4.6	**20.2**
Expected credit loss rate	1%	12%	14%	75%	
Expected credit loss (in EURm)	**0.1**	**0.2**	**0.1**	**3.5**	**3.9**

December 31, 2019	Receivables < 30 days	Receivables between 30 - 60 days	Receivables between 60 - 90 days	Receivables > 90 days	Total
Gross value (in EURm)	10.2	1.4	0.5	2.9	**15.0**
Expected credit loss rate	1%	9%	22%	54%	
Expected credit loss (in EURm)	**0.1**	**0.1**	**0.1**	**1.6**	**1.9**

Impairment losses changed as follows:

In EURm	2020	2019
As of January 1	1.9	0.9
Addition	3.5	1.2
Utilization	-1.4	-0.2
Currency translation	-0.1	0.0
As of December 31	**3.9**	**1.9**

The Company's bank deposits are distributed amongst different banking partners. The main partners have a Standard&Poor's long-term rating of between A and BBB+ (2019: between A- and BBB+). The rating is reviewed regularly.

Impairment on cash and cash equivalents has been measured on a twelve-month expected loss basis and reflects the short maturities of the exposures. The Group considers that cash and cash equivalents have a low credit risk based on the external credit ratings. An allowance for expected credit losses of EUR 0.1m was recognized as of the December 31, 2020 reporting date (2019: EUR 0.1m).

The Company limits some of its credit risk by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risk limits usually have to be approved by management. Credit risks are continually monitored and reviewed.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes currency risk, interest rate risk and other price risks.

The Group is active internationally and especially exposed to foreign currency risk. The foreign currency risk stems from future business transactions as well assets and liabilities in foreign currencies. Such exposures primarily exist in US dollars and Swiss francs, and to a smaller extent in other currencies.

In the context of the foreign exchange risk management related to the USD, the treasury department hedges risks of inventories bought in USD. Hedging is carried out exclusively with foreign currency forwards with a period matching that of the hedged item. Derivative financial instruments were entered into and settled in accordance with internal policies that define the scope of action, responsibilities, reporting and control. Activities in the LatAm segment are mainly carried out in the functional currency of the subsidiary, the Brazilian real.

In the following sensitivity analysis for currency risk it is assumed that one factor changes while all other factors remain constant. The following effects on consolidated earnings before taxes would result if the euro were to appreciate or depreciate by 10%:

In EURm	2020	2019
USD	2.6	0.7
CHF	0.1	0.3

Interest rate risk within the Group relates mainly to one floating-rate bank loan in the LatAm segment. If the Brazilian CDI increases or decreases by 500 basis points, interest expense would have been EUR 0.2m (2019: 0.1m) higher or lower, respectively.

As in the previous year, other price risks did not represent a material risk for the Group in the current financial year.

LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Company. Management monitors monthly rolling forecasts of the Group's cash flows. The Group also uses its negative working capital to create a stable financial foundation for further growth.

The liquidity of the Company includes cash and cash equivalents. In the Europe segment, the Group also has a EUR 4.0m reverse factoring facility, of which EUR 3.2m had been drawn down as of the reporting date. In the LatAm segment, the Group also has agreements with selected payment service providers and business partners covering upfront payment in relation to trade receivables. For further information on the effects of the use of these agreements on the cash flow resulting from the change in the Group's working capital, see section 2.4.3. in the Combined Management Report in this Annual Report.

The Group considers the available liquidity to be sufficient to finance its ongoing growth plans.

The remaining contractual maturities of the financial liabilities as of the reporting date, including estimated interest payments, are shown below. The amounts are undiscounted gross amounts inclusive of contractual interest payments. Projections of future new liabilities were not taken into account here. Financial liabilities repayable on demand are always allocated to the earliest possible time band.

31. December 2020 **In EURm**	**Up to 6 months**	**Between 6 - 12 months**	**Between 1 - 2 years**	**More than 2 years**	**Total**
Borrowings	5.6	0.4	2.9	4.6	**13.5**
Trade payables and similar liabilities	62.1	1.3	0.0	0.0	**63.4**
Other financial liabilities	4.1	0.0	0.0	1.1	**5.2**
Gross payments of derivative financial instruments					
Inflows	25.7	0.3	0.0	0.0	**26.0**
Outflows	-26.5	-0.3	0.0	0.0	**-26.8**
Total	**71.0**	**1.7**	**2.9**	**5.7**	**81.3**

31. December 2019 **In EURm**	**Up to 6 months**	**Between 6 - 12 months**	**Between 1 - 2 years**	**More than 2 years**	**Total**
Borrowings	9.0	0.4	0.5	1.3	**11.2**
Trade payables and similar liabilities	54.9	0.4	0.0	0.0	**55.3**
Other financial liabilities	5.1	0.0	0.0	0.5	**5.6**
Gross payments of derivative financial instruments					
Inflows	9.7	0.0	0.0	0.0	**9.7**
Outflows	-9.8	0.0	0.0	0.0	**-9.8**
Total	**68.9**	**0.8**	**0.5**	**1.8**	**72.0**

Gross payments of derivative financial instruments relate to foreign currency forwards. Cash inflows and outflows from the transactions are shown as gross amounts.

CAPITAL MANAGEMENT

The goal of the Group's capital management remains to ensure its short-term solvency and secure its capital base to continuously finance its intended growth and long-term increase in enterprise value. This ensures that all companies in the Group are able to operate on a going-concern basis. Capital management is performed by continuously monitoring key financial indicators. The equity ratio at the closing date was 40% (2019: 37%).

7. SEGMENT REPORTING

The principal business activity of the Group is the marketing, sale and shipping of furniture and home furnishing in Europe and Latin America (LatAm). The business segments reflect the Group's management structure and the nature in which financial information is regularly reviewed by the ultimate decision maker, the Management Board of home24 SE.

The Group is split into two operating segments – Europe and LatAm. The Europe segment includes business activities in Germany, Switzerland, Austria, France, the Netherlands, Belgium and Italy. The LatAm segment includes business activities in Brazil.

The operating segments subject to mandatory reporting are strategic operating segments that are managed separately.

These operating segments use the accounting policies that are detailed in the summary of significant accounting policies above.

The Group measures profitability based on adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted amounts include share-based payment and, in the reporting year, costs related to the IPO of the subsidiary Mobly S.A. in the LatAm Segment carried out in February 2021.

External revenue almost exclusively comprises income from the sale of furniture to end customers. Intersegments sales were insignificant in the financial year ended.

No information on segment assets or liabilities is relevant for decision-making.

In EURm	Europe	LatAm	Reconciliation	2020
Revenue	389.2	102.7	0.0	**491.9**
Adjusted EBITDA	14.9	0.9		**15.8**
Share-based payment				**-2.9**
Costs related to the IPO				**-0.4**
Amortization of intangible assets and deprication of property and equipment and right-of-use assets				**-22.7**
Finance costs – net				**-6.2**
Loss before taxes				**-16.4**

In EURm	Europe	LatAm	Reconciliation	2019
Revenue	278.4	93.3	-0.1	**371.6**
thereof intersegment sales	0.1	0.0	-0.1	**0.0**
Adjusted EBITDA	-27.3	-0.8		**-28.1**
Share-based payment				**-3.5**
Amortization of intangible assets and deprication of property and equipment and right-of-use assets				**-32.2**
Finance costs – net				**-4.6**
Loss before taxes				**-68.4**

Germany accounted for 53% (2019: 51%), Brazil for 21% (2019: 25%) and Switzerland for 12% (2019: 11%) of total revenue. Germany accounted for 86% (2019: 82%) and Brazil for 14% (2019: 18%) of non-current assets.

8. TRANSACTIONS WITH RELATED PARTIES

home24 identifies the related parties of home24 SE in accordance with IAS 24.

All transactions with related parties were conducted at arm's length prices and terms.

TRANSACTIONS WITH ROCKET INTERNET SE AND KINNEVIK AB

Kinnevik Online AB, Stockholm, was a shareholder of the Company until July 2020 and is through its subsidiary Kinnevik Capital Ltd. Co., London, still represented on the Company's Supervisory Board.

There were no reportable transactions with Kinnevik AB either in the previous year or in the reporting period.

The former main shareholder, Rocket Internet SE, Berlin, Germany, was represented on the Company's Supervisory Board until June 2019. Until May 2019, home24 was also included in the Consolidated Financial Statements of Rocket Internet SE as an associate. As of the previous year's reporting date of December 31, 2019, Rocket Internet SE was no longer considered a related party of home24.

In the previous year, the Company had purchased services from Rocket Internet SE amounting to EUR 8k during the period in which Rocket Internet SE was considered a related party.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In financial year 2020, the following transactions were carried out by members of the governing bodies of home24 SE involving no-par value bearer shares of the Company:

Governing body member	Position	Entity name	Purchase/ Sale	Price (in EUR)	Volume (in EUR)	Number	Date
Magnus Agervald	Supervisory Board		Purchase	6.03	20,937	3,472	19.05.2020
Magnus Agervald	Supervisory Board		Purchase	6.06	58,193	9,595	19.05.2020
Magnus Agervald	Supervisory Board		Purchase	6.04	8,989	1,488	19.05.2020
Verena Mohaupt	Supervisory Board		Sale	5.72	24,124	4,214	09.01.2020
Verena Mohaupt	Supervisory Board		Purchase	5.87	26,403	4,500	09.01.2020
Johannes Schaback	Management Board	whiletrue GmbH	Purchase	5.81	98,843	17,000	08.01.2020
Johannes Schaback	Management Board	whiletrue GmbH	Purchase	5.90	10,030	1,700	07.01.2020

For information on the benefits granted in connection with their Supervisory Board and Management Board activities, including share-based payments and share transactions, please refer the Remuneration Report.

Otherwise, there were no significant income and expenses with related parties during the 2020 financial year or in the prior-year period and no significant outstanding receivables or liabilities with related parties as of the reporting dates.

9. CONTINGENT LIABILITIES

As of December 31, 2020, five customer complaints related to breaches of data protection requirements were pending before the Berlin Commissioner for Data Protection. A complaint which had been pending since 2018 was resolved in 2020 through the issue of a notice imposing a fine of EUR 6k. It cannot be ruled out that the Berlin data protection authority will use the other pending proceedings as an opportunity to impose a further fine on the Company. If that is the case, it must be assumed that it could be of a high six-figure amount due to the calculation model currently applied by the data protection authorities. It is impossible at the present time to predict how courts will view the authorities' fining practice and fine determination overall. While some court rulings result in an adjustment of fine notices, a clear tendency is not yet apparent, so that it is not certain whether they will give rise to a change in the practice of levying fines.

As of December 31, 2020, in the LatAm segment actions under employment law were pending with a total volume of EUR 1.1m. The Group considers that these actions are fairly unlikely to succeed and it has therefore not made any provisions for obligations resulting from these legal disputes. There are also potential risks in connection with social security contributions amounting to EUR 0.4m.

In the LatAm segment, the Group is also party to legal proceedings relating to possible additional tax payments resulting from indirect taxes. The Group has decided to deposit the disputed amount of EUR 1.5m as a collateral until the final decision before the Brazilian Supreme Court ('STF'). The amount is capitalized under other financial assets.

10. DISCLOSURE EXEMPTION

The following commercial partnerships, which are affiliated, consolidated companies of home24 SE, and for which the Consolidated Financial Statements of home24 SE are the exempting Consolidated Financial Statements make use of the exemption option in accordance with Section 264b HGB concerning preparation and disclosure:

- home24 eLogistics GmbH&Co. KG, Berlin
- home24 eServices GmbH&Co. KG, Berlin

In accordance with Section 264 (3) HGB, home24 Outlet GmbH, Berlin, is exempt from the requirement to publish its Financial Statements and to prepare Notes to the Financial Statements and a Management Report.

11. REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Without taking into account fringe benefits, the non-share-based benefits granted to the members of the Management Board for their Management Board work amounted to EUR 1.3m in the financial year ended (2019: EUR 0.9m). In addition, expenses for share-based payment awards granted to members of the Management Board in the financial year ended amounted to EUR 1.0m (2019: EUR 0.8m). No shares or share options were issued to members of the Management Board in the 2020 financial year (2019: 823,106 shares). Brigitte Wittekind (member of the Management Board since January 1, 2020) was granted 123,208 shares or share options in the previous year for her Management Board activities in the 2020 financial year. The number of shares or share options issued in 2019 was corrected by 19,770 shares in the current reporting year due to an incorrect disclosure in the previous year.

Further information on the share-based payment programmes of home24 SE is provided in note 5.8. The determination of the remuneration of the Management Board and Supervisory Board of home24 SE is presented in the Remuneration Report.

The remuneration of the Supervisory Board amounted to EUR 0.2m (2019: EUR 0.3m).

12. SUBSIDIARIES

The Company held equity interests in the following subsidiaries as of December 31:

Subsidiaries	Registered seat	Purpose	Equity interest held 2020	Equity interest held 2019
Mobly Comercio Varejista Ltda. and related holdings				
Jade 1216. GmbH	Berlin, Germany	Holding company	100.00%	92.92%
Jade 1412. GmbH	Berlin, Germany	Holding company	100.00%	92.92%
Juwel 181. VV UG	Berlin, Germany	Holding company	100.00%	92.92%
VRB GmbH&Co. B-197 KG	Berlin, Germany	Holding company	99.79%	82.83%
Mobly S.A. (formerly: Mobly Holding 1 Ltda.)[1]	São Paulo, Brazil	Holding company	88.92%	82.83%
Mobly Holding 2 Ltda.[2]	São Paulo, Brazil	Holding company	0.00%	82.83%*
Mobly Hub Transportadora Ltda.[1]	São Paulo, Brazil	Logistics	88.92%	82.83%
Mobly Brand Licenciamento Ltda.[2]	São Paulo, Brazil	Non-operating	0.00%	82.83%*
Mobly Comercio Varejista Ltda.[1]	São Paulo, Brazil	Online shop	88.92%	82.83%
Other subsidiaries				
SPV-4 Furniture Services GmbH	Berlin, Germany	Holding company	100.00%	100.00%
home24 Verwaltungs GmbH	Berlin, Germany	General partner	100.00%	100.00%
home24 eTrading GmbH	Berlin, Germany	Non-operating	100.00%	100.00%
home24 eLogistics GmbH&Co. KG	Berlin, Germany	Logistics	100.00%	100.00%
home24 eServices GmbH&Co. KG[3]	Berlin, Germany	Non-operating	0.00%	100.00%
home24 eCustomers GmbH&Co. KG[3]	Berlin, Germany	Services	0.00%	100.00%
Home24 Polska S.A.	Wroclaw, Poland	Non-operating	100.00%	100.00%
Home24 Polska Sp z oo	Wroclaw, Poland	Non-operating	100.00%	100.00%
Club of Style (Shenzen) Ltd.	Shenzen, China	Non-operating	100.00%	100.00%
Fashion4home Inc.	Dover, USA	Non-operating	100.00%	100.00%
Home24 Hong Kong Ltd.	Hong Kong, China	Non-operating	100.00%	100.00%
home24 Outlet GmbH	Berlin, Germany	Retail	100.00%	100.00%
home24 Retail GmbH	Berlin, Germany	Services	100.00%	100.00%

1 Group share calculated taking into account the non-controlling interest at the intermediate company level.
2 the entity was merged into Mobly S.A in December 2020.
3 the entity was merged into home24 SE in January 2020.

Jade 1216. GmbH, a direct subsidiary of home24 SE, holds interests in Jade 1412. GmbH and Juwel 181 VV. UG. Jade 1216. GmbH also holds an equity interest in VRB GmbH&Co. B-197 KG, which in turn holds equity interest in Mobly Comercio Varejista Ltda. and Mobly Hub Transportadora Ltda. via the Mobly S.A. (formerly: Mobly Holding 1 Ltda.) holding company.

In November and December 2020, home24 SE increased its equity interest in Jade 1216. GmbH from 92.92% to 100%, while Jade 1216. GmbH increased its equity interest in VRB GmbH&Co. B-197 KG from 89.14% to 99.79%. Moreover, in December 2020 VRB GmbH&Co. B-197 KG reduced its equity interest in Mobly S.A. from 100% to 89.11%. The transactions resulted in changes in non-controlling interests in the Group, which are presented under note 5.18.

Non-controlling interests were recognized in equity with a carrying amount of EUR -0.5m as of December 31, 2020 (2019: EUR –13.7m). The loss allocated to non-controlling interests amounted to EUR -1.0m in the financial year ended (2019: EUR –1.7m).

SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Summarized financial information for Jade 1216. GmbH and its direct and indirect subsidiaries and for Mobly S.A. and its direct subsidiaries is provided below. Due to the above-mentioned transactions, as of December 31, 2020 significant non-controlling interests were no longer held at the level of Jade 1216. GmbH and were instead held at the level of Mobly S.A. Since the changes in the non-controlling interests only occurred at the end of financial year 2020, the summarized Statement of Financial Position as of December 31, 2020 is presented for the Mobly S.A. subgroup, while the summarized Statement of Financial Position for the previous year, the summarized Statement of Comprehensive Income and the summarized Statement of Cash Flows are presented for the Jade 1216. GmbH subgroup.

Summarized Statement of Financial Position of Mobly S.A. and its subsidiaries

In EURm	December 31, 2020
Non-current assets	15.5
Current assets	32.8
Total assets	**48.3**
Non-current liabilities	10.2
Current liabilties	40.8
Total liabilities	**51.0**
Net assets	**-2.7**

Summarized Statement of Financial Position for Jade 1216. GmbH and its direct and indirect subsidiaries

In EURm	December 31, 2019
Non-current assets	20.1
Current assets	24.9
Total assets	**45.0**
Non-current liabilities	6.1
Current liabilties	112.8
Total liabilities	**118.9**
Net assets	**-73.9**

Summarized Statement of Comprehensive Income for Jade 1216. GmbH and its direct and indirect subsidiaries

In EURm	2020	2019
Revenue	102.7	93.3
Loss for the period	-7.5	-10.1
Other comprehensive loss for the period, net of tax	-0.5	-0.1
Total comprehensive loss for the period	-8.0	-10.2

Summarized Statement of Cash Flows for Jade 1216. GmbH and its direct and indirect subsidiaries

In EURm	2020	2019
Cash flow from operating activities	0.0	-5.7
Cash flow from investing activities	-5.6	-5.9
Cash flow from financing activities	8.6	12.7

13. NUMBER OF EMPLOYEES

The average number of employees in the financial years is as follows:

	2020	2019
Women	606	676
Men	1,004	921
Total	**1,610**	**1,597**

14. AUDITOR'S FEE

In the current reporting period, the following fees for the auditor, Ernst&Young GmbH, Wirtschaftsprüfungsgesellschaft, Berlin, were expensed:

In EURm	2020	2019
Audits of Annual Financial Statements	0.2	0.3
Consulting services	0.1	0.0
Total	**0.3**	**0.3**

The other consulting services in the financial year relate to tax advisory services.

15. MANAGEMENT BOARD AND SUPERVISORY BOARD

MANAGEMENT BOARD

Marc Appelhoff, Berlin
Business graduate

Johannes Schaback, Berlin
Graduate engineer

Brigitte Wittekind, Potsdam
Business graduate

Philipp Steinhäuser, Berlin (from January 1, 2021)
Business graduate

The members of the Management Board serve on the Board on a full-time basis.

CURRENT MANDATES

Name of the Managment Board member	Mandates in accordance with Section 125 (1) sentence 4 German Stock Coorporation Act (AktG)
Marc Appelhoff	Mobly S.A. (member of the Board of Directors; since Dezember 2020)
Johannes Schaback	–
Brigitte Wittekind	D-Level GmbH (member of the Advisory Board)
Philipp Steinhäuser	Mobly S. A. (member of the Board of Directors; since Dezember 2020)

SUPERVISORY BOARD

Lothar Lanz (Chairman of the Supervisory Board), Munich
Member of several supervisory boards

Magnus Agervald (Deputy Chairman of the Supervisory Board), Stockholm
Interim CEO at Webhallen AB

Franco Danesi, London
Investment Director at Kinnevik Capital Ltd. Co.

Verena Mohaupt (Chairwoman of the Audit Committee), Munich
Partner at Findos Investor GmbH

CURRENT MANDATES

The following overview shows all current appointments in statutory supervisory boards or comparable supervisory bodies of companies in and outside Germany that were held by members of the Supervisory Board of home24 SE.

Name of the Supervisory Board member	Mandates in accordance with Section 125 (1) sentence 4 German Stock Coorporation Act (AktG)
Lothar Lanz	BAUWERT Aktiengesellschaft (member of the Supervisory Board) Dermapharm Holding SE (member of the Supervisory Board) TAG Immobilien AG (member of the Supervisory Board)
Magnus Agervald	FH Gruppen AS (member of the non-executive Board of Directors) AGE Advisory AB (member of the non-executive Board of Directors) Flaivy Nation AB (Chairman of the Board of non-executive Directors) Panprices AB (member of the non-executive Board of Directors) Hjältevadshus AB – (member of the non-executive Board of Directors; since February 2020) YPO Service AB – (member of the non-executive Board of Directors; since July 2020) YTrade Group AB – (member of the non-executive Board of Directors; since October 2020) Building Automation Nordic AB – (member of the non-executive Board of Directors; since September 2020)
Franco Danesi	Bayport Management Limited (member of the non-executive Board of Directors) Monese Ltd. (member of the non-executive Board of Directors)
Verena Mohaupt	Pacifico Renewables Yield AG (member of the non-executive Board of Directors; since April 2020)

16. CORPORATE GOVERNANCE STATEMENT DISCLOSURES

The declaration of the Management Board and the Supervisory Board on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) is available on the parent company's website at http://irpages2.eqs.com/download/companies/homevierundzwanzig/CorporateGovernance/181218_home24_SE_declaration_of_conformity_DCGK_English.pdf.

17. EVENTS AFTER THE REPORTING PERIOD

Philipp Steinhäuser has been a member of the Management Board since January 1, 2021 and serves as the Company's Chief Financial Officer (CFO).

In early February 2021, the shares of the subsidiary Mobly S.A. were admitted to trading on the Novo Mercado segment of the B3 stock exchange (previously the São Paulo stock exchange), Brazil. Since February 5, 2021, they have been traded under the ticker symbol MBLY3 and the ISIN BRMBLYACNOR5 ("Mobly IPO").

A total of 37,037,038 newly issued ordinary shares of Mobly S.A. and 1,610,306 ordinary shares held by VRB GmbH&Co. B-197 KG were placed within the scope of Mobly IPO. In addition, VRB GmbH&Co. B-197 KG granted a greenshoe option for up to 5,797,102 ordinary shares out of its shareholding. The stabilization agent was permitted to exercise this option in the period up to March 6, 2021. The option was exercised early and in full on February 22, 2021. A total of 44,444,446 ordinary shares of Mobly S.A. were thus placed through Mobly IPO. After the IPO, the Group's shareholding in Mobly S.A. amounts to 51%.

Mobly S.A.'s gross proceeds from its IPO amounted to BRL 777.8m (corresponding to EUR 120.5m at the February 5, 2021 exchange rate). VRB GmbH&Co. B-197 KG realized gross proceeds in the amount of BRL 33.8m (corresponding to EUR 5.2m at the February 5, 2021 exchange rate) through its sale of Mobly S.A. shares. In addition, VRB GmbH & Co. B-197 KG realized gross proceeds of BRL 121.7m (corresponding to EUR 18.7m at the February 22, 2021 exchange rate) due to the full exercise of the greenshoe option.

Due to the IPO of the subsidiary Mobly S.A., the Group plans to restructure the share-based payment plans of the management and senior employees of the Mobly subsidiaries and, in particular, to align it with the value of the now listed Mobly S.A. share. In this context, share-based payments awards granted in the past under a virtual stock option program (VSOP) and already vested, will be settled early with a cash payment of BRL 15.5m (corresponding to EUR 2.4m at the March 22, 2021 exchange rate). Grants not yet vested are to be replaced by new share-based payments awards to be issued by Mobly S.A.

After the IPO, subsidiary Mobly Comercio Varejista Ltda. repaid bank loans of BRL 70.1m (corresponding to EUR 11.0m at the December 31, 2020 exchange rate), with some of the payment being made before it was due.

No other events of material significance occurred after the closing date.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The Consolidated Financial Statements and the Combined Management Report of home24 SE are published in the electronic Federal Gazette. The Management Board approved the Consolidated Financial Statements and the Combined Management Report for publication on March 30, 2021.

Berlin, March 30, 2021

Marc Appelhoff   Johannes Schaback   Brigitte Wittekind   Philipp Steinhäuser

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report, which is combined with the Management Report of home24 SE, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Berlin, March 30, 2021

The Management Board

Marc Appelhoff Johannes Schaback Brigitte Wittekind Philipp Steinhäuser

INDEPENDENT AUDITORS' REPORT

To home24 SE

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of home24 SE, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the financial year from January 1 to December 31, 2020, the consolidated statement of financial position as of December 31, 2020, the consolidated statement of changes in equity and the consolidated statement of cash flow for the financial year from January 1 to December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the group management report of home24 SE, which has been combined with the management report of the Company, for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the information included in the "Corporate Governance Statement" in accordance with Section 315d HGB contained in the corporate governance report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the "Corporate Governance Statement" pursuant to Section 315d HGB.

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

Basis for the opinions

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

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

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

1) Occurrence and measurement of revenue from the delivery of merchandise taking into account expected returns

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

As part of selling merchandise, home24 SE typically satisfies its performance obligation when the merchandise is delivered, i.e., the date on which the significant risks and rewards of ownership and control of the merchandise are transferred to the customer. home24 SE customers in the Europe segment have the option to return merchandise free of charge within the revocation periods stipulated by law and, in addition to that period, the return periods granted by home24 SE. home24's executive directors calculate expected returns, for which no revenue is recognized. Their assumptions and judgments are based primarily on country-specific and month-specific expected rates of returns. Revenue has a significant influence on the net income of the Group and is one of the most important performance indicators for the home24 SE Group.

Due to the high transaction volume of the sales of merchandise and the potential risk of fictitious revenue and the uncertain estimate of expected returns, we consider the occurrence and measurement of revenue from the delivery of merchandise to be a key audit matter.

AUDITOR'S RESPONSE

In the course of our audit, we verified the process of revenue recognition established by the executive directors of home24 SE from the order through to payment receipt on the basis of the documentation provided to us. We also evaluated compliance with the revenue recognition requirements under IFRS 15. In order to identify anomalies regarding revenue and the development of revenue, we developed a forecast of segment-specific revenue from the sale of merchandise based on historical daily and summarized monthly revenue and compared it with the revenue recognized in the current financial year. In addition, we examined selected posting ledgers for any revenue entries that were entered manually as well as analyzed the respective contra accounts and correlations.

Moreover, as part of the substantive audit procedures, we also obtained documentation (delivery notes, invoices, payment receipts) for a sample of sales based on mathematical-statistical assumptions regarding the existence of revenue in order to determine whether the revenue recognized was based on a corresponding delivery of merchandise. We also verified the clerical accuracy of the expected returns as determined by the executive directors of home24 SE. We compared the assumed month-specific and country-specific return rates with actual historical month-specific and country-specific return rates, among other things, and analyzed them. In order to evaluate the assumed month-specific and country-specific rate of returns, we also compared selected rates with the merchandise actually returned by the time we concluded our audit.

Our audit procedures did not lead to any reservations relating to the occurrence of revenue or to the measurement of revenue from the delivery of merchandise.

REFERENCE TO RELATED DISCLOSURES

With regard to the accounting policies applied for the recognition of merchandise revenue, we refer to the Company's disclosures in sections 2.3 (Summary of Significant Accounting Policies) and 5.1 (Revenue) in the notes to the consolidated financial statements.

2) Subsequent measurement of merchandise

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

The merchandise inventory of home24 SE is continuously subject to risks associated with existing and potential future inventories, which are sold with high discounts through online retail or are disposed of outside of online retail. Impairment losses on estimated future inventories from expected returns as well as existing inventories are calculated at the end of the reporting period and recognized in the consolidated financial statements.

home24's executive directors calculate inventories based on the expected future sell-through for various sales channels. Expected future sell-through and the resulting estimated net realizable value are based on planning assumptions subject to judgment, which are determined using figures observed in the past.

We consider the subsequent measurement of merchandise inventory to be a key audit matter due to the high volume and heterogeneity of merchandise as well as the judgment used in calculating inventories and estimating the future net realizable value.

AUDITOR'S RESPONSE

We evaluated the compliance of the accounting policies applied by home24's executive directors in calculating the merchandise inventory and the timely recognition of impairment losses with the IFRS Conceptual Framework and the relevant IFRSs.

We also analyzed the process used by home24's executive directors regarding the subsequent measurement of merchandise, gained an understanding of the process steps, and tested the effectiveness of a selection of internal controls in place for the Europe segment.

Within the scope of the valuation model, the executive directors consider the expected sell-through of merchandise for various sales channels. We analyzed the timing of the sell-through using past data with actual sales and examined any significant deviations or irregularities in detail. In addition, we verified the executive directors' allocation to valuation groups in the valuation model on a sample basis.

The valuation model also incorporates the expected proceeds from inventories. We compared the executive directors' assumptions for expected proceeds, considering proceeds actually generated in the past from merchandise sold with high discounts as well as merchandise for disposal outside of online retail. In this context, we considered the measurement categories defined by the executive directors separately. We developed expectations regarding potential future inventories based on this and compared these expectations with valuation model assumptions and the impairment losses recorded. Furthermore, we verified the clerical accuracy of the valuation model.

Our procedures did not lead to any reservations relating to the subsequent measurement of merchandise.

REFERENCE TO RELATED DISCLOSURES

With regard to the accounting policies applied for the subsequent measurement of inventory, we refer to the Company's disclosures in sections 2.3 (Summary of Significant Accounting Policies) and 5.14 (Inventories and Advance Payments) in the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. Other information comprises the information included in the Statement on Corporate Governance pursuant to Section 315d HGB contained in the "Corporate Governance Statement" in the group management report as well as remaining components of the annual financial report, with the exception of the audited consolidated financial statements and group management report as well as our independent auditor's report, in particular:

- the responsibility statement contained in the "Responsibility Statement by the Management Board" section pursuant to Section 297 (2) Sentence 4 HGB and Section 315 (1) Sentence 5 HGB,
- the non-financial report contained in the "Non-financial report" section pursuant to Section 315b HGB,
- the "Report of the Supervisory Board of home24 SE" section.

We received a version of this other information prior to issuing this independent auditor's report.

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

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

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

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

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

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

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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

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

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB;

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

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance in accordance with Section 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes

OPINION

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file H24_KA+KLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file. Pursuant to these requirements, our assurance also does not extend to the records of the individual disclosures in the notes to the consolidated financial statements made voluntarily by the Company.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above. We also do not issue an opinion on the records of the individual disclosures in the notes to the consolidated financial statements made voluntarily by the Company.

BASIS FOR THE OPINION

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Section 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Section 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements by the annual general meeting on June 3, 2020. We were engaged by the Supervisory Board on July 7, 2020. We have been the group auditor of home24 SE without interruption since financial year 2013. home24 SE has been a corporation geared to the capital market pursuant to Section 264d HGB since 2018.

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

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- Review of the condensed interim consolidated financial statements and the interim group management report for the period from January 1 to June 30, 2020;

- Tax advisory services in connection with the restructuring of the Group.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Gunnar Glöckner.

Berlin, March 30, 2021

Ernst&Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Patzelt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

GLOSSARY

Adjusted EBITDA – defined as earnings before interest, taxes, depreciation and amortization, adjusted for share-based payment expenses for employees, media services provided to the Company and costs incurred in connection with the listing of existing shares and other one-off expenses, mainly service fees for legal and other consulting services associated with the IPO.

Adjusted EBITDA margin – defined as the ratio of adjusted EBITDA to revenue.

Administrative expenses – defined as the sum of overhead expenses including employee benefit expenses and share-based payment expenses for employees and executives, depreciation and amortization, IT and other overhead costs, as well as costs related to the IPO.

Average order value – defined as the aggregated gross order value of the orders placed in the respective period, including VAT, without factoring in cancellations and returns as well as subsequent discounts and vouchers, divided by the number of orders.

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) – international convention aimed at ensuring sustainable international trading in animals and plants listed in its annexes.

Cost of sales – defined as the purchase price of the goods acquired plus inbound shipping charges.

Employees – defined as employees of any gender who are not members of the Management Board, apprentices or trainees.

EUTR (European Timber Regulation) – the entry into force of the EU Timber Regulation makes it unlawful to market illegally harvested timber or wood products made from this timber.

FLEGT (Forest Law Enforcement, Governance and Trade) – European Union action plan to tackle the global problem of illegal logging and trading in timber and wood products of illegal origin.

Fulfillment expenses – defined as the sum of expenses relating to the dispatching, handling and packaging of goods, warehouse employee benefits, temporary warehouse work obtained and payment processing.

GRC (Governance, Risk and Compliance) – defined as the Group department tasked with identifying, assessing and mitigating business risks.

Gross profit – defined as revenue less cost of sales.

Gross profit margin – defined as gross profit divided by revenue.

Key non-financial performance indicators – defined as the number of orders, the number of active customers and the value of the average order value.

Marketing expenses – defined as the sum of expenses for performance marketing and TV marketing, excluding share-based payment marketing expenses.

Net working capital – defined as inventories, advance payments on inventories, trade receivables, current financial assets (except for derivative financial instruments), current and non-current non-financial assets less trade payables and similar liabilities, current financial (except for derivative financial instruments) and non-financial liabilities and contract liabilities.

Number of active customers – defined as the number of customers that have placed at least one non-canceled order in the 12 months prior to the respective date, without factoring in returns.

Number of orders – defined as the number of orders placed in the relevant period, regardless of cancellations or returns.

Other selling and distribution costs – defined as the sum of rent or depreciation of right-of-use-assets for leased warehouses, outlets and showrooms, share-based payment marketing expenses, other logistics and marketing expenses, employee benefits and expenses for temporary work obtained for central fulfillment and marketing activities including customer service, miscellaneous expenses and other depreciation.

Performance marketing – includes all online marketing channels used by home24 such as keyword search or online advertising banners on third-party websites.

Profit contribution – defined as gross profit less fulfillment expenses and impairment losses on financial assets.

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) – EU chemicals regulation governing the registration, evaluation, authorization and restriction of chemicals.

Revenue growth at constant currency – defined as revenue growth using constant BRL/EUR exchange rates from the previous year.

Sites – defined as the mailing addresses of the Company or companies controlled by the Company with employees (headquarters, outlets, showrooms, warehouses).

SKUs (stock keeping units) – defined as code numbers for individual products included in the home24 product range.

FINANCIAL CALENDAR 2021

MAY 11

Publication of Quarterly Financial Report (Q1 reporting date)

JUNE 17

Annual General Meeting

AUGUST 18

Publication of Half-yearly Financial Report

NOVEMBER 10

Publication of Quarterly Financial Report (Q3 reporting date)

IMPRINT

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