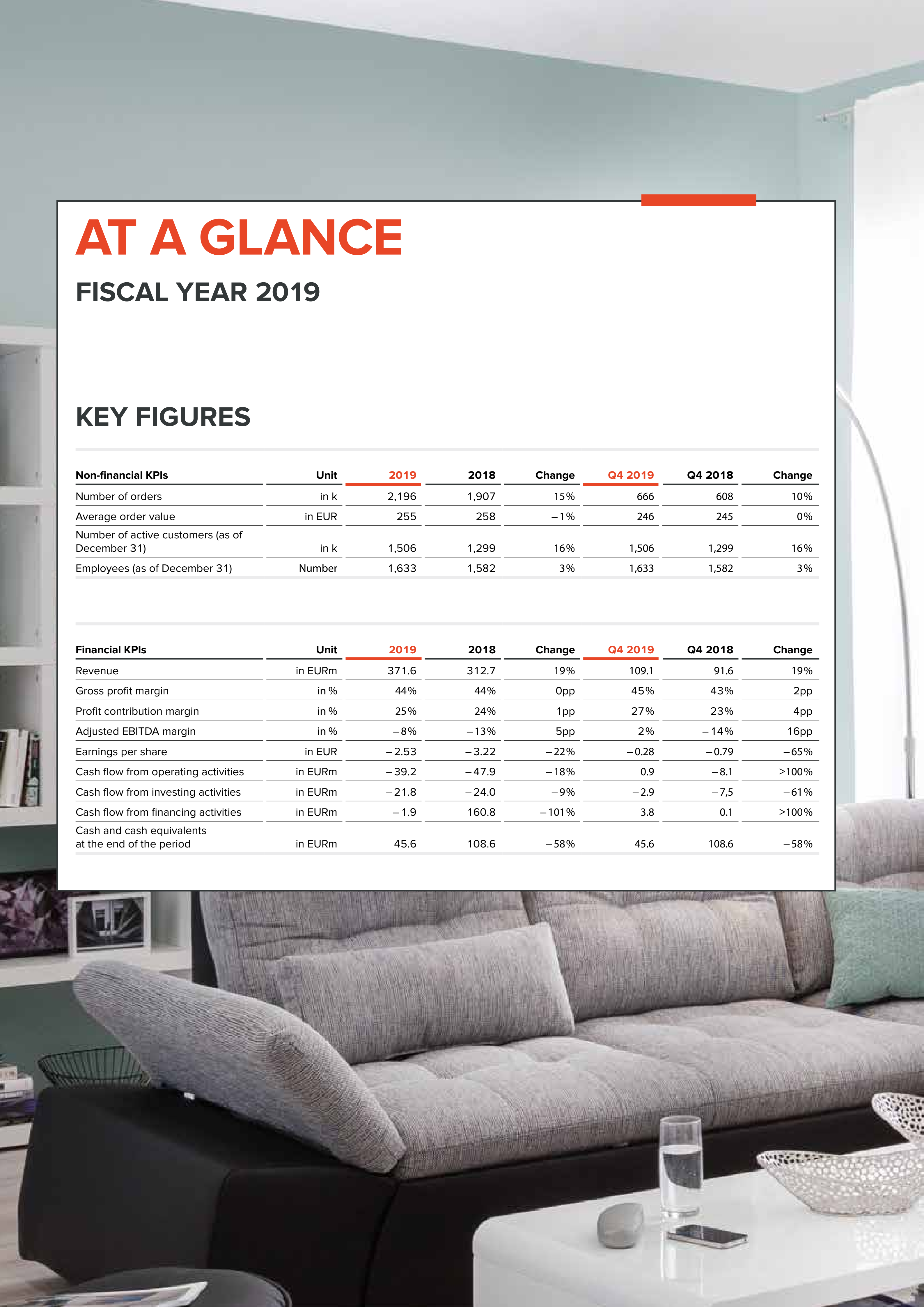
home24

ANNUAL REPORT 2019



AT A GLANCE

FISCAL YEAR 2019

KEY FIGURES

Non-financial KPIs	Unit	2019	2018	Change	Q4 2019	Q4 2018	Change
Number of orders	in k	2,196	1,907	15%	666	608	10%
Average order value	in EUR	255	258	– 1%	246	245	0%
Number of active customers (as of December 31)	in k	1,506	1,299	16%	1,506	1,299	16%
Employees (as of December 31)	Number	1,633	1,582	3%	1,633	1,582	3%

Financial KPIs	Unit	2019	2018	Change	Q4 2019	Q4 2018	Change
Revenue	in EURm	371.6	312.7	19%	109.1	91.6	19%
Gross profit margin	in %	44%	44%	0pp	45%	43%	2pp
Profit contribution margin	in %	25%	24%	1pp	27%	23%	4pp
Adjusted EBITDA margin	in %	– 8%	– 13%	5pp	2%	– 14%	16pp
Earnings per share	in EUR	– 2.53	– 3.22	– 22%	– 0.28	– 0.79	– 65%
Cash flow from operating activities	in EURm	– 39.2	– 47.9	– 18%	0.9	– 8.1	>100%
Cash flow from investing activities	in EURm	– 21.8	– 24.0	– 9%	– 2.9	– 7,5	– 61%
Cash flow from financing activities	in EURm	– 1.9	160.8	– 101%	3.8	0.1	>100%
Cash and cash equivalents at the end of the period	in EURm	45.6	108.6	– 58%	45.6	108.6	– 58%

home24 is a leading pure-play home&living e-commerce platform in continental Europe and Brazil. With over 100,000 articles – from accessories to lamps to furniture – home24 offers its current 1.5 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. Further information can be found on the Company's website at www.home24.com.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CONTENTS

LETTER TO OUR SHAREHOLDERS

THE MANAGEMENT BOARD OF HOME24 SE

From left to right:

Johannes Schaback
Brigitte Wittekind
Marc Appelhoff

DEAR HOME24 SHAREHOLDERS, DEAR READERS,

Every day we move a step closer to our goal of making many people's everyday lives even more comfortable, beautiful and carefree by creating "happy homes". By working towards this goal "24" hours a day, we breathe life into the "home24" brand. Over the past financial year, more than 1.5 million active customers have been impressed by the way we are driving online furniture sales forward. They all benefit from our wide range of curated products and our determination to offer good-quality furniture, accessories and lamps at fair prices.

To make sure that buying furniture becomes a positive shopping experience and that the resulting order is processed as quickly and smoothly as possible, we have strategically focused on fundamental logistics and technology in recent years to lay a vital foundation for sustainable long-term growth.

Our path to sustainable, profitable growth

We have invested a great deal in our future. By bringing new warehouses in Europe and Brazil into operation, we increased our logistics space by more than 70% overall in 2019. At the same time, this also accelerated internal processes such as goods storage and made them more efficient. We can now process customer orders even more efficiently. In recent years, we have also made significant investments in regional outlet centers where returns are collected and marketed directly on site as returned goods with reduced prices. Our five outlets are strategically well distributed across Germany. This minimizes our logistics costs considerably, as the goods can be sold on without being transported for long distances, and also helps us to improve our ecological footprint.

As we work towards break-even and a sustainably profitable company, we must not forget the importance of acting responsibly towards the environment as well as society, our colleagues and our manufacturing partners. It is important for us to achieve our vision in a sustainable way and in accordance with our values and those of society. Issues such as diversity, inclusion and equal opportunities are second nature to us. That is why we are committed to promoting more women to leadership roles in future. The appointment of Brigitte Wittekind as Christoph Cordes' successor at the start of 2020 marks the first time a woman has been promoted to the top level of management within our company. In recent years, she has helped to successfully establish our range of own-brand products and has also made a decisive contribution to operations.

Strategic and financial targets achieved in 2019

2019 was an exciting and eventful year from an economic perspective, and one that we ended by being operationally in the black for the first time in the fourth quarter of 2019. With adjusted EBITDA of EUR 2.6m, we recorded our first profitable quarter at Group level and achieved the important target we set ourselves at the time of our IPO. Both the Europe and LatAm segments generated a profit in the last quarter of 2019. On a similarly encouraging note, we once again recorded significantly higher revenue growth than the market, ultimately increasing this figure by 20% y-o-y to EUR 372m at constant currency. The continued strong growth associated with this substantial improvement in profitability reaffirms the strategic direction and sustainability of our company.

Ten years after foundation of the company, 2019 was an exceptional year for us in many respects: We reached several major milestones by completing important investment projects and achieving structural profitability at the end of the year. These are significant building blocks for our ambitious future. We would particularly like to thank our team for their tremendous commitment and passion in achieving this remarkable feat.

Our goal for 2020: enhancing our value proposition to our customers

In 2020 we want to move into the next stage of development by expanding our data-driven management system to include even more core processes. As an online company, we believe this gives us a crucial advantage over the industry, more than 90% of which is still offline business. As a result, we want to extend this advantage further.

In addition, after focusing strongly on making investments in our platform in recent years, we will once again concentrate on what matters most to our customers: an inspiring shopping experience encompassing everything from our product range and website to our showrooms and outlets.

After all, we still have a compelling opportunity here. Despite the fact that online furniture shopping is becoming increasingly popular, it still accounts for less than 10% of the people in the markets where we are active. This low online penetration offers significant growth potential. We don't just want to be part of this development – we want to spearhead it.

In the first quarter of 2020, the COVID-19 pandemic has created an element of uncertainty for further business development in 2020. We have initiated immediate measures at our sites in Asia, Europe and Brazil in response to the situation. However, at the time of publication of the Annual Report, the consequences for the global economy and thus also for home24 are virtually impossible to predict. It cannot be ruled out that the further spread of the virus will develop differently in Europe and Brazil. The economic consequences in Europe and Brazil may differ significantly and are influenced by the respective government policies, among other factors. With our team and our partners, we remain a reliable partner for our customers as long as the supply chains do not come to a standstill.

The current time, in which society is moving closer together and spending more time at home, confirms our mission at home24 that every customer should have the opportunity to realize their own dreams in their home. To achieve this, our team continues to work in a focused and agile manner, despite the current challenges, to develop innovative solutions that enable us to seize market opportunities and develop new products for our customers. We are aware that we still have the potential to offer our customers an even better, more complete range of products and additional services. Every crisis is also an opportunity, and we believe that we are well positioned to emerge from the current situation stronger. There is a lot to do and achieve and we are delighted that you are joining us in implementing our vision.

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

Berlin, April 3, 2020

MARC APPELHOFF **JOHANNES SCHABACK** **BRIGITTE WITTEKIND**

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.

THE HOME24 BUSINESS MODEL

WHO WE ARE

home24 is 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. Its strong market position is evidenced by approximately **1.5m active customers** (as of December 31, 2019), and approximately **2.2m orders** in the 2019 financial year, with an **average order value of EUR 255**.

In order to serve different tastes, styles and budgets, home24 today has compiled one of the largest and most relevant online offerings comprising more than **100,000 stock-keeping units** (SKUs) of home&living products, including a wide portfolio ranging from large items of furniture (such as living and dining room furniture, upholstered furniture and bedroom furniture) to accessories and lamps. home24 sources these products from more than **500 suppliers** in over **30 countries**, including direct sourcing from individual manufacturers for our private label range.

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.

THE HOME&LIVING SHOPPING EXPERIENCE

To improve its offering, the investments of home24 focus on:

OFFERING A BROAD AND RELEVANT PRODUCT RANGE
home24 offers its customers an unparalleled large and relevant selection of home&living products that fit their unique homes.

ENSURING FAST AND RELIABLE HOME DELIVERY
To make shopping for home&living products as convenient as possible, customers can access the Group’s websites and apps from anywhere and at any time.

DELIVERING THE BEST VALUE PROPOSITION
home24 offers its customers attractively priced products by leveraging its direct trading relationships with manufacturers and selected brand suppliers to negotiate attractive purchasing terms.

CREATING A UNIQUE SHOPPING EXPERIENCE
home24 creates an inspiring customer experience both on the Internet and its showrooms and outlets, because the purchase of home&living products is always based on visual impressions and competent customer advice.

THE HOME24 MODEL

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

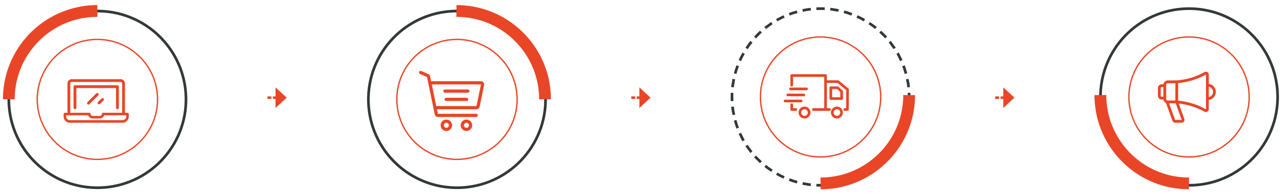
Third-party and white label products: a broad selection of home&living products marketed under third party and white label brands, which the Group usually does not keep in stock.

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

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:

- 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 the product range and personalize the 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 & RETURNS MANAGEMENT
- DELIVERY & TRANSPORT

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

OUR SHOWROOMS & OUTLETS

ADVICE & IDEAS

Seeing, touching and trying out furniture live

UP TO 80% DISCOUNT

Display items, photo samples and returned merchandise

SHOWROOMS

In addition to the wide range of products available online, our showrooms offer our customers the opportunity to receive advice and be inspired in a personal conversation, thereby enhancing the home24 experience. Experienced furniture experts are available to provide free, customized advice. They will be happy to address the specific needs of our customers.

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

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 80 percent compared to the regular online price. Customers looking for a bargain can be sure to find one here. home24 also benefits as returned merchandise can be resold without having to travel long distances, which reduces costs and is good for the environment.

NON-FINANCIAL REPORT

1. LETTER FROM THE CEO

Dear shareholders, colleagues and readers,

We believe that acting sustainably and responsibly towards society, our colleagues, suppliers and other business partners as well as the environment is an important pillar of sustainable management.

The primary focus of our business model is to offer our customers attractively priced furniture and create a satisfying shopping experience. However, we also take our corporate responsibility very seriously. It is important to us to ensure and enhance our company's success in accordance with our values and those of society.

This is why we have also added "Commit to the long game" to our seven corporate values. We want to build lasting relationships based on trust and meaningful values. At the same time, we are always interested in sustainable solutions and do not primarily focus our actions on short-term success. This not only applies to our business decisions but also influences the way we deal with non-financial issues.

In recent years, we have already worked hard to improve our ecological footprint and have invested in sustainable, environmentally friendly solutions. This sustainable approach is also supported by our business model. This means that we make the majority of our assortment only on order, do not operate any large decentralized retail or warehouse space and only stockpile products that we sell frequently. We now also operate our own regional logistics and outlet centers in Europe where returns are collected and marketed directly as returned goods, thus reducing the distances covered by returns.

We are aware that there is still so much we can do when it comes to sustainability and environmental awareness. That is why we constantly check which areas we can improve in and tackle these issues systematically. We are convinced that a company's long-term success depends not only on financial key performance indicators but also on taking responsibility for social, economic and environmental issues. We want to set an example for the furniture sector to follow.

In this report, we provide an overview of the current implementation status of each individual issue and give an outlook for the additional targets we have set ourselves.

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 22 subsidiaries, including twelve located in Germany, five 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 on of 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 13 showrooms in Germany, Austria, Switzerland and Brazil as well as nine outlets in Germany and Brazil.

We offer a broad selection of products and styles in different price ranges on our website. Our customers can choose their desired home&living product from more than 100,000 stock-keeping units (SKUs) – from large items of furniture (such as living and dining room furniture, upholstered furniture and bedroom furniture) to accessories and lamps. We source these products from more than 500 suppliers in over 30 countries, including direct sourcing from individual manufacturers for our large private label range.

Our business is divided into two segments – Europe and LatAm. As of December 31, 2019, our overall team consisted of 1,633 employees, including 871 in the Europe segment (including Asia) and 762 in the LatAm segment.

More information about our business model can be found on page 8 of this Annual Report.

2.2. Sustainability Strategy, Corporate Governance and Organization

2.2.1. SUSTAINABILITY STRATEGY

"Commit to the long game" is one of our company values. We want to build lasting relationships based on trust. We want to create sustainable solutions rather than 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 2019, home24 reports on 14 areas of action 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	Areas of action	Page
General		
	Compliance and risk management	19f.
	Customer health and safety	18
Environmental matters		
	Managing environmental risks in the supply chain	17f.
	Waste management	19
	Energy consumption and renewable energy use	19
	Carbon emissions	19
Employee matters		
	Employee satisfaction	14f.
	Development opportunities and training program	15
	Employee health	16
	Employee diversity and equal treatment	16
Social matters		
	Data protection	20
	Capital markets	21
Respect for human rights		
	Managing social impact in the supply chain	18
Anti-corruption matters		
	Combating corruption	20

Compared with the previous year, home24 now also provides information in this report about the management approach and activities of the Group with regard to two newly-added areas of action – employee health and carbon emissions.

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 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 two-tier governance 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, 2019, the Management Board had three members.

The Supervisory Board of home24 SE had four members as of December 31, 2019. 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, 2019, the Supervisory Board had three committees: the Audit Committee, the Remuneration Committee and the Nomination Committee.

Further information can be found in the Corporate Governance Report on page 28ff. Information on Management Board remuneration can be found on page 40ff. 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 2019 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

We would like to establish the right framework for a long-term development. 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 areas of action assigned to the legally defined non-financial matters based on existing management systems and information channels in 2019 as well. Our stakeholders' central concerns relate to employees, safe products and environmentally-friendly and humane supply chain activities, environmentally-friendly economic activity and lawful business practices.

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, continuing professional development, employee diversity and anti-discrimination, employee health, environmental protection
Suppliers and partners	Contract negotiations, daily interaction	Good and sustainable cooperation
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 2019 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 areas of action conducted in 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

3.1. home24 in Numbers

Our employees play a significant role in creating value for our company. They also form a key part of our growth strategy. They and the way in which they collaborate within our organization are crucial to our future success. They drive our growth and lay the foundation for the successful company of tomorrow.

As of the end of 2019, home24 had 1,633 employees at 30 locations in five countries. The following is an overview of how our employee structure developed in 2019 and 2018:

Employees by region

	2019	2018
Europe segment (including Asia)	871	1,000
LatAm segment	762	582

Employees by gender

	2019	2018
Women	647	609
Men	986	973

Employee age structure

	2019	2018
Under 30	764	753
Between 30 and 50	801	766
Over 50	68	63

In the reporting year, the average age in the Group was 32 years (2018: 32 years). The average length of service was 1 year and 10 months (2018: 2 years).

In 2019 there were 730 new employees (2018: 957) in the Group; this figure consisted of 38% women and 62% men. Of the new employees, 40% joined the Europe segment and 60% joined the LatAm segment. This represented a decrease of 31% compared to 2018.

As of December 31, 2019, 1,457 employees worked full-time and 176 part-time, 107 of whom were women and 69 men (2018: 1,440 full-time, 142 part-time). When compared to the total number of employees, 11% of the workforce worked part-time. Compared to 2018, this represents an increase of 2%.

3.2. Employee Satisfaction

Our goal is to achieve a high level of employee satisfaction. As we know this is the only way that they can develop their potential and be productive and innovative.

Our human resources policy focuses on creating a sense of 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.

Our objective is to show that we are an attractive employer to external stakeholders and the public as well. With this in mind, we continued to strengthen our social media presence and maintain an open dialog with our community.

However, we want to be regarded as a good employer within the Group as well as externally. We work to ensure the wellbeing of our employees with initiatives such as subsidizing the use of public transportation, offering a company pension scheme, providing free drinks and fruit, offering free preventive health measures, and giving out employee vouchers and arranging discounts with various partners.

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,town hall and 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.

Town hall meetings regularly take place at our head office in Berlin. As part of these events, the Management Board presents 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 in newsletters and made available to employees. Our subsidiaries in Brazil also hold similar meetings.

Staff retention begins in the first few days after a new employee joins the Company. 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 (at our head offices in Berlin and São Paulo, for example, this information comes directly from the Management Board or local management) and get to know management and their areas of responsibility.

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, mobile working opportunities and sabbaticals at our German locations.

The following table provides an overview of the average parental leave taken, the return rate and the retention rate for 2019 and 2018:

	Parental leave female employees	Parental leave male employees	Return rate	Retention rate
2019	**6%**	**<1%**	**67%**	**37%**
2018	9%	1%	80%	52%

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 department 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 2020 we also want to be able 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. A modular leadership training program has been specially developed for managers at our Berlin office. Our learning opportunities include both classroom training and online courses (such as compulsory training sessions on tackling corruption, data protection and safety at work), which we are constantly expanding. 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. Our subsidiaries in Brazil offer various courses on topics such as reconciling work and family life, health and stress management.

3.3.2. TRAINING PROGRAM

home24 continued its training concept in 2019. During 2019, there were a total of twelve apprentices. The first home24 apprentice successfully completed her training to become an office management agent in February 2019 and has since become a permanent employee of the Company.

We offered three new training professions at home24 SE during the 2019 financial year: marketing communications agent, IT specialist in application development and IT specialist in system integration. We are also planning to train eCommerce agents from 2020 onwards.

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 2019, we conducted classroom and 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. Our subsidiaries in Brazil also offered an optional measles vaccination during 2019 together with courses on reconciling work and family life as well as health and stress. Employees there also had the opportunity to speak in person with doctors about various health issues as part of different events.

3.5. Employee Diversity and Equal Treatment

We employ more than 1,500 staff from over 50 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 the Management Board or relevant manager directly. No discrimination cases were reported in 2019.

A total of 95 refugees worked at our subsidiary home24 eLogistics GmbH & Co. KG in 2019. These individuals come from African countries such as Eritrea, Cameroon 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.

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). The Management Board has developed a long-term plan to help it reach this target. By the end of financial year 2019, the proportion of women was 25% at the top level of the Company's management (e.g. at Senior Vice President level) and 50% at the second level of management (e.g. at Vice President level). On January 1, 2020, Brigitte Wittekind was the first woman to be appointed to the Company's Management Board.

Our subsidiaries in Brazil hosted various activities aimed at encouraging women within the company in 2019. For example, an initiative led by volunteers with the support of the local Human Resources department was launched. In 2019, this initiative brought together a number of instructors to hold an open discussion about women in the company, and also held assorted presentations about gender equality.

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 500 suppliers in over 30 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 2019, about 19% of the products we sold came from Germany, 26% from Brazil, 22% from China and 15% 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 three 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 non-member states into the EU. 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 department 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 department 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.

No significant fines or non-monetary sanctions were imposed on home24 in 2019 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.

325 of home24 SE's 330 suppliers accepted the Supplier Code of Conduct in 2019. The Company generated 99% of its annual revenue with these suppliers. In 2019, all new suppliers of the Group accepted our Supplier Code of Conduct by signing a contract. In 2020, we plan to ensure compliance with our requirements by conducting unannounced and documented audits.

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. 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.

Next year, we want to ensure that new manufacturers and their production facilities are subjected to a documented audit to review their compliance with social criteria, among other things, prior to establishing a business relationship.

4.2.3. CUSTOMER HEALTH AND SAFETY

Reliable quality is crucial for safe products. 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. Our Product Quality department 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.

By the end of 2020, our goal is to ensure that our subsidiaries in Brazil have also introduced an appropriate due diligence system that takes local legislation into account to ensure that customers' health is protected against the use of hazardous substances.

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 2019 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, approximately 90% of our packaging in the Europe segment is made from recyclable materials. Our subsidiaries in Brazil also largely use packaging made of almost 100% recyclable materials for transporting their products.

The Group has also tasked external service providers 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

Our company growth will inevitably mean that we need more and more building space, which in turn means that we will draw on energy resources. 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 67% of our overall power consumption across Europe runs on such tariffs. At our Brazilian subsidiaries, around 60% of electricity consumed at the head office and at the main warehouse in São Paulo in 2019 came from renewable energy sources.

Our aim is to complete this transition at all of our German sites and our showrooms across Europe in 2021.

5.3. Carbon Emissions

Climate awareness is a challenge for society as a whole, and we want to play our part.

This year we incorporated carbon emissions into our materiality analysis for the first time. Our objective in 2020 is to calculate the carbon emissions caused by our shipments and sites in Europe and use these calculations to develop a concept to reduce or offset our emissions.

In 2019 we have already helped to reduce greenhouse gases with various steps such as ensuring the carbon neutrality of our shop website, participation in climate protection initiatives with a clear commitment to achieving predefined targets, investments in outlets to give our returns a new lease of life near to our customers, our make-to-order model classed as “sustainable” by the Sustainable Furnishing Council, or by avoiding business and first-class flights in accordance with our travel policy.

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 Group. 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 Group’s general risk situation in the first and fourth quarter of financial year 2019. 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 2019 due to non-compliance with social and economic legislation and/or regulations.

More information about our risk management activities is provided on pages 63ff. of the report on risks and opportunities in the Combined Management Report.

6.2. Combating Corruption

The Management Board of home24 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 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 2019 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 2019.

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 Management Board and/or relevant managers at the subsidiaries are responsible for data protection and information security. They are supported by home24 SE's Legal department and Governance, Risk and Compliance (GRC) department when defining data protection requirements, creating documentation and setting up data protection-compliant processes. home24 SE has 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.

Our 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 2019, the Company began to align its IT security requirements with those set out in the ISO/IEC 27001 security standard. Data protection documentation was regularly updated and there was increased internal awareness of the issue. Compulsory online training sessions, assorted communication initiatives and awareness-raising activities ensured a greater awareness of risks surrounding the issue.

With stricter data protection requirements set to be introduced in Brazil in 2020, the Company is still striving to develop Group-wide data protection and IT security guidelines and document them fully in a comprehensive rulebook this year.

There were six complaints concerning breaches of customer data privacy in 2019 (five originated in 2018, one in 2019). 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 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 2019, Company employees again received capital markets compliance training. Similar training courses are planned for 2020.

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 2019 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

At the start of the 2019 financial year, the Supervisory Board consisted of Lothar Lanz (Chairman), Magnus Agervald (Deputy Chairman), Verena Mohaupt, Alexander Samwer, Christian Senitz and Franco Danesi.

Effective at the end of January 28, 2019, Christian Senitz resigned his post on the Supervisory Board in agreement with the Supervisory Board because he wants to pursue a different career.

On June 19, 2019, the Annual General Meeting of the Company adopted a resolution to amend Article 9 (1) of the Articles of Association and reduce the number of Supervisory Board members from six to four. Previous Supervisory Board members Lothar Lanz, Magnus Agervald, Verena Mohaupt and Franco Danesi were reelected by the Annual General Meeting. All Supervisory Board members were elected until the end of the Annual 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

Lothar Lanz was elected Chairman of the Supervisory Board and Magnus Agervald Deputy Chairman on June 19, 2019.

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 11, April 23, August 28, and November 25, 2019). All of these meetings were attended by all Supervisory Board members. The Supervisory Board dealt in detail with the economic position and operational and strategic development of the Company and its business units at these meetings. In 2019, 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. Where necessary, the Supervisory Board held its meeting without Management Board members being present.

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 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 its regular meetings, the Management Board provided the Supervisory Board with regular, timely and comprehensive information, both in writing and orally, about events of material significance in assessing the situation, development and management of the Company. For such purpose, the Management Board and the Supervisory Board held regular telephone conferences where the Management Board reported on all key issues relating to the Group's position, short-term planning and strategic development.The Management Board discussed key business transactions for home24 SE and its subsidiaries with the Supervisory Board based on detailed reports. Transactions requiring approval by the Supervisory Board were submitted and explained by the Management Board in a timely manner. Mr. Lanz, in his role as Chairman of the Supervisory Board, and the other Supervisory Board members remained in regular close personal contact with the Management Board outside of their regular meetings and kept themselves informed about the current course of business and key business transactions.

The Supervisory Board's work also focused on carrying out its task of appointing Management Board members. At the start of 2019, the appointment of Management Board member Johannes Schaback was prematurely extended by a further two years. Dr. Philipp Kreibohm stepped down from the Company's Management Board effective March 31, 2019 with the agreement of the Supervisory Board. Following the departure of Christoph Cordes from the Management Board at the end of 2019, the Company ensured the Management Board could again be set up for the long term. The Company appointed Brigitte Wittekind as Christoph Cordes' successor. As Senior Vice President, Ms. Wittekind has been responsible for several strategically significant investment projects in the Operations unit since 2014. At the same time, the appointment of Marc Appelhoff as a member of the Management Board was prematurely extended by three years to the end of 2022. Mr. Appelhoff was also appointed Chairman of the Management Board (CEO) effective January 1, 2020. To take into account the changes in circumstances since the IPO and to continue to ensure appropriate and sustainable remuneration for the Management Board, the Company's Supervisory Board also adjusted the remuneration system for the Management Board.

In addition, the Supervisory Board conducted a self-evaluation in November 2019. Based on this self-evaluation, 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).

SUPERVISORY BOARD COMMITTEES

During the reporting period, the Supervisory Board set up three committees as specified in its Rules of Procedure (Audit Committee, Remuneration 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.

At the start of the 2019 financial year, the committees were composed as follows:

Audit Committee	Remuneration Committee	Nomination Committee
Verena Mohaupt*	Verena Mohaupt*	Alexander Samwer*
Lothar Lanz	Alexander Samwer	Verena Mohaupt
Christian Senitz	Franco Danesi	Franco Danesi
Franco Danesi		

* Chair

After the Supervisory Board members were reappointed by the Annual General Meeting on June 19, 2019, the Supervisory Board passed a resolution to compose the committees as follows:

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

* Chair

The Audit Committee held a total of four meetings during the year under review (February 11, April 23, August 28 and November 25, 2019), all of which were attended by all committee members.

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 2019 financial year by the Annual General Meeting on June 19, 2019.

The auditors audited the Annual Financial Statements for 2019 and the Consolidated Financial Statements for 2019 as well as the Company's combined management report and issued an unqualified auditors' report.

A testable version of the Annual and Consolidated Financial Statements and Combined Management Report for home24 SE and the Group for the 2019 financial year were reviewed and extensively discussed at the virtual Audit Committee meeting on April 3, 2020 which took place via video conference. Management Board member Marc Appelhoff presented the financial statements of home24 SE and the home24 Group at this meeting. Audit firm's partners 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 draft audit reports were then discussed at the virtual Supervisory Board's plenary meeting on April 3, 2020 which took place via video conference; the draft audit reports were available to all Supervisory Board members. At this meeting, Audit Committee chair Verena Mohaupt reported on the Audit Committee's previous meeting and on the audit of the statements by the Audit Committee. The financial statements and the Combined Management Report were discussed within the Supervisory Board. The Audit Committee chair further explained that basis for the discussions in the Audit Committee were testable versions of the financial statemens, but the formal audit opinions were still missing due to logistical challenges because of COVID-19 related restrictions such as impossibility of physical meetings and few outstanding formal audit activities. The Audit Committee suggested to approve the financial statements after receipt of the final audit opinions. For such purpose the Audit Committee proposed to have another virtual meeting on April 6, 2020 where the auditor shall confirm the audit opinion on the basis of the discussed financial statements.

The Supervisory Board approved the result of the audit 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 virtual Supervisory Board meeting on April 6, 2020 which took place via video conference, 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 2019 financial year in accordance with the recommendation of the Audit Committee, and the Annual Financial Statements of the Company for the 2019 financial year were thus adopted.

Berlin, April 6, 2020

For the Supervisory Board

LOTHAR LANZ

Chairman of the Supervisory Board

THE HOME24 SHARE

EQUITY MARKETS AND SHARE PRICE PERFORMANCE

Amid an environment of persistently low interest rates, sentiment at the global capital markets remained positive. Initially, the home24 share was unable to benefit from this environment. It was not until the second half of the year that a positive trend developed, which caused the share price to increase by 68% from its annual low by the end of the year.

home24 closed 2019 with a share price of EUR 4.88.

THE HOME24 SHARE

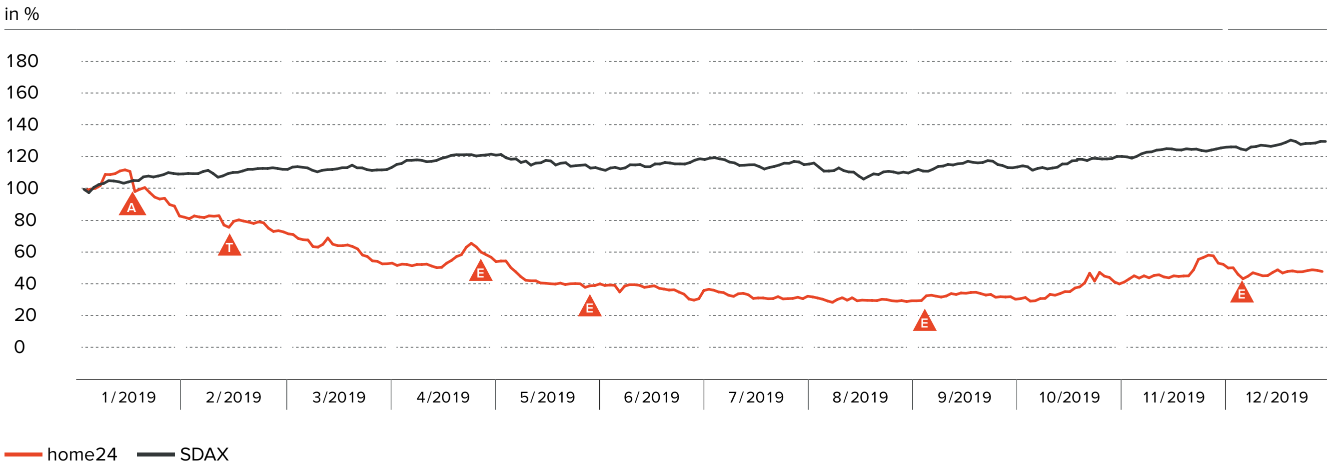
Share type	Bearer shares with no par value
Ticker symbol	H24
WKN	A14KEB
ISIN	DE000A14KEB5
Market segment	Regulated market (Prime Standard)

SHARE PERFORMANCE IN 2019

Opening price	January 2, 2019	EUR	11.00
Annual high	January 14, 2019	EUR	11.30
Annual low	August 7, 2019	EUR	2.90
Closing price	December 30, 2019	EUR	4.88
Number of shares outstanding	December 31, 2019	Shares	26,409,186
Market capitalization	December 30, 2019	EUR	128,876,828

PERFORMANCE OF THE HOME24 SHARE

(indexed on January 2, 2019)



A = Ad hoc statement
E = Earnings presentation
T = Trading update

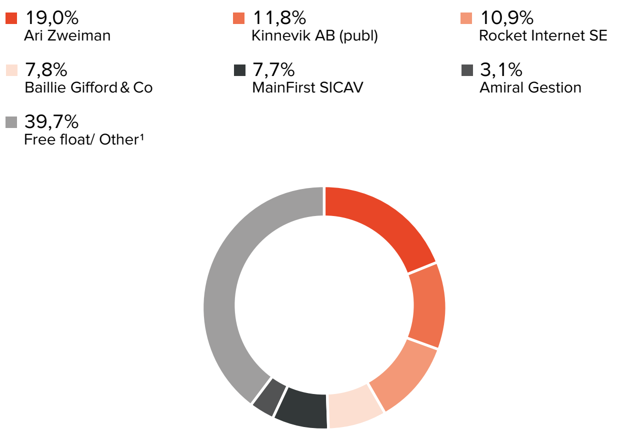
SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2019

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) as of December 31, 2019. Financial instruments as defined in Section 38 WpHG or aggregated equity investments and instruments as defined in Section 39 WpHG were included.

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

The changes during the financial year mainly involved Ari Zweiman significantly increasing his share in home24 (from 5.2% to 19.0%), while Rocket Internet SE reduced its position (from 32.5% to 10.9%). 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 27.6% to 39.7%.

in %



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 to build and deepen strong investor relationships.

The home24 share is currently covered by four institutions which regularly publish research reports:

- Bankhaus Lampe
- Berenberg
- Citi
- Goldman Sachs

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 and 315d of the German Commercial Code (HGB). The Corporate Governance Statement and the takeover-related disclosures in accordance with Sections 289a (1) and 315a (1) HGB are also part of the Combined Management Report*. 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 2019, 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 since December 2018, the day on which the Company's Management Board and Supervisory Board issued their most recent Declaration, complied with and intends to comply in future with the recommendations of the German Corporate Governance Code as amended on February 7, 2017 (**"GCGC"**), subject to the following exceptions.

No. 4.2.1 sentence 1 GCGC

The GCGC recommends that the Management Board shall consist of several members and shall have a chair or spokesperson.

The Company's Management Board consists of three members. It does not yet have a chair or spokesperson. However, given the changes on the Management Board, Marc Appelhoff will take over as Chairman of the Management Board on January 1, 2020. The recommendation contained in No. 4.2.1 sentence 1 GCGC will therefore be followed from that date.

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

When determining the remuneration structure for the Management Board, the 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 Stock Option Program 2013/2014 (**"VSOP"**) concerning shadow options are subject to certain performance targets 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 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.

As has been the case during entire reporting period, the total remuneration and the performance shares granted to Management Board members under the LTIP are capped. However, some Management Board members still have older claims under the VSOP and the LTIP, which are not capped.

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

No. 4.2.3 (4) sentences 1 and 3 GCGC

The 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 caps 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.

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

No. 4.2.5 GCGC

The GCGC recommends that the Remuneration Report, which is part of the management report, shall describe in a generally comprehensible way the principal features of the Management Board remuneration system and include information on the nature of fringe benefits provided by the Company. In addition, the Remuneration Report shall present the following information for every Management Board member making use of model tables provided by the GCGC:

- the benefits granted for the reporting period, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable,
- the benefits received for the reporting period, consisting of fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by the relevant reference years,
- the service cost incurred in/for the reporting period for pension benefits and other commitments.

On May 24, 2018, the Company's Annual General Meeting passed a resolution to omit from the Company's annual and Consolidated Financial Statements the information required in accordance with Section 285 No. 9 Letter a) Sentences 5 to 8 (HGB) and Sections 315e (1) and 314 (1) No. 6 Letter a) Sentences 5 to 8 HGB with effect for financial year 2018. Therefore, for the financial year ending December 31, 2018, the Company – as previously announced and to the extent legally permissible – abstained from an individual disclosure of the remuneration of the members of the Management Board, divided into non-performance-related and performance-related components as well as components with long-term incentives. Nor were the model tables provided for in the GCGC used as the required information was provided in another suitable form in the Remuneration Report.

The Company intends to comply with the recommendations of No. 4.2.5 GCGC from now on.

No. 5.4.1 (2) sentence 2 GCGC

The 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 GCGC, a specified age limit and a specified regular limit to Supervisory Board members' term of office, as well as diversity.

In the reporting period, the Supervisory Board has neither specified an age limit nor a regular limit to Supervisory Board members‘ term of office. An age limit for members of the Supervisory Board will be introduced effective January 1, 2020. No regular limit for Supervisory Board members‘ term of office will be introduced, however, as also and in particular Supervisory Board members with many years of experience may excellently exercise their duties.

No. 7.1.2 sentence 3 GCGC

The 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 seeks to comply with this recommendation to the extent possible. It is, however, the intention of the Company to ensure a high quality of financial reporting. Therefore, the recommended publications may not be complied with in all cases.

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 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 published 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://jobs.jobvite.com/home24/jobs/about.

In addition to these corporate values, the Company´s 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 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, evaluation, documentation and reporting of all risks (compliance, financial, operating and strategic) across the Company. The 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 2019 financial year, the GRC department reported every six month 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 in accordance with the German Stock Corporation Act (AktG), the SE Act and the SE Regulation, the Company has a two-tier governance system consisting of the Management Board and Supervisory Board. Both corporate bodies work closely together in the best interests of the Company.

3.1. Working Practices of the Management Board

The Management Board has direct responsibility for managing the Company in its best interests, 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 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 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 schedule of responsibilities as of December 31, 2019 was defined as follows:

Marc Appelhoff	Finance (including Investor Relations, Accounting, Taxes), Marketing, Showrooms, International (Brazil), Legal, Corporate Communications
Christoph Cordes	Purchasing, Assortment, Pricing, Product Quality and Safety, Outlets, Operations (including Warehousing, Logistics and Customer Service)
Johannes Schaback	Technology (including Information Technology, Data, Enterprise Resource Planning and Product), HR

On October 1, 2019, the Management Board adopted a resolution to transfer responsibility for Purchasing, Assortment and Pricing from Christoph Cordes to Marc Appelhoff at the start of 2020 after a transitional period. As part of the implementation of this resolution, the Rules of Procedure were amended effective January 1, 2020. At the same time, it was decided that Brigitte Wittekind, as a newly-appointed member of the Management Board, would assume responsibility for the areas previously supervised by Christoph Cordes as well as the internal control system from January 1, 2020.

Irrespective of this schedule of responsibilities, members of the Management Board are jointly accountable for overall management. They work closely together and keep each other informed of important measures and events in their business areas. The Management Board has not set up any committees. 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. 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 Management Board maintains regular contact with the Supervisory Board, especially its Chairman, informs the Supervisory Board and its Chairman about the course of business and the situation of the Company and its subsidiaries, and discusses strategy, planning, business development, risk position, 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. Every member of the Management Board must immediately inform all other members of the Management Board of any conflicts of interest and disclose these to the Supervisory Board.

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, page 40.

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 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 2019, the Management Board had the following members:

Marc Appelhoff	
Johannes Schaback	
Christoph Cordes	until December 31, 2019
Dr. Philipp Kreibohm	until March 31, 2019

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 not yet reached during financial year 2019. The Supervisory Board also decided to continue its successful collaboration with Johannes Schaback and extended his term of office by two further years in February 2019. Following the departure of Dr. Philipp Kreibohm as a member of the Management Board, the Supervisory Board adopted a resolution stating that the Management Board should consist of three people. There were no changes to the Management Board in this respect during the 2019 financial year allowing female board members to be appointed. Since January 1, 2020, the proportion of women on the Management Board has been 33.33%, as Brigitte Wittekind has been appointed to the Management Board to succeed Christoph Cordes.

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 members of the Management Board and, together with the Management Board, is responsible for appropriate succession planning.

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.

The Rules of Procedure of May 30, 2018 were amended with effect from June 19, 2019 to reflect the reduced number of Supervisory Board members.

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 written circular. The Supervisory Board regularly reviews the efficiency of its activities. This efficiency review 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. 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 GCGC and abolish the Remuneration Committee.

Supervisory Board members are obliged to act in the best interests of the Company and must disclose their conflicts of interest to 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, page 54.

3.4. Composition of the Supervisory Board

On June 19, 2019, the Annual General Meeting of the Company adopted a resolution to reduce the number of Supervisory Board members from six to four and amend the Articles of Association accordingly. This amendment to the Articles of Association became effective upon entry in the relevant commercial register of the Charlottenburg (Berlin) local court on October 1, 2019. Until October 1, 2019, the Articles of Association provided for the Supervisory Board to be composed of six members.

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 non-temporary conflicts of interest, the affected Supervisory Board member shall resign from his or her post.

In financial year 2019, the Supervisory Board had the following members:

Lothar Lanz*	
Verena Mohaupt**	
Franco Danesi	
Magnus Agervald**	
Alexander Samwer	until June 19, 2019
Christian Senitz	until January 28, 2019

* Chairman of the Supervisory Board and independent member as defined by No. 5.4.2 GCGC
** Independent member as defined by No. 5.4.2 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 after the size of the Supervisory Board was reduced and its members were elected by the Annual General Meeting on June 19, 2019.

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. According to the currently applicable profile, 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 two 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. 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 hold any more than three further Supervisory Board mandates in listed non-group entities that make similar requirements. With the exception of the deviations listed above under point 1, the Company has conformed with the individual recommendations in No. 5.4.1 (2) 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 2019, the Supervisory Board had three standing committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. The committee Chairs report regularly to the Supervisory Board on the work of their committees.

AUDIT COMMITTEE

According to the Rules of Procedure valid until June 19, 2019, the Audit Committee consisted of four members; since June 19, 2019, the Rules of Procedure have stated that the Audit Committee consists of three members. At least one of these members must be independent and must have accounting or auditing expertise (Section 107 (4) AktG). Neither the Chairman of the Supervisory Board nor former members of the Company's Management Board should be appointed as Chairman of the Audit Committee.

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

Verena Mohaupt*	
Lothar Lanz	
Franco Danesi	
Christian Senitz	until January 28, 2019

* 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 thus fulfills the prerequisites of Section 100 (5) AktG.

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

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 held a total of four meetings during the year under review (February 11, April 23, August 28 and November 25, 2019), all of which were attended by all committee members.

The Audit Committee also makes preparations for Supervisory Board negotiations and 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 discusses the audit reports and findings with the auditor and makes recommendations to the Supervisory Board.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three members.

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

Verena Mohaupt*	
Lothar Lanz	since June 19, 2019
Franco Danesi	
Alexander Samwer	until June 19, 2019

* Chairwoman

In particular, the Remuneration Commitee reviews all aspects of remuneration and employment terms for the Management Board and makes recommendations and drafts resolutions for the Supervisory Board on this basis. The Remuneration Committee can also arrange for the remuneration policies and the remuneration paid to management to be independently reviewed. It also prepares information about Management Board remuneration for the Annual General Meeting. In addition, the Remuneration Committee reviews the remuneration and employment terms of Senior Vice President-level management and is authorized to issue the Management Board with recommendations in this regard. The Remuneration Committee helps the Supervisory Board to ensure that the Company complies with all relevant reporting obligations connected with the remuneration of the Management Board and senior management.

The entire Supervisory Board considers the performance of its remuneration function to be one of its most important roles and, as a result, has always collaborated closely on and agreed upon remuneration issues in the past. The small size of the Supervisory Board has also enabled this to be done effectively. As a result, the Supervisory Board adopted a resolution to abolish the Remuneration Committee effective January 1, 2020 until further notice to improve efficiency further.

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*	since June 19, 2019
Verena Mohaupt	
Franco Danesi	
Alexander Samwer*	until June 19, 2019

* Chairman

The Nomination Committee prepares Supervisory Board proposals concerning the selection of Supervisory Board members for the Annual General Meeting. The Nomination Committee will be retained in its current composition even after the abolition of the Remuneration Committee.

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 has developed a long-term plan to help it reach this target. By the end of financial year 2019, the proportion of women was 25% at the top level of management (e.g. at Senior Vice President level) and 50% at the second level of management (e.g. at Vice President level).

5. GENERAL MEETING AND SHAREHOLDERS

As at December 31, 2019, the share capital of the Company was divided into 26,409,186 non-securitized 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 Annual General Meeting. Every shareholder is entitled to participate in the Annual General Meeting, address the meeting in relation to items on the agenda, ask relevant questions and propose motions.

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 the Annual 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 3, 2020, in Berlin. The corresponding agenda and the reports and documents required for the Annual General Meeting are published on the Company's website. The Company gives its shareholders the opportunity to cast their vote by proxy to make it easier to exercise their individual voting rights. This proxy is obliged to follow the shareholders' voting instructions and is also available during the Annual General Meeting. The invitation to the Annual General Meeting includes further information about this proxy. Notwithstanding this, shareholders are free to be represented by a proxy of their choice at the Annual General Meeting.

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.

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 April 16, 2014 on Market Abuse (Market Abuse Regulation) where these transactions exceed EUR 5,000 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/%20English/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. Ad-hoc releases and press releases, as well as presentations from press and analyst conferences, are published immediately on the Company's website.

The Company discloses insider information, voting rights notifications, and own-account transactions by management in accordance with statutory provisions. This information is published 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) AND 315A (1) HGB AND EXPLANATORY REPORT[1]

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

8.1. Composition of Subscribed Capital

Information on the composition of subscribed capital can be found on page 107f. 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 2019, home24 SE held a total of 26,907 of its own shares, from which the Company does not derive any rights in accordance with Section 71b AktG.

As part of the Company's IPO, members of the Management Board entered into lock-up agreements with the syndicate banks that supported the IPO. In these lock-up agreements, Management Board members committed themselves for a period of 12 months after the first day on which the Company's shares traded on the Frankfurt Stock Exchange to obtain prior consent from the syndicate banks before offering, pledging, allocating, selling, committing to sell, issuing an option or purchase agreement, acquiring an option to sell, granting an option, right or warrant to buy, transferring, or otherwise disposing of the shares they held on the prospectus date, either directly or indirectly (lock-up requirement). The same lock-up requirement applies to shares granted to the respective Management Board members by the end of the lock-up period to service the options they hold. If a Management Board member's term of office ends before the end of the lock-up period, the lock-up period for that particular Management Board member is reduced by six months from the first day on which the Company's shares traded on the Frankfurt Stock Exchange.

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, 2019, the following equity interests in the Company exceeded 10% of voting rights were held as of that date:

- Ari Zweiman, born April 15, 1972: 18.99% (attribution of 3,865,637 shares of 683 Capital Partners, LP/683 Capital Management, LLC, New York, pursuant to Section 34 WpHG and of 1,150,000 shares pursuant to Section 38 (1) No. 2 WpHG)
- Kinnevik AB (publ), Stockholm, Sweden: 11.78% (attribution of 3,111,953 shares of Kinnevik Internet Lux S.à r.l., Luxembourg, pursuant to Section 34 WpHG)
- Rocket Internet SE, Berlin, Germany: 10.91% (attribution of 83,033 shares of Bambino 53. V V GmbH, Berlin, 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.

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

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 Annual 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), (6), (7) and (8) of the Articles of Association).

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 2,096,972 by issuing up to 2,096,972 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 Annual General Meetings on July 28, 2017 and May 24, 2018 and June 19, 2019 as part of the LTIP 2019 (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 the 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 Annual General Meeting on March 10, 2017, amended by resolutions of the General Meetings on July 28, 2017, May 24, 2018 and June 19, 2019, the preemptive rights holders exercise their rights in accordance with the agreement, and the Company does not fulfill the preemptive rights with its own shares or 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 Annual 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.

The Management Board is authorized to increase the share capital of the Company with the approval of the Supervisory Board 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). This authorization can be used in installments on one or more occasions, but only up to a total of EUR 175,311. The preemptive rights of shareholders are disapplied. The Authorized Capital 2017 is exclusively used to fulfill the purchase rights of GMPVC German Media Pool GmbH; shares utilizing the Authorized Capital 2017 may only be issued for this purpose. The issue amount corresponds to the lowest issue amount at the time the authorization is utilized (currently EUR 1.00). The Management Board is also authorized to specify the further content of the new shares and the conditions of the share issue with the approval of the Supervisory Board. The Supervisory Board is authorized to adjust the wording of the Articles of Association regarding the share capital and the Authorized Capital 2017 after fully or partially increasing the Company's share capital in accordance with the scope of the capital increase carried out using the Authorized Capital 2017 and after the expiry of the authorization period.

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 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). 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 8,058,025 by issuing up to 8,058,025 new no-par value bearer shares (ordinary shares) (Conditional Capital 2018). The Conditional Capital 2018 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 Annual General Meeting on June 13, 2018. These new shares are issued at the conversion or option price determined in accordance with the authorization resolution adopted by the Annual General Meeting on June 13, 2018. The conditional capital increase is only implemented to the extent that the holders and / or creditors of bonds issued and / or guaranteed until June 1, 2023 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 adopted by the Annual General Meeting on June 13, 2018 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 to specify further details concerning the implementation of the conditional capital increase.

The Management Board is authorized by a resolution adopted by the Annual 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 Annual 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 Annual 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 Annual 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 agreements of this kind are in place.

REMUNERATION REPORT*

1. MANAGEMENT BOARD REMUNERATION

1.1. Principles of the Remuneration System

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 Company's Annual General Meeting on June 19, 2019 approved the remuneration system for the members of the Management Board.

By way of a resolution adopted on October 28, 2019, the Company's Supervisory Board modified the remuneration system to comply with the new legal regulations imposed by the Act on the Implementation of the Second Shareholders' Rights Directive (ARUG II) and to reflect the restructuring of the Management Board, among other things. Further, the Supervisory Board consulted an external advisor on the appropriateness of the compensation system as well as for a market comparison of the total compensation. The components of total remuneration – annual fixed remuneration, short-term, performance-related remuneration, long-term incentive remuneration in the form of options, and additional fringe benefits – remained unchanged. However, the new remuneration system permits differentiation between the Chairman of the Management Board and the other members of the Board. In addition, the Supervisory Board can now agree on one-off payments with members of the Management Board. Total remuneration for an individual Board member is limited to a maximum of EUR 15 million per year.

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.

1.2. Non-performance-related Benefits

1.2.1. FIXED REMUNERATION

The annual fixed remuneration for a Management Board member is EUR 250 thousand. In the future, the Chairman of the Management Board will also regularly receive EUR 250 thousand. Different rules apply if the Company's share price in XETRA trading is above EUR 23 for three consecutive calendar months, in which case the Chairman of the Management Board will receive annual fixed remuneration of EUR 300k.

The salary for members of the Management Board is paid in monthly installments. In the 2019 financial year, Management Board members received a total of EUR 742 thousand (2018: EUR 812 thousand) in fixed remuneration.

1.2.2. FRINGE BENEFITS

Management Board members also received additional fringe benefits totaling EUR 97 thousand in the 2019 financial year (2018: EUR 111 thousand). These additional fringe benefits include the reimbursement of usual expenses, allowances for health insurance and monthly gross amounts representing the employer's contribution to statutory pension and unemployment insurance, as well as the assumption of costs of D&O insurance and accident/disability insurance with coverage totaling EUR 500 thousand in the event of death and EUR 800 thousand in the event of disability.

The D&O insurance covers financial damages arising from breaches of duty by members of the Management Board when carrying out their duties. In line with statutory requirements, the D&O insurance contains a deductible of 10% but a maximum of 150% of the annual fixed salary of each Management Board member. All members of the Management Board are included in the protection offered by the D&O insurance.

* 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.

1.3. Performance-related Benefits

1.3.1. ANNUAL VARIABLE CASH REMUNERATION

Each Management Board member who is active as of December 31, 2019 receives additional variable cash remuneration of a maximum of EUR 50 thousand per year. The targets to be reached to receive the bonus payment are set by the Supervisory Board and the members of the Management Board for the financial year in question depending on the individual's specific circumstances. Once the specific amount of the bonus has been established, the additional variable cash remuneration is paid after the end of the financial year in question. The Supervisory Board has full discretion when determining the specific amount of the bonus, taking the targets agreed into account. Claw-back mechanisms must not be used for payment, as the members of the Management Board appear to be sufficiently incentivized by their long-term share-based options to achieve sustainable corporate success.

In the reporting period, the members of the Management Board received variable cash remuneration of EUR 150 thousand for financial year 2018. Taking the targets agreed into account, the Supervisory Board set the amount of the bonus for financial year 2019 at a total of EUR 150 thousand. This additional variable cash remuneration was paid after the end of the reporting period.

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 being issued performance shares that are linked to the performance of home24 SE's shares. These performance shares 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 usually one calendar year. According to the current terms of the LTIP, performance shares can be exercised after a four-year holding period, provided they have vested and the average annual growth rate, after adjusting for special effects, of the revenue of the Group in the four years after the performance shares have been granted is at least 10 %. The performance shares may be exercised within four years of the expiration of the holding period.

In the 2019 financial year, the Management Board was issued a total of 842,876 (2018: 93,224) LTIP performance shares with a fair value of EUR 561 thousand (2018: EUR 1,419 thousand).

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

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

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**8.95**	**77,228**	**12.08**	**43,774**
Granted during the reporting period	0.00	0	4.86	33,454
Forfeited during the reporting period	– 2.56	– 17,050	0.00	0
Outstanding at the end of the reporting period	**12.21**	**60,178**	**8.95**	**77,228**
Exercisable at the end of the reporting period	**0.00**	**0**	**0.00**	**0**

Remaining life and number of outstanding awards by exercise price

	2019		2018	
Ausübungspreis (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
0.02	5.50	21,887	4.50	21,887
3.23	6.70	8,202	5.70	27,878
24.14	5.80	30,089	4.70	27,463
Am Ende der Berichtsperiode ausstehend	**5.80**	**60,178**	**5.00**	**77,228**

The fair value of the LTIP granted in financial year 2018 was EUR 747 thousand at the grant date.

Remuneration awards whose vesting period had not yet ended by the time Dr. Philipp Kreibohm stepped down from the Management Board are listed under forfeited awards.

Marc Appelhoff
Member of the Management Board

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**12.08**	**187,480**	**12.08**	**187,480**
Granted during the reporting period	3.23	123,208	0.00	0
Outstanding at the end of the reporting period	**8.57**	**310,688**	**12.08**	**187,480**
Exercisable at the end of the reporting period	**0.00**	**0**	**0.00**	**0**

Remaining life and number of outstanding awards by exercise price

	2019		2018	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	
LTIP				
0.02	5.50	93,740	4.50	93,740
3.23	7.80	123,208	0.00	0
24.14	5.50	93,740	4.50	93,740
Outstanding at the end of the reporting period	**6.40**	**310,688**	**4.50**	**187,480**

The remuneration awards granted in financial year 2019 were granted to the Management Board member Marc Appelhoff for financial year 2020. The fair value of these awards was EUR 229 thousand at the grant date.

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

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**12.08**	**187,480**	**17.72**	**187,480**
Forfeited during the reporting period	12.08	– 46,870	0.00	0
Outstanding at the end of the reporting period	**12.08**	**140,610**	**12.08**	**187,480**
Exercisable at the end of the reporting period	**0.00**	**0**	**0.00**	**0**

Remaining life and number of outstanding awards by exercise price

	2019		2018	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
0.02	5.50	70,305	4.50	93,740
24.14	5.50	70,305	4.50	93,740
Outstanding at the end of the reporting period	**5.50**	**140,610**	**4.50**	**187,480**

Remuneration awards whose vesting period had not yet ended by the time Christoph Cordes stepped down from the Management Board are listed under forfeited awards.

Johannes Schaback
Member of the Management Board from April 1, 2018

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**14.68**	**59,770**	**0.00**	**0**
Granted during the reporting period	12.95	719,668	14.68	59,770
Outstanding at the end of the reporting period	**13.08**	**779,438**	**14.68**	**59,770**
Exercisable at the end of the reporting period	**0.00**	**0**	**0.00**	**0**

Remaining life and number of outstanding awards by exercise price

	2019		2018	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	
LTIP				
0.02	6.20	23,435	5.20	23,435
1.00	7.80	44,834	0.00	0
13.00	7.80	630,000	0.00	0
24.14	7.10	81,169	5.20	36,335
Outstanding at the end of the reporting period	**7.70**	**779,438**	**5.20**	**59,770**

In the financial year, Management Board member Johannes Schaback was granted remuneration awards for the vesting period from April 1, 2019 to April 1, 2021. The present value of these awards was EUR 332 thousand (2018: EUR 672 thousand) at the grant date.

Virtual Stock Option Programs (VSOP)
VSOP make 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. These phantom options are settled in the form of either shares or cash at the discretion of the Company. The issue of options under the VSOP is now complete.

Management Board members Marc Appelhoff and Christoph Cordes each exercised some of their options under the VSOP in financial year 2019. Marc Appelhoff and Christoph Cordes each received 31,921 new shares in the Company in return for full contribution of their respective entitlements. The corresponding new shares were created by way of a non-cash capital increase utilizing the Company's Authorized Capital 2015/III and disapplying shareholders' preemptive rights; this capital increase became effective on its entry in the relevant commercial register of Charlottenburg local court on August 20, 2019.

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

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

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
VSOP				
Outstanding at the beginning of the reporting period	**14.79**	**38,055**	**14.79**	**38,055**
Exercised during the reporting period	0.02	– 14,749	0.00	0
Outstanding at the end of the reporting period	**24.14**	**23,306**	**14.79**	**38,055**
Exercisable at the end of the reporting period	**24.14**	**23,306**	**14.79**	**38,055**

Remaining life and number of outstanding awards by exercise price

	2019		2018	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
VSOP				
0.02	0.00	0	4.00	14,749
24.14	3.00	23,306	4.00	23,306
Outstanding at the end of the reporting period	**3.00**	**23,306**	**4.00**	**38,055**

Marc Appelhoff
Member of the Management Board

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
VSOP				
Outstanding at the beginning of the reporting period	**12.88**	**68,456**	**12.88**	**68,456**
Exercised during the reporting period	0.02	–31,949	0.00	0
Outstanding at the end of the reporting period	**24.14**	**36,507**	**12.88**	**68,456**
Exercisable at the end of the reporting period	**24.14**	**36,507**	**13.75**	**64,156**

Remaining life and number of outstanding awards by exercise price

	2019		2018	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
VSOP				
0.02	0.00	0	2.90	31,949
24.14	2.80	36,507	3.80	36,507
Outstanding at the end of the reporting period	**2.80**	**36,507**	**3.40**	**68,456**

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

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
VSOP				
Outstanding at the beginning of the reporting period	**12.88**	**68,456**	**12.88**	**68,456**
Exercised during the reporting period	0.02	– 31,949	0	0
Outstanding at the end of the reporting period	**24.14**	**36,507**	**12.88**	**68,456**
Exercisable at the end of the reporting period	**24.14**	**36,507**	**13.75**	**64,156**

Remaining life and number of outstanding awards by exercise price

	2019		2018	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
VSOP				
0.02	0.00	0	2.90	31,949
24.14	2.80	36,507	3.80	36,507
Outstanding at the end of the reporting period	**2.80**	**36,507**	**3.40**	**68,456**

Individual option agreements (call options)
The supplementary disclosures in the Notes to the Consolidated Financial Statements on outstanding call options are broken down below for the individual members of the Management Board.

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

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
Call Options				
Outstanding at the beginning of the reporting period	**0.02**	**108,532**	**0.02**	**108,532**
Exercised during the reporting period	0.02	– 108,532	0.00	0
Outstanding at the end of the reporting period	**0.00**	**0**	**0.02**	**108,532**
Exercisable at the end of the reporting period	**0.00**	**0**	**0.02**	**108,532**

Remaining life and number of outstanding awards by exercise price

	2019		2018	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
Call Options				
0.02	0.00	0	n. l.	108,532
Outstanding at the end of the reporting period	**0.00**	**0**	**n. l.**	**108,532**

n.l. = not limited

Individual share agreements (shares)
On October 30, 2015, 33,282 shares with a par value of EUR 0.02 per share were issued to members of the Company's Management Board. It had originally been agreed that the Company can acquire these shares at the par value of EUR 0.02 or at the lower market value if the beneficiaries' employment ends prior to May 1, 2019. In the previous year, the Company repurchased 16,082 shares ahead of schedule at a price of EUR 24.14 per share.

The supplementary disclosures in the Notes to the Consolidated Financial Statements on outstanding shares are broken down below for the individual members of the Management Board.

Marc Appelhoff
Member of the Management Board

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
Shares				
Outstanding at the beginning of the reporting period	**0.00**	**0**	**0.02**	**8,041**
Repurchased during the reporting period	0.00	0	0.02	– 8,041
Outstanding at the end of the reporting period	**0.00**	**0**	**0.00**	**0**

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

Development of outstanding awards and weighted exercise prices

	2019		2018	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
Shares				
Outstanding at the beginning of the reporting period	**0.00**	**0**	**0.02**	**8,041**
Repurchased during the reporting period	0.00	0	0.02	– 8,041
Outstanding at the end of the reporting period	**0.00**	**0**	**0.00**	**0**

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 EUR thousand	2019	2018
Dr. Philipp Kreibohm	– 224	654
Marc Appelhoff	842	1,509
Christoph Cordes	– 175	1,509
Johannes Schaback	352	512
Total	**795**	**4,184**

The negative amounts result from the reversal of expenses recorded 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 their home are jointly and severally entitled to continue receiving their full fixed remuneration for the month of their death and the three subsequent months.

When Dr. Philipp Kreibohm stepped down from the Management Board, it was agreed with him that, in deviation from the LTIP terms, the performance shares granted to him for financial year 2019 would be deemed to be vested on a pro rata basis until the end of his Management Board term of office on March 31, 2019.

1.5. Loans and Advances

In the 2019 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 1,550 thousand (2018: EUR 2,492 thousand) during the 2019 financial year.

In EUR thousand	2019	2018
Fixed remuneration	742	812
Fringe benefits	97	111
Total	**839**	**923**
One-year variable remuneration	150	150
Share-based payment	561	1,419
Total	**711**	**1,569**
Total Remuneration	**1,550**	**2,492**

The above table does not show the remuneration actually paid but the target figures (the remuneration figure if 100% of targets are met) for the remuneration components granted in the 2019 financial year. 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.

In addition, expenses for share-based payment awards granted to members of the Management Board in the financial year ended amounted to EUR 0.8m (2018: EUR 4.2m).

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.

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 2019

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

The Code recommends disclosing the benefits granted during the year under review, as well as the benefits received, i.e., the total amount paid during the year under review. The Code also requires that in the case of variable remuneration components this presentation be supplemented by the maximum and minimum remuneration achievable. The Code provides specific examples of the recommended presentation of remuneration based on the reference table used below.

GAS 17 sets out that benefits must be broken down into performance-related and non-performance-related components and that 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.

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

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EUR thousand	**2019**	**2019 (Min)**	**2019 (Max)**	**2018**	**2019**	**2018**
Non-performance-related benefits						
Fixed remuneration	34	34	34	135	34	135
Fringe benefits	8	8	8	31	8	31
Total non-performance-related benefits	**42**	**42**	**42**	**166**	**42**	**166**
Performance-related benefits						
One-year variable remuneration	0	0	0	0	0	0
Multi-year variable remuneration	0	0	0	747	261	0
LTIP (8 years)	0	0	0	747	0	0
VSOP (5 fiscal years)	0	0	0	0	44	0
Call options (not limited)	0	0	0	0	217	0
Shares	0	0	0	0	0	0
Total performance-related benefits	**0**	**0**	**0**	**747**	**261**	**0**
Total Remuneration	**42**	**42**	**42**	**913**	**303**	**166**

Marc Appelhoff
Member of the Management Board

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EUR thousand	**2019**	**2019 (Min)**	**2019 (Max)**	**2018**	**2019**	**2018**
Non-performance-related benefits						
Fixed remuneration	250	250	250	245	250	245
Fringe benefits	32	32	32	28	32	28
Total non-performance-related benefits	**282**	**282**	**282**	**273**	**282**	**273**
Performance-related benefits						
One-year variable remuneration	50	0	50	50	50	0
Multi-year variable remuneration	229	0	229	0	96	194
LTIP (8 years)	229	0	229	0	0	0
VSOP (5 fiscal years)	0	0	0	0	96	0
Call options (not limited)	0	0	0	0	0	0
Shares	0	0	0	0	0	194
Total performance-related benefits	**279**	**0**	**279**	**50**	**146**	**194**
Total Remuneration	**561**	**282**	**561**	**323**	**428**	**467**

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

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EUR thousand	**2019**	**2019 (Min)**	**2019 (Max)**	**2018**	**2019**	**2018**
Non-performance-related benefits						
Fixed remuneration	250	250	250	245	250	245
Fringe benefits	31	31	31	37	31	37
Total non-performance-related benefits	**281**	**281**	**281**	**282**	**281**	**282**
Performance-related benefits						
One-year variable remuneration	50	0	50	50	50	0
Multi-year variable remuneration	0	0	0	0	96	194
LTIP (8 years)	0	0	0	0	0	0
VSOP (5 fiscal years)	0	0	0	0	96	0
Call options (not limited)	0	0	0	0	0	0
Shares	0	0	0	0	0	194
Total performance-related benefits	**50**	**0**	**50**	**50**	**146**	**194**
Total Remuneration	**331**	**281**	**331**	**332**	**427**	**476**

Johannes Schaback
Member of the Management Board from April 1, 2018

	Benefits granted (Code/GAS 17)				Benefits received (Code)	
In EUR thousand	**2019**	**2019 (Min)**	**2019 (Max)**	**2018**	**2019**	**2018**
Non-performance-related benefits						
Fixed remuneration	208	208	208	188	208	188
Fringe benefits	26	26	26	15	26	15
Total non-performance-related benefits	**234**	**234**	**234**	**203**	**234**	**203**
Performance-related benefits						
One-year variable remuneration	50	0	50	50	50	0
Multi-year variable remuneration	332	0	332	672	0	0
LTIP (8 years)	332	0	332	672	0	0
VSOP (5 fiscal years)	0	0	0	0	0	0
Call options (not limited)	0	0	0	0	0	0
Shares	0	0	0	0	0	0
Total performance-related benefits	**382**	**0**	**382**	**722**	**50**	**0**
Total Remuneration	**616**	**234**	**616**	**925**	**284**	**203**

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. An ordinary member of the Supervisory Board receives fixed annual remuneration of EUR 30 thousand. By way of derogation, the Chairman of the Supervisory Board receives fixed annual remuneration of EUR 90 thousand, while the Deputy Chairman of the Supervisory Board receives such remuneration totaling EUR 45 thousand. The Chairman of the Audit Committee receives additional fixed annual remuneration of EUR 30 thousand, while members of the Audit Committee also receive such additional remuneration totaling EUR 10 thousand 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:

	2019			2018		
In EUR thousand	**Fixed remuneration**	**Additional remuneration for committee work**	**Total**	**Fixed remuneration**	**Additional remuneration for committee work**	**Total**
Lothar Lanz	90	10	100	94	6	100
Verena Mohaupt	30	30	60	42	18	60
Alexander Samwer	14	0	14	20	0	20
Christian Senitz	2	1	3	20	6	26
Franco Danesi	30	10	40	19	7	26
Magnus Agervald	45	0	45	25	0	25
Christoph Barchewitz (until May 14, 2018)	—	—	0	3	0	3
Christian Scherrer (until June 13, 2018)	—	—	0	4	0	4
Total	**211**	**51**	**262**	**227**	**37**	**264**

A total of EUR 11 thousand was reimbursed for expenses in the 2019 financial year (2018: EUR 8 thousand).

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 has compiled an online offering with more than 100,000 stock-keeping units (SKUs) of home&living products, including a wide portfolio ranging from large items of furniture (such as living and dining room furniture, upholstered furniture and bedroom furniture) to accessories and lamps. home24 sources these products from more than 500 suppliers in over 30 countries, including direct sourcing from individual manufacturers for the private label range.

home24's products are 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 gross domestic product of the EU economies increased by 1.2% in 2019 (source: Statista, January 2020). The positive economic trend of recent years, low unemployment, particularly in Germany, Austria and Switzerland, and rising gross wages have generated a favorable climate for consumers. Low interest rates in European markets are supporting an expansive real estate and housing market, which is also impacting positively on the home&living market (source: PWC, 2019). The Brazilian economy increased by 1.2% in the current financial year (source: Statista, January 2020).

The home&living segment is one of the largest consumer markets. The overall market volume in the markets served by home24 – Germany, France, Austria, the Netherlands, Switzerland, Belgium, Italy and Brazil – is more than EUR 115bn (source: Euromonitor, 2018). The online share of home&living in home24's target markets is still relatively low compared with other sectors such as consumer electronics, household appliances and clothes. home24 expects that the relatively low online share in this market points to significant upside potential. The segment is receiving additional support from bricks-and-mortar furniture retailers expanding their sales online and thus further increasing acceptance of online shopping among customers. In the German market, for example, sales of furniture ordered online are likely to almost double by 2023 based on figures from financial year 2018. The underlying trend remained much the same during financial year 2019 (source: "Branchenfokus Möbel", IFH Cologne/BBE).

home24 has significantly built up its brand awareness by making investments in recent years. As a result, home24 has achieved sustained brand awareness of more than 50% in its most important market, Germany. In comparison with the competition, this figure confirms the Company's position as a leading pure-play home&living e-commerce platform in continental Europe and Brazil (source: DCMN Insights, Q3 2019).

2.2. Business Development

In financial year 2019, home24 focused on breaking even on an adjusted EBITDA basis by the end of 2019 while simultaneously expanding its market position through sustainable growth. The milestones required to achieve this were communicated at the start of the year and were gradually reached.

To make sure that buying furniture becomes a positive shopping experience for the customer and that the resulting order is processed as quickly and smoothly as possible, home24 particularly focused on fundamental logistics and processes during financial year 2019 and, according to our estimates, was able to lay a vital foundation for sustainable and profitable growth. In particular, the milestones on the way to break-even included bringing new warehouses in Europe and Brazil into operation and optimizing customer support and utilization of returns.

The Group made additional technological improvements by taking a personalized approach to customer acquisition and conversion as well as focusing on users of mobile devices.

home24 also invested further in its range of private label products as well as third-party and white label products. New private label collections were developed for relevant styles, additional third-party brands were integrated into the platform and ranges of accessories and occasional furniture were significantly expanded.

According to our estimates, these investments will enable home24 to continue consistently pursuing its growth path in order to harness economies of scale to steadily improve profitability and expand the Group's competitive position.

2.3. Research and Development

The Group develops core elements of its internal software in-house. Thereby 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, all development costs were capitalized in the financial year ended. Accordingly, investments in internally generated intangible assets totaled EUR 8.0m (2018: EUR 7.6m). Amortization of internally generated intangible assets totaled EUR 4.7m (2018: EUR 4.9m).

2.4. Financial Position, Cash Flows and Financial Performance

In financial year 2019, home24 continued to focus on sustainable growth in order to build on its competitive position. At the same time, significant investments were made in process optimization, warehouse capacity and IT infrastructure to enhance profitability. 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	2019	2018	Change	Change in%
Revenue	371.6	312.7	58.9	19%
Cost of sales	–207.8	–176.2	–31.6	18%
Gross profit	**163.8**	**136.5**	**27.3**	**20%**
Gross profit margin	**44%**	**44%**	**0pp**	
Selling and distribution costs	–185.9	–160.0	–25.9	16%
Impairment losses on financial assets	–1.3	–1.3	0.0	0%
Administrative expenses	–42.2	–45.2	3.0	–7%
Other operating income	3.7	2.0	1.7	85%
Other operating expenses	–1.9	–1.6	–0.3	19%
Operating result (EBIT)	**–63.8**	**–69.6**	**5.8**	**–8%**

Non-Financial Key Performance Indicators

	Unit	2019	2018	Change in %
Number of orders	In k	2,196	1,907	15%
Average order value	In EUR	255	258	–1%
Number of active customers (as of December 31)	In k	1,506	1,299	16%

Revenue

In financial year 2019, consolidated revenue came to EUR 371.6m, up 19% y-o-y. Revenue at constant currency grew 20% y-o-y. All major product categories and both segments of the Group contributed to the increase in revenue. The acceleration in revenue growth is primarily due to a rising number of active customers and an increasing number of orders placed, whereas the average order value remained virtually unchanged. As of December 31, 2019, home24 had a total of 1.5m active customers, compared to 1.3m as of December 31, 2018. The number of orders placed during the 2019 financial year increased by 15% to 2.2m compared to the prior-year period. The Group achieved the revenue targets for financial year 2019 set out in the Combined Management Report for 2018 with accelerated revenue growth compared to the previous year. Non-financial key performance indicators developed in line with the previous year's management forecast in financial year 2019.

Cost of Sales

Cost of sales consists of the purchase price of consumer products plus inbound shipping and handling charges. In 2019, cost of sales increased by 18% from EUR 176.2m to EUR 207.8m. The increase is generally in line with the growth in revenue. Revenue less cost of sales results in gross profit. In financial year 2019, the Group posted a gross profit of EUR 163.8m, up 20% from EUR 136.5m in the previous year. The gross profit margin of 44% is at the same level as in the previous year.

Selling and Distribution Costs

In 2019, selling and distribution costs amounted to EUR 185.9m, up by 16% compared to EUR 160.0m in the corresponding period in 2018. The disproportionately low increase in selling and distribution costs compared to revenue growth was due in particular to a reduction in marketing expenses.

Selling and distribution costs comprise the following:

In EURm	2019	2018	Change	Change in %
Fulfillment expenses	–71.3	–60.2	–11.1	18%
Marketing expenses	–64.8	–66.1	1.3	–2%
Other selling and distribution costs	–49.8	–33.7	–16.1	48%
Total selling and distribution costs	**–185.9**	**–160.0**	**–25.9**	**16%**
as % of revenue				
Fulfillment expenses ratio	–19%	–19%	0pp	
Marketing expenses ratio	–17%	–21%	–4pp	

Fulfillment Expenses

Fulfillment expenses consist of expenses from distribution, handling and packaging, warehouse employee benefits, warehouse freelancers and payment processing. Fulfillment expenses rose 18% in financial year 2019, increasing from EUR 60.2m to EUR 71.3m. This means that fulfillment costs as a percentage of revenue remained at 19% y-o-y.

Marketing Expenses

Marketing expenses include performance marketing and TV marketing expenses excluding share-based payment marketing expenses. In the 2019 financial year, marketing efficiency was significantly enhanced compared with the previous year. As a result, marketing expenses in the reporting year decreased from EUR 66.1m to EUR 64.8m and the marketing expenses ratio as a percentage of revenue fell from 21% to 17% y-o-y.

Other Selling and Distribution Costs

Other selling and distribution costs contain rent and ancillary costs 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 freelancer expenses for central fulfillment, retail and marketing activities including customer service, and other sales-related expenses and depreciation related to sales and distribution. In financial year 2019, other selling and distribution costs increased from EUR 33.7m to EUR 49.8m. The increase is mainly attributable to higher depreciation on the "fashion for home" brand, capitalized right-of-use assets and property, plant and equipment, as well as additional expenses for logistics in connection with the expansion of warehouse capacity.

Administrative Expenses

Administrative expenses are composed of overhead expenses including employee benefit expenses and employee share-based payment expenses, depreciation and amortization, IT and other overhead costs, as well as costs related to the Company's IPO in financial year 2018. In financial year 2019, administrative expenses fell by EUR 3.0m or 7% y-o-y, from EUR 45.2m to EUR 42.2m. Under administrative expenses, higher amortization of intangible assets was more than offset by lower employee share-based payment expenses and the elimination of expenses incurred in connection with the IPO.

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. Adjusted amounts include share-based payment expenses for employees and media services received and, in the previous year, 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. The adjusted EBITDA margin reflects the ratio of adjusted EBITDA to revenue.

In EURm	2019	2018	Change	Change in %
Operating result (EBIT)	**–63.8**	**–69.6**	**5.8**	**–8%**
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	32.1	17.9	14.2	79%
Share-based payment	3.5	10.2	–6.7	–66%
Costs related to the IPO	0.0	1.5	–1.5	–100%
Adjusted EBITDA	**–28.2**	**–40.0**	**11.8**	**–30%**
Adjusted EBITDA margin	**–8%**	**–13%**	**5pp**	

The positive development of adjusted EBITDA and the adjusted EBITDA margin is due in particular to the results of the investments made since the IPO in June 2018.

Overall, the Group's negative operating result (EBIT) improved compared to the prior-year period from EUR 69.6m to EUR 63.8m.

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	2019	2018	Change	Change in %
Gross profit	163.8	136.5	27.3	20%
Fulfillment expenses	–71.3	–60.2	–11.1	18%
Impairment losses on financial assets	–1.3	–1.3	0.0	0%
Profit contribution	**91.2**	**75.0**	**16.2**	**22%**
Profit contribution margin	25%	24%	1pp	

In the 2018 Consolidated Financial Statements, the impairment losses on financial assets were not included in the profit contribution. Excluding the impairment losses on financial assets, the profit contribution for financial year 2019 would have been EUR 92.5m (2018: EUR 76.3m).

The increase in the profit contribution margin in the reporting period was primarily caused by the improved gross profit.

2.4.2. FINANCIAL PERFORMANCE OF THE SEGMENTS

Revenue

In financial year 2019, revenue in the Europe segment rose by 16% y-o-y to EUR 278.3m, representing 75% of Group revenue. Compared with the previous year, home24 significantly increased both the number of orders (+6%) as well as the average order value (+3%) and the number of active customers (+7%). Shorter delivery times also had a positive impact on revenue recognition. As a result, the Europe segment once again made a considerably greater contribution to Group growth in financial year 2019 than it did in the previous year due to negative one-off effects in 2018.

In financial year 2019, revenue in the LatAm segment rose by 27% y-o-y to EUR 93.3m, representing 25% of Group revenue. At constant currency, revenue grew significantly 31% y-o-y. This positive trend was mainly driven by the increased number of orders (+28%) and active customers (+29%), while the average order value remained at the previous year's level.

Adjusted EBITDA

The Europe segment generated negative adjusted EBITDA of EUR 27.3m after EUR 40.3m in the prior-year period. The adjusted EBITDA margin came in at –10% compared to –17% in the prior-year period. This development is mainly due to the positive effects of the investments made since the IPO

The LatAm segment was almost able to repeat the prior year's positive adjusted EBITDA. The LatAm segment generated an adjusted EBITDA of EUR –0.8m in 2019 after EUR 0.3m in the prior-year period. The adjusted EBITDA margin came in at –1% compared to 0% in the prior-year period.

Non-Financial Key Performance Indicators

Europe	Unit	2019	2018	Change in %
Number of orders	In k	1,218	1,145	6%
Average order value	In EUR	346	335	3%
Number of active customers (as of December 31)	In k	844	787	7%

LatAm	Unit	2019	2018	Change in %
Number of orders	In k	978	762	28%
Average order value	In EUR	142	142	0%
Number of active customers (as of December 31)	In k	662	512	29%

2.4.3. CASH FLOWS

In EURm	2019	2018	Change	Change in %
Cash flow from operating activities	–39.2	–47.9	8.7	–18%
thereof from change in net working capital	–6.3	–2.5	–3.8	>100%
Cash flow from investing activities	–21.8	–24.0	2.2	–9%
Cash flow from financing activities	–1.9	160.8	–162.7	>–100%
Net change in cash and cash equivalents	**–62.9**	**88.9**	**–151.8**	**>–100%**
Cash and cash equivalents at the beginning of the period	108.6	19.9	88.7	>100%
Effect of exchange rate changes on cash and cash equivalents	–0.1	–0.2	0.1	–50%
Cash and cash equivalents at the end of the period	**45.6**	**108.6**	**–63.0**	**–58%**

In financial year 2019, the Group's negative cash flow from operating activities amounted to EUR 39.2m compared to EUR 47.9m in the previous year. In 2019, the cash flow from operating activities were negatively impacted by the loss from operating activities and the change in working capital. Contrary to the Combined Management Report for 2018, the negative change in net working capital is primarily due to the increase in inventories while expanding warehouse capacity as well as a factoring facility that was not fully utilized.

Cash outflows from investing activities improved slightly 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. As a result, home24 invested EUR 10.9m in property and equipment and EUR 10.7m in intangible assets during the current financial year. The change in restricted cash and long-term security deposits also led to cash outflows of EUR 0.3m.

Cash flow from financing activities was primarily impacted by repayments of the principal portion of lease liabilities (EUR 7.5m less lease incentives received) as well as the net increase in bank loans (EUR 5.9m). The majority of this net bank loan increase (EUR 5.6m) is attributable to a new credit line with Itau Unibanco S.A in the LatAm segment during financial year 2019 that is being used to finance the short-term demand for liquidity associated with liabilities to suppliers.

Driven by the high level of investments and the associated operating start-up costs, the Group's cash and cash equivalents fell by EUR 63.0m in financial year 2019 and totaled EUR 45.6m as of the reporting date.

The new credit facility agreed between the Brazilian subsidiary Mobly Comercio Varejista Ltda. and Itau Unibanco S.A. in the current financial year includes several tranches with a total credit line of BRL 25.8m that was almost completely drawn down as of the reporting date (amount equivalent to EUR 5.6m). The loan tranches have provisional maturities until June and September 2020. The Brazilian subsidiary also took out amortizing loans for a total of BRL 4.5m with Money Plus SCMEPP Ltda., which were reported with a remaining balance of BRL 2.5m (amount equivalent to EUR 0.6m) as of the reporting date. The amortizing loans will be fully paid back by September 2020. As in the previous year, Mobly Comercio Varejista Ltda. has a credit line of BRL 10.0m with Itau Unibanco S.A., which was fully drawn down (amount equivalent to EUR 2.2m) as of the reporting date. The credit line with Itau Unibanco S.A. is being extended by one month at a time at the end of the month until cancellation. The Group also has a EUR 10.0m factoring facility, of which EUR 1.5m was drawn down as of the reporting date. The factoring facility expires on September 30, 2020. Assumption is that the existing facility will be replaced by a different service provider.

The Group considers the available liquidity to be sufficient to finance its ongoing growth plans. In the event of significant unforeseeable changes that involve an additional unplanned outflow of liquidity, the Group has options at its disposal. Besides cost savings these include also borrowing outside capital, the (partial) sale of a business segment or carrying out a capital increase. Existing planning assumptions could change depending on how the options are used specifically. Additional opportunities to participate in the positive trend in the market as effectively as possible, particularly those relating to company growth, could also arise. The Group does currently not see any going-concern risks when taking an overall look at the opportunities and risks together with potential countermeasures. These Consolidated Financial Statements have therefore been prepared on a going-concern basis.

2.4.4 FINANCIAL POSITION

In EURm	December 31, 2019	December 31, 2018	Change	Change in %
Non-current assets	120.5	107.2	13.3	12%
Current assets	109.7	167.9	–58.2	–35%
Total assets	**230.2**	**275.1**	**–44.9**	**–16%**

The assets of the Group changed compared to December 31, 2018, primarily because of the following items:

Property and equipment rose by EUR 9.1m to EUR 19.8m in the current financial year, primarily due to investments in the new warehouse in Halle (Saale).

Intangible assets fell from EUR 48.9m to EUR 38.9m in financial year 2019. Additions totaling EUR 8.5m, primarily for internally generated and acquired software products, were offset by amortization of EUR 18.4m. The decline in intangible assets is particularly due to amortization of trademark rights.

The Group recognizes right-of-use assets for the right granted to use a leased asset during the lease term. As of December 31, 2019, the right-of-use assets amounted to EUR 47.6m compared to EUR 37.6m in the previous year. This increase mainly resulted from newly signed leases for the new warehouse in Halle (Saale) and additional warehouse capacity in the LatAm segment.

Inventory stock grew by EUR 6.1m to EUR 38.7m in the reporting period. This was primarily due to additional warehouse capacity available in the Europe and LatAm segments.

Cash and cash equivalents fell by EUR 63.0m to EUR 45.6m. Changes in cash and cash equivalents are discussed in section 2.4.3.

In EURm	December 31, 2019	December 31, 2018	Change	Change in %
Equity	85.9	150.2	–64.3	–43%
Non-current liabilities	45.1	34.9	10.2	29%
Current liabilities	99.2	90.0	9.2	10%
Total equity and liabilities	**230.2**	**275.1**	**–44.9**	**–16%**

Equity and liabilities of the Group changed compared to December 31, 2018, primarily because of the following items:

Equity decreased by EUR 64.3m overall to EUR 85.9m, mainly due to the operating result.

The Group recognizes a liability for the obligations to make lease payments to the lessor during the lease term. As of December 31, 2019, non-current lease liabilities increased by EUR 9.6m and current lease liabilities by EUR 3.2m, primarily due to newly signed leases for the new warehouse in Halle (Saale) and additional warehouse capacity in the LatAm segment. The EUR 6.8m rise in non-current and current liabilities to a total of EUR 10.1m in financial year 2019 is mainly attributable to new credit lines in the LatAm segment.

Overall, total assets decreased by EUR 44.9m from EUR 275.1m to EUR 230.2m.

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 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 2.2m orders were placed (2018: 1.9m).

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 2019, there were 1.5m active customers (2018: 1.3m).

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 fell slightly in financial year 2019 from EUR 258 to EUR 255 because the LatAm segment has grown faster than the European segment while having a lower order value compared to the European segment.

2.5. Overall Assessment

home24 can look back on a successful financial year 2019, which ended with the first-ever positive adjusted EBITDA in the fourth quarter. A large number of investment projects started since the IPO in 2018 were concluded.

The Group grew by 20% year-on-year at constant currency in financial year 2019. The revenue growth was driven in particular by a higher order intake attributable to the larger number of active customers and improved cancellation rates. As a result, the Group achieved the targets of revenue growth at constant currency at or slightly above the growth rate for 2018 (18% at constant currency) communicated in the prior-year financial statements. As announced, the LatAm segment made a disproportionate contribution to growth (+31% at constant currency). However, the Group also recorded strong growth (+16%) in the Europe segment. The development of the adjusted EBITDA margin also met the Management Board's expectations. Although there were start-up costs associated with investment projects in the first half of the year, the Group was able to realize anticipated cost savings resulting from process optimizations, efficiency enhancements and economies of scale as planned, particularly in the second half of the year. The adjusted EBITDA margin came to – 8% for 2019 as a whole, thus lying within the range of – 4% to – 9% communicated in the 2018 Annual Report. In addition, home24 exceeded break-even in the fourth quarter based on adjusted EBITDA at the end of the year (+2%). Adjusted EBITDA developed as follows in financial year 2019:

In EURm	Q1	Q2	Q3	Q4	Total
Adjusted EBITDA	– 14.9*	– 8.6*	– 7.3*	2.6*	– 28.2

* unaudited

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) department 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). 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) department reported to the Management Board and the Audit Committee of the Supervisory Board on the Group's general risk situation in the first and fourth quarter of financial year 2019. 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 following pages of this report.

COUNTERMEASURES AND INTERNAL CONTROL SYSTEM

The risk management and internal control systems are continuously being expanded and improved. In the first and fourth quarter of the 2019 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. Audits by an Internal Audit department are scheduled for the 2020 financial year.

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, are then defined.

A function and role concept shall 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 has essentially been completed in the current financial year.

The effects of new or changed financial reporting standards, laws and other regulations on the Financial Statements are 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. The consolidation processes are semi-automated and the system is monitored. A role concept is used to regulate access to the 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. 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 9.2m	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 3.7m	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 1.8m	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 185k	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 185k	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 risks 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

Impact / probability of occurrence	rarely	unlikely	possible	likely	almost certain
severe					EXTREME
significant				VERY HIGH	
moderate			HIGH		
low		MODERATE			
immaterial	LOW				

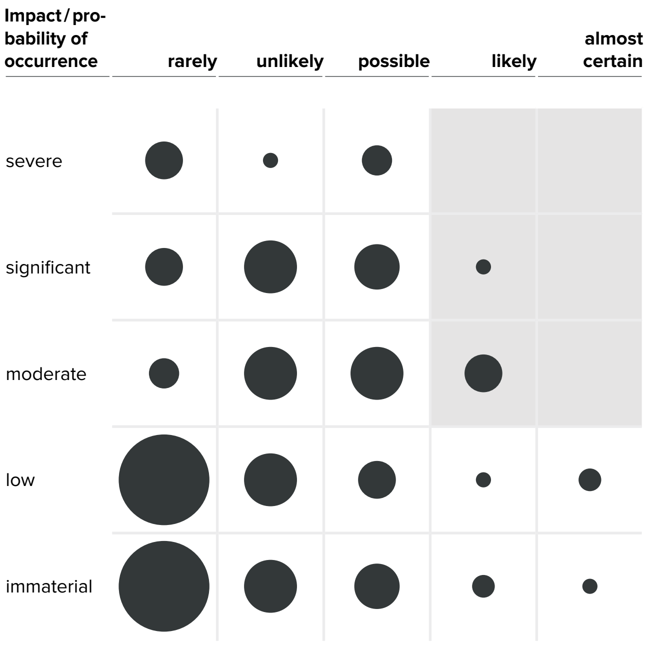
home24 assesses risks as significant in the risk report if they threaten the continued existence of the Group or are deemed to constitute key material risks.

The continued existence of the Group 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 1.8m. 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.

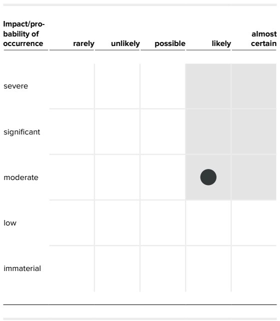
Presentation – Distribution of the number of net risks in the risk matrix



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, section 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

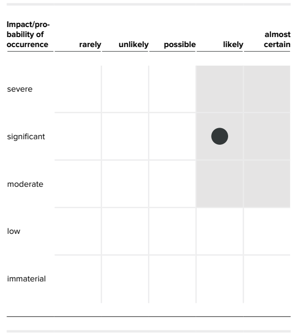


As an e-commerce company, home24 collects and processes personal information in order to process orders, receive payments, communicate with customers, manage marketing activities, carry out payroll activities, etc. In this context, home24 is subject to laws and regulations regarding the protection of 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 work to raise awareness of this issue, offer compulsory online training sessions, monitor and communicate legal requirements, update and develop relevant guidelines and 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.

The risk impact was reduced compared to the previous year, according to the Group's estimates, due to the fact that relevant data protection processes were modeled, rolled out and permanently improved, internal documentation was constantly improved and internal promotion of the issue increased. In addition, enhanced close cooperation on the part of the Legal department with the IT department among others ensured the implementation of additional technical and organizational measures to reduce the risk of non-compliance with data protection requirements.

CYBER SECURITY

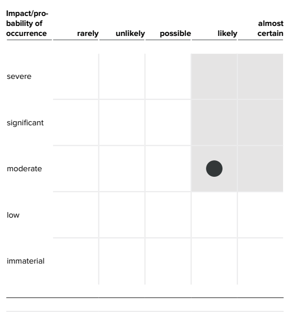


Cyber security risks associated with external and internal attacks and/or internal control weaknesses could manipulate or deactivate the webshop, relevant fulfillment IT systems and applications, payment systems and other internal IT systems and applications. These risks include among others ransomware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

To address these cyber security threats, the Company began to align its IT security requirements with those set out in the ISO/IEC 27001 security standard. Those responsible for IT security at home24 constantly monitor relevant risk areas and maintain processes and controls aiming to ensure the security of data and operations.

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

PREDICTABILITY OF INVENTORY LEVELS

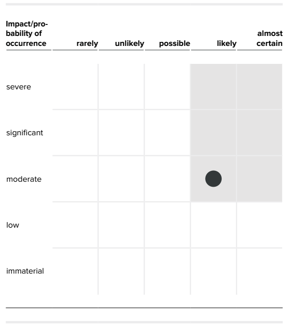


The smooth processing and fulfillment of customer orders is of material significance for the business. The inability to predict the required inventory levels could lead to excess stock and/or unavailability of goods and thus to long delivery times and dissatisfied customers.

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 there is always uncertainty about the purchasing behavior of customers, which can be influenced by external factors such as climate change, for example, the risk impact situation, according to the Group's estimates, improved compared to the previous year, which is attributable to an improvement in the inventory forecasting model.

PRODUCT QUALITY



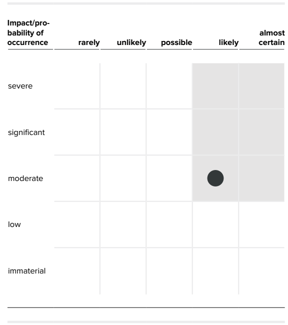
As many of home24's products are produced by manufacturers from developing and emerging countries in Asia and Brazil, among others, as well as in several Eastern European countries, the Group faces the challenge of continually developing and implementing its legal and compliance requirements relating to the security and quality of its products.

Due to its limited control over the manufacturing process and/or limited internal quality controls, home24 could unintentionally sell defective and/or harmful products that would either force the Group to recall these products or lead to product liability claims and/or may result in fines or criminal charges against home24. It is difficult to legally implement claims for recourse in many of these countries, while negative headlines associated with recalls or the assertion of claims could also have an adverse effect on the home24 brand.

To counter this risk, manufacturers are carefully selected as part of a supplier evaluation process that includes aspects such as site visits and product inspections. Existing suppliers are assessed on the basis of their reliability, product quality and product performance, among other factors. To protect our customers, the Group's contracts require our manufacturers to refrain from using potentially harmful substances. The Group's relevant departments carry out various checks aiming to ensure the security and quality of products.

By placing a greater focus on customer complaints statistics relating to product quality and taking appropriate follow-up action, home24 succeeded in reducing existing risks compared to the previous year.

CAPACITY CONSTRAINTS FOR LOGISTICS SERVICE PROVIDERS



The customer experience essentially depends on the speed and reliability of deliveries to customers. In this context, the delivery capability of home24's logistics partners is of major importance. An increase in deliveries combined with a limited number and capacity of logistics service providers could lead to delays in deliveries of goods, which could result in dissatisfied customers and hamper the growth of home24.

To counteract this risk, the Group maintains long-standing relationships with its logistics services providers. Forecasting functions enable home24 to make the estimates required to plan volumes and capacity with its service providers. The Group is also expanding the number of additional service providers and evaluating the internalization of critical logistics processes to reduce the existing risk.

According to the Group's estimates, the improvement in the risk situation compared to the previous year is attributable to the strengthening of long-term business relationships with logistics service providers and the ability to issue logistics forecasts that enable home24 to better assess estimated demand.

In financial year 2019, the number of material key risks fell from seven in the previous financial year to five, as the corresponding measures implemented to reduce the risks of potentially unreliable supply and inefficient processes as a result of the SAP implementation proved to be effective, according to the Group's estimates. Even though these risks are no longer part of this Annual Report, they continue to be monitored accordingly by the risk owners.

	2019		2018	
Material Key Risks	Impact	Probability	Impact	Probability
Legal requirements relating to the protection of personal information	moderate	likely	significant	likely
Cyber security	significant	likely	significant	likely
Predictability of inventory levels	moderate	likely	severe	likely
Product quality	moderate	likely	significant	likely
Capacity constraints for logistics service providers	moderate	likely	severe	likely
Delivery reliability	moderate	possible	significant	likely
Process inefficiency due to new ERP implementation	severe	possible	severe	likely

RISKS FROM THE OUTBREAK OF THE COVID-19 PANDEMIC

The outbreak of the COVID-19 pandemic in the first quarter of 2020 is expected to have a temporary negative impact on the Group's supply chains, customer demand and internal operational process efficiency during the remainder of the year. Government interventions resulting from the pandemic are already impacting operations in the Group's bricks-and-mortar retail stores, warehouses and offices as well as in the factories of suppliers or the work of service providers, especially logistics service providers. Current restrictions are mostly valid until mid-April. The Group does not expect a return to normality before the end of May. For a prolonged period, unforeseeable risks to business development remain, including further supply chain restrictions and a possible recession. The Group has already introduced measures at an early stage of the pandemic to counteract such risks and adjusts them regularly and promptly to the latest developments. Opportunities are also arising from the current situation, especially as long as bricks-and-mortar retail stores are closed.

A final assessment of the financial and operational effects of the COVID-19 crisis cannot be made at present, as it is unclear how long the phase of uncertainty will last and to what extent the adverse effects could influence the business. Due to the uncertainties, it is also not possible to conclusively exclude that corresponding risks threatening the Group could potentially extend to severe financial effects that threaten its existence, for example if no or only limited sales can be realized over a longer period of time than currently foreseeable. In such a scenario, additional measures would be taken to avoid potential risks to the company's continued existence, such as a reduction of the cost base, a decrease in planned cash flow from investing activities or additional cash flow from changes in working capital, especially inventories.

3.4. Opportunities

The home&living sector in the markets served by home24 has a volume of over EUR 115bn (source: Euromonitor). Online penetration in the home&living sector in these markets is lower than in other markets such as the USA and UK. home24 is confident that this creates the potential for catch-up effects triggering attractive market growth rates.

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

The home&living sector is highly fragmented in terms of both suppliers and retailers. This fragmented supply base puts every market participant in a strong negotiating position that can reach a critical mass, while the customer so far pays hardly any attention to individual brands, choosing instead to focus on the quality and price of individual products and the effectiveness and comfort of the relevant retailer's platform. home24 believes that these characteristics give the Group the opportunity to become an online market 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 broader market. This is, according to the Group's estimates, critical for serving the heterogeneous customer base in relevant markets where consumer brands are less important and a broad selection and diversity in the product range are key factors. This offering also delivers important data on customer preferences and behavior that is used for making decisions about investing in new private labels. When marketing bestsellers as private label products, the Group can use its sound 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 opportunity to position itself perfectly in the area of online marketing in order to participate in the rising interest in online shopping in a cost-efficient way.

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 Individual 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 currently not 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

Brigitte Wittekind has been a member of the Management Board since January 1, 2020. She succeeds Christoph Cordes, who stepped down from the Management Board with effect from the end of December 31, 2019. Marc Appelhoff has held the role of Chairman of the Management Board (CEO) since January 1, 2020.

The entity related to Management Board member Johannes Schaback, whiletrue GmbH, acquired shares in the Company for an average price of EUR 5.90 for a total of EUR 10,030 on January 7, 2020, and for an average price of EUR 5.81 for a total of EUR 98,843 on January 8, 2020.Supervisory Board member Verena Mohaupt disposed of shares in the Company for an average price of EUR 5.72 for a total of EUR 24,124 on January 9, 2020, and acquired shares in the Company for an average price of EUR 5.87 for a total of EUR 26,403 on the same day.

In the first quarter of 2020, the spread of the COVID-19 pandemic has created an element of uncertainty for further business development in 2020. At the time this report was prepared, home24 was directly affected. The majority of home24's employees outside of logistics processes and retail trade are working from home. Supply chains of suppliers in Europe, Brazil and China are affected. The Company's bricks-and-mortar retail stores are temporarily closed. Customer demand is more difficult to forecast and more volatile. However, the overall negative financial impact of the COVID-19 pandemic is, as of today (April 3, 2020), still within margins of control, so that only limited adjustments to the financial planning approved by the Management Board and the Supervisory Board for 2020 in November 2019 are required.

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

5. FUTURE PERFORMANCE AND OUTLOOK

As a result of the COVID-19 pandemic, specific statements regarding the development of global economic output and economic changes for 2020 are not currently available from the usual sources. In the present volatile environment, the latest estimates are only snapshots that are subject to a great deal of uncertainty with regard to future developments.

The same is true of the home&living sector. Demand has generally remained relatively constant over the past few years. Potential effects on market developments triggered by the temporary closure of offline retail spaces on the one hand, and the threat of a global recession on the other hand, are far more difficult to predict than has been the case in the past. However, the development of private consumption in this crisis is unlikely to be comparable with past crises, as private households have already significantly reduced travel spending.

home24 sees the potential for e-commerce in the home&living sector to emerge stronger from current developments and for an acceleration of customer demand migration to online. The online penetration in the markets relevant for home24 is still low compared to the online penetration for other verticals like toys, electronic goods or fashion. Even before the COVID-19 pandemic, growth rates for furniture e-commerce growth of around 10% was expected for the next two years in the German market, for example (source: PWC, 2019). The expected increase in e-commerce may be fuelled or accelerated by the temporary closures of offline retail in the industry. Due to the scalability of the home24 business model and its unique selling propositions, the Group intends not only to participate in this development, but has the ambition to lead it.

For the coming financial year, home24 will focus on profitable growth, strengthening its service offerings to customers and securing the required financial liquidity, especially in the uncertain times caused by the COVID-19 crisis. The completion of investment projects in financial year 2019 have created the basis for long-term sustainable growth. After achieving the milestone of profitability on the basis of adjusted EBITDA in the fourth quarter of 2019, the focus in 2020 will increasingly be on communicating the customer benefits of the home24 model. One factor to highlight here is the value proposition of a curated product range offering superior value for money and risk-free ordering. home24 relies on its model of making furniture shopping an individual and inspirational experience. In 2020, the Group aims to further expand its shopping experience tailored specifically to home&living requirements by leveraging its large and relevant product range, excellent service and reliable delivery options.

The Group will continue to consistently pursue its growth strategy. However, it will do so with a defensive risk profile amid the uncertainty of the COVID-19 crisis while at the same time focusing strongly on achieving its profitability targets and ensuring liquidity.

In view of the volatile market situation, home24 is planning for the 2020 financial year with revenue growth rates at constant currency in the range of +10% to +20%. In addition, the Group is aiming for an adjusted EBITDA margin in the range of +2% to –2% for the financial year 2020. At present, this outlook does not take into account any significant future impact on revenues and adjusted EBITDA from the COVID-19 crisis. Such significant effects could arise, for example, as a result of a global recession or broad restrictions on the business activities of home24, which go beyond moderate delays in the supply chain and the anticipated closures of offline retail activities until the end of May. The Group also expects a significant improvement in cash flow from investing activities compared to previous years, as a result of the completion of investment projects in 2019. Cash flow from changes in net working capital is also expected to improve slightly compared to financial year 2019.

In terms of non-financial key performance indicators, the Management Board expects a further increase in orders and the number of active customers proportional to revenue growth in the coming year. No material change is likely in the value of the average order value.

At the time of approval for publication of this Annual Report (as of April 3, 2020), the business development of home24 is in line with the outlook for the financial year 2020. Foreseeable effects of the COVID-19 crisis have been considered in the outlook until the end of May 2020. However, there is substantial uncertainty in many dimensions of the business which limits forecasting to the current state of knowledge – in both a positive and negative sense. In addition to the adverse impact on supply chains already described, additional risks arise from possible wider government restrictions on operational work in warehouses, offices or at service providers as well as the effect of a possible severe global recession on customer demand. There is therefore a risk that these factors could lead to an unfavorable development of the business. In such a case, results in terms of both revenue and adjusted EBITDA margin would differ from the outlook presented.

6. CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement published in accordance with Sections 289f. 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 integral unaudited 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/181218_home24_SE_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) and 315a (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 are management of the online shops, human resources management, IT and financial and risk management. The country-specific home24 websites and the 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 share-based payment, leases, provisions, internally generated intangible assets and deferred taxes and, in the previous year, IPO-related transaction costs.

home24 SE has extensive supply and service relationships with its subsidiaries. Purchased services primarily comprise logistics, sales and distribution, quality assurance and customer services. The services home24 SE provides for its subsidiaries are administrative and IT services. 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 costs for materials and declining other operating expenses in particular.

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

In EURm	2019	2018	Change	Change in %
Revenue	287.5	244.1	43.4	18%
Other operating income	2.1	3.4	– 1.3	– 38%
Cost of materials	– 219.7	– 191.7	– 28.0	15%
Personnel expenses	– 20.9	– 19.3	– 1.6	8%
Depreciation and amortization	– 3.3	– 0.9	– 2.4	>100%
Other operating expenses	– 83.1	– 92.7	9.6	– 10%
Operating result (EBIT)	**– 37.4**	**– 57.1**	**19.7**	**– 35%**
Financial result	– 0.3	– 0.7	0.4	– 57%
Expenses from loss absorption	– 8.1	– 4.0	– 4.1	>100%
Loss for the period	**– 45.8**	**– 61.8**	**16.0**	**– 26%**

In the reporting period, home24 SE lifted its revenue by EUR 43.4m to EUR 287.5m. The acceleration in revenue growth is primarily due to a rising number of active customers (+7%) and an increasing number of orders placed (+6%), with the average order value rising from EUR 335 to EUR 346. Overall, home24 SE's encouraging growth in the continental European sales markets is thus continuing.

Other operating income resulted primarily from currency translation gains and income from prior periods, including from the reversal of provisions.

The cost of materials rose by EUR 28.0m to EUR 219.7m in tandem with the Company's revenue growth. EUR 21.5m of this increase is attributable to expenses for goods purchased, while EUR 6.5m is attributable to the cost of services purchased from other companies in the Group.

The increase in depreciation and amortization is mainly attributable to amortization associated with the ERP system newly acquired in the previous year.

Other operating expenses fell by EUR 9.6m to EUR 83.1m in financial year 2019. This was primarily due to the discontinuation of one-off expenses associated with the Company's IPO (EUR –7.5m) that were required to be recognized in the income statement in the previous year in accordance with the provisions of the German Commercial Code, as well as lower advertising expenses (EUR –6.3m). These were offset by higher storage costs (EUR +2.4m), particularly as a result of higher rental expenses for additional warehouse capacity.

The cost of absorbing the loss incurred by home24 Outlet GmbH was EUR 8.1m in financial year 2019, up from EUR 4.0m in the previous year.

The target of a slight improvement in net income/loss for the year set in the 2018 Combined Management Report was achieved and/or exceeded.

The number of employees decreased in financial year 2019 from an average of 399 to 358.

The financial position of home24 SE is presented in the following Condensed Statement of Financial Position.

In EURm	December 31, 2019	December 31, 2018	Change	Change in %
Fixed assets	83.1	71.8	11.3	16%
Current assets	91.8	152.6	– 60.8	– 40%
Prepaid expenses	1.0	1.2	– 0.2	– 17%
Total assets	**175.9**	**225.6**	**– 49.7**	**– 22%**
Equity	114.6	158.7	– 44.1	– 28%
Provisions	10.7	17.3	– 6.6	– 38%
Liabilities	50.1	48.8	– 1.3	3%
Prepaid expenses	0.5	0.8	– 0.3	– 38%
Total capital	**175.9**	**225.6**	**– 49.7**	**– 22%**

Total assets of home24 SE fell by EUR 49.7m to EUR 175.9m. The Company's fixed assets primarily consist of financial assets and intangible assets. Current assets mainly consist of cash, trade receivables and inventories. The liabilities side of the Statement of Financial Position mainly comprises equity, provisions and current liabilities.

The assets and equity and liabilities of the Company changed compared to December 31, 2018, particularly because of the following items:

The financial assets included in fixed assets increased by EUR 13.2m to EUR 63.1m, primarily as a result of the issuance of new loans to affiliated companies to finance ongoing business activities.

The decline in current assets is primarily due to a lower level of cash. The change in cash is explained in more detail later in this section.

Equity decreased by EUR 44.1m overall to EUR 114.6m, mainly due to the losses incurred in the reporting period. The equity ratio stood at 65% as of December 31, 2019 (December 31, 2018: 70%).

Provisions fell by EUR 6.6m to EUR 10.7m, mainly as a result of lower provisions for outstanding purchase invoices.

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 negative cash flow from operating activities of the Group and also home24 SE is mainly attributable to the negative operating result and the change in working capital.

In financial year 2019, cash flow from investing activities primarily included capital injections to subsidiaries and payments for the acquisition of intangible assets.

home24 SE had no significant cash flow from financing activities in the current financial year.

Liquid assets of EUR 41.7m (2018: EUR 106.5m) include 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 main part of the business in the Europe segment is carried out by 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. The net profit/loss of home24 SE is expected to improve slightly in financial year 2020.

Berlin, April 3, 2020

Marc Appelhoff   Johannes Schaback   Brigitte Wittekind

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In EURm	Notes	December 31, 2019	December 31, 2018
Non-current assets			
Property and equipment	5.10	19.8	10.7
Intangible assets	5.11	38.9	48.9
Right-of-use assets	5.24	47.6	37.6
Financial assets	5.12/5.26	9.2	9.0
Other non-financial assets	5.13	5.0	1.0
Total non-current assets		**120.5**	**107.2**
Current assets			
Inventories	5.14	38.7	32.6
Advance payments on inventories	5.14	2.0	2.4
Trade receivables	5.15	13.1	16.7
Other financial assets	5.12/5.26	3.2	2.2
Other non-financial assets	5.13	7.1	5.4
Cash and cash equivalents	5.16	45.6	108.6
Total current assets		**109.7**	**167.9**
Total assets		**230.2**	**275.1**

In EURm	Notes	December 31, 2019	December 31, 2018
Equity			
Subscribed capital	5.17	26.4	26.1
Treasury shares	5.17	– 0.1	– 0.1
Capital reserves	5.17	79.9	125.4
Other reserves		– 4.7	– 4.6
Retained earnings / accumulated losses		– 1.9	15.5
Equity attributable to the owner of the parent company		**99.6**	**162.3**
Non-controlling interests		– 13.7	– 12.1
Total equity		**85.9**	**150.2**
Non-current liabilities			
Borrowings	5.20 / 5.26	1.3	0.8
Lease liabilities	5.24	40.7	31.1
Other financial liabilities	5.18 / 5.26	0.5	0.5
Provisions	5.23	2.1	1.4
Deferred tax liabilities	5.9	0.5	1.1
Total non-current liabilities		**45.1**	**34.9**
Current liabilities			
Borrowings	5.20 / 5.26	8.8	2.5
Lease liabilities	5.24	10.9	7.7
Trade payables and similar liabilities	5.21 / 5.26	55.3	56.2
Contract liabilities	5.22	12.2	14.6
Income tax liabilities		0.1	0.1
Other financial liabilities	5.18 / 5.26	5.2	3.6
Other non-financial liabilities	5.19	6.2	4.7
Provisions	5.23	0.5	0.6
Total current liabilities		**99.2**	**90.0**
Total liabilities		**144.3**	**124.9**
Total equity and liabilities		**230.2**	**275.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EURm	Notes	2019	2018
Revenue	5.1	371.6	312.7
Cost of sales	5.2	– 207.8	– 176.2
Gross profit		**163.8**	**136.5**
Selling and distribution costs	5.2 / 5.6	– 185.9	– 160.0
Impairment losses on financial assets	6.	– 1.3	– 1.3
Administrative expenses	5.2 / 5.6	– 42.2	– 45.2
Other operating income	5.3	3.7	2.0
Other operating expenses	5.4	– 1.9	– 1.6
Operating result (EBIT)		**– 63.8**	**– 69.6**
Finance income	5.5	1.3	1.1
Finance costs	5.5	– 5.9	– 4.6
Loss before taxes		**– 68.4**	**– 73.1**
Income taxes	5.9	0.5	0.0
Loss for the period		**– 67.9**	**– 73.1**
Loss attributable to:			
Owners of the parent company		– 66.2	– 72.2
Non-controlling interests		– 1.7	– 0.9
Earnings per share (in EUR); basic (=diluted)	5.7	– 2.53	– 3.22
Average number of shares in circulation (in m); basic (=diluted)	5.7	26.2	22.4*
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on transaction of foreign Financial Statements of foreign operations		– 0.1	0.8
Other comprehensive income / loss for the period, net of tax		**– 0.1**	**0.8**
Total comprehensive loss for the period		**– 68.0**	**– 72.3**
Loss attributable to:			
Owners of the parent company		– 66.3	– 71.5
Non-controlling interests		– 1.7	– 0.8

* The average number of shares has been calculated by taking into account the share split registered in May 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

In EURm	Notes	2019	2018
Cash flow from operating activities			
Loss before taxes		– 68.4	– 73.1
Depreciation of property and equipment	5.10	3.3	1.7
Amortization of intangible asstes	5.11	18.4	8.9
Depreciation of right-of-use assets	5.24	10.4	7.3
Non-cash expenses from share-based payments	5.8	3.5	9.6
Other non-cash income and expenses		0.1	0.6
Change in provisions		– 0.1	0.1
Change in net working capital			
Change in inventories and advanced payments on inventories		– 5.8	– 5.9
Change in trade receivables and other assets		– 3.1	– 10.6
Change in trade payables and other payables		5.0	13.1
Change in advance payments received		– 2.4	0.9
Change in other assets / liabilities		0.0	– 0.2
Income taxes paid, less reimbursements		– 0.1	– 0.3
Cash flow from operating activities		**– 39.2**	**– 47.9**
Cash flow from investing activities			
Payments to aquire property and equipment	5.10	– 10.9	– 4.4
Payments to aquire intangible assets	5.11	– 10.7	– 15.5
Change in restricted cash and long-term security deposits	5.12	– 0.3	– 4.1
Proceeds from government grants		0.1	0.0
Cash flow from investing activities		**– 21.8**	**– 24.0**
Cash flow from financing activities			
Proceeds from capital increases by shareholders less transaction costs	5.17	– 0.3	167.1
Cash paid to owners and non-controlling interests	5.17	0.0	– 0.4
Proceeds from borrowings	5.25	8.9	13.7
Repayment of borrowings	5.25	– 3.0	– 12.0
Redemption of lease liabilities	5.24	– 9.1	– 7.6
Proceeds from lease incentives received	5.24	1.6	0.0
Cash flow from financing activities		**– 1.9**	**160.8**
Net change in cash and cash equivalents		**– 62.9**	**88.9**
Cash and cash equivalents at the beginning of the period		108.6	19.9
Effect of exchange rate changes on cash and cash equivalents		– 0.1	– 0.2
Cash and cash equivalents at the end of the period		**45.6**	**108.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2018

		Equity attributable to the owners of the parent company		
In EURm	**Notes**	**Subscribed capital**	**Treasury shares**	**Capital reserves**
As of January 1, 2018		**0.4**	**0.0**	**45.6**
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	7.6		165.0
Transaction costs, net of tax				– 6.0
Share split	5.17	18.1	– 0.1	– 18.0
Share buyback	5.17			– 0.4
Utilization of free capital reserve	5.17			– 61.8
Equity-settled share-based payments	5.8			1.0
As of December 31, 2018		**26.1**	**– 0.1**	**125.4**

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**

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**	**Total**	**Non-controlling interests**	**Total equity**
1.9	**0.1**	**–7.3**	**18.0**	**58.7**	**–11.4**	**47.3**
			–72.2	–72.2	–0.9	–73.1
0.7				0.7	0.1	0.8
0.7	**0.0**	**0.0**	**–72.2**	**–71.5**	**–0.8**	**–72.3**
			–0.1	172.5		172.5
				–6.0		–6.0
				0.0		0.0
				–0.4		–0.4
			61.8	0.0		0.0
			8.0	9.0	0.1	9.1
2.6	**0.1**	**–7.3**	**15.5**	**162.3**	**–12.1**	**150.2**

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**

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, 2019 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.

The Consolidated Financial Statements have been prepared on a going concern basis. In this regard, reference is also made to the comments on liquidity risk in Section 6.

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 relevant 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.

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 acquired brands and customer lists, internally generated and acquired software and other licenses as well as goodwill.

Trademark rights and customer lists obtained through acquisitions are recognized at their fair value as of the acquisition date and are subsequently measured at cost less any accumulated amortization and impairment losses. The goodwill is recognized initially as a positive difference between the purchase costs and the fair value of identifiable net assets. After initial recognition it is measured at cost adjusted for impairments.

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

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 or 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.

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 developed software	1 – 7
Customer lists	4
Acquired software and other licenses	3 – 7
Brand	4

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 in section 5.11.

LEASES – GROUP AS LESSEE

The Group adopted IFRS 16 as of January 1, 2018.

In accordance with 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 buildings, primarily for its office space, retail stores (showrooms and outlets) and warehouses.

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

At initial recognition financial assets are recognized at their fir value. To determine subsequent measurement, financial assets are classified, at initial recognition, as debt instruments at amortized cost, debt or equity instruments at fair value through other comprehensive income (OCI) or debt, derivative or equity instruments 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 foreign 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 and 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.

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. Under this approach, an impairment is measured 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 flow 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, and hereby transferred 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.

In order to properly reflect the value of inventories in the Statement of Financial Position, impairments due to obsolete and slow-moving items of inventory are deducted from the carrying amount of the inventories. Net realizable value is the estimated selling price in the ordinary course of business, less 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.

The Group recognizes provisions for the dismantling and removal of installations in leased warehouses and office buildings 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 leasehold improvements shown in the Statement of Financial Position or to the capitalized right-of-use assets.

SUBSCRIBED CAPITAL

Subscribed capital (ordinary 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 a number of share-based payment plans that are settled with equity instruments for which the Group receives services from Management Board members and employees in return for the Company's equity instruments (shares and options).

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 service period and recognized in equity with a corresponding counter entry. The vesting period usually starts with the grant date of the award and ends at the end of the service period agreed as the condition for exercising the instruments. For awards with graded service periods ("graded vesting"), each tranche of the instrument is treated as a separate grant by distributing the personnel expenses over the respective tranche's 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 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 service 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 period the service is performed. 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.

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.

Together, the goods and services promised by the Group (goods, shipping and return shipping, 30-day right of return, assembly service) constitute the identified performance obligation of the Group.

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.

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.

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. If it is uncertain that the conditions under which the grant was received will be satisfied, these grants are shown 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 section 5.8.
- Measuring and identifying loss allowances on inventories and trade receivables; see section 5.14 and section 6.
- Determining expected return rates; see section 2.3 Revenue, section 5.13 and section 5.18.
- Assessing the probable recoverability of deferred tax assets; see section 5.9.
- Measuring impairment losses on non-financial assets; see section 2.3 Impairment of non-financial assets and section 5.11.
- Determining lease terms and the incremental borrowing rate; see section 5.24.

4. NEW FINANCIAL REPORTING STANDARDS

4.1. Effects of New and Amended IFRSs Relevant for Financial Year 2019

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 Group had applied IFRS 16 early in the previous year and so the effects of initial application had already been presented in the Consolidated Financial Statements for the period ended December 31, 2018.

Further amendments and interpretations that were effective from January 1, 2019 had no material effect on the Consolidated Financial Statements.

4.2. Standards Issued but not yet Effective

The following standards had already been issued 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 references to the Conceptual Framework in IFRS Standards	January 1, 2020	No effects expected
Amendments to IFRS 3: Definition of a Business	January 1, 2020*	No effects expected
Amendments to IAS 1 and IAS 8 regarding the definition of Materiality	January 1, 2020	No effects expected
Amendments to IFRS 9, IAS 39 and IFRIC 7 regarding Interest Rate Benchmark Reform	January 1, 2020	No effects expected
IFRS 17 Insurance Contracts	January 1, 2021*	No effects expected
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	January 1, 2022	No effects expected

* Not yet endorsed by the EU as of December 31, 2019.

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 370.4m (2018: EUR 311.6m) from the sale of furniture and home furnishings, mainly through its web shops, outlets and showrooms. The Group also recognized other revenue of EUR 1.2m (2018: EUR 1.1m). Revenue of EUR 1.0m (2018: EUR 1.9m) from the direct sale of damaged or slow-moving furniture to recycling companies is reported as revenue from the sale of furniture in the current financial year and not as other revenue. The prior-period information for other revenue was restated accordingly.

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

In EURm	2019	2018
Europe	278.3	239.5
Brazil	93.3	73.2
Total	**371.6**	**312.7**

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

In EURm	31. Dezember 2019	31. Dezember 2018
Trade receivables	13.1	16.7
Contract liabilities	12.2	14.6

Information about the impairment of trade receivables is presented in section 6. The contract liabilities are further discussed in section 5.22.

5.2. Expenses by Nature

Cost of sales, selling and distribution costs and administrative expenses for the financial year break down as follows:

In EURm	2019	2018
Purchase of merchandise	207.8	176.2
Marketing expenses	65.7	69.0
Purchased services	66.1	58.3
Employee benefit expenses	48.2	46.8
Depreciation and amortization	32.1	17.9
IT-related expenses	5.8	6.1
Rental expenses and other property-related expenses	6.3	3.6
Other	3.9	3.5
Total	**435.9**	**381.4**

Costs which meet the definition of development costs (mainly employee benefit expenses) are capitalized as part of internally generated software (see section 2.3 'Intangible assets') and correspondingly are not included in the above expenses.

5.3. Other Operating Income

In EURm	2019	2018
Currency translation gain	0.7	0.8
Income from subleases	0.2	0.2
Other	2.8	1.0
Total	**3.7**	**2.0**

In the current financial year, other operating income of EUR 2.1m comprises income from the recognition of claims for refunds from the tax office for prior years arising from indirect taxes in the LatAm segment.

5.4. Other Operating Expenses

In EURm	2019	2018
Currency translation losses	–0.6	–0.7
Other	–1.3	–0.9
Total	**–1.9**	**–1.6**

In the current financial year, other operating expenses include an adjustment of claims for indirect taxes.

5.5. Financial Result

In EURm	2019	2018
Interest Income	0.1	0.0
Gains from foreign currency forwards	0.0	0.5
Foreign exchange gains	0.5	0.6
Other Interest Income	0.7	0.0
Finance income	**1.3**	**1.1**
Interest expenses from financial liabilities at amortized cost	–1.2	–1.0
Interest expenses from unwinding of discounts on lease liabilities	–1.3	–0.6
Losses from foreign currency forwards	–0.1	–0.3
Foreign exchange losses	–0.2	–0.5
Other finance costs	–3.1	–2.2
Finance costs	**–5.9**	**–4.6**

In the current financial year, other interest income is solely attributable to interest income in the LatAm segment that arose in connection with claims for refunds from the tax office.

Other finance costs consist mainly of interest charged by credit card companies or financial service providers for the upfront payment in relation to trade receivables or factoring agreements.

5.6. Employee Benefit Expenses

In EURm	2019	2018
Wages and salaries	40.9	40.6
Social security costs	7.3	6.2
Total	**48.2**	**46.8**

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

In EURm	2019	2018
Included in selling and distribution costs	27.3	23.5
Included in administrative expenses	20.9	23.3
Total	**48.2**	**46.8**

Contributions to statutory pension insurance amounted to EUR 3.9m in the financial year ended (2018: EUR 3.5m).

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.

	2019	2018
Loss for the period attributable to the shareholders of home24 SE (in EURm)	–66.2	–72.2
Weighted average number of shares (in m)	26.2	22.4
Earnings per share (in EUR)	**–2.53**	**–3.22**

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, 2019 and 2018. As a result, the diluted earnings per share equal basic earnings per share.

The Company has granted 4,720,153 (2018: 2,220,940) 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.

The average number of shares outstanding was calculated including the share split performed in May 2018 for the 2018 reporting period.

5.8. Share-based Payment

The Group granted share-based payment to members of the Management Board, employees and external service providers in exchange for media services.

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

The Group uses share-based payment awards to incentivize the performance of the members of the Management Board and selected key employees and to retain these employees. 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 equity settlement, as in the past. The contents of the individual remuneration plans are presented below.

Long-Term Incentive Plans (LTIP)

An LTIP enables employees to participate in increases in the Company's equity value by being issued performance shares that are linked to the performance of home24 SE's shares. These performance shares 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.

They have a vesting period of 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. In financial year 2019, performance shares were issued for the service periods 2019 and 2020.

The awards issued in financial years 2017 and 2018 were exercisable within two years of the expiration of the holding period and were linked to annual EBITDA targets. In financial year 2019, the terms and conditions of these awards were modified in line with current provisions. The fair value of the grants concerned increased by a total of EUR 31 thousand as a result of the modification of the terms and conditions. The increase in value per award ranges from EUR 0.03 to EUR 0.17.

In financial year 2017, performance shares were granted to managing directors of Mobly Comercio Varejista Ltda. for the calendar years 2017 to 2020 which may vest by 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.

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.

In financial years 2018 and 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.

Individual Option Agreements (call options)

In 2012 and 2014, stock options were issued to former managing directors of Home24 GmbH, a predecessor company to home24 SE. The options entitle the holders to acquire shares of the Company. These options either vested or expired by 2016. The outstanding options are exercisable and do not have a limited life. This type of agreement has not since been used as a payment award and does not form part of the current remuneration system.

Individual Share Agreements (shares)

On October 30, 2015, 33,282 shares with a par value of EUR 0.02 were issued to Management Board members of the Company (these figures reflect the share split performed during the previous financial year). The Company can acquire these shares at the par value of EUR 0.02 or the lower market value if the beneficiaries' employment ends prior to May 1, 2019. The vesting period began on October 30, 2015 and ended on May 1, 2019.

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

	2019		2018	
	Excercise price (in EUR)	Number	Excercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	15.73	898,081	17.72	579,967
Granted during the reporting period	6.86	2,072,478	12.14	340,496
Forfeited during the reporting period	7.64	–150,209	12.59	–22,382
Outstanding at the end of the reporting period	9.64	2,820,350	15.73	898,081
Exercisable at the end of the reporting period	**0.00**	**0**	**0.00**	**0**
VSOP				
Outstanding at the beginning of the reporting period	8.42	994,069	13.51	654,487
Granted during the reporting period	0.57	1,050,800	1.78	470,656
Forfeited during the reporting period	2.87	–118,067	16.26	–28,316
Exercised during the reporting period	0.02	–80,840	0.06	–74,272
Expired during the reporting period	31.84	–16,894	29.74	–28,486
Outstanding at the end of the reporting period	4.42	1,829,068	8.42	994,069
Exercisable at the end of the reporting period	**14.55**	**485,029**	**14.10**	**510,297**
Call options				
Outstanding at the beginning of the reporting period	9.19	281,478	9.19	281,478
Excercised during the reporting period	0.02	–210,743	0.00	0
Outstanding at the end of the reporting period	36.86	70,735	9.19	281,478
Exercisable at the end of the reporting period	**36.86**	**70,735**	**9.19**	**281,478**
Shares				
Outstanding at the beginning of the reporting period	0.00	0	0.02	16,082
Repurchased during the reporting period	0.00	0	0.02	–16,082
Outstanding at the end of the reporting period	**0.00**	**0**	**0.00**	**0**

The weighted average share price at the time the options were exercised was EUR 3.00 (2018: EUR 23.00).

Remaining life and number of outstanding instruments by exercise price

	2019		2018	
Excercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
0.02	5.7	371,957	4.7	410,273
1.00	7.3	226,583	5.6	33,224
3.23	8.0	960,667	0.0	0
8.17	7.2	168,464	4.7	451,518
13.00	7.8	630,000	4.7	451,518
24.14	6.0	459,613	4.7	451,518
1,038.38	6.0	3,066	5.0	3,066
Outstanding at the end of the reporting period	**7.2**	**2,820,350**	**4.7**	**898,081**
VSOP				
0.02	5.0	802,690	4.3	415,345
0.69	6.0	419,149	0.0	0
2.04	5.0	186,676	6.0	121,132
3.18	2.0	90,623	3.0	92,461
4.74	3.0	41,522	4.0	45,150
5.33	4.0	56,906	5.0	67,946
24.14	2.3	179,004	3.2	189,308
36.86	0.0	0	1.0	10,229
36.86	n.l.	21,769	n.l.	21,769
47.36	1.4	27,864	2.4	27,864
59.20	1.0	2,865	2.0	2,865
Outstanding at the end of the reporting period	**4.6**	**1,829,068**	**4.1**	**994,069**
Call Options				
0.02	n.l.	0	n.l.	211,431
36.86	n.l.	70,735	n.l.	70,047
Outstanding at the end of the reporting period	**n.l.**	**70,735**	**n.l.**	**281,478**

n.l. = not limited

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

Fair values (in EUR)	2019	2018
LTIP	2.09	13.28
VSOP	0.64	1.26

In contrast to the previous year, the fair value of option-type remuneration awards was measured using a Monte Carlo simulation (in the previous year, the fair value of the options granted was determined using the "Black-Scholes" option-pricing model or a Monte Carlo simulation), because the contractual structure of the awards has changed, which can be better reflected by a Monte Carlo simulation. This method simulates future share price performance based on the value of a share at the measurement date and assuming a normal distribution of returns. 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. When measuring the awards, the revenue growth target was taken into account such that future revenue was simulated on the basis of an expected mean, an expected standard deviation and correlation with the share price. The fair value of an award is the mean of the expected present values of the simulated price paths.

The fair values were determined based on the following volume-weighted measurement parameters.

	2019	2018
Expected volatility	43.40%	40.94%
Share value (in EUR)	5.07	17.78
Expected dividends (in EUR)	0	0
Life of the options (in years)	—	3.40
Risk-free interest rate	–0.31%	0.00%

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 home24 SE shares at the measurement date. The risk-free interest rate is derived from prime-rated government bonds issued by the Federal Republic of Germany 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. Remuneration is settled for the periods August 1 to December 31, 2017; January 1 to June 30, 2018; and July 1 to December 31, 2018, January 1 to June 30, 2019, and July 1 to December 31, 2019, respectively. In total, the Company had authorized capital for this purpose of EUR 4,500 or 4,500 shares; after the 1:43 share split in May 2018, the authorized capital increased accordingly. The shares were measured at EUR 24.14 per share. The media partner paid the notional value of EUR 1 per share into the Company's capital as part of capital increases. In financial year 2019, 57,621 shares (2018: 18,189 shares) were issued. 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.

On July 4/31, 2017, the Company entered into a contract on an exit investment of another media partner. The exit investment was accounted for in accordance with IFRS 2; it came due at the time of the IPO in financial year 2018, because this had been defined in the contract as an exit event. The exit investment was to be paid out in cash. The Company received media services in return for the exit investment. The contracting party's maximum investment claim was 0.98% of equity at the date of exit, less the total share of the contractually agreed media volume that was not delivered.

TOTAL COST OF SHARE-BASED PAYMENT

In EURm	2019	2018
Equity-settled	3.5	9.1
thereof media services purchased	0.3	1.0
Cash-settled	0.0	1.1
Total	**3.5**	**10.2**

5.9. Income Taxes

INCOME TAX EXPENSE / INCOME

In EURm	2019	2018
Current taxes	–0.1	–0.2
Deferred taxes	0.6	0.2
Total	**0.5**	**0.0**

RECONCILIATION BETWEEN EXPECTED AND CURRENT INCOME TAXES

In EURm	2019	2018
Loss before taxes	–68.4	–73.1
Expected income taxes	20.9	22.1
Unrecognized tax losses for the year	–19.0	–19.2
Share-based payment expenses, non-deductible for tax purposes	–0.9	–2.4
Other non-deductible expenses	–0.5	–0.3
Other	0.0	–0.2
Current income taxes	**0.5**	**0.0**

The weighted average applicable tax rate was 30.5% (2018: 30.2%) 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, 2019	Change in 2019	December 31, 2018	Change in 2018
Tax loss carryforwards	2.3	– 1.1	3.4	0.5
Lease liabilities	13.2	1.8	11.4	11.4
Other liabilities	0.6	– 0.1	0.7	– 0.4
Right-of-use assets	–12.4	– 1.1	–11.3	– 11.3
Internally generated intangible assets	–5.8	– 0.9	–4.9	– 1.0
Intangible assets aquired in a business combination	1.8	2.0	–0.2	0.5
Other assets	–0.2	0.0	–0.2	0.5
Deferred tax liabilities	**–0.5**	**0.6**	**–1.1**	**0.2**

In financial year 2019, the Group presented deferred taxes for temporary differences related to leases by disaggregating them between recognized right-of-use assets and lease liabilities. The prior-year figures were restated accordingly.

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, 2019, deferred tax assets on tax-loss carryforwards of EUR 2.3m were recognized (2018: EUR 3.4m) as well as tax-deductible differences of EUR 16.6m (2018: EUR 12.8m). No deferred tax assets were recognized for deductible temporary differences of EUR 8.2m (2018: EUR 5.7m). Deductible temporary differences can be carried forward indefinitely.

TAX LOSS CARRYFORWARDS

As of December 31, 2019, 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 357.8m (2018: EUR 306.6m), trade tax loss carryforwards of EUR 356.0m (2018: EUR 305.8m) and loss carryforwards incurred outside Germany of EUR 65.3m (2018: EUR 56.2m).

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 propety and equipment	Total
Cost				
As of January 1, 2018	**13.3**	**0.0**	**0.0**	**13.3**
Additions	2.2	1.0	1.3	4.5
Currency translation	–0.3	0.0	0.0	–0.3
As of December 31, 2018	**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**
Accumulated depreciation				
As of January 1, 2018	**–5.2**	**0.0**	**0.0**	**–5.2**
Additions	–1.7	0.0	0.0	–1.7
Currency translation	0.1	0.0	0.0	0.1
As of December 31, 2018	**–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**
Carrying amount				
As of December 31, 2018	**8.4**	**1.0**	**1.3**	**10.7**
As of December 31, 2019	**18.0**	**1.7**	**0.1**	**19.8**

Operating and office equipment include leasehold improvements, among others.

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

Depreciation of property and equipment is shown under selling and distribution costs at EUR 2.9m (2018: EUR 1.3m) and under administrative expenses at EUR 0.4m (2018: EUR 0.4m).

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, 2018	**3.1**	**4.1**	**15.0**	**29.2**	**9.5**	**8.2**	**69.1**
Additions	0.0	0.0	0.0	7.6	5.3	1.6	14.5
Reclassifications	0.0	0.0	0.0	0.0	9.8	–9.8	0.0
Currency translation	0.0	0.0	0.0	–0.3	–0.2	0.0	–0.5
As of December 31, 2018	**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**
Accumulated amortization							
As of January 1, 2018	**0.0**	**–2.4**	**–3.2**	**–15.2**	**–4.8**	**0.0**	**–25.6**
Additions	0.0	–0.8	–2.1	–4.9	–1.1	0.0	–8.9
Currency translation	0.0	0.0	0.0	0.2	0.1	0.0	0.3
As of December 31, 2018	**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**
Carrying amount							
As of December 31, 2018	**3.1**	**0.9**	**9.7**	**16.6**	**18.6**	**0.0**	**48.9**
As of December 31, 2019	**3.1**	**0.0**	**0.0**	**19.8**	**16.0**	**0.0**	**38.9**

Internally developed software contains software in development in the amount of EUR 5.1m (2018: EUR 2.9m).

The brand, which was fully written down as of 31 December 2019, was pledged as collateral to third parties as of the December 31, 2019 reporting date for liabilities of EUR 2.4m (2018: EUR 5.4m).

Amortization of intangible assets is shown under selling and distribution costs at EUR 10.6m (2018: EUR 3.0m) and under administrative expenses at EUR 7.8m (2018: EUR 5.9m).

TESTING ASSETS FOR IMPAIRMENT

As of December 31, 2019, the Company recognized goodwill totaling EUR 3.1m (2018: EUR 3.1m) and intangible assets in development of EUR 5.1m (2018: EUR 2.9m).

The goodwill and most of the 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 by applying a DCF method and is based on financial plans agreed by management that cover a period of five years. Subsequently, a terminal value is added, assuming a long-term growth rate of 2% (2018: 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 9% (2018: 14%).

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, 2019, this was not the case.

After the reporting date, but during the period in which the Financial Statements were prepared, the Company's market capitalization fell below the carrying amount of the Group's net assets, which is an indicator of possible impairment of assets. The impairment tests for the cash-generating units Europe and LatAm carried out as of December 31, 2019 did not show any need for impairment. As the mid and longer-term assumptions made when carrying out the impairment test as of December 31, 2019 have not changed significantly since then, it is presumed that there is no impairment.

5.12. Other Financial Assets

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

In EURm	December 31, 2019	December 31, 2018
Non-current financial assets		
Restricted cash	8.7	8.7
Deposits	0.5	0.3
Total	**9.2**	**9.0**
Current financial assets		
Receivables from a factoring agreement	1.6	0.9
Receivables from suppliers and service providers	1.0	0.5
Deposits	0.4	0.4
Restricted cash	0.2	0.2
Other	0.0	0.2
Total	**3.2**	**2.2**

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

The receivables under a factoring agreement comprise amounts receivable from a financial services provider arising from trade receivables sold to the financial services provider at the reporting date and derecognized.

5.13. Other Non-financial Assets

In EURm	December 31, 2019	December 31, 2018
Non-current non-financial assets		
Prepaid expenses	0.6	0.7
VAT receivables	4.4	0.3
Total	**5.0**	**1.0**
Current non-financial assets		
VAT receivables	5.1	3.3
Advance payments made and prepaid expenses	1.0	1.1
Right to repossess goods from expected returns	0.7	0.6
Income tax receivables	0.2	0.1
Other	0.1	0.3
Total	**7.1**	**5.4**

5.14. Inventories and Advance Payments for Inventories

In EURm	December 31, 2019	December 31, 2018
Inventories	43.7	36.7
Impairment loss for slow-moving and obsolete inventories	–5.0	–4.1
Total	**38.7**	**32.6**

The cost of inventories recognized as expenses during the period representing cost of sales amounted to EUR 207.8m (2018: EUR 176.2m).

In the 2019 financial year, an impairment loss of EUR 0.7m for slow-moving and obsolete inventory was recognized (2018: EUR 1.5m). Impairment losses are shown in cost of sales.

The net realizable value of inventories in the Statement of Financial Position was EUR 7.0m (2018: EUR 6.8m). For estimating the net realizable value, coverages, price elasticities and recovery rates are forecasted. They are based on the Group's planning assumptions, which reflect the selling strategy. The estimations about the realizable proceeds for returned goods are based on realized recovery proceeds in the past.

All of the advance payments for inventories 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, 2019, the impairment of customer receivables amounted to EUR 1.9m (2018: EUR 0.9m). Further information about impairment and credit risk are presented in section 6.

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

In financial year 2019, the Group had two factoring agreements with a non-bank factoring company and a credit institution in relation to its trade receivables arising from the payment in installments and purchase on account methods. In the case of one of the factoring agreements, the derecognition requirements of IFRS 9 are met, as home24 has transferred all the risks and rewards of ownership of the receivables and not retained any continuing involvement in them.

In the case of the other factoring agreement, the Group has the right, but not the obligation, to buy back receivables past due. As a result of the buyback option, the Group retains substantially all the risks and rewards of ownership of the transferred receivables. Therefore, these receivables are not derecognized and the amount payable under the buyback option, which is the strike price of the option, is presented under other financial liabilities as a liability under a factoring agreement. The Group continues to classify these trade receivables into the “hold to collect” business model in accordance with IFRS 9 and therefore measures them at amortized cost.

The carrying amounts in connection with the factoring agreement are as follows:

In EURm	2019	2018
Trade receivables transferred	1.9	0.0
Liabilities under a factoring agreement	1.5	0.0

The Group presents the cash flows in connection with the two factoring agreements in cash flow 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, 2019	December 31, 2018
Cash at bank and cash on hand	35.6	28.6
Short-term deposits	10.0	80.0
Total	**45.6**	**108.6**

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

In connection with one of the factoring agreements in the Group, a bank account has been pledged to the factoring provider as collateral. In connection with the factoring agreement, there are also some restrictions on the use of this bank account. 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	Subscribes capital / treasury shares (in EURm)	Capital reserves (in EURm)	Total
As of January 1, 2018	429,269	–400	0.4	45.6	46.0
Proceeds from shares issued	7,583,677	0	7.6	165.0	172.6
Share split	18,047,064	–32,508	18.0	– 18.0	0.0
Share buyback	0	–374	0.0	– 0.4	– 0.4
Transaction costs, net of tax	0	0	0.0	– 6.0	– 6.0
Equity-settled share-based payments	0	0	0.0	1.0	1.0
Utilization of free capital reserve	0	0	0.0	– 61.8	– 61.8
As of December 31, 2018	**26,060,010**	**–33,282**	**26.0**	**125.4**	**151.4**
Proceeds from shares issued	349,176	0	0.4	0.0	0.4
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**	**26.4**	**79.9**	**106.3**

Equity decreased by EUR 64.3m overall to EUR 85.9m, mainly due to the loss for the period in the year under review.

In the context of drawing up the Statement of Financial Position as of December 31, 2019, an amount of EUR 45.8m was reversed from the free capital reserves (2018: EUR 61.8m) and offset against home24 SE's loss for the year. Accordingly, the equity items were restated for both years for the purpose of the Consolidated Financial Statements.

As of January 1, 2019, the subscribed capital amounted to EUR 26,060,010 and was fully paid-in. The registered share capital was divided into 26,060,010 bearer shares with a notional value of EUR 1 per share. As of January 1, 2019, the Company held 33,282 treasury shares.

Effective June 26, 2019, the Company transferred a total of 6,375 treasury shares on the basis of the authorization granted by the Annual General Meeting on May 24, 2018.

On June 19, 2019, the Management Board adopted a resolution, approved by the Supervisory Board on June 19, 2019, to increase the Company's share capital by EUR 210,786 from EUR 26,060,010 to EUR 26,270,796 by issuing 210,786 new bearer shares with a notional value of EUR 1 per share and disapplying shareholders' preemptive rights, in return for cash contributions utilizing Authorized Capital 2015/II (Article 4 (3) of the Company's Articles of Association). The capital increase took effect upon being entered in the commercial register of Charlottenburg local court, Berlin, Germany, on August 14, 2019.

On August 14, 2019, the Management Board adopted a resolution, approved by the Supervisory Board on August 14, 2019, to increase the Company's share capital by EUR 80,769 from EUR 26,270,796 to EUR 26,351,565 by issuing 80,769 new bearer shares with a notional value of EUR 1 per share and disapplying shareholders' preemptive rights, in return for in-kind contributions utilizing Authorized Capital 2015/III (Article 4 (3) of the Company's Articles of Association). The capital increase took effect upon being entered in the commercial register of Charlottenburg local court, Berlin, Germany, on August 20, 2019.

On August 15, 2019, the Management Board adopted a resolution, approved by the Supervisory Board on August 15, 2019, to increase the Company's share capital by EUR 57,621 from EUR 26,351,565 to EUR 26,409,186 by issuing 57,621 new bearer shares with a notional value of EUR 1 per share and disapplying shareholders' preemptive rights, in return for cash contributions utilizing Authorized Capital 2017 (Article 4 (6) of the Company's Articles of Association). The capital increase took effect upon being entered in the commercial register of Charlottenburg local court, Berlin, Germany, on August 21, 2019.

On June 19, 2019, the Annual General Meeting of the Company adopted a resolution to adjust the previous Contingent Capital 2017 contained in Article 4 (5) of the Articles of Association as follows: "Contingent Capital 2017" is renamed "Contingent Capital 2019". The share capital of the Company is conditionally increased by up to EUR 2,096,972 ("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 and June 19, 2019 as part of the 2019 LTIP (or its previous name, LTIP 2017). 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 and June 19, 2019, 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. For details and the complete wording, please refer to the resolution proposal of the Management Board and Supervisory Board regarding agenda item 7 of the Annual General Meeting, which was published in the Federal Gazette on May 10, 2019. Conditional Capital 2019 became effective upon entry of the amendment of Article 4 (5) of the Articles of Association in the commercial register of the Charlottenburg (Berlin) local court on October 1, 2019.

The share capital entered in the commercial register as of December 31, 2019, therefore amounts to EUR 26,409,186. The share capital is divided into 26,409,186 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 2017	117,690	117,690
Authorized Capital 2018	7,525,804	7,525,804
Conditional Capital 2017	8,058,025	8,058,025
Conditional Capital 2018	2,096,972	2,096,972

5.18. Other Financial Liabilities

In EURm	December 31, 2019	December 31, 2018
Non-current financial liabilities		
Government grants	0.5	0.5
Total	**0.5**	**0.5**
Current financial liabilities		
Refund liabilities from expected returns	1.5	1.5
Liabilities under a factoring agreement	1.5	0.0
Debtors with credit balances	0.5	0.8
Foreign currency forwards	0.1	0.0
Other	1.6	1.3
Total	**5.2**	**3.6**

In financial year 2019, the Group reports liabilities under a factoring agreement with a credit institution. The criteria for the derecognition of the trade receivables transferred under the factoring agreement are not met, as a result of which the Company reports a financial liability in the amount of the purchase price received.

5.19. Other Non-financial Liabilities

In EURm	December 31, 2019	December 31, 2018
Current non-financial liabilities		
Employee benefit liabilities	3.7	3.8
VAT liabilities	2.4	0.8
Other taxes	0.1	0.1
Total	**6.2**	**4.7**

5.20. Borrowings

Current and non-current borrowings consist solely of liabilities to banks. The liabilities include floating-rate bank overdrafts of EUR 2.2m (2018: EUR 2.3m), fixed-rate amortizing loans of EUR 0.6m (2018: EUR 0.0m) with a term of one year, and fixed-rate amortizing loans with an overall term of five years in the amount of EUR 1.7m. In addition, an amount of EUR 5.6m (2018: EUR 0.0) was drawn down on a fixed-rate credit facility which the Group uses to finance its short-term liquidity requirements in connection with supplier liabilities.

5.21. 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 outlined in section 6.

The Group participates in supplier (reverse) factoring programs. As of December 31, 2019, certain suppliers had transferred their receivables from home24 in the amount of EUR 1.1m (2018: EUR 0.2m) 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. 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.

5.22. Contract Liabilities

Contract liabilities of EUR 12.2m (2018: EUR 14.6m) 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.

5.23. Provisions

The change in provisions is shown below:

In EURm	Restoration obligation	Other	Total
As of January 1, 2018	0.9	0.6	1.5
Utilization	0.0	–0.4	–0.4
Addition	0.5	0.4	0.9
As of December 31, 2018	**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**

EUR 2.1m of provisions are due in more than one year (2018: EUR 1.4m). 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. Other provisions include provisions for litigation.

5.24. 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 lease terms of the leases for "Property" run for three to ten years and for "Other" for 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 2019 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, 2018	34.0	0.1	34.1
Additions	11.1	0.0	11.1
Currency translation	–0.3	0.0	–0.3
Depreciation	–7.2	–0.1	–7.3
Right-of-use assets as of December 31, 2018	**37.6**	**0.0**	**37.6**
Additions	20.3	0.3	20.6
Currency translation	–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**

In EURm	December 31, 2019	December 31, 2018
Current lease liabilities	10.9	7.7
Non-current lease liabilities	40.7	31.1
Total	**51.6**	**38.8**

The following table shows the contractually agreed (undiscounted) lease payments including over the periods covered by extension options which the Group is reasonably certain to exercise as of the balance sheet 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, 2019
Lease liabilities	10.8	36.0	8.0	54.8	**51.6**

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	7.7	22.6	10.7	41.0	**38.8**

LEASES IN THE STATEMENT OF COMPREHENSIVE INCOME

In EURm	2019	2018
Interest expenses from lease liabilities (included in finance costs)	1.3	0.6
Depreciation on right-of-use assets (included in selling and distribution costs and administrative expenses)	10.4	7.3
Expenses for short-term leases (included in selling and distribution cost and administrative expenses)	0.5	0.1

The total cash outflow from leases in the financial year under review amounted to EUR 9.1m (2018: EUR 7.6m).

5.25. 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 2019 financial year totaled EUR 5.5m (2018: EUR 3.2m) and EUR 0.1m (2018: EUR 0.0m), respectively.

The following summary shows the changes in liabilities from financing activities:

In EURm	January 1, 2019	First time application of IFRS 16	New contracts / Reassessment acc. to IFRS 16.39ff.	Cash flows	Currency effects	Other changes	December 31, 2019
Borrowings	3.3	0.0	0.0	5.9	0.0	0.9	10.1
Lease liabilities	38.8	0.0	22.1	–9.1	–0.2	0.0	51.6

In EURm	January 1, 2018	First time application of IFRS 16	New contracts / Reassessment acc. to IFRS 16.39ff.	Cash flows	Currency effects	Other changes	December 31, 2018
Borrowings	1.9	0.0	0.0	1.7	–0.3	0.0	3.3
Lease liabilities	0.0	35.3	10.7	–7.6	–0.3	0.7	38.8

The cash difference in borrowings totaling EUR 5.9m (2018: EUR 1.7m) is attributable to EUR 8.9m from draw down (2018: EUR 6.2m) and to EUR 3.0m from repayment (2018: EUR 4.5m) of bank loans, and in the previous financial year to draw down (EUR 7.5m) and repayment (EUR 7.5m) of a shareholder loan. The other changes in borrowings of EUR 0.9m relate 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.

In the current financial year, the Group reports non-cash additions to right-of-use assets of EUR 20.6m (2018: EUR 11.1m) from new contracts and remeasurements of lease liabilities (see section 5.24). The difference compared with the change in lease liabilities from new contracts and remeasurements is due mainly to lease incentives received.

Further explanations of the change in the Consolidated Statement of Cash Flows are presented in the Combined Management Report in section 2.4.3.

5.26. Financial Instruments

Financial assets and liabilities are divided into the following measurement categories as of the reporting date:

In EURm	IFRS 9 measurement category	December 31, 2019	December 31, 2018
Financial assets			
Trade receivables	AC	13.1	16.7
Other financial assets	AC	12.4	11.2
Cash and cash equivalents	AC	45.6	108.6
Financial liabilities			
Trade payables and similar liabilities	FLAC	55.3	56.2
Financial liabilities	FLAC	10.1	3.3
Other financial liabilities	FLAC	5.6	4.1
Foreign currency forwards	FVTPL	0.1	0.0

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 financial liabilities, cash and cash equivalents and financial liabilities nearly corresponds to their respective carrying amount, mainly due to their short terms and/or variable interest. The fair value of fixed-rate non-current financial liabilities (Level 3) also approximates the carrying amount in the case as there have been no significant changes in the inputs since the loans were issued.

Foreign currency forwards are recognized in the Statement of Financial Position at fair value.

The fair value of foreign exchange 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 invoice" 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 9.7m in total (December 31, 2018: EUR 11.1m).

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 written off 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, 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**

December 31, 2018	Receivables < 30 days	Receivables between 30 – 60 days	Receivables between 60 – 90 days	Receivables > 90 days	Total
Gross value (in EURm)	12.5	2.4	0.7	2.0	17.6
Expected credit loss rate	1%	5%	11%	27%	
Expected credit loss (in EURm)	**0.2**	**0.1**	**0.1**	**0.5**	**0.9**

Impairment losses changed as follows.

In EURm	2019	2018
As of January 1	0.9	1.2
Addition	1.2	1.1
Utilization	– 0.2	– 1.4
As of December 31	**1.9**	**0.9**

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+ (2018: 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, 2019 reporting date (2018: EUR 0.2m).

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 as from 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	2019	2018
USD	0.7	1.0
CHF	0.3	0.3

Interest rate risk within the Group relates mainly to floating-rate bank loans. As in the previous year, however, this risk and 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 Company 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. The Group also has a EUR 10.0m factoring facility, of which EUR 1.5m had been utilized as of the reporting date. The factoring facility expires on September 30, 2020. Assumption is that the existing facility will be replaced by a different service provider. The revolving credit facility of EUR 4.0m existing in the previous year was terminated at the end of the year.

The Group considers the available liquidity to be sufficient to finance its ongoing growth plans. In the event of significant unforeseeable changes that involve an additional unplanned outflow of liquidity, the Group has options at its disposal. Besides cost savings these include also borrowing outside capital, the (partial) sale of a business segment or carrying out a capital increase. Existing planning assumptions could change depending on how the options are used specifically. Additional opportunities to participate in the positive trend in the online home&living market as effectively as possible, particularly those relating to company growth, could also arise. The Group does currently not see any going-concern risks when taking an overall look at the opportunities and risks together with potential countermeasures. Reference is made to the statements on risk and opportunities in the Combinded Management Report.

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.

December 31, 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**

December 31, 2018 **In EURm**	**Up to 6 months**	**Between 6 – 12 months**	**Between 1 – 2 years**	**More than 2 years**	**Total**
Borrowings	2.5	0.1	0.3	0.8	3.7
Trade payables and similar liabilities	51.8	4.4	0.0	0.0	56.2
Other financial liabilities	3.6	0.0	0.0	0.5	4.1
Gross payments of derivative financial instruments					
Inflows	12.6	0.0	0.0	0.0	12.6
Outflows	–12.5	0.0	0.0	0.0	–12.5
Total	**58.0**	**4.5**	**0.3**	**1.3**	**64.1**

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 37% (2018: 55%).

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 also 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 as well as costs related to the IPO in the previous year.

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	2019
Revenue	278.4	93.3	–0.1	371.6
thereof inter-segment 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**

In EURm	Europe	LatAm	Reconciliation	2018
Revenue	239.5	73.2	0.0	312.7
Adjusted EBITDA	–40.3	0.3		–40.0
Share-based payment				–10.2
Costs related to the IPO				–1.5
Amortization of intangible assets and deprication of property and equipment				–17.9
Finance costs – net				–3.5
Loss before taxes				**–73.1**

Germany accounted for 51% (2018: 54%) and Switzerland for 11% (2018: 12%) of total revenue. Germany accounted for 82% (2018: 93%) and Brazil for 18% (2018: 7%) 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

The 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 December 31, 2019, reporting date, Rocket Internet SE is no longer considered a related party of home24.

The main shareholder Kinnevik AB, Stockholm, through its subsidiary Kinnevik Internet Lux S.à r.l, Luxembourg, continues to be represented on the Supervisory Board of home24 SE.

In the current financial year, the Company purchased services from Rocket Internet SE amounting to EUR 0.0m (2018: EUR 0.1m) during the period in which Rocket Internet SE was considered a related party. In addition, financing costs of EUR 0.4m were incurred in the prior-year period in relation to a financing agreement. There were no outstanding liabilities to Rocket Internet SE at previous year's reporting date.

No reportable transactions existed with Kinnevik AB during the reporting period and in the prior-year period.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In financial year 2019, 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	Entity name	Purchase/sale	Price (in EUR)	Volume (in EUR)	Number	Date
Johannes Schaback	whiletrue Limited	purchase	10.20	45,421	4,453	07.01.2019
Johannes Schaback	whiletrue Limited	purchase	10.19	15,770	1,547	07.01.2019
Johannes Schaback	whiletrue Limited	purchase	4.45	11,124	2,500	04.11.2019
Christoph Cordes		purchase	4.50	3,848	855	04.11.2019
Christoph Cordes		purchase	4.48	10,304	2,300	04.11.2019
Christoph Cordes		purchase	4.48	6,863	1,532	04.11.2019
Johannes Schaback	whiletrue Limited	purchase	5.00	10,100	2,020	16.12.2019

In the previous year, the Company entered into agreements for the sale and transfer of 374 (before share split) shares of the Company with two entities wholly owned by members of the Management Board. In exchange for these shares, the Company paid a purchase price of EUR 0.4m in aggregate.

Details of the remuneration including share-based payments and share transactions granted in connection with their acitivities on the Management Board are presented in the disclosures in Section 11 and the Remuneration Report.

Otherwise, there were no significant income and expenses with related parties during the 2019 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

Six customer complaints related to breaches of data protection requirements are currently pending before the Berlin Commissioner for Data Protection. It is possible that the Berlin data protection authority will use the proceedings as an opportunity to impose a fine on the Company. If a fine is imposed, it must be assumed that it will be of a high six-figure amount due to the calculation model currently applied by the data protection authorities. Owing to the lack of relevant decisions, it is impossible at the present time to predict how courts will view the authorities' fining practice and fine determination.

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 eCustomers 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 0.9m in the financial year ended (2018: EUR 1.0m). In addition, expenses for share-based payment awards granted to members of the Management Board in the financial year ended amounted to EUR 0.8m (2018: EUR 4.2m) and 842,876 shares or share options were issued to members of the Management Board (2018: 93,224 shares). Further information on the share-based payment programmes of home24 SE is provided in section 5.8. The determination of the remuneration of the Management Board and Supervisory Board of home24 SE is presented in the Remuneration Report on page 40ff.

The remuneration of the Supervisory Board amounted to EUR 0.3m (2018: 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 2019	2018
Mobly Comercio Varejista Ltda. and related holdings				
Jade 1216. GmbH	Berlin, Germany	Holding company	92.92%	92.92%
Jade 1412. GmbH	Berlin, Germany	Holding company	92.92%	92.92%
Juwel 181. VV UG	Berlin, Germany	Holding company	92.92%	92.92%
VRB GmbH & Co. B-197 KG*	Berlin, Germany	Holding company	82.83%	82.83%
Mobly Holding 1 Ltda.*	São Paulo, Brazil	Holding company	82.83%	82.83%
Mobly Holding 2 Ltda.*	São Paulo, Brazil	Holding company	82.83%	82.83%
Mobly Hub Transportadora Ltda.*	São Paulo, Brazil	Logistics	82.83%	82.83%
Mobly Brand Licenciamento Ltda.*	São Paulo, Brazil	Non-operating	82.83%	82.83%
Mobly Comercio Varejista Ltda.*	São Paulo, Brazil	Online shop	82.83%	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	Berlin, Germany	Non-operating	100.00%	100.00%
home24 eCustomers GmbH & Co. KG	Berlin, Germany	Services	100.00%	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 Ltd.**	Hong Kong, China	Non-operating	0.00%	100.00%
Club of Style (Shenzen) Ltd.	Shenzen, China	Services	100.00%	100.00%
Fashion4home Inc.	Dover, USA	Non-operating	100.00%	100.00%
Home&living Holding AG i.L.***	Zurich, Switzerland	Holding company	0.00%	100.00%
home24 Hong Kong Ltd.	Hong Kong, China	Services	100.00%	100.00%
home24 Outlet GmbH	Berlin, Germany	Retail	100.00%	100.00%
home24 Retail GmbH	Berlin, Germany	Services	100.00%	100.00%

* Group share calculated taking into account non-controlling interest at the intermediate company level
** Company has been dissolved in August 2019
*** Company has been dissolved in January 2019

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 Vajerista Ltda., der Mobly Hub Transportadora Ltda. and Mobly Brand Licenciamento Ltda. via the Mobly Holding 1 Ltda. and Mobly Holding 2 Ltda. holding companies.

Non-controlling interests in Jade 1216. GmbH and VRB GmbH & Co. B-197 KG were recognized in equity with a carrying amount of EUR –13.7m as of December 31, 2019 (2018: EUR –12.1m). The loss allocated to this non-controlling interest amounted to EUR –1.7m in the financial year ended (2018: EUR –0.9m).

SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The following tables contain summarized financial information about Jade 1216. GmbH and its direct and indirect subsidiaries.

Summarized Statement of Financial Position

In EURm	December 31, 2019	December 31, 2018
Non-current assets	20.1	6.5
Current assets	24.9	18.2
Total assets	**45.0**	**24.7**
Non-current liabilities	6.1	1.1
Current liabilties	112.8	88.3
Total liabilities	**118.9**	**89.4**
Net assets	**–73.9**	**–64.7**

Summarized Statement of Comprehensive Income

In EURm	2019	2018
Revenue	93.3	73.2
Loss for the period	–10.1	–6.5
Other comprehensive income / loss for the period, net of tax	–0.1	0.8
Total comprehensive loss for the period	–10.2	–5.7

Summarized Statement of Cash Flows

In EURm	2019	2018
Cash flow from operating activities	–5.7	–8.4
Cash flow from investing activities	–5.9	–3.4
Cash flow from financing activities	12.7	11.4

13. NUMBER OF EMPLOYEES

The average number of employees in the financial years is as follows:

	2019	2018
Women	676	507
Men	921	877
Total	**1,597**	**1,384**

14. AUDITOR'S FEE

In the current reporting period, the following fees for the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, were expensed:

In EURm	2019	2018
Audits of Annual Financial Statements	0.3	0.3
Other assurance services	0.0	0.5
Total	**0.3**	**0.8**

The other assurance services in the previous year were mainly incurred in connection with the IPO for issuing the comfort letter.

15. MANAGEMENT BOARD AND SUPERVISORY BOARD

MANAGEMENT BOARD

Dr. Philipp Kreibohm, Berlin (until March 31, 2019)
Lawyer

Christoph Cordes, Berlin (until December 31, 2019)
Business graduate

Marc Appelhoff, Berlin
Business graduate

Johannes Schaback, Berlin
Graduate engineer

Brigitte Wittekind, Potsdam (from January 1, 2020)
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 5 German Stock Corporation Act (AktG)
Dr. Philipp Kreibohm	Heaven HR GmbH (Advisory Board)
Christoph Cordes	—
Marc Appelhoff	Avenso GmbH (Advisory Board; until end of June 2019)
Johannes Schaback	—
Brigitte Wittekind	D-Level GmbH (Advisory Board)

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

Alexander Samwer, Munich (until June 19, 2019)
Entrepreneur

Christian Senitz, Berlin (until January 28, 2019)
Senior Vice President Finance International at Rocket Internet SE

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 5 German Stock Corporation 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) Zalando SE (Chairman of the Supervisory Board; until May 22, 2019) Axel Springer SE (member of the Supervisory Board; until April 17, 2019)
Magnus Agervald	FH Gruppen AS (member of the non-executive Board of Directors) AGE Advisory AB (deputy member of the non-executive Board of Drectors until December 2019, member of the non-executive Board of Directors since December 2019) Flaivy Nation AB (Chairman of the Board of non-executive Directors) Panprices AB (member of the non-executive Board of Directors)
Franco Danesi	Bayport Management Limited (member of the non-executive Board of Directors) Monese Ltd. (member of the non-executive Board of Directors) Black Earth Farming Limited (member of the non-executive Board of Directors; until December 20, 2019) E-Motion Advertising Limited (member of the non-executive Board of Directors; until November 10, 2019) Metro International S.A. (member of the non-executive Board of Directors; until September 11, 2019)
Verena Mohaupt	Mos Mosh A/S (member of the Advisory Board) Reinhold Fleckenstein Jeanswear GmbH (member of the Advisory Board) Rhenoflex GmbH (member of the Advisory Board)
Alexander Samwer	Zalando SE (member of the Supervisory Board)
Christian Senitz	Africa Internet GmbH / Jumia Technologies AG (member of the Advisory Board) Global Fashion Group S.A. (member of the non-executive Board of Directors)

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

Brigitte Wittekind has been a member of the Management Board since January 1, 2020. She succeeds Christoph Cordes, who stepped down from the Management Board with effect from the end of December 31, 2019. Marc Appelhoff has held the role of Chairman of the Management Board (CEO) since January 1, 2020.

The entity related to Management Board member Johannes Schaback, whiletrue GmbH, acquired shares in the Company for an average price of EUR 5.90 for a total of EUR 10,030 on January 7, 2020, and for an average price of EUR 5.81 for a total of EUR 98,843 on January 8, 2020.

Supervisory Board member Verena Mohaupt disposed of shares in the Company for an average price of EUR 5.72 for a total of EUR 24,124 on January 9, 2020, and acquired shares in the Company for an average price of EUR 5.87 for a total of EUR 26,403 on the same day.

In the first quarter of 2020, the spread of the COVID-19 pandemic has created an element of uncertainty for further business development in 2020. At the time this report was prepared, home24 was directly affected. The majority of home24's employees outside of logistics processes and retail trade are working from home. Supply chains of suppliers in Europe, Brazil and China are affected. The Group's bricks-and-mortar retail stores are temporarily closed. Customer demand is more difficult to forecast and more volatile. However, the overall negative financial impact of the COVID-19 pandemic is, as of today (April 3, 2020), still within margins of control, so that only limited adjustments to the financial planning approved by the Management Board and the Supervisory Board for 2020 in November 2019 are required.

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

18. APPROVAL OF THE FINANCIAL STATEMENT

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 April 3, 2020.

Berlin, April 3, 2020

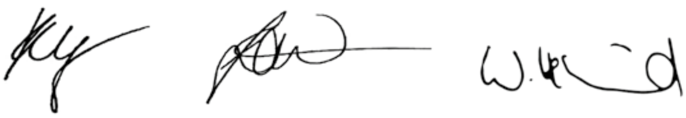
Marc Appelhoff   Johannes Schaback   Brigitte Wittekind

RESPONSIBILTY 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, April 3, 2020

The Management Board



Marc Appelhoff   Johannes Schaback   Brigitte Wittekind

INDEPENDENT AUDITOR'S 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, 2019, the consolidated balance sheet as of December 31, 2019, the consolidated statement of changes in equity and the consolidated statement of cash flow for the financial year from January 1 to December 31, 2019, 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 is combined with the management report of the Company, for the financial year from January 1 to December 31, 2019. In accordance with the German legal requirements, we have not audited the information included in the statement on corporate governance in accordance with Section 315d HGB contained in section "Corporate Governance Statement" or the disclosures marked as unaudited in the group management 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, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019, 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 comments marked as unaudited in the group management report or the content of the statement on corporate governance pursuant to Section 315d HGB contained in section "Corporate Governance Statement" of the group management report.

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, 2019. 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 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 customers 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. 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 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 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 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. We compared the assumed month-specific and country-specific rate of returns with actual historical month-specific and country-specific rates of returns, 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 (Accounting and Valuation Methods) 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 is continuously subject to risks associated with existing and potential future stocks, which are sold with high discounts through online retail or are disposed of outside of online retail. Write-downs on estimated future stocks as well as existing stocks are calculated at the end of the reporting period and recognized in the consolidated financial statements.

home24's executive directors calculate stocks 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 stocks 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 write-downs 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.

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 stocks. 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 stocks based on this and compared these expectations with valuation model assumptions and the write-downs 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 (Accounting and Valuation Methods) and 5.14 (Inventories and Prepayments) in the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Supervisory Board Report. 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 report in the group management report as well as the disclosures marked as unaudited in the group management report and 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 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 opinion. 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

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 19, 2019. We were engaged by the Supervisory Board on August 28, 2019. 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, 2019

- Agreed-upon review procedures with regard to the confirmation of revenue from business operations in the context of rental agreements

German Public Auditor responsible for the engagement
The German Public Auditor responsible for the engagement is Gunnar Glöckner.

Berlin, April 6, 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Haas
Wirtschaftsprüfer	Wirtschaftsprüfer

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.

Claw-back mechanisms – a contractual arrangement stipulating that variable remuneration components may be withheld or reclaimed if certain conditions are met.

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 for 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 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 2020

MAY 12

Publication of Quarterly Financial Report (Q1 reporting date)

JUNE 03

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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