home24

ANNUAL FINANCIAL STATEMENTS AND COMBINED MANAGEMENT REPORT 2020

CONTENT

REPORT OF THE SUPERVISORY BOARD OF HOME24 SE

THE SUPERVISORY BOARD OF THE HOME24 SE

From left to right:

Lothar Lanz, Verena Mohaupt, Magnus Agervald, Franco Danesi

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

COMPOSITION OF THE SUPERVISORY BOARD

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

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

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

ACTIVITIES OF THE SUPERVISORY BOARD

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

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

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

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

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

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

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

SUPERVISORY BOARD COMMITTEES

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

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

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

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

* Chair

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

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Berlin, March 30, 2021

For the Supervisory Board

LOTHAR LANZ

Chairman of the Supervisory Board

ANNUAL FINANCIAL STATEMENTS

(prepared in accordance with the German Commercial Code – HGB)

BALANCE SHEET

Assets

In EURk	December 31, 2020	December 31, 2019
A. Fixed assets		
I. Intangible assets		
Purchased industrial and similar rights and assets, and licenses in such rights and assets	16,851	19,583
	16,851	**19,583**
II. Tangible fixed assets		
Other equipment, operating and office equipment	606	477
	606	**477**
III. Long-term financial assets		
1. Shares in affiliated companies	39,730	27,049
2. Loans to affiliated companies	77,576	27,200
3. Other loans	8,909	8,819
	126,215	**63,068**
	143,672	**83,128**
B. Current assets		
I. Inventories		
1. Goods	26,493	25,604
2. Advance payments on inventories	1,019	540
	27,512	**26,144**
II. Receivables and other assets		
1. Trade receivables	12,385	8,513
2. Receivables from affiliated companies	17,240	12,505
3. Other assets	2,615	2,856
	32,240	**23,874**
III. Cash in hand and bank balances	98,294	41,738
	158,046	**91,756**
C. Prepaid expenses	994	1,025
	302,712	**175,909**

Equity and Liabilities

In EURk	December 31, 2020	December 31, 2019
A. Equity		
I. Subscribed capital	29,050	26,409
less par value of treasury shares	–3	–27
Conditional capital EUR 13,205k (2019: EUR 10,155k)		
	29,047	**26,382**
II. Capital reserves	132,007	88,244
III. Other revenue reserves	51,666	0
	212,720	**114,626**
B. Provisions		
Other provisions	17,462	10,669
C. Liabilities		
1. Liabilities to banks	0	1,536
2. Payments received on account of orders	21,925	8,673
3. Trade payables	21,070	17,968
4. Liabilities to affiliated companies	22,952	18,567
5. Other liabilities	6,365	3,396
thereof taxes EUR 4,582k (2019: EUR 2,638k)		
thereof social security EUR 1k (2019: EUR 3k)		
	72,312	**50,140**
D. Deferred income	218	474
	302,712	**175,909**

INCOME STATEMENT

In EURk	2020	2019
1. Revenue	397,799	287,474
2. Other operating income	63,594	2,153
thereof currency translation gains EUR 1,050k (2019: EUR 1,158k)		
3. Cost of materials		
a) Cost of purchased goods	-204,389	-154,246
b) Cost of purchased services	-68,765	-65,491
4. Personnel expenses		
a) Wages and salaries	-20,663	-17,416
b) Social security and pension expenses	-3,659	-3,508
thereof pension expenses EUR 64k (2019: EUR 56k)		
5. Amortization of intangible fixed assets and depreciation of tangible fixed assets	-3,558	-3,300
6. Other operating expenses	-95,114	-83,114
thereof for currency translation losses EUR 2,148k (2019: EUR 777k)		
7. Other interest and similar income	579	488
thereof from affiliated companies EUR 436k (2019. EUR 421k)		
8. Write-downs of long-term financial assets	-794	-112
9. Interest and similar expenses	-1,289	-583
thereof to affiliated companies EUR 41k (2019: EUR 41k)		
10. Expenses from loss absorption	-12.067	-8,138
11. Taxes on income	-8	-7
12. Profit for the period/loss for the period	**51,666**	**-45,800**
13. Withdrawals from capital reserves	0	45,800
14. Transfer to other revenue reserves	-51,666	0
15. Net retained profits	**0**	**0**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2020

The Company is registered in the commercial register of Charlottenburg local court under no. HRB 196337 B under the name home24 SE, with headquarters in Berlin.

1. GENERAL DISCLOSURES ON THE ANNUAL FINANCIAL STATEMENTS

home24 SE (the "Company") is a listed European stock corporation. 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.

In the reporting period, the Company was a large corporation within the meaning of Section 267 (3) in conjunction with Section 264d of the German Commercial Code (HGB). The Company's annual financial statements as of December 31, 2020 were therefore prepared in accordance with the provisions of the German Commercial Code applicable to large corporations and German accepted accounting principles, as well as the relevant provisions of the German Stock Corporation Act (AktG) in conjunction with Article 61 Council Regulation (EC) No 2157/2001.

The income statement was prepared using the total cost (nature of expense) method in accordance with Section 275 (2) HGB.

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

2. ACCOUNTING POLICIES

The following accounting policies were applied in preparing the Annual Financial Statements..

Intangible assets purchased from third parties are carried at cost and, if subject to wear and tear, reduced by amortization. The assets are amortized on a straight-line basis over their economic life of three to seven years.

Items of tangible fixed assets are carried at cost and, if subject to wear and tear, reduced by depreciation on a straight-line basis over their average useful life. The average useful life of tangible fixed assets is as follows:

	Useful life in years
Operating and office equipment	2–23
Hardware	3–8

Legislators raised the threshold for low-value assets for investments after December 31, 2017. To harmonize tax law and commercial law regulations, items of fixed assets that fulfill the tax regulations governing low-value assets with individual acquisition costs of between EUR 250 and EUR 800 are written down in full in the year of acquisition.

Under long-term financial assets, ownership interests are carried at the lower of cost or fair value. In accordance with IDW RS HFA 10, the income value of the equity interest in question was used as a basis for calculating the fair values. Interestbearing loans are carried at their principal amount.

Inventories are measured at cost including incidental acquisition costs and carried at their weighted average value in accordance with Section 240 (4) HGB. Lower net realizable values that exist at the balance sheet date are recognized. Appropriate write-downs are charged to make allowance for inventory risks resulting from reduced usability. Except for customary retention of title, the inventories are free of third-party rights. Prepayments are carried at their nominal amount.

Receivables and other assets are recognized at their nominal amount. Impairments of trade receivables from mail order customers are recognized on the basis of collective specific valuation allowances, which are determined on the basis of past due dates and other factors impacting their value using country-specific valuation allowances.

Other uncollectible receivables are written off in full.

Cash on hand and bank balances are carried at their principal or nominal amount. Bank balances also include short-term deposits that can be converted into specified cash amounts at any time with notice of three months.

Prepaid expenses are recognized for expenses that will be incurred for a specified period of time after the reporting date.

Deferred taxes are calculated on the basis of temporary or quasi-permanent differences between the carrying amounts of assets, liabilities and prepaid expenses under commercial law and their tax base, or on the basis of tax loss carryforwards, using the tax rate applicable to the individual company at the time the differences are reduced, without discounting the resulting tax charge or relief. The tax rate of 30.18% (2019: 30.18%) comprises corporation tax, trade tax and the solidarity surcharge. Deferred tax assets and deferred tax liabilities are offset. A surplus of deferred tax assets is not recognized if the option to recognize deferred tax assets is exercised.

Share capital is recognized at the theoretical par value and is fully paid in.

Purchased treasury shares are openly deducted from subscribed capital at their par value. The difference between the par value and the purchase price of the treasury shares is offset against the capital reserves.

Equity-settled share-based payments to employees are recognized directly in equity. The granting of the options has the effect of a loss of assets for the existing shareholders in the form of a dilution of the value of the existing shares, which in accordance with the separation principle under stock corporation law does not affect the Company's financial position and financial performance. When the options are exercised, the exercise price to be paid by the employee is allocated to subscribed capital up to the amount of the notional value of the shares issued.

All identifiable, recognizable risks and uncertain liabilities relating to the past financial year are taken into account in the measurement of other provisions. These are each measured at the settlement value deemed necessary according to prudent business judgment to cover future payment obligations. Provisions with a remaining term of more than one year are discounted at the average interest rate for the last seven years announced by the Deutsche Bundesbank.

The Company generally grants its customers the right to return purchased products. The recognition of revenue is adjusted by means of an appropriate provision in the amount of the expected returns. Provisions are recognized using the gross method with revenue and the cost of materials as well as expected logistics costs of the expected returns reducing earnings.

Liabilities are carried at their settlement value.

Deferred income is recognized for income that will be accrued for a specified period of time after the reporting date.

Receivables, bank balances and liabilities denominated in foreign currencies are translated at the middle spot rate at the balance sheet date, with the realization and imparity principles being applied in the case of remaining maturities of more than one year. In the case of maturities of up to one year, the realization and cost principles do not apply to measurement in accordance with Section 256a HGB.

The exchange rate from a foreign currency to EUR for items in the annual financial statements based on foreign currency amounts as of December 31, 2020 was:

(EUR-USD, middle spot rate)	1.22710
(EUR-CHF, middle spot rate)	1.08020
(EUR-HKD, middle spot rate)	9.51420
(EUR-PLN, middle spot rate)	4.55970
(EUR-CNY, middle spot rate)	8.02250

The Company takes strategic measures to manage foreign currency risk by hedging foreign currency risks arising from future purchases in USD. The Company uses portfolio hedges to hedge the pending transactions for procurement of merchandise. These derivative financial instruments are measured at fair value through profit or loss.

Reference is made to the general disclosures on risks and opportunities in the Combined Management Report.

3. BALANCE SHEET DISCLOSURES

3.1. Fixed Assets

The composition of and changes in fixed assets are shown in the appendix to the Notes (Statement of Changes in Fixed Assets).

Other loans include rental deposits or bank balances that have been pledged as collateral to owners of leased storage facilities, showrooms, outlets and office buildings and withdrawn from access by the Company for periods of more than one year.

The Company's shareholder structure at the balance sheet date is listed in the appendix to the Notes (List of Shareholdings).

3.2. Current Assets

Receivables from affiliated companies rose by EUR 4,735k to EUR 17,240k and are comprised of trade receivables of EUR 11,457k (2019: EUR 9,673k) and other receivables of EUR 5,783k (2019: EUR 2,832k).

All receivables and other assets are due in less than one year.

Trade receivables are continuously sold to finance the operating business. At the reporting date, receivables with a nominal amount of EUR 337k were sold that are presented under other assets as a claim against the factoring company.

3.3. Deferred Taxes

Deferred tax liabilities resulting primarily from the recognition of intangible fixed assets and different measurement of current foreign currency receivables and liabilities were offset against deferred tax assets on the different carrying amounts under commercial and tax law of investments in subsidiaries, and goodwill, as well as the different measurement of receivables and provisions.

In accordance with the option contained in Section 274 (1) Sentence 2 HGB, deferred tax assets were not recognized beyond the netted deferred tax assets and liabilities.

3.4. Equity

The change in equity is shown in the following table:

In EURk	Subscribed capital	Treasury shares	Capital reserves	Retained earnings	Net retained profits	Equity, total
As of January 1, 2019	**26,060**	**-33**	**132,718**	**0**	**0**	**158,745**
Proceeds from shares issued under stock option plans	349	6	1,326	0	0	1,681
Withdrawal from reserves	0	0	-45,800	0	45.800	0
Loss for the period	0	0	0	0	-45.800	-45,800
As of December 31, 2019	**26,409**	**-27**	**88,244**	**0**	**0**	**114,626**

In EURk	Subscribed capital	Treasury shares	Capital reserves	Retained earnings	Net retained profits	Equity, total
As of January 1, 2020	**26,409**	**-27**	**88,244**	**0**	**0**	**114,626**
Proceeds from shares issued	2,641	0	43,787	0	0	46,428
Proceeds from shares issued under stock option plans	0	24	-24	0	0	0
Transfer to reserves	0	0	0	51,666	-51,666	0
Net income for the year	0	0	0	0	51,666	51,666
As of December 31, 2020	**29,050**	**-3**	**132,007**	**51,666**	**0**	**212,720**

Equity increased by EUR 98,094k overall to EUR 212,720k.

In the context of drawing up the balance sheet as of December 31, 2020, EUR 51,666k of the net income for financial year 2020 was transferred to other reserves in accordance with Section 58 (2a) AktG. This amount results from the reversal of impairment losses on fixed and current assets.

As of January 1, 2020, the subscribed capital amounted to EUR 26,409,186 and was fully paid-in. The registered share capital was divided into 26,409,186 no-par value bearer shares.

As of January 1, 2020, the Company held 26,907 treasury shares. The notional value of the treasury shares amounted to EUR 26,907, equivalent to 0.10% of the share capital.

In June 2020, the Company transferred a total of 24,172 treasury shares on the basis of the authorization granted by the Extraordinary General Meeting held on May 24, 2018.

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

- a resolution to revoke the authorization granted to the Management Board by the Company's Annual General Meeting on May 18, 2018 to increase the share capital of the Company with the approval of the Supervisory Board pursuant to Article 4 (6) of the Articles of Association by a total of up to EUR 117,690 until May 17, 2023 by issuing new no-par value bearer shares against contributions in cash (Authorized Capital 2017).
- a resolution to revoke the authorization granted to the Management Board by the Company's Annual General Meeting on May 18, 2018 to increase share capital on one or more occasions with the approval of the Supervisory Board pursuant to Article 4 (7) of the Articles of Association by a total of up to EUR 7,525,804 until May 17, 2023 by issuing up to 7,525,804 new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2018).
- a resolution authorizing the Management Board to increase share capital with the approval of the Supervisory Board on one or more occasions by a total of up to EUR 13,020,401 until June 2, 2025 by issuing up to 13,020,401 new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2020) and revise Article 4 (7) of the Articles of Association accordingly.
- a resolution to increase Conditional Capital 2019 provided for in Article 4 (5) of the Articles of Association from EUR 2,096,972 to EUR 2,429,819.
- a resolution to revoke Conditional Capital 2018 pursuant to Article 4 (8) of the Articles of Association.
- a resolution to conditionally increase the share capital of the Company by up to EUR 10,774,773 (Conditional Capital 2020). Conditional Capital 2020 is used when exercising conversion or option rights and/or for fulfilling conversion or option obligations to grant shares to the holders and/or creditors of bonds that have been issued due to an authorization resolution adopted by the Annual General Meeting on June 3, 2020.

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

On December 8, 2020, the Management Board of home24 SE adopted a resolution, approved by the Supervisory Board of home24 SE, to increase the share capital of home24 SE by EUR 2,640,918.00 to EUR 29,050,104.00 in return for cash contributions utilizing a portion of Authorized Capital 2020 of home24SE by issuing 2,640,918 new no-par value bearer shares with a notional value of EUR 1.00 per share. Shareholders' preemptive rights were disapplied in accordance with Article 4 (7) of the Articles of Association of home24 SE. The capital increase was entered in the commercial register of Charlottenburg local court on December 9, 2020, and is therefore effective.

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

As of December 31, 2020, the Company held 2,735 treasury shares. The notional value of the treasury shares amounted to EUR 2,735, equivalent to 0.009% of the share capital.

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

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

3.5. Provisions

Other provisions mainly include provisions for outstanding invoices of EUR 9,934k (2019: EUR 5,628k), provisions for personnel expenses of EUR 2,251k (2019: EUR 888k), provisions for expected returns, goodwill payments and exchange of goods of EUR 1,671k (2019: EUR 1,318k) and provisions for restoration obligations of EUR 1,282k (2019: EUR 1,013k).

3.6. Liabilities

Liabilities to affiliated companies comprise loan liabilities of EUR 8,265k (2019: EUR 8,252k), trade payables of EUR 1,744k (2019: EUR 1,351k) and other liabilities of EUR 12,943k (2019: EUR 8,964k).

Liabilities are comprised as follows and have the following remaining lives:

	12/31/2020			
In EURk	**Total**	**Up to 1 year**	**Secured by liens or similar rights**	**Type, form of security**
Liabilities to banks	0	0	0	
Payments received on account of orders	21,925	21,925	0	
Trade payables	21,070	21,070	2,992	Assignment as security
Liabilities to affiliated companies	22,952	22,952	0	
Other liabilities	6,365	6,365	0	
Total	**72,312**	**72,312**	**2,992**	

	12/31/2019			
In EURk	**Total**	**Up to 1 year**	**Secured by liens or similar rights**	**Type, form of security**
Liabilities to banks	1,536	1,536	0	
Payments received on account of orders	8,673	8,673	0	
Trade payables	17,968	17,968	2,437	Assignment as security
Liabilities to affiliated companies	18,567	18,567	0	
Other liabilities	3,396	3,396	0	
Total	**50,140**	**50,140**	**2,437**	

home24 SE takes strategic measures to manage foreign currency risk by using derivatives to hedge foreign currency risks arising from future purchases in USD. As of the reporting date, the Group had foreign currency forwards totaling EUR 26,752k. Their negative fair value amounted to EUR 26,016k as of the reporting date. These derivative financial liabilities of EUR 736k have been recognized at fair value through profit or loss.

4. CONTINGENCIES AND COMMITMENTS

The Company is required to ensure that it will make sufficient funds available to its subsidiary home24 eLogistics GmbH&Co. KG so that the latter is able to meet its financial obligations at all times. Customary letters of comfort have been issued for this purpose under leases and forwarding contracts. Risks of being sued under letters of comfort could arise from the contract term if the subsidiary does not fulfill its financial obligations, although there are no indications at the present time that this might happen.

As of December 31, 2020, five customer complaints related to breaches of data protection requirements were pending before the Berlin Commissioner for Data Protection. A complaint which had been pending since 2018 was resolved in 2020 through the issue of a notice imposing a fine of EUR 6k. It cannot be ruled out that the Berlin data protection authority will use the other pending proceedings as an opportunity to impose a further fine on the Company. If that is the case, it must be assumed that it could be of a high six-figure amount due to the calculation model currently applied by the data protection authorities. It is impossible at the present time to predict how courts will view the authorities' fining practice and fine determination overall. While some court rulings result in an adjustment of fine notices, a clear tendency is not yet apparent, so that it is not certain whether they will give rise to a change in the practice of levying fines.

There were no other contingencies in the reporting period.

5. OTHER FINANCIAL OBLIGATIONS

Other financial obligations of EUR 134,745k (2019: EUR 87,534k) were as follows as of December 31, 2020:

In EURk	Total	Up to 1 year	Between 1 and 5 years	More than 5 years
Order for merchandise	69,704	69,704	0	0
Marketing services	20,373	15,365	5,008	0
Leases	42,291	9,071	30,565	2,655
Software, licenses, equipment, communication	2,182	2,007	175	0
Other	195	71	124	0
	134,745	**96,218**	**35,872**	**2,655**

6. OFF-BALANCE-SHEET TRANSACTIONS

6.1. Operating Leases

Purpose	Investment risk is minimized by using capital goods temporarily, with the lessor retaining ownership and the associated risk.
Capital goods	Warehouses, showrooms, outlets, office buildings.
Risks	Being bound to the contract for its duration.
Advantages	Duration limited as required and steady cash flow.

6.2. Financial Instruments

Purpose	The Company takes strategic measures to manage foreign currency risk by hedging foreign currency risks arising from future purchases in USD.
Risks	Negative market values possible.
Advantages	Protection against exchange rate fluctuations and greater planning reliability.

7. INCOME STATEMENT DISCLOSURES

7.1. Revenue

Revenue comprises the following:

In EURk	**2020**	**2019**
Revenue		
from the sale of furniture and related services		
for the German market	263,212	194,694
in other European countries (France, Belgium, Netherlands, Austria, Switzerland and Italy)	129,748	87,848
from charges passed on to subsidiaries	1,981	2,934
from rental income, warehouse services and other	2,858	1,998
	397,799	**287,474**

7.2. Other Operating Income

Other operating income includes income of EUR 680k relating to prior periods (2019: EUR 424k). Prior-period income in financial year 2020 resulted primarily from the reversal of provisions.

In the 2020 financial year, other operating income of exceptional magnitude resulted from reversals of write-downs on long-term financial assets in the amount of EUR 60,614k. These were primarily related to the IPO of the indirect equity investment Mobly S.A., Sao Paulo, which was resolved in December 2020 and occurred shortly after the reporting date.

7.3. Other Operating Expenses

Other operating expenses includes expenses of EUR 2k relating to prior periods (2019: EUR 40k).

7.4. Write-downs of Long-term Financial Assets

Due to expected permanent impairment, write-downs of EUR 794k (2019: EUR 112k) were recognized on long-term financial assets in financial year 2020.

7.5. Interest and Similar Expenses

Interest and similar expenses include expenses from the unwinding of the discount on provisions in the amount of EUR 7k (2019: EUR 10k).

8. OTHER DISCLOSURES

8.1. Breakdown of the Number of Employees by Gender

The average number of employees in financial year 2020 was as follows:

	2020	2019
Male	204	191
Female	209	167
	413	**358**

8.2. Management Board and Supervisory Board

The Management Board and Supervisory Board were represented by the following members in financial year 2020:

MANAGEMENT BOARD

Marc Appelhoff, Berlin
Business graduate

Johannes Schaback, Berlin
Graduate engineer

Brigitte Wittekind, Potsdam
Business graduate

Philipp Steinhäuser, Berlin (from January 1, 2021)
Business graduate

Two members of the Management Board and one member of the Management Board in conjunction with an authorized signatory (Prokurist) are authorized to represent the Company jointly and have the authority to enter into transactions as representatives of the Company.

The members of the Management Board serve on the Board on a full-time basis.

CURRENT MANDATES

Name of the Management Board member	Mandates in accordance with Section 285 No. 10 German Commercial Code (HGB) in conjunction with Section 125 (1) sentence 4 German Stock Corporation Act (AktG)
Marc Appelhoff	Mobly S.A. (Member of the Board of Directors; from December 2020)
Johannes Schaback	–
Brigitte Wittekind	D-Level GmbH (Advisory Board)
Philipp Steinhäuser	Mobly S.A. (Member of the Board of Directors; from December 2020)

SUPERVISORY BOARD

Lothar Lanz (Chairman of the Supervisory Board), Munich
Member of several supervisory boards

Magnus Agervald (Deputy Chairman of the Supervisory Board), Stockholm
Interim CEO at Webhallen AB

Franco Danesi, London
Investment Director at Kinnevik Capital Ltd. Co.

Verena Mohaupt (Chairwoman of the Audit Committee), Munich
Partner at Findos Investor GmbH

CURRENT MANDATES

The following overview shows all current appointments in statutory supervisory boards or comparable supervisory bodies of companies in and outside Germany that were held by members of the Supervisory Board of home24 SE.

Name of the Supervisory Board member	Mandates in accordance with Section 125 (1) sentence 4 AktG
Lothar Lanz	▪ BAUWERT Aktiengesellschaft (member of the Supervisory Board) ▪ Dermapharm Holding SE (member of the Supervisory Board) ▪ TAG Immobilien AG (member of the Supervisory Board)
Magnus Agervald	▪ FH Gruppen AS (member of the Board of Directors) ▪ AGE Advisory AB (Member of the Board of Directors) ▪ Flaivy Nation AB (Chairman of the Board of Directors) ▪ Panprices AB (member of the Board of Directors) ▪ Hjältevadshus AB (member of the Board of Directors; from February 2020) ▪ YPO Service AB (member of the Board of Directors; from July 2020) ▪ YTrade Group AB (member of the Board of Directors; from October 2020) ▪ Building Automation Nordic AB (member of the Board of Directors; from September 2020)
Franco Danesi	▪ Bayport Management Limited (member of the Board of Directors) ▪ Monese Ltd (member of the Board of Directors)
Verena Mohaupt	▪ Pacifico Renewables Yield AG (member of the Supervisory Board; from April 2020)

REMUNERATION

As part of their remuneration, members of the Management Board were granted shares or share options of home24 SE under equity-settled share-based payment plans.

The following table shows the remuneration paid or payable to the members of the Management Board for their services:

In EURk	2020	2019
Salaries	1,299	892
Fringe benefits	37	97
Fair value of shares or share options issued during the financial year	229	525
	1,565	**1,514**

In the year under review, no (2019: 823,106) shares or share options were issued to members of the Management Board under share-based payment programs. The number of shares or share options issued in 2019 was corrected by 19,770 shares in the current reporting year due to an incorrect disclosure in the previous year. The fair value shown in the table for the 2020 financial year relates to the commitment to Brigitte Wittekind for her activities in the 2020 financial year, which had been granted in the previous year. The issue was not recognized through profit or loss.

The remuneration of the Supervisory Board in the financial year amounted to EUR 245k (2019: EUR 262k).

The determination of the remuneration of the Management Board and Supervisory Board of home24 SE is presented in the Remuneration Report.

8.3. Share-based Payment

The Company granted share-based payment to members of the Management Board and employees. As of December 31, 2020, the Company granted a total of 5,003,368 options.

8.4. Group Relationships

In accordance with Section 290 (1) HGB, home24 SE prepares Consolidated Financial Statements for the largest and smallest group of companies. The Consolidated Financial Statements of home24 SE, Berlin, are published in the electronic Federal Gazette under No. HRB 196337 B.

8.5. Auditor's Fee

In accordance with Section 285 no. 17 HGB, the auditor's fee is not disclosed here. This information is provided in the Consolidated Financial Statements of home24 SE.

8.6. Related Party Transactions

Related parties are legal entities or natural persons that are able to exert influence on home24 SE or over which home24 SE exercises control or has a significant influence.

Related party transactions have been entered into with subsidiaries of home24 SE in particular. Transactions with related parties within the meaning of Section 285 no. 21 HGB are entered into at arm's length.

9. DISCLOSURES IN ACCORDANCE WITH SECTION 160 (1) NO. 8 AKTG

There are equity investments in the Company of which the Company was notified in accordance with Section 33 (1) or (2) of the German Securities Trading Act (WpHG) and that were published in accordance with Section 40 (1) WpHG.

MainFirst SICAV, Senningerberg, Luxembourg, notified the Company pursuant to Section 33 (1) WpHG that its share of voting rights in home24 SE amounted to 8.08% on June 19, 2018, of which MainFirst SICAV directly holds 8.08% (2,019,882 voting rights) pursuant to Section 33 WpHG.

Baillie Gifford & Co., Edinburgh, United Kingdom, notified us pursuant to Section 33 (1) WpHG that its share of voting rights in home24 SE amounted to 7.80% (2,060,115 voting rights) on October 1, 2019, which were attributed to Baillie Gifford & Co. pursuant to Section 34 WpHG. It was further announced that voting rights of the following shareholder whose share of voting rights in home24 SE amounts to 3% or more, were attributed in accordance with Section 34 WpHG: Vanguard World Fund.

Ari Zweiman, born April 15, 1972, notified us pursuant to Section 33 (1) WpHG that his share of voting rights in home24 SE amounted to 18.99% (5,015,637 voting rights) on May 6, 2020, which were attributed to him pursuant to Section 34 WpHG. The full chain of subsidiaries, starting with the ultimate controlling person or entity, was disclosed as follows: Ari Zweiman, 683 Capital GP, LLC, 683 Capital Partners LP (18.99% of the voting rights)/Ari Zweiman, 683 Capital Management LLC (18.99% of the voting rights). It was further announced that voting rights of the following shareholder whose share of voting rights in home24 SE amounts to 3% or more, were attributed in accordance with Section 34 WpHG: 683 Capital Partners, LP.

AMIRAL GESTION, Paris, France, notified the Company pursuant to Section 33 (1) WpHG that its share of voting rights in home24 SE amounted to 4.90% (1,293,214 voting rights) on September 2, 2020, with AMIRAL GESTION holding this equity interest directly pursuant to Section 33 WpHG.

Janus Henderson Group plc, Saint Helier, Jersey, notified the Company pursuant to Section 33 (1) WpHG that its share of voting rights in home24 SE amounted to 2.97% (783,227 voting rights) on September 15, 2020, which were attributed to Janus Henderson Group plc pursuant to Section 34 WpHG. The full chain of subsidiaries, starting with the ultimate controlling person or entity, was disclosed as follows: Janus Henderson Group plc, Henderson Group Holdings Asset Management Limited, HGI Asset Management Group Limited, Henderson Global Group Limited, Henderson Holdings Group Limited, HGI Group Limited, Henderson Global Investors (Holdings) Limited, Henderson Global Investors Limited.

Aalap Mahadevia, born October 7, 1981, notified the Company pursuant to Section 33 (1) WpHG that his share of voting rights in home24 SE on October 26, 2020 amounted to 2.67% (705,983 voting rights), of which 683,268 voting rights were attributed to him pursuant to Section 34 WpHG and 22,715 voting rights pursuant to 38 (1) no. 2 WpHG. The full chain of subsidiaries, starting with the ultimate controlling person or entity, was disclosed as follows: Aalap Mahadevia; Briarwood Chase Management LLC/Aalap Mahadevia; Briarwood Capital Partners GP LLC; Briarwood Capital Partners LP.

Zerena GmbH, Germany, notified us pursuant to Section 33 (1) WpHG that its share of voting rights in home24 SE amounted to 7.09% (1,872,679 voting rights) on November 6, 2020, which were attributed to it pursuant to Section 34 WpHG. The full chain of subsidiaries, starting with the ultimate controlling person or entity, was disclosed as follows: Zerena GmbH; Rocata GmbH; Global Founders GmbH; Rocket Internet SE; Bambino 53. V V GmbH. It was further announced that voting rights of the following shareholder whose share of voting rights in home24 SE amounts to 3% or more, were attributed in accordance with Section 34 WpHG: Rocket Internet SE.

Alexander Samwer, born January 31, 1975, notified us pursuant to Section 33 (1) WpHG that his share of voting rights in home24 SE amounted to 3.00% (793,061 voting rights) on November 25, 2020, which were attributed to him pursuant to Section 34 WpHG. The full chain of subsidiaries, starting with the ultimate controlling person or entity, was disclosed as follows: Alexander Samwer Felicis Holding GmbH; Picus Capital GmbH. It was further announced that voting rights of the following shareholder whose share of voting rights in home24 SE amounts to 3% or more, were attributed in accordance with Section 34 WpHG: Picus Capital GmbH.

Morgan Stanley, Wilmington, Delaware, USA, notified the Company pursuant to Section 33 (1) WpHG that its share of voting rights in home24 SE on December 9, 2020 amounted to 3.93% (1,142,970 voting rights), of which 757,666 voting rights were attributed to it pursuant to Section 34 WpHG, 26,089 voting rights pursuant to Section 38 (1) no.1 WpHG and 359,215 voting rights pursuant to 38 (1) no. 2 WpHG. The full chain of subsidiaries, starting with the ultimate controlling person or entity, was disclosed as follows: Morgan Stanley; Morgan Stanley Capital Management, LLC; Morgan Stanley Domestic Holdings, Inc.; Morgan Stanley Capital Services LLC/Morgan Stanley; Morgan Stanley Capital Management, LLC; Morgan Stanley Domestic Holdings, Inc.; Morgan Stanley&Co. LLC/Morgan Stanley; MSDW Offshore Equity Services Inc.; FUNDLOGIC SA.

10. CORPORATE GOVERNANCE STATEMENT

In accordance with Section 161 of the German Stock Corporation Act (AktG), the Declaration of Conformity is available on the Company's website at http://irpages2.eqs.com/download/companies/homevierundzwanzig/CorporateGovernance/181218_home24_SE_declaration_of_conformity_DCGK_English.pdf.

11. RESOLUTION ON THE APPROPRIATION OF PROFIT

The Supervisory Board and Management Board adopted a resolution to transfer home24 SE's complete net income for the period of EUR 51,666k to other revenue reserves in accordance with Section 58 (2a) AktG.

12. REPORT ON POST-BALANCE SHEET DATE EVENTS

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

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

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

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

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

Berlin, March 30, 2021

Marc Appelhoff Johannes Schaback Brigitte Wittekind Philipp Steinhäuser

CHANGES IN FIXED ASSETS

(GROSS PRESENTATION)

	Cost			
In EURk	**1/1/2020**	**Additions**	**Disposals**	**12/31/2020**
I. Intangible assets				
Purchased industrial and similar rights and assets, and licenses in such rights and assets	31,906	592	-24	32,474
Subtotal	**31,906**	**592**	**-24**	**32,474**
II. Tangible fixed assets				
1. Other equipment, operating and office equipment	2,617	388	-185	2,820
2. Advance payments made and assets under construction	0	0	0	0
Subtotal	**2,617**	**388**	**-185**	**2,820**
III. Long-term financial assets				
1. Shares in affiliated companies	62,471	3,047	0	65,518
2. Loans to affiliated companies	78,062	85,174	-85,660	77,576
3. Other loans	8,819	90	0	8,909
Subtotal	**149,352**	**88,311**	**-85,660**	**152,003**
Total	**183,875**	**89,291**	**-85,869**	**187,297**

Accumulated depreciation, amortization and write-downs					Carrying amounts	
1/1/2020	**Additions**	**Reversal of write-downs**	**Disposals**	**12/31/2020**	**12/31/2020**	**12/31/2019**
12,323	3,300	0	0	15,623	16,851	19,583
12,323	**3,300**	**0**	**0**	**15,623**	**16,851**	**19,583**
2,140	257	0	-183	2,214	606	477
0	0	0	0	0	0	0
2,140	**257**	**0**	**-183**	**2,214**	**606**	**477**
35,422	794	-10,428	0	25,788	39,730	27,049
50,862	0	-50,186	-676	0	77,576	27,200
0	0	0	0	0	8,909	8,819
86,284	**794**	**-60,614**	**-676**	**25,788**	**126,215**	**63,068**
100,747	**4,351**	**-60,614**	**-859**	**43,625**	**143,672**	**83,128**

LIST OF SHAREHOLDINGS

In EURk	Shareholdings	Annual Financial Statements [1]	
	Financial year in %	Net income/loss for the year	Equity
Material long-term equity investments			
1. home24 eLogistics GmbH&Co. KG, Berlin, Germany	100.00 [2]	–31	81
2. home24 Outlet GmbH, Berlin, Germany	100.00 [2]	0	–81
3. Mobly Comercio Varejista Ltda., São Paulo, Brazil	88.92	–8,356	–1,207
4. Club of Style (Shenzen) Ltd., Shenzen, China	100.00	–6	15

[1] Based on the Annual Financial Statements as of December 31, 2019
[2] Direct equity investment

In accordance with Section 285 no. 11 HGB, shareholdings, net income/loss for the year and equity of equity investments with a shareholding of less than 20% are not disclosed.

In accordance with Section 286 (3) sentence 1 no. 1 HGB, the Company also does not disclose equity investments if these are of minor importance for the presentation of its net assets, financial position and results of operations.

COMBINED MANAGEMENT REPORT

1. GENERAL INFORMATION

1.1. Business Model

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

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

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

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

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

1.2. Group Structure and Internal Steering System

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

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

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

2. REPORT ON ECONOMIC POSITION

2.1. Market Development

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

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

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

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

2.2. Business Development

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

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

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

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

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

2.3. Research and Development

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

2.4. Financial Position, Cash Flows and Financial Performance

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

2.4.1. FINANCIAL PERFORMANCE

Simplified Income Statement

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

Non-financial key performance indicators

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

Revenue

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

Cost of Sales

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

Selling and Distribution Costs

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

Selling and distribution costs comprise the following:

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

Fulfillment expenses

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

Marketing expenses

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

Other selling and distribution costs

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

Administrative expenses

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

Adjusted EBITDA

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

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

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

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

Other financial key performance indicator

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

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

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

2.4.2. FINANCIAL PERFORMANCE OF THE SEGMENTS

Revenue

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

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

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

ADJUSTED EBITDA

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

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

Non-financial key performance indicators

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

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

2.4.3. CASH FLOWS

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

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

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

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

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

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

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

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

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

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

2.4.4. FINANCIAL POSITION

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

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

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

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

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

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

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

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

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

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

2.4.5. FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

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

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

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

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

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

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

2.5. Overall Assessment

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

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

3. REPORT ON RISKS AND OPPORTUNITIES

3.1. Risk management system

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

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

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

COUNTERMEASURES AND INTERNAL CONTROL SYSTEM

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

INTERNAL CONTROL SYSTEM RELEVANT FOR THE CONSOLIDATED FINANCIAL REPORTING PROCESS

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

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

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

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

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

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

3.2. Risk Methodology and Reporting

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

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

Presentation – Five categories for probability of occurrence

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

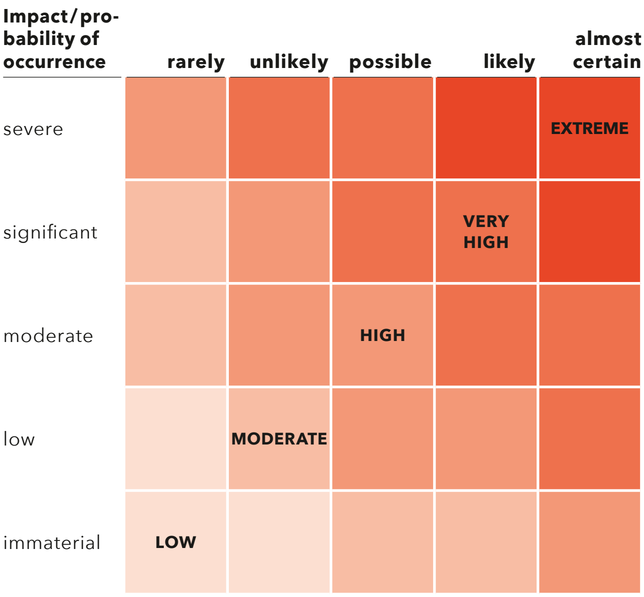
Presentation - Five categories for financial impact on adjusted EBITDA

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

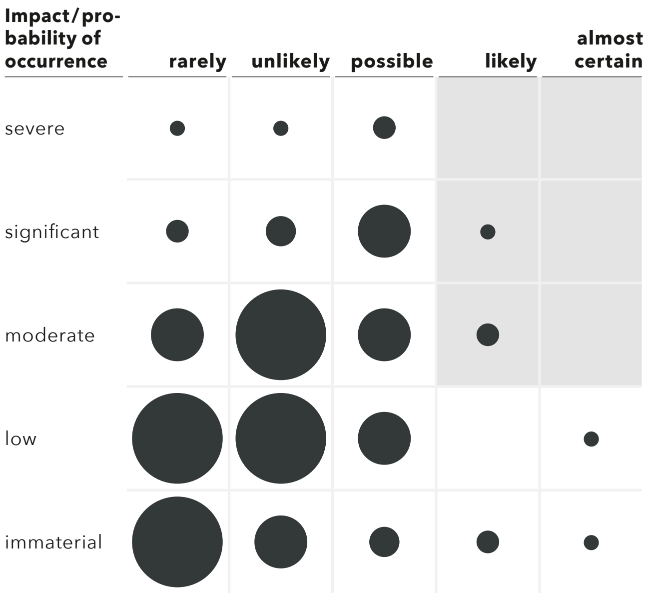
Each gross risk is assigned relevant countermeasures and control measures as well as responsibilities. All risk are reassessed on a gross basis after taking into account the countermeasures and control measures implemented (net risk = gross risk less countermeasures). Net risks are also divided into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

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

Presentation - Five categories for net risk assessment



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



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

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

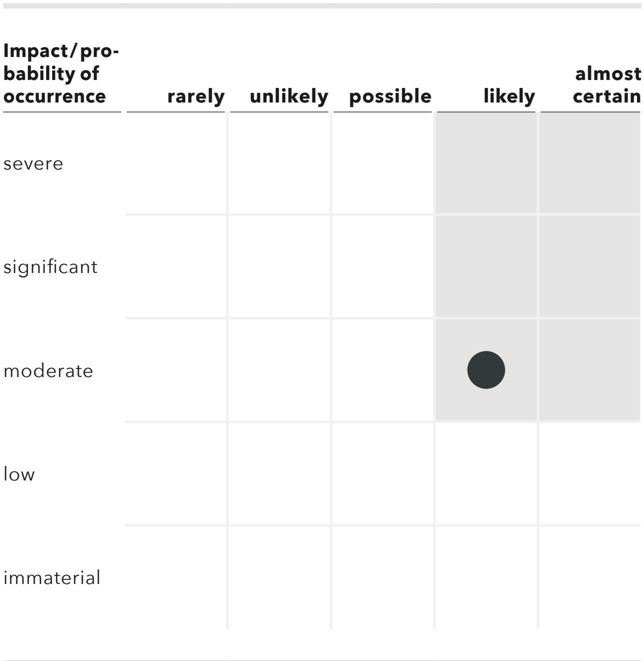
3.3. Risks

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

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

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

LEGAL REQUIREMENTS RELATING TO THE PROTECTION OF PERSONAL INFORMATION

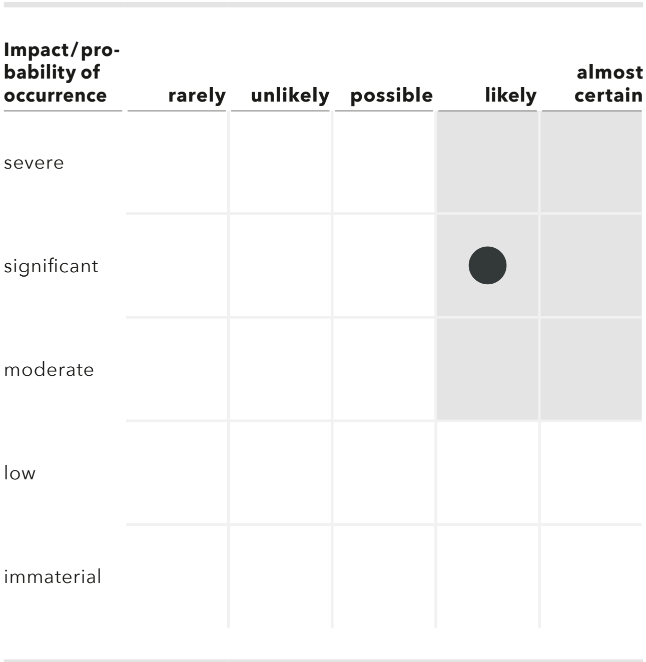


As an e-commerce company, home24 collects and processes personal information in order to process orders, receive payments, communicate with customers, manage marketing activities, carry out payroll activities, etc. In this context, home24 is subject to laws and regulations regarding the protection of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

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

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

CYBER SECURITY

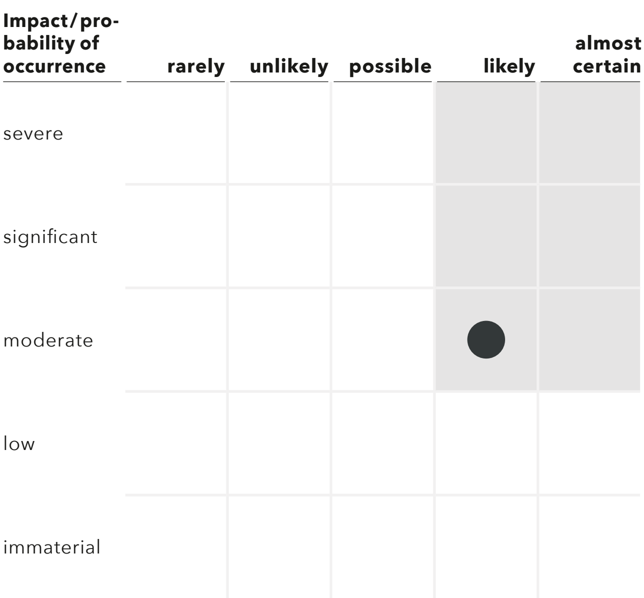


Cyber security risks associated with external and internal attacks and/or internal control weaknesses could manipulate or deactivate the webshop, relevant fulfillment IT systems and applications, payment systems and other internal IT systems and applications. These risks include ransomware attacks, DDOS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

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

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

PREDICTABILITY OF INVENTORY LEVELS



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

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

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

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

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

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

3.4. Opportunities

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

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

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

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

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

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

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

3.5. Overall Assessment of Risks and Opportunities

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

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

4. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

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

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

5. FUTURE PERFORMANCE AND OUTLOOK

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

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

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

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

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

6. CORPORATE GOVERNANCE STATEMENT

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

7. NON-FINANCIAL REPORT

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

8. REPORT ON THE REMUNERATION OF MEMBERS OF GOVERNING BODIES

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

9. TAKEOVER-RELATED DISCLOSURES

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

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

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

10.1. Business Activities

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

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

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

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

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

10.2. Financial Position, Cash Flows and Financial Performance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.3. Report on risks and opportunities

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

10.4. Future Performance and Outlook

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

Berlin, March 30, 2021

Marc Appelhoff   Johannes Schaback

Brigitte Wittekind   Philipp Steinhäuser

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 264 (2) HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Management Report, which is combined with the Group Management Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Berlin, March 30, 2021

The Management Board

Marc Appelhoff Johannes Schaback Brigitte Wittekind Philipp Steinhäuser

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

No. 7.1.2 sentence 3 of the 2017 GCGC

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

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

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

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

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

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

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

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

2. CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

3.1. Working Practices of the Management Board

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

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

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

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

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

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

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

3.2. Composition of the Management Board

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

Marc Appelhoff (Chairman)
Brigitte Wittekind
Johannes Schaback

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

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

3.3. Working Practices of the Supervisory Board

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

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

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

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

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

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

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

3.4. Composition of the Supervisory Board

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

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

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

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

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

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

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

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

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

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

AUDIT COMMITTEE

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

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

Verena Mohaupt*	
Lothar Lanz	
Franco Danesi	

* Chairwoman

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

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

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

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

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

NOMINATION COMMITTEE

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

Lothar Lanz*	
Verena Mohaupt	
Franco Danesi	

* Chairman

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

4. TARGETS FOR WOMEN AT MANAGEMENT LEVEL

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

5. GENERAL MEETING AND SHAREHOLDERS

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

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

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

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

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

6. REPORTABLE OWN-ACCOUNT TRANSACTIONS BY MANAGEMENT

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

7. FURTHER INFORMATION FOR THE CAPITAL MARKETS

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

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

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

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

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

8.1. Composition of Subscribed Capital

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

8.2. Restrictions Affecting Voting Rights or the Transfer of Shares

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

No compensation arrangements of this kind are in place.

REMUNERATION REPORT[1]

1. MANAGEMENT BOARD REMUNERATION

1.1. Principles of the Remuneration System

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

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

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

1.2. Non-performance-related Benefits

1.2.1. FIXED REMUNERATION

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

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

1.2.2. FRINGE BENEFITS

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

1.3. Performance-related Benefits

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

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

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

1.3.1. ANNUAL VARIABLE CASH REMUNERATION

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

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

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

1.3.2. LONG-TERM SHARE-BASED PAYMENT

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

Long-Term Incentive Plans (LTIP)

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

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

Virtual Stock Option Programs (VSOP)

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

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

Marc Appelhoff
Chairman of the Management Board

Change in the number of outstanding awards and average exercise prices

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

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

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

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

Remaining life and exercise prices of outstanding awards

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

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

Change in the number of outstanding awards and average exercise prices

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

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

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

Remaining life and exercise prices of outstanding awards

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

Johannes Schaback
Member of the Management Board

Change in the number of outstanding awards and average exercise prices

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

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

Remaining life and exercise prices of outstanding awards

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

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

Change in the number of outstanding awards and average exercise prices

	2020		2019	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	**12.08**	**140,610**	**12.08**	**187,480**
Forfeited during the reporting period	–	0	12.08	-46,870
Outstanding at the end of the reporting period	**12.08**	**140,610**	**12.08**	**140,610**
Exercisable at the end of the reporting period	**–**	**0**	**–**	**0**

	2020		2019	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
VSOP				
Outstanding at the beginning of the reporting period	**24.14**	**36,507**	**12.88**	**68,456**
Exercised during the reporting period	–	0	0.02	-31,949
Expired in the reporting period	24.14	-4,214	–	0
Outstanding at the end of the reporting period	**24.14**	**32,293**	**24.14**	**36,507**
Exercisable at the end of the reporting period	**24.14**	**32,293**	**24.14**	**36,507**

Remaining life and exercise prices of outstanding awards

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

	2020		2019	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
VSOP				
24.14	2.0	32,293	2.8	36,507
Outstanding at the end of the reporting period	**2.0**	**32,293**	**2.8**	**36,507**

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

Change in the number of outstanding awards and average exercise prices

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

Remaining life and exercise prices of outstanding awards

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

Total cost of share-based payment

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

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

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

1.4. Payments on Termination of Management Board Activity

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

1.5. Loans and Advances

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

1.6. Pension Commitments

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

1.7. Total Remuneration

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

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

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

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

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

1.8. Benefits of Former Management Board Members

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

1.9. Other

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

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

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

1.10. Total Remuneration for 2020

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

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

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

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

Marc Appelhoff
Chairman of the Management Board

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

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

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

Johannes Schaback
Member of the Management Board

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

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

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

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

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

2. SUPERVISORY BOARD REMUNERATION

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To home24 SE

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Opinions

We have audited the annual financial statements of home24 SE, Berlin, which comprise the balance sheet as of December 31, 2020, and the income statement for the financial year from January 1 to December 31, 2020, and notes to the financial statements, including the accounting policies presented therein. In addition, we have audited the management report of home24 SE, which is combined with the group management report ("management report"), for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the information included in the "Corporate Governance Statement" in accordance with Section 289f HGB contained in the corporate governance report.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020 in compliance with German legally required accounting principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the "Corporate Governance Statement" pursuant to Section 289f HGB.

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

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with 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 annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with 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 annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

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

1) 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 month-specific expected rates of returns. Revenue has a significant influence on the net income of the Company and is one of the most important performance indicators for home24.

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 German commercial law. In order to identify anomalies regarding revenue and the development of revenue, we developed a forecast of country-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 the posting ledger 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 return rates with actual historical month-specific return rates, among other things, and analyzed them. In order to evaluate the assumed month-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 section 2 (Summary of Significant Accounting Policies) and section 7.1 (Revenue) in the notes to the 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 inventories, which are sold with high discounts through online retail or are disposed of outside of online retail. Impairment losses on estimated future inventories from expected returns as well as existing inventories are calculated at the end of the reporting period and recognized in the annual financial statements.

home24's executive directors calculate inventories based on the expected future sell-through for various sales channels. Expected future sell-through and the resulting estimated net realizable value are based on planning assumptions subject to judgment, which are determined using figures observed in the past.

We consider the subsequent measurement of merchandise inventory to be a key audit matter due to the high volume and heterogeneity of merchandise as well as the judgment used in calculating inventories and estimating the future net realizable value.

AUDITOR'S RESPONSE
We evaluated the compliance of the accounting policies applied by home24's executive directors in calculating the merchandise inventory and the timely recognition of write-downs with the relevant requirements of German commercial law.

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 inventories. We compared the executive directors' assumptions for expected proceeds, considering proceeds actually generated in the past from merchandise sold with high discounts as well as merchandise for disposal outside of online retail. In this context, we considered the measurement categories defined by the executive directors separately. We developed expectations regarding potential future inventories based on this and compared these expectations with valuation model assumptions and the impairment losses recorded. Furthermore, we verified the clerical accuracy of the valuation model.

Our procedures did not lead to any reservations relating to the subsequent measurement of merchandise.

REFERENCE TO RELATED DISCLOSURES
With regard to the accounting policies applied for the subsequent measurement of inventory, we refer to the Company's disclosures in Section II (Summary of Significant Accounting Policies) in the notes to the financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the information included in the statement on corporate governance pursuant to Section 289f HGB contained in the "Corporate Governance Statement" section of the management report as well as the remaining components of the report on the annual financial statements and the combined management report, with the exception of the audited annual financial statements and management report as well as our independent auditor's report, in particular:

- the responsibility statement pursuant to Section 264 (2) Sentence 3 HGB contained in the "Responsibility Statement by the Management Board pursuant to Section 264 (2) HGB" section;
- 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 annual financial statements and on the 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 annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

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

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

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance in accordance with Section 317 (3b) HGB on the electronic reproduction of the annual financial statements and the management report prepared for publication purposes

OPINION

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file H24_JA+LB_ESEF_2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the audit of the annual financial statements and of the management report" above.

BASIS FOR THE OPINION

We conducted our assurance work on the reproduction of the annual financial statements and the management report contained in the abovementioned attached electronic file in accordance with Section 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with Section 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and the audited management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on June 3, 2020. We were engaged by the Supervisory Board on July 7, 2020. We have been the 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 the audited entity the following services that are not disclosed in the annual financial statements or in the management report:

- Review of the condensed interim consolidated financial statements and the interim group management report for the period from January 1 to June 30, 2020;
- Tax advisory services in connection with the restructuring of the Group.

German Public Auditor responsible for the engagement

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

Berlin, March 30, 2021

Ernst&Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Patzelt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

GLOSSARY

Adjusted EBITDA – defined as earnings before interest, taxes, depreciation and amortization, adjusted for share-based payment expenses for employees, media services provided to the Company and costs incurred in connection with the listing of existing shares and other one-off expenses, mainly service fees for legal and other consulting services associated with the IPO.

Adjusted EBITDA margin – defined as the ratio of adjusted EBITDA to revenue.

Administrative expenses – defined as the sum total of overhead expenses including employee benefit expenses and share-based payment expenses for employees and executives, depreciation and amortization, IT, other overhead costs, and, in financial year 2018, 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.

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 goods acquired plus inbound shipping and handling charges.

Employees – defined as employees of any gender who are not members of the Management Board, apprentices or trainees.

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 unit 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 amount 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 made on inventories, trade receivables, current financial assets (excluding derivative financial instruments), current and non-current non-financial assets less trade payables and similar liabilities, current financial liabilities (excluding 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 total of 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.

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.

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 (headquarters, outlets, showrooms, warehouses).

SKUs (stock keeping units) – defined as code numbers for individual products included in home24's product offering.

PUBLISHING INFORMATION

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This Annual Report has been translated into English. It is available for download in both languages at www.home24.com. If there are variances, the German version has priority over the English translation.

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