home24

Annual Report 2021

At a Glance

Non-financial KPIs	Unit	2021	2020	Change	Q4 2021	Q4 2020	Change
Gross order value	in EURm	860.7	761.8	13%	209.0	241.1	- 13%
Gross order value growth at constant currency	in %	15%	46%	- 31 pp	-14%	58%	- 72 pp
Number of orders	in k	3,298	3,243	2%	807	990	- 18%
Average order value	in EUR	261	235	11%	259	244	6%
Number of active customers (as of December 31)	in k	2,275	2,174	5%	2,275	2,174	5%
Employees (as of December 31)	Number	2,084	1,759	18%	2,084	1,759	18%

Financial KPIs	Unit	2021	2020	Change	Q4 2021	Q4 2020	Change
Revenue	in EURm	615.5	491.9	25%	151.7	152.4	0%
Revenue growth at constant currency	in %	27%	42%	- 15 pp	- 1 %	50%	- 51 pp
Gross profit margin	in %	43%	46%	- 3 pp	43%	46%	- 3 pp
Profit contribution margin	in %	27%	29%	- 2 pp	26%	29%	- 3 pp
Adjusted EBITDA margin	in %	0%	3%	- 3 pp	0%	3%	- 3 pp
Earnings per share	in EUR	- 1.05	- 0.61	72%	- 0.31	- 0.17	82%
Cash flow from operating activities	in EURm	- 63.1	32.0	>- 100%	11.0	8.0	38%
thereof from change in net working capital	in EURm	- 62.8	20.8	>- 100%	10.5	3.4	> 100%
Cash flow from investing activities	in EURm	- 20.0	- 11.4	75%	- 7.1	- 4.1	73%
Cash flow from financing activities	in EURm	110.4	37.4	> 100%	- 2.4	50.8	>- 100%
Cash and cash equivalents at the end of the period	in EURm	131.1	103.1	27%	131.1	103.1	27%

615.5

REVENUE IN EURm

27%

REVENUE GROWTH AT CONSTANT CURRENCY

0%

ADJUSTED EBITDA MARGIN

2,275,508

NUMBER OF ACTIVE CUSTOMERS

2,084

EMPLOYEES

home24 is a leading pure-play home & living e-commerce platform in continental Europe and Brazil. With over 150,000 home & living products in Europe and more than 200,000 articles in Latin America – from accessories to lamps to furniture – home24 offers its currently just under 2.3 million customers the right product for every taste, style and budget.

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

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

home24's headquarters are located in Berlin. The Company employs more than 2,000 people worldwide. home24 has been listed on the Frankfurt Stock Exchange since June 15, 2018, and the Mobly share has been listed in B3's Novo Mercado segment in Brazil since February 5, 2021. Further information can be found on the Company's website at www.home24.com.

Table of Contents

02 Combined Management Report

68 General Information
69 Report on Economic Position
79 Report on Risks and Opportunities
86 Events after the Reporting Period
87 Future Performance and Outlook
88 Corporate Governance Statement
88 Non-financial Report
88 Takeover-related Disclosures
88 Supplementary Management Reporting on the Annual Financial Statements of home24 SE

01 To Our Shareholders

05 Business Model
14 Letter to Our Shareholders
17 Non-financial Report
38 Report of the Supervisory Board of home24 SE
42 The home24 Share
44 Corporate Governance Report
55 Remuneration Report

05 Auditor's Report

153 Independent Auditor's Report

06 Service

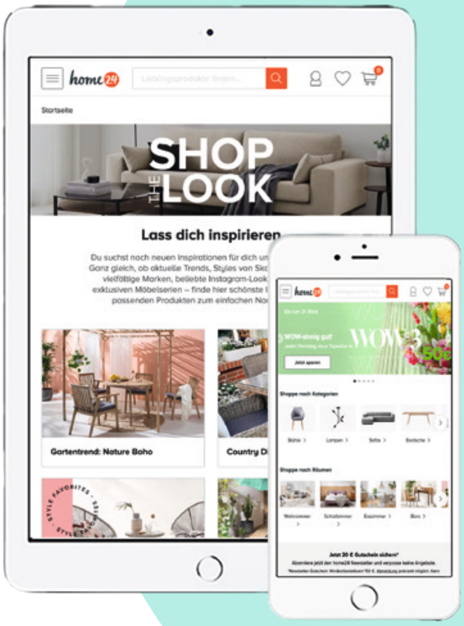
161 Glossary
163 Financial Calendar 2021
164 Publishing Information

03 Consolidated Financial Statements

92 Consolidated Statement of Financial Position
94 Consolidated Statement of Comprehensive Income
95 Consolidated Statement of Cash Flows
96 Consolidated Statement of Changes in Equity
98 Notes to the Consolidated Financial Statements

04 Responsibility Statement

152 Responsibility Statement by the Management Board



» Year after year, more customers choose to shop with us because of everything we offer: a wide choice of carefully curated products that is constantly growing, a unique shipping experience, and service they can count on. These factors are laying the groundwork for sustainable growth at home24.«

Marc Appelhoff, CEO

Our Success is Rooted in Our Business Model

home24 offers more than 150,000 home & living products to customers in Europe and carries as many as 200,000 items in Latin America

We feature everything from table lamps to seating configurations, from cushions to wardrobes, from water glasses to complete kitchen units. But one thing makes us fundamentally different from traditional retailers: **We're open 24 hours a day**. Shoppers can visit us at home and on the go – enjoying all of the other **benefits of online shopping**, such as a comprehensive right to return products.

As an **online shopping platform**, we stand out from the crowd with a large **choice of carefully selected third-party brands**, which we combine with an attractive assortment of private labels. These labels, like Studio Copenhagen and Maison Belfort, feature stunning best-sellers that we develop in-house **based on the latest styles and data trends**. Since we both make and sell these products, we can offer our furniture at extremely **attractive prices**. We usually keep these items in stock, which means we can get them to our customers even more quickly.

Carrying third-party brands helps us create an even larger selection of carefully curated products. These items are generally not kept on inventory so we **don't have to shoulder the related financial costs**. These additional products and constant **communication with our users** also deliver valuable insights into ways for us to perfect our range of products.

home24 is the first port of call for home and living products. Everyone can find what they are looking for with us – helping create happy homes for people of all ages. Offering a **wide variety** of great-value products, we carry the right items for singles, couples, and families, and for budgets of any size.

E-COMMERCE PLATFORM MODEL

home24 product categories

	Third-party products	Private label	
Role in the assortment	Broad assortment	Attractive bestsellers	**Role in the assortment**
Sourcing & fulfillment	Mostly not held in stock, drop shipping	Vertical integration, mainly held in stock	**Sourcing & fulfillment**
	▪ Extensive, but curated range ▪ Negative working capital ▪ Plenty of data about customer preferences	▪ Best margins and prices ▪ Focus on direct procurement ▪ Very short delivery times	

The Shopping Experience

Based on the **strength of our platform**, we have revolutionized the way people buy home&living products. Our expertise in bringing technology and big data together in a new combination creates a **unique shopping experience** that includes detailed product information which can be enhanced by adding augmented reality features. Using **interactive virtual reality features**, our customers can have the products they want displayed in their own home before placing their order.

Online Shopping as an Event

Our platform makes online shopping with home24 a unique experience. And it helps us limit returns to very low levels that reduce our environmental impact. We effectively employ **artificial intelligence tools** to provide **customized recommendations** based on shoppers' interests.

Local Showrooms

Shoppers can also experience our brands **offline** by visiting one of our ten showrooms in Europe and eleven locations in Latin America. These showrooms provide space for design creativity: We give people the chance to **touch and feel our products**, especially our private labels, and to get advice on specific items. One key element of our growth strategy will see us significantly **expand our showroom locations** in Germany and Europe in the years ahead.

No matter where customers find us, they can count on an **extensive, carefully curated selection of products** in a **large number of styles and materials at different price points**. We want to keep expanding our assortment in line with this policy. Since online shopping elsewhere often overwhelms customers with the sheer volume of items available, we will continue to showcase a curated portfolio of products.

» We offer our customers state-of-the-art shopping. That means providing an outstanding online shopping experience and giving shoppers other ways to experience home24 in person. «

Brigitte Wittekind, COO

» More and more furniture is being sold online each year. But we are still only at the beginning of a phase with great growth potential for the next ten years.«

Philipp Steinhäuser, CFO

Harnessing Additional Market Potential

home24 has fundamentally altered the way that people buy home & living products.

With **consumer behavior changing and demographic trends in play**, online furniture shopping is still in the initial stages of a period of sharp growth. Several factors opening the door to **long-term growth** will help us best leverage this potential.

In recent years, online shopping has constantly increased its slice of the pie in a largely **stable furniture market**, and already stands estimated at around 15% today. Furniture still has significant **potential to catch up** compared with online retail rates in other areas like clothing and electronics. home24 expects that the furniture industry will continue to see consumer demand shift **from offline to online** shopping – even without the impact of COVID-19.

DRIVING FURTHER GROWTH

We are building customer loyalty and increasing shopping frequency by adding accessories and decorative items to our portfolio. Expanding our regional foothold into more European countries is also a vital part of our growth strategy.

Structural growth

Benefiting from increasing online penetration in the mass market

plus

Market penetration

Further rolling out our go-to-market approach

Platform development

Improving the product range in existing product categories

Introducing new product categories, e.g. to increase purchase frequency

Improving shopping experience to build brand loyalty

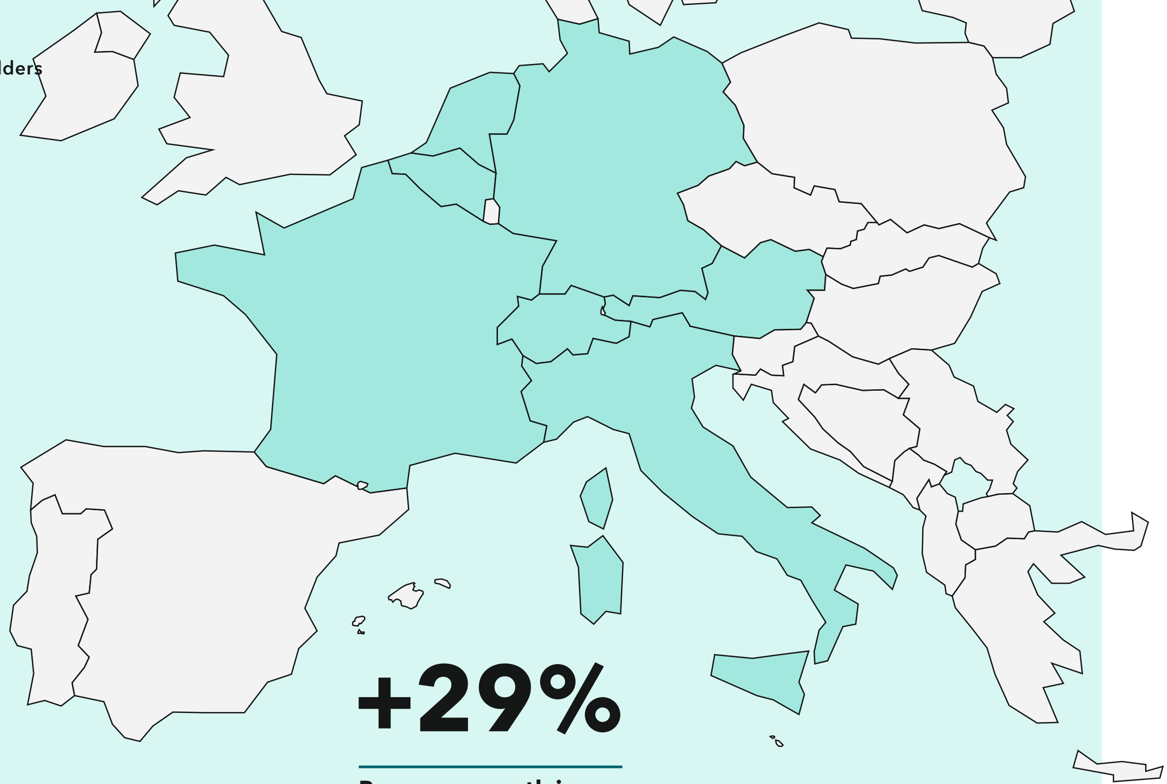
Utilizing new technologies to enhance competitive advantages, especially over bricks-and-mortar retailers

plus

Market expansion

Expanding into new geographic markets and exploiting strong market fragmentation

Further growth beyond pure market growth

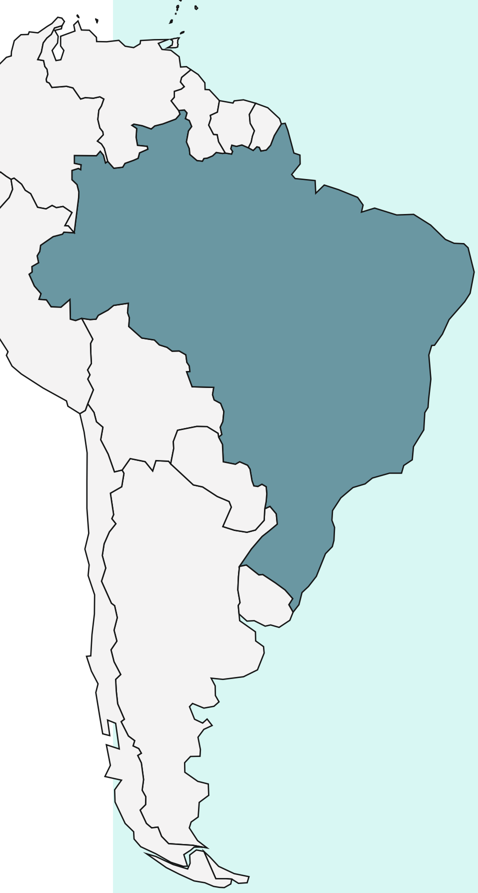


+29%

Revenue growth in Europe

+21%

Revenue growth in LatAm[1]



Markets

With operations in **Germany, France, Austria, the Netherlands, Switzerland, Belgium** and **Italy**, Europe is home24's home market and core region.

Our activities in **Brazil** operate under the Mobly brand. We generate around 20% of consolidated revenue in this country. These operations have also enjoyed growth in recent years, helping us strengthen our position as one of the leading providers of online home&living products.

[1] *revenue growth at constant currency*

» *In Europe and Latin America, home24 is positioning itself as a leading online shopping platform in the home & living sector. We will continue to enhance our proven business model in the years to come, both in the private label sector and with our third-party brands.* «

Marc Appelhoff, CEO

» Technology is at the heart of our strategy. It guarantees our users a unique shopping experience and connects all parts of our company as a strategic management tool.«

Philipp Steinhäuser, CFO

Data-driven IT – a Real Competitive Edge

Technology and big data are the driving forces behind our unique platform.

The entire company benefits from our wide-ranging **big data processing capabilities**, as all business processes are seamlessly integrated along the **value chain**. Our customers reap the rewards of big data because it helps us constantly optimize our portfolio and craft a **personalized shopping experience**. We strike a balance between **short delivery times and low inventory costs** by combining specific forecasting tools with our sourcing platforms. We also supplement our internal data with information from external sources about general **market and price developments** and potential risks that we can counteract at short notice. Details of the **latest trends** also help us constantly fine-tune our selection.

WE USE BIG DATA TO CONTINUOUSLY IMPROVE BUSINESS DECISIONS

Input

Customer data
- Order history
- Demographic data
- Decision time lag
- Surfing behavior
- Session data
- Customer reviews

Assortment data
- Providers
- Pricing
- Availability
- Product features

Processing data
- Inventory levels
- Item location
- Available carriers
- Delivery mode

Third-party data
- Google Analytics 360
- Industry trade fairs/ events
- Design trends
- Marketing expenses
- Cross-device tracking
- Risk assessment

Output

Assortment
- Better product availability
- New private label products
- Demand forecast
- Supplementing the product range

Webshop
- Product sorting
- Product selection
- Product visibility
- Personalization

Marketing & CRM
- Measuring success
- Targeted customer approach
- Targeted channel selection

Fulfillment
- Short delivery times
- Current delivery status information
- Optimized warehouse utilization
- Automatic procurement

Letter to Our Shareholders

Dear home24 Shareholders,

2021 was once again characterized by the uncertainty and challenges facing our company and the wider economy. We started the year with high hopes that the pandemic would soon come to an end. These hopes were dashed as the pandemic continued, accompanied by further restrictions and economic instability.

Nevertheless, we are satisfied with how 2021 unfolded for home24, as we once again managed to record profitable growth in what was a difficult year for large parts of the economy. While the overall home&living market in Germany contracted by a sizable single-digit percentage, we not only reached our growth target with revenue growth of 29% in Europe but also gained significant market share. In doing so, we reaffirmed our core profitability and generated a positive adjusted EBITDA margin as announced in our guidance. The Group was only prevented from recording even more robust growth by macroeconomic developments in Brazil, which were accompanied by a challenging consumer climate. The second half of 2021 fell particularly short of our original expectations for this market, resulting in what still was considerable overall revenue growth of 21% at constant currency for the full year.

Revenue up by Almost 80% in the Last Two Years, with 800,000 New Customers

We continued our robust, partly pandemic-driven growth from 2020 to grow our business by almost 80% at constant currency over the last two years. Behind these relative figures are the almost 800,000 additional active customers we gained, giving home24 just under 2.3 million active customers by the end of the year. This means we were able to build slightly on the previous year's strong result – despite the reopening of bricks-and-mortar retailers. This confirms that we were able to convince our customer base of the advantages of online furniture shopping and that the steady growth in the online share of the overall market is a lasting trend. While the online share of furniture retail was still around 10% in 2019, we estimate that it has now risen to approximately 15% in the markets we serve. However, as this figure remains much lower than in other sectors, we expect additional sustainable growth momentum to come from increasing online penetration alone.

home24 has huge growth potential, most of which is still untapped. We consider it our duty to both our shareholders and our employees to create a strategy focused on long-term success and place it on a firm foundation. 2020 was the first year in which we broke even based on adjusted EBITDA and generated a positive operating cash flow. We continued this growth in 2021 with a positive adjusted EBITDA margin. As announced at the start of 2021, we reinvested every additional euro of profit contribution in the Company's growth. We took further crucial steps toward a prosperous future with the capital increase in Europe at the end of 2020 and the IPO of Mobly in the first quarter of 2021. We have acquired sufficient financial power to push ahead with our growth ambitions and continue reinforcing our strong position in the attractive home&living e-commerce market.

Private Labels Strengthen Market Position and Generate Higher Margin

We have invested in our most important distinguishing features by systematically expanding our curated and inspiring range of products and adding occasional furniture, decorative items and accessories. This is increasing the frequency with which our customers shop with us and strengthening their loyalty. We also expanded our range of private label products. By acting as both manufacturer and retailer, we can offer our customers attractive prices while generating a higher relative margin. Our data-driven analysis of trends and customer requirements enables us to create an attractive range of products with shorter delivery times and optimized warehousing costs. Our private label products are complemented by selected ranges from relevant brands.

The Management Board of home24 SE
From left to right: Marc Appelhoff, Philipp Steinhäuser, Brigitte Wittekind

However, creating a satisfying shopping experience is the most important factor for our customers and their purchasing decisions. It starts with their first contact with our website or app, which guides our customers through their shopping experience while at the same time inspiring them with our wide selection of products. Trend and style recommendations guide them through our range, provide suggestions and allow them to compare different products. Our customers also increasingly use virtual reality tools to visualize individual items of furniture in their own homes.

The next crucial step in the customer journey is delivery, where there are significant logistics requirements, particularly for large items of furniture that are delivered in several packages. Reliable, damage-free deliveries are a must for customers, which is why we have invested further in this service commitment in particular. In 2021, we once again improved our processes and made them more efficient. Home24's new in-house delivery teams had a particularly significant impact on customer satisfaction, initially assuming responsibility for two-person deliveries within selected metropolitan areas.

Customers Happy to Recommend home24 – High Level of Satisfaction

These efforts have paid off – something which home24 measures based on two key indicators: NPS (Net Promoter Score, the recommendation rate) and return rate. Our NPS rose slightly in 2021 amid persistently strong growth in delivery volumes and significant uncertainty within our supply chains, while the return rate fell to a record figure of around seven percent. This is a very low figure for an online retailer – despite the fact that we offer returns free of charge in Europe.

home24's most important asset is our customers' trust. Only with this trust can we achieve our long-term goal of growing significantly faster than the market and achieving high levels of customer loyalty. To do this, and in light of the challenges facing global supply chains in the third and fourth quarters of 2021, we invested in increasing our inventories. This means we are still able to make deliveries in our key product ranges at the start of 2022, even though we are not able to fully compensate for every supply chain limitation.

home24 acquires Butlers – Marc Appelhoff, CEO of home24, and Wilhelm Josten, founder of Butlers, will be joining forces in the future.

2022 Outlook: Butlers Acquisition Provides Further Boost to Profitability and Growth

At the end of 2021, we announced the ideal addition to our product range and customer acquisition channels with the takeover of Butlers, which we are aiming to complete on in the first half of 2022. The transaction will add around 40 million customer contacts per year, allow us to open new showrooms in selected Butlers outlets and expand our range of products to include private-label accessories with a significantly higher purchasing frequency, such as seasonal decorative items.

Conversely, the deal gives the Butlers brand the opportunity to add home24 furniture to its customer offering and benefit from our online, technological and logistical expertise. We will work together to harness these potential synergies with a clear focus on pursuing a profitable growth trajectory. Together, we will further expand our market position.

This broader positioning is all the more important as we face new challenges at the start of 2022. Even toward the end of the previous year, customers' propensity to spend was dampened by fears of inflation and rising commodity prices. The war in Ukraine has created a completely new situation for people and the economy. While we cannot yet foresee all of its implications, 2022 will again be a year full of uncertainty. Our goal is to continue to develop home24 as a business, employer and corporate citizen on a positive trajectory with a sense of responsibility and strategic foresight, just as we have done in the past.

This means more work for our dedicated employees, and we would like to take this opportunity to express our sincere thanks to them.

We would also like to thank all of you for giving us your trust, support and feedback as you walk with us on this journey.

Berlin, March 30, 2022

MARC APPELHOFF BRIGITTE WITTEKIND PHILIPP STEINHÄUSER

Non-financial Report

1. Letter From the CEO

Dear Shareholders, Colleagues and Readers,

Sustainability is one of the biggest tasks of our time and we at home24 are striving hard to develop this elementary part of our business strategy. Even in 2021, a year marked by a wide range of economic challenges, we naturally continued to maintain our focus on this all-important topic.

"We act sustainably" is one of the six corporate values that shape and inform our identity while acting as a frame of reference for our interactions with customers, colleagues, and other stakeholders in our company. In 2021, we subjected our corporate values to a wide-ranging audit. During this audit, a belief that sustainability will continue to be a key pillar of our business philosophy going forward was expressed not only by the Company's directors and managers but also by the overwhelming majority of our employees. In terms of specifics, this means that we are pursuing long-term solutions that will positively affect our client base, our workforce, and our planet. Wherever appropriate, our approach is to keep an eye on long-term goals and not to risk these for the sake of short-term optimizations. We also act to respect and protect resources, and to examine the impact on sustainability resulting from all of our key decision-making.

At the same time, our daily business is built around the concepts of honesty, integrity and respect, which also play a fundamental role in our company culture. In the long term, we can be successful only if we act with integrity, comply with laws, and hold true to our values and basic ethical principles.

Together with our team and our partners, we at home24 work towards ensuring that people can enjoy a beautiful home environment. We are always looking for new, more sustainable approaches and are using the latest technology to harmonize the prudent use of resources, climate-conscious conduct, and the responsible consumption of home furnishings while making products fun to use and enjoy. We invest heavily in customer satisfaction while working to avoid unnecessary returns – and successfully. Although the volume of outbound deliveries again rose sharply last year, we were nonetheless able to reduce our return rate in Europe to around seven percent. This is an extremely low figure for online shopping and was achieved even though all returns have been free for our customers to date.

Together with our suppliers, we want to not only make the flow of products along the entire value and supply chain more sustainable, but also design our business activities to be climate-neutral so that they will have a positive impact on our society and the environment. Over the past few years, we have looked at climate change mitigation in depth and introduced some initial minimum standards. Our various engagements in this area are referred to collectively as #ForABetterHome. We have set ourselves an ambitious reduction target: We want to reduce our direct emissions (Scope 1) and those from purchased energy (Scope 2) by 75% by 2024 in accordance with the Greenhouse Gas Protocol (with 2019 serving as the baseline). We are also focusing heavily on quality control and the conscious use of packaging to ensure that less waste is produced.

While we know that there is a long way to go to achieve sustainable mass-market consumption, we believe that this is the only path worth taking. Our vision is to design the consumption and shipping of furniture and home furnishings to be more efficient and environmentally friendly. We continuously strive to play our part and embark on a learning journey towards a climate-neutral company. Together, we know we are capable of achieving much more, and we are also working actively to bring about the progress and change in perspective needed in our industry. Only by collaborating with our partners and customers to make furniture shopping and the associated elements of our supply chain more sustainable can we make all of our homes a "Happy Home" for many more generations to come.

Bearing in mind our tremendous responsibility, I am glad to be able to present to you the results we achieved in the field of sustainability in 2021 in the following pages.

Kind regards,

MARC APPELHOFF

2. home24 Company Profile

2.1. About Us

home24 SE (hereinafter also referred to as the "Company") is a European stock corporation with its registered office in Berlin, Germany. The Company has been listed on the Frankfurt Stock Exchange since June 2018. home24 SE has several subsidiaries that are subdivided into the Europe and Latin America segments (hereinafter also collectively referred to as "home24" or the "Group"). home24 can directly or indirectly control the financial strategy and business policy of these companies.

We consider ourselves to be one of the leading e-commerce companies in the home&living sector in continental Europe and Brazil. We primarily operate under the "home24" brand in seven European countries and under the "Mobly" brand in Brazil. In addition to our online offering, we have a total of 16 showrooms in Germany, Austria, Switzerland and Brazil as well as nine outlets in Germany and Brazil.

Our business is divided into two segments – Europe and LatAm. As of December 31, 2021, our overall team consisted of 2,084 employees (2020: 1,759 employees), including 997 in the Europe segment (including Asia) and 1,087 in the LatAm segment.

More information about our business model can be found in the section entitled "The home24 Business Model" of this Annual Report.

2.2. Our Responsibilities

2.2.1 Sustainability Strategy

"We act sustainably" is one of our six corporate values and it reflects our intention to orient our business strategy rather less towards quick, short-term gains but to ensure we also create sustainable solutions. We consider such sustainable solutions to be those that have a positive effect on our client base, our workforce, and our planet. It is a goal that we are actively pursuing in our day-to-day business. This applies to both our business decisions and the effects of our commercial activities on non-financial matters. Our aim is to secure and enhance our company's success in line with social values and in the interests of our shareholders. For us, being a sustainable company means ensuring profitable growth to gain additional market share while pursuing a balance between our commercial success and the impact of our business on people and the environment. This involves the responsible handling of resources and contributing to addressing global challenges.

In 2021, our sustainability activities were integrated at various levels of our company, with the operational implementation of our sustainability measures being entrusted to the initiating departments. For 2022, we are aiming to use a centralized CSR/ESG team to provide support for a high-level sustainability strategy. One key milestone for our sustainability strategy was the new corporate value "We act sustainably" (see above) that we defined in 2021. This clearly illustrates how we established sustainability as a key part of our company vision in 2021 and wish to expand the topic continuously in the years to come. While the Management Board bears overall responsibility for sustainability in the Company, sustainability measures at home24 will be structured, organized and managed in the CSR/ESG team from now on. Working together with the various departments, we will draw up further goals and measures that help to ensure that we fulfill our duties on behalf of our fellow humans and the environment.

Our business processes are especially dependent on our warehousing and logistics teams, who are responsible for storing and shipping our products. To facilitate active dialog and communication with other companies while benefiting from future network synergies, we became a member of the German Federal Logistics Association (BVL) in 2021. We participate actively in the BVL's working group on sustainability, where we consult with our network partners about best-practice approaches to sustainability in logistics, the calculation of carbon footprints and sustainable transformation processes in the enterprise.

Also in 2021, our sustainability activities were assessed by the Institutional Shareholder Services group of companies (ISS) in the categories of environment, social, and governance (ESG). The assessment of sustainability performance is based on around 100 criteria, chosen to reflect the industry in which home24 does business. To ensure comparability within the industry, companies are assigned a ranking from one to ten after assessment, with companies in the first rank considered to exhibit the best relative performance within the industry in question. We are proud that our efforts in sustainability have already placed us in the top 20% of our industry. However, with a rating of C- we still see plenty of potential for continuous improvement in this area.

ESG Rating: home24's Sustainability Performance

Last updated: July 2021

ISS ESG

10	9	8	7	6	5	4	3	2	1

weak relative performance **strong relative performance**

The **ISS ESG Rating** provides a good basis for measuring our sustainability performance. We want to continuously expand our engagement in all ESG matters in the next years by embedding sustainability in our corporate values ("we act sustainably").

Based on our current ESG rating and our own goals, we are looking to utilize an updated materiality analysis to further develop our existing sustainability strategy and its associated areas of action during the 2022 financial year. We will also be involving our stakeholders in this process (see section 2.3, Our stakeholders).

2.2.2 Corporate Governance

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

The Management Board manages the Group under its own responsibility and without instructions from third parties in accordance with applicable law, the Company's Articles of Association, their Rules of Procedure, and taking into account resolutions passed by the Annual General Meeting. All members of the Management Board are jointly responsible for the management of the Company. Every member of the Management Board is responsible for the area assigned to them on their own authority. As of December 31, 2021, the Management Board had three members.

The Supervisory Board of home24 SE had four members as of December 31, 2021. It appoints the Management Board and advises and monitors it in its management of the Company. The Supervisory Board is also responsible for determining the remuneration of the Management Board. The Supervisory Board is always involved in decisions of fundamental importance for our company and/or the Group. Certain management issues also require the approval of the Supervisory Board.

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

As of December 31, 2021, the Supervisory Board had set up three committees: the Audit Committee, the Remuneration Committee and the Nomination Committee.

More details on corporate governance can be found in the section entitled "Corporate Governance Report." Information on Management Board remuneration can be found in the Remuneration Report.

2.2.3 Risk Management

The Company's Governance, Risk and Compliance (GRC) department is tasked with the risk management of the Group. home24 conducts a net risk assessment for all identified risks. Since corporate responsibility forms a strategic part of risk prevention, a solid foundation will be established for utilizing recent opportunities in sustainability and managing risks arising from non-financial matters.

In terms of environmental risks and the risk of human rights violations, purchasing companies like home24, in line with the UN Guiding Principles on Business and Human Rights, bear responsibility for workers employed in production facilities, even if products are sourced from external suppliers. In particular, producing and storing furniture gives rise to risks involving (occupational) health and safety, environmental protection, and building safety. At home24, we counter such risks with our engagement along the supply chain. Our principles and the standards we set for our business partners are enshrined in our Supplier Code of Conduct as well as in our agreements with these partners. We also make personal visits to selected suppliers and maintain close contact with them in order to ensure that our standards are maintained. For 2022, we have again set ourselves some ambitious targets for improving our supplier audits. On a related note, we also welcome the introduction of a set of uniform requirements and standards in the shape of the new Supply Chain Due Diligence Act (LkSG), which the German Federal Government adopted in February 2021.

On examining our business activities as well as our business relationships and products in the context of the provisions of the German CSR Directive Implementation Act, we were unable to identify any associated material risks that are likely to have serious negative repercussions for our key non-financial aspects (environmental, social and employee matters, as well as the upholding of human rights together with anti-corruption and anti-bribery measures).

2.2.4. Our Values

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

Our human resources policy focuses on creating a sense of cooperation and team spirit. When working together, we place considerable emphasis on our relationships with each other and on living out our corporate values and leadership principles. The Management Board personally promotes this goal.

Our Values as an Important Part of Our Strategy

Last updated: 2021

Our corporate values and leadership principles are communicated in various team events, and acting in accordance with these values and principles is integrated into our training and development programs. We see corporate values and leadership principles not so much as a rigid construct but rather as guidelines that, much like society and our organization, are undergoing a broader transformation.

In light of the unique challenges posed by the COVID-19 pandemic in 2020 and 2021, and key changes to workplace practices, we applied a structured process to review and revise our corporate values and leadership guidelines in 2021. The aim here was to give employees the chance of participating in the reworking of our corporate values. With this in mind, a company-wide survey was conducted across all of the home24 teams in our organization, with workshops also being held at an intra- and interdepartmental level. As a result, the new home24 corporate values were defined in a series of iterations from June to September 2021.

In a parallel process to the corporate values, our leadership guidelines were also redrafted from July to November 2021. An iterative approach was also adopted here by an interdepartmental core team, which defined six leadership guidelines. Additional activation strategies will be used to further integrate the updated corporate values and leadership guidelines into our company culture and corporate processes during 2022.

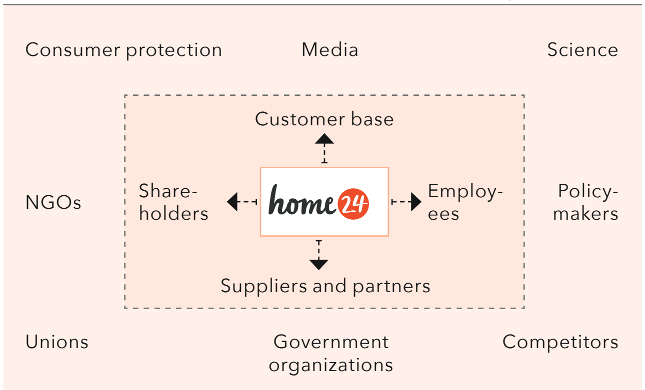
Our Brazilian subsidiary Mobly has also defined its values in a joint project involving the Human Resources department, the management team, and its founders. Modeled on its corporate strategy, these values reflect the company's strengths and are very similar to home24's own values.

2.3. Our Stakeholders

We define stakeholders as individuals, groups or organizations who are able to directly or indirectly influence the business activities of home24, or are influenced by these activities themselves. Our key stakeholders include our customers, our employees, our suppliers and partners, and our shareholders. In a broader sense, the stakeholder concept also covers the media, policymakers and associations, the research community, competitors, government organizations and NGOs, consumer protection groups, and unions.

Stakeholders Whose Activities Influence home24

Last updated: 2021



We see direct and personal interaction with our stakeholders as giving us the opportunity to better understand needs and requirements, and to boost confidence in home24. The most important areas of action derived from a stakeholder analysis conducted in the 2019 financial year also formed the basis of our sustainability activities in the 2021 reporting year. Key issues raised by our stakeholders related to human resources management, supply chain management, environmental protection and compliance.

The following table provides an overview of the involvement of our leading interest groups across a variety of communications channels.

Stakeholder Engagement

Stakeholder	Channels	Issues
Customer base	Service hotline and e-mail, social media, showrooms, outlets	Product safety, product quality, data protection, services
Employees	Surveys ("mood checks"), town hall meetings, feedback sessions, "Ask anything" sessions	Employee satisfaction, training and continuing professional development, diversity and anti-discrimination, health and occupational safety, environmental protection
Suppliers and partners	Contract negotiations, continuous interaction, audits (on-site inspections)	Good, sustainable cooperation, forecasts, complaints, product quality
Shareholders	Supervisory Board meetings, Audit Committee meetings, Annual Report, investor conferences, Annual General Meeting, webcast of quarterly earnings presentations	Growth, profitability, capitalization, competitive position, corporate governance, sustainability strategy and responsibility
Society	Press dialog, social media	Social and environmental matters in the supply chain, corporate governance, carbon emissions

2.4. Non-financial Reporting Procedure

The non-financial report of home24 is based on the requirements of Sections 289b (1) and (3) and Sections 315b (1) and (3) of the German Commercial Code (HGB). All reported information relates to the Group unless explicitly stated otherwise. The reportable information was selected based on the materiality analysis conducted in 2018 and 2019.

In its 2021 report, home24 again covers 14 areas of action in the key fields of personnel management, supply chain management, environmental protection and compliance. The following sections present the underlying concepts and the results achieved during the 2021 financial year. The table below shows how the areas of action align with the non-financial matters defined by law.

Non-financial aspect acc. to Section 289c HGB	Our areas of action	Section
Employee matters	Human resources management ▪ Employee satisfaction ▪ Development opportunities ▪ Training programs ▪ Occupational Safety and Health ▪ Diversity and equal opportunities	3.2 3.3.1 3.3.2 3.4 3.5
Environmental matters	Supply chain management ▪ Managing environmental risks in the supply chain Environmental protection ▪ Waste management ▪ Energy consumption and renewable energies ▪ Carbon emissions ▪ EU Taxonomy	4.2.1 5.1 5.2 5.3 5.4
Social matters	Compliance ▪ Customer health and safety ▪ Capital markets	4.2.3 6.3 6.4
Respect for human rights	Supply chain management ▪ Managing social impact	4.2.2
Anti-corruption and bribery matters	Compliance ▪ Combating corruption	6.2

A number of non-financial KPIs are also provided. For the 2022 reporting year, home24 aims to specify additional non-financial KPIs pursuant to Section 289c (3) No. 5 of the German Commercial Code (HGB), to achieve further quantification of progress on non-financial matters.

3. Our Employees

3.1. home24 in Numbers

As of the end of 2021, home24 had 2,084 employees at 33 locations in five countries. Forty-six percent of the Group's workforce is employed in Germany (2020: 51%)

The following is an overview of how our employee structure developed in 2021 and 2020:

Employees by Region

	2021	2020
Europe segment (including Asia)	997	932
LatAm segment	1,087	827

Employees by Gender

	2021	2020
Women	823	676
Men	1,261	1,083

Employee Age Structure

	2021	2020
Under 30	953	845
Between 30 and 50	1,049	847
Over 50	82	67

In the reporting year, the average age at home24 was 32 years (2020: 32 years). The average length of service was 2 years and 0 months (2020: 2 year and 7 months).

In 2021 there were 1,209 new employees (2020: 1,066) in the home24 Group; this figure consisted of 38% women and 62% men. Of the new employees, 35% joined the Europe segment and 65% joined the LatAm segment. This represented an increase of 13% compared to 2020.

As of December 31, 2021, 1,805 employees worked full-time and 279 part-time, 167 of whom were women and 112 men (2020: 1,560 full-time, 199 part-time). When compared to the total number of employees, 13% of the workforce worked part-time. The number of part-time employees increased slightly compared to 2020.

The following table provides an overview of the parental leave taken and the return rate for 2021 and 2020:

	Parental leave, female employees	Parental leave, male employees	Return rate
2021	**5%**	**2%**	**85%**
2020	7%	2%	75%

3.2. Employee Satisfaction

The motivation, commitment and satisfaction of our employees are important indicators of whether we are on the right track with our offers, our existing learning and development opportunities and our management practices.

We aim to provide new employees with an optimum level of support during the integration and familiarization phase. Accordingly, we continue to work on improving our onboarding strategy and its associated processes. As part of their onboarding events, all new employees receive important information about our company culture directly from the Management Board or local management and get to know management and different departments.

In order to better understand our employees' needs, measure their satisfaction, and target the right improvements, we regularly conduct anonymous employee surveys at our sites in Europe and at our subsidiaries in Brazil. The results of these surveys are evaluated jointly by our HR business partners and management staff, presented during our town hall meetings, discussed as part of team meetings, and used to derive corresponding initiatives and measures.

Town hall meetings are events at which our executive team and other employees – invited to attend on an ad hoc basis – present information in relation to current developments, strategic topics, company-internal projects and other important initiatives. In 2021, these were once again held virtually because of the COVID-19 pandemic. Staff at our warehouses, showrooms and outlets are either connected to these meetings by video conference or informed of the latest developments in person by management. Information from these town hall meetings is also recorded or summarized in newsletters and made available to employees. Our subsidiaries in Brazil also hold similar meetings. The Management Board also personally answers questions from employees on any topic in "Ask anything" sessions.

In 2021, employees at home24 were once again offered a wide choice of benefits and programs aimed at improving their well-being and increasing employee satisfaction across the Company. These have included a range of company events, free fruit and beverages in offices, as well as vouchers and discounts redeemable at home24 and other companies. The Company also offers its employees free health checks and company pension schemes. To support the adoption of sustainable transport solutions by our employees, we also subsidize their use of public transport and have organized a comprehensive bike leasing program, which we also help to subsidize, together with fahrrad.de. Our employees are also given flexible options for working from home and can also be based in an EU country outside Germany for up to two months of the year. Last but not least, home24 employees can also make use of a wide range of CPD courses offered by the Company. We continue to expand our programs in this area, investing both in skills and capacity building as well as the personal development of our employees (see section 3.3.1, Development opportunities).

Numerous Benefits and Programs at home24

Last updated: 2021

Benefits for employees		
Events	Beverages and fruit	Discounts
Preventive health care	Company pension plan	Public transportation
Bike leasing	CPD / home24 academy	Working from non-EU countries

Another point of focus here is the support we offer to those of our employees with children. Here we concentrate on measures to help our staff balance out their professional and family lives, which include fast-tracking approvals for parental leave and part-time working, flexible working hours, remote working and sabbatical programs, and paid sick leave in the event of a child falling ill.

Once again, the COVID-19 pandemic left its mark on the 2021 financial year in terms of the especially challenging working conditions and practices faced by our employees. In 2020, as the pandemic got underway, we took prompt action to facilitate remote working in many areas to protect our employees from contracting the virus either on our premises or during their commute. In locations where remote working is not possible, such as in our warehouses, outlets and showrooms, we introduced comprehensive safety protocols and arranged our working processes to ensure that our employees could reduce contact and maintain social distancing wherever possible. These measures were accompanied by strict hygiene practices plus vaccination programs and regular self-testing on the part of our employees to prevent any spread of infection in our operations.

Our subsidiary Mobly also offers its staff a range of benefits and programs. Similar in scope to those of home24 SE, examples include employee discounts, healthcare services (including dental care and inexpensive access to psychotherapy) and subsidized use of public transport by employees commuting to and from the workplace. In the field of professional development, employees have the option of applying for a grant to complete a master's in business administration (see section 3.3.1, Development opportunities). All Mobly employees are able to work from any location; they are not obliged to be based at the company HQ in Brazil. In 2021, most of the workforce worked remotely throughout the year. However, employees have the opportunity to meet and exchange ideas at any time at the company's office, which is located above one of the Mobly showrooms in Sao Paulo.

3.3. Employee Development

3.3.1 Development Opportunities

"We aim high" is another of our six corporate values. For us, this means always questioning the status quo, seeing challenges as opportunities, experimenting, and seeking out the best ideas to ensure we are always improving on our results. From each individual to the entire company, we all work to improve ourselves on a continuous basis.

To give our employees the support that they need, key pillars of our HR strategy include a broad-based, targeted portfolio of educational and training programs, as well as identifying and offering dedicated support for the individual development paths embarked on by our employees. Our educational and training programs cover the development of role-based skills and abilities, the acquisition and further development of personal, social and methodological competencies, and the opportunity for staff to step outside their current role to improve on their technical, linguistic and personal capabilities. In our work here, another key point of focus is skills training and development for our management staff.

To further these efforts, we have established a specialized team of experts and created the home24 academy. Together, they are responsible for the systematic development of our programs and also organizing these courses based on their long expertise. For more specialized topics, we work with a network of hand-picked external trainers, who augment our internal team with course content and modules. Last but not least, our "Learn from an Expert" courses also provide a forum for interdepartmental knowledge sharing, dialog and learning: employees offer insights into their work and pass on their specialized know-how, which staff working in other departments can make good use of.

We identify the future development potential of our employees as part of regular performance reviews, and work on the individual development targets being pursued by our employees and line managers. One important part of this development process is the optional 360° feedback session, which not only gives employees the chance to provide supervisors with a personal appraisal but also to receive feedback from their supervisors and request the same from other members of staff. In 2022 we will again work to align our employees' personal development goals identified as part of feedback discussions and performance reviews with the corporate strategy and set development targets accordingly. Ultimately, our aim here is to adapt our learning programs to the individual needs of our employees and their motivation for self-improvement. Accordingly, we take a needs-based approach to professional development and deliberately set no limits in terms of the time or learning budget needed.

In terms of methodology, we use a number of learning formats. In particular, formats we favor are those that can scale to match the growth of our company and are also optimized to fit in with modern working practices, given that an increasingly large proportion of our workforce now works remotely for most of the time. Our online training courses are a good example of how we are offering our employees ways to learn asynchronously and at their own tempo. This is another area in which we work with an external partner, which allows us to make more than 15,000 online courses available to our employees. This program is supplemented by trainer-led courses that we offer as classroom or remote learning modules, as required. Many modules apply the blended learning principles and work with a number of formats to ensure the success of their students.

We've also been expanding all of our programs in terms of content throughout 2021, while also focusing on the need to align existing programs more closely with the needs of our employees and make courses more easily available to staff in the future. One aspect of this is our initial work in developing existing generic role profiles into personalized learning and development plans. Within these plans, a range of expectations in relation to the specific competencies required are assigned to the roles to derive made-to-measure training programs. By the end of 2022, we plan to have completed our learning and development plans for at least all of our core units.

In terms of management staff development, our modular LEADING@home24 program forms the cornerstone of our work here. This program is tailored in particular to the needs of new managers who are still learning the ropes. Alongside basic leadership skills, the six one-day modules also teach trainees about our values and leadership guidelines as well as key HR processes. In 2021, a total of 37 managers took part in LEADING@home24. Aimed in particular at senior management, we offer modules on specific topics of interest including communication, developing high-performance teams, and how to handle conflict situations. All in all, 15 members of senior management have completed at least one of these modules. This is another area where we will be further expanding our program in 2022 and orienting it more closely towards our newly defined corporate values and the needs of our management staff. We have also partnered with an external service provider to offer certified coaching sessions for working on personal development topics. We will also be expanding this program in 2022 with the aim of providing wider access for management.

Our training programs are rounded off by options for staff to acquire and further develop skills unrelated to their positions. These cover a wide-ranging selection of subjects – from the handling of software tools to data processing and analysis or project management. We naturally also offer a number of language courses, with English and German being the main focus, to improve communications within our intercultural teams. We will work with external partners to further diversify this program in 2022.

Our Brazilian subsidiary also expanded its portfolio of training and educational courses in 2021. One point of focus here was on feedback training and capacity building in data processing and analysis techniques. Mobly also now offers coaching sessions for management staff and these were first attended by two managers in 2021. Depending on their roles, staff working in IT at Mobly are allotted a budget of up to BRL 4,000 for individual training, which they can make of use of to suit their own needs and interests. Directors may also apply for a dedicated budget to spend on the development of their own team of employees. Last but not least, Mobly also offers two scholarships for employees interested in acquiring a master's in business administration.

3.3.2 Training Program

In 2021, home24 once again supported the dual vocational training/degree program model with the traineeships it offered. A total of 14 apprenticeships were offered by the home24 Group in 2021. Apprentices were able to choose from a range of courses, covering conventional business roles through to professions in IT. The specific vocational training on offer in 2021 was as follows:

- Office administration
- Marketing communication
- E-commerce
- Application development
- System integration

A total of three apprentices successfully completed their training in office administration in 2021. As we were able to make a job offer to all of our 2021 graduates, all three former apprentices now have permanent employment contracts with our company.

During 2022, we aim to continue offering this important starting-point for employee development and once again give new trainees the chance to start their professional careers at home24. We also plan to add a number of other vocations from other areas in our group to our apprenticeship program. As part of this work, home24 is helping employees to obtain the skills and experience they need to qualify as trainers. We not only encourage our employees to sign up for the required courses of study but also provide them with financial resources to do so.

3.4. Occupational Safety and Health

The health and well-being of our employees is not only important to us as a commercial enterprise but is also something in which we take a personal interest. Occupational safety and health is therefore a priority topic at home24, and one where we ensure that we are advised and aided by external OSH experts and occupational medicine practitioners. Our OSH Committee meets quarterly, using risk assessment reports to derive measures that will ensure an appropriate level of occupational safety and health for our employees. Alongside the subject specialists already mentioned, our executive team or an authorized representative of the team also takes part in these session, as well as at least one safety officer from the company in question. Safety officers are employees who have received OSH training, and who assist the company executive in implementing the various measures for preventing workplace accidents and occupational illnesses. In 2021, training sessions on the topic of workplace safety were carried out at all of our European locations.

In Brazil, our subsidiary holds a safety briefing with employees every day before the start of the first shift. Mobly has also established a regular schedule of fire safety training. Technicians also conduct regular building safety checks. If workplace accidents do occur despite the stringent safety codes in place, these are analyzed to ensure that actions can be derived in order to prevent similar kinds of accidents.

In response to the COVID-19 pandemic, a hygiene strategy with measures to reduce the risk of COVID-19 infections was already in place in 2020. In 2021, this was continuously adjusted to comply with changes in health regulations and the circumstances of the ongoing pandemic. The strategy includes policies to encourage greater use of mobile working to avoid person-to-person contact, instructions to avoid business travel, distancing rules, and other hygiene measures. We also took action to ensure that our employees would be routinely offered the use of facemasks and rapid point-of-care (PoC) antigen tests as soon as possible. Our team in Brazil also has access to free tests in the event of developing symptoms or having been in contact with sick individuals. During June and July 2021, we also ran a Covid immunization program at our premises in Berlin, and our warehouses in Halle, Ludwigsfelde, and Walsrode. More than a quarter of our workforce took advantage of this chance to get vaccinated. A date for the booster shot was set for January 2022. In addition, home24 also gave interested employees the opportunity to receive a voluntary flu vaccination at the Company's headquarters on Greifswalder Straße in Berlin. These free flu vaccines were administered on Company premises by a Company-appointed doctor during working hours. Employees based outside of Berlin and Brandenburg were offered the chance to get vaccinated at their local medical practice during working hours.

At home24, we are as interested in protecting our employees' mental health as their physical fitness. As a result, we use "mood checks" at regular intervals to survey the workforce about their day-to-day well-being in the workplace. Beyond this, we will also be conducting a risk assessment for mental health issues in 2022 before deriving and implementing corresponding occupational healthcare measures. This will also involve our cooperation with an external partner, who we will also be using in the future to offer our employees a straightforward, low-barrier form of access to board-certified psychologists in order to provide a safe space for addressing psychological and mental challenges.

In addition to the measures described, our Brazilian subsidiary in 2020 offered its employees the opportunity to switch free of charge to an improved health insurance plan with national coverage and reimbursement options, subsidized medication, a robust medical network and round-the-clock telephone support from a medical team. It also offers recurring online sessions on topics such as meditation and stretching. In relation to mental health, Mobly is also organizing a series of talks on subjects such as stress and anxiety management in the context of social isolation. Since 2021, Mobly's workforce has been given subsidized access to a network of online psychologists who are also available at short notice.

3.5. Diversity and Equal Treatment

Diversity is part of our DNA. In our Code of Conduct and in our corporate values and leadership principles, we have committed ourselves to equal opportunities regardless of age, gender, nationality, religion, skin color, sexual orientation, or disability. The skills and potential of each employee are the determining factors for us.

We are proud that home24 employs 2,084 people from at least 65 different nations. At the same time, 39% of our employees in the Europe segment have a nationality other than German.

In 2021, a total of 71 refugees from countries such as Afghanistan, Eritrea, Cameroon, Kenya, Nigeria, Syria and Somalia worked at our subsidiary home24 eLogistics GmbH & Co. KG. We are working closely with immigration authorities and refugee accommodation centers to accelerate the employment process. The teams overcome their language barriers with the help of translators. The number of English and French speakers within our organization means that there are hardly any communication problems and employees are well integrated into their teams.

In addition to cultural diversity, we promote gender diversity in our company. We take diversity into account when recruiting employees and filling leadership roles and strive to give due consideration to female candidates without straying from our overriding principle that an individual should be recommended, nominated, hired, or promoted solely because they are the best professional for the role in question. In the reporting year 2021, the Group-wide proportion of women was around 40%.

On 30 May 2018, the Supervisory Board set itself the target of appointing women to fill at least 25% of the positions on the Supervisory Board and the Management Board within five years. In 2021, this quota was duly achieved for both boards, with the proportion of women on the Management Board being 33% and 25% for the Supervisory Board. At the same time, the Company's Management Board set a target of at least 30% for the proportion of women in the top two levels of management below the Management Board, in accordance with Section 76 (4) of the German Stock Corporation Act (AktG). A five-year period was also set for achieving this goal (by 30 May 2023). It had not been reached by the end of 2021. By the end of the 2021 financial year, the proportion of women at the top level of management (equal to Senior Vice President) was 0%. At the second level of management (equal to Vice President), 20% of these positions were held by women. Alongside the targets set by the Management Board for the top two levels of management, we are also aiming to increase the proportion of women in other management positions. As one example, the proportion of women at director level rose to 29% in 2021. In 2022, we will continue to work towards developing more women in management positions and ensuring a representative number of women at management levels directly below the Management Board.

At our subsidiary Mobly, 17% of positions in the top management level below the Management Board were held by women during the 2021 reporting year. The proportion of women was 32% across all management levels at Mobly.

In the 2021 reporting year, people with disabilities made up about 1% of our workforce in the Europe segment. We pay the Integration Agency compensation for positions that we have been unable to offer to people with disabilities to date.

Since we actively encourage discussions about diversity in our company, our Diversity Committee has further intensified its efforts here. The home24 Diversity Committee engages with a wide range of issues associated with diversity and non-discrimination. In 2021, the Committee also conducted a company-wide survey on the topics of diversity, experience of discrimination, and inclusion at our company. This made it possible to raise awareness among our employees while also deriving some relevant measures for 2022. In the course of the company survey, 4% of all employees who participated stated that they identified as LGBTQIA+. Our subsidiary Mobly also comprehensively addressed the subject of LGBTQIA+ in 2021. Aiming to achieve better integration of the LGBTQIA+ community into the labor market, Mobly posted vacancies on the Anda Direito platform, which especially targets the LGBTQIA+ community. Mobly also organized a talk about stereotypical views of LGBTQIA+ community members in the workplace and related topics.

At home24, we do not tolerate discrimination or violations of our company culture. Employees who wish to report such incidents have the opportunity to contact the Company’s whistleblower hotline, or to get in touch with their Human Resources department, the Management Board, or the relevant senior management team directly. We have also put together an anti-discrimination team who can be contacted by affected employees and will handle all reported incidents in confidence.

In 2021, two reports were received of statements having a discriminatory character. All suspected cases of discrimination are investigated. Actual cases of discrimination are dealt with by liaising with the affected individuals, with relevant teams becoming involved as required. In 2021, one particular success was to raise awareness on a critical mode of expression (effects of questionable language). We also use such reports as an opportunity to promote the targeted development of preventive measures against discrimination within our company.

4. Our Supply Chain

4.1. Overview

4.1 Overview of the home24 Supply Chain
Our supply chain is divided into four phases: Procurement, logistics, distribution, and returns and disposal.

The Four Phases of the home24 Supply Chain

Last updated: 2021

Procurement	Logistics	Distribution	Returns & disposal
▪ Suppliers from > 30 countries	▪ 3 warehouses in Germany ▪ 5 warehouses in Brazil	▪ Manufacturers ▪ Third-party carriers ▪ Own carrier	▪ Outlet model ▪ Disposal by external service providers

In the first phase, the items we offer are purchased. For this purpose, home24 works with a number of carefully selected suppliers in over 30 countries. In the Europe segment, we primarily source our products from Central and Eastern Europe as well as Asia. Our colleagues in Shenzhen, China, help us to select local manufacturers and conduct relevant quality controls at production facilities. In the LatAm segment, we primarily obtain our products from Brazil and, to a lesser extent, Asia. In 2021, about 18% of the products we sold came from Germany, 18% from Brazil, 26% from China and 20% from Poland. We do not produce any goods ourselves.

In the second and third phases, our products are either delivered directly to customers by the manufacturer using third-party freight forwarders appointed by us or them or transported to our warehouses. Once they arrive at the warehouse, products are either directly transshipped and then transported to our freight forwarder's distribution centers or stored and delivered to the customer at a later date. We operate three of our own warehouses in Germany (in Walsrode, Ludwigsfelde and Halle (Saale)) and six warehouses in Brazil.

The last phase of our supply chain involves the utilization of returns as well as waste disposal (e.g. packaging and/or electronic waste). After thorough examination, returns are either included back in our product range or sold to third parties. Where slight damage is identified, our returns are reconditioned so that they can then be offered in our outlets. Decentralizing the utilization of returns allows us to save on transport costs. Overall, this returns setup helps us use existing resources in a responsible manner and produce less waste. The Group is supported by external service providers when it comes to disposing of non-recyclable waste.

4.2. Environmental and Social Impacts in Our Supply Chain

4.2.1 Managing Environmental Risks in the Supply Chain

A significant portion of the furniture we distribute is made of wood or wood products. We ensure compliance with the large number of laws and regulations that have to be observed when importing wood products from EU non-member states. Our Supplier Code of Conduct, which forms part of our agreements, also defines the environmental standards we expect from our suppliers and their sub-suppliers and grants the Company the right to review compliance with the Code of Conduct. We also reserve the right to terminate the contract prematurely in the event of non-compliance with our requirements.

home24 SE does not source wood species listed in Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora ("CITES"). Wood species which were incorporated into Appendix II of the Convention at the 17th Conference of the Parties to CITES, and compliance with that list and with approval requirements are reviewed by the Company's Product Quality department.

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

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

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

No significant fines or non-monetary sanctions were imposed on home24 in 2021 due to non-compliance with environmental legislation and regulations. There were also no cases brought forward by way of dispute settlement procedures.

We also integrated product quality seals on the product detail pages, such as Blue Angel, Golden M, Made in Germany, etc., to enable customers to make a more informed purchasing decision in terms of sustainability.

4.2.2 Managing Social Impact in the Supply Chain

Our Supplier Code of Conduct also sets out the minimum requirements for social matters that we expect from our suppliers and their sub-suppliers. For example, it includes standards relating to respect for human rights, forced labor, child labor, discrimination, humane working conditions, health and safety, the fight against corruption, freedom of association and environmental protection. We require our new suppliers to respect the principles of the Code of Conduct and comply with applicable laws and regulations upon acceptance of their contract. home24 also has the right to terminate supplier contracts in the event of non-compliance with the agreed social standards.

Our plan for the next two years remains to ensure compliance with our requirements by conducting unannounced and documented audits.

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

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

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

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

For 2022, the Company will be further expanding the measures and processes it has put in place to ensure the safety and health of our customers. One point of focus here will be on the identification and minimization of substances whose use is restricted, where we will be talking to our suppliers to communicate and enforce clear limits for chemicals in our products. Our partners will also need to commit themselves to complying with an updated version of our quality assurance manual, which defines our increasing requirements and standards for safe, high-quality products.

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

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

No fines were imposed in 2021 due to non-compliance with laws and regulations with regard to the provision and use of products or product safety and responsibility.

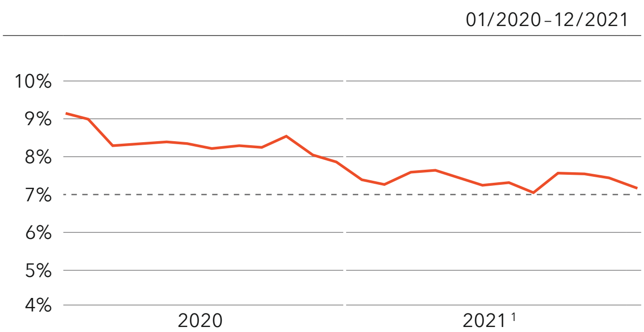
5. Our Contribution to Environmental Protection

5.1. Waste Management

We are well aware that an upturn in business goes hand-in-hand with an increase in the absolute volume of waste that is produced by our business activities. In light of this, we work constantly on solutions designed to minimize waste and moderate harmful impacts on our environment, targeting our spare parts, repairs and returns handling departments, as well as packaging material and the waste produced at our sites by day-to-day business.

In the spirit of a stronger focus on customer needs and sustainability, we have expanded our spare parts services to avoid situations where damaged or faulty goods are returned and may end up having to be scrapped. On a less regular basis, we also offer a repair service conducted by dedicated teams at the customer's premises to avoid the inefficient shipping of goods back to our facilities. By increasing the use of spare parts, and ensuring the continuous monitoring and improvement of our product quality, we were able to reduce our rate of returns by up to 7% in 2021.

Declining Return Rate



1 The return rate for 11/2021 and 12/2021 is based on forecasts

Goods that do end up being returned are subjected to a thorough inspection before being returned to inventory, marketed to third-party sellers, or refurbished with the intention of being sold in one of our outlets (see also section 4.1). This means even returned products get a "second chance".

Our approach to using packaging materials is based on our customer focus. We want to ensure that our products are secure and are delivered to our customers at the expected level of quality. This means that protecting our products with packaging materials is very important to our business model. If these cannot provide sufficient protection to our packaged products, then we may well be forced to scrap the damaged parts or to have them returned, which would involve extra shipping. Accordingly, reliable packaging is also essential from the perspective of sustainable resource use.

The sheer volume of packaging materials needed also increases in proportion to order volumes. Accordingly, to ensure that our ecological footprint does not simply expand in line with our economic growth, we are reducing our packaging to the minimum and paying attention to the recyclability and sustainability of materials used. In terms of our imported articles, which we store in warehouses in Germany and then sell to customers, 90% of packaging used here consists of recyclable materials. Our subsidiaries in Brazil also use packaging made of almost 100% recyclable materials for transporting their products. Packaging for sofas in Brazil is an exception as only 50% of it is recyclable.

Paper and municipal waste are the most common types of waste at our offices and showrooms, whereas most of the waste at our warehouses, outlets and photographic studios is caused by packaging for repackaging, shipping and returns. At the sites mentioned, we separate waste into various fractions: organic, plastic, paper and general. The electrical/electronic waste we produce (such as PC keyboards) is disposed of by an external service provider. We are also careful to use recycled materials wherever possible – such as for printer or toilet paper, for example.

5.2. Energy Consumption and Renewable Energy Use

We see investments in renewable energy as a crucial step towards climate protection. With this in mind, we began to increase the share of renewable energy in our electricity consumption at our sites in Germany as early as 2018 by switching to green electricity tariffs. At present, we have switched our administrative office in Berlin, all German outlets, showrooms, and our warehouses to green electricity tariffs. All told, we purchased 99% of our Europe-wide electricity consumption from green electricity in 2021. This represents a year-on-year increase in the share of green electricity of around 30%. At our Brazilian subsidiaries, around 50% of electricity consumed at the main warehouse in São Paulo in 2021 came from renewable energy sources. We are also planning to switch to green gas. We started this transition in financial year 2021 with our outlet in Hanover.

5.3. Carbon Emissions

In 2021, we measured the ecological footprint of our locations and logistics in Europe for 2020 based on our consumption data. An external service provider helped us with this measurement, and the results were inspected by TÜV Rheinland. Our Scope I, II and III carbon emissions and the breakdown of emissions by activity are summarized below. A comparison of our carbon emissions in 2019 and 2020 in metric tons of CO_2 equivalents shows that we have been able to reduce our Scope I and II emissions by roughly 21% compared with the previous year. The use of green electricity has been instrumental in cutting building emissions in particular.

Greenhouse Gas Emissions by Scope:

In metric tons of CO_2 equivalents ($t\,CO_2E$) – market-based	2020	2019
Scope I	1,520.85	1,725.1
Scope II	1,066.10	1,560.7
Scope III	26,204.16	19,981.61 [1]
Total	**28,791.1**	**23,267.41**
Of which already offset by external service providers	4,133.57	1,171.31
Total offset volume, home24 [2]	**24,657.53**	**22,096.11**
Offset by home24	24,872 [3]	22,100
Net emissions	0	0

[1] As we work with our external service provider to continually improve our calculation methodology, we have recalculated our Scope III emissions for 2019 (adjusted 2019 Scope III: 20,195.9 tCO_2e). However, the results of this calculation only marginally differ (approx. 1% deviation) from our original calculation confirmed by TÜV Rheinland.

[2] As the external service provider offsets emissions from transport routes resulting from home24 orders, these emissions are not included in home24's offset volume.

[3] The offset volumes for 2020 are equal to the total offset volume for 2020 plus the emissions previously not offset that resulted from the adjusted 2019 calculation (see above).

Greenhouse Gas Emissions Broken Down by Source: [1]

In % by business activity	2020	2019
Logistics (inbound, internal and outbound logistics (including returns), packaging)	64.9%	56.3%
Purchasing (external services, servers, capital and consumer goods)	17.2%	20.2%
Buildings (energy consumption and the upstream chain of the energy sources used, waste, water)	14.4%	20.8%
Employees (commuting, fleet, business trips, working from home)	3.0%	2.5%
Customers (use of the store website)	0.5%	0.2%

[1] Compared to our Annual Report for the 2020 reporting year, we have summarized some activities to better illustrate the impact of our main activities on our CO_2 emissions. The baseline (100%) is our total footprint for the respective year.

As in 2019, we will fully offset the footprint we identified for 2020 by carefully selecting environmental projects that promote a better home for people, nature and the environment. For example, in 2021 we committed to reducing carbon emissions in our manufacturing country, India and in Turkey, by building wind power systems. We are also campaigning against the deforestation of the rainforest in Indonesia. In Rwanda and Zimbabwe, we promote access to clean water by supporting initiatives such as the construction of water pumps. The supply process for our goods, all the way from the manufacturer to acceptance by our end customer, as well as our corporate activities relating to offices, sales and warehouse locations, vehicles and operational mobility in Europe, is completely climate neutral due to our offsetting efforts.

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

As part of our #ForABetterHome initiative, we made it our goal to reduce our direct emissions (Scope I) and those from purchased energy (Scope II) by 75% by 2024 (reference year: 2019). We moved a step closer to achieving this goal in 2021 by reducing Scope I and II emissions by approx. 21%. Although Scope III emissions rose by around 31% in absolute terms in 2020, this was offset by revenue growth of approx. 42% in the same year, which meant that Scope III emissions also fell in relative terms.

We have recorded a rise in emissions in logistics, however, which has had a material impact on our Scope III footprint. This rise in emissions can be ascribed to higher transport volumes driven by revenue growth compared with 2019. To ensure our business growth remains compatible with our ecological targets, we are working on our strategy to further reduce carbon remissions. Since 2021, we have been adding only plug-in hybrid vehicles to our fleet of company cars at our warehouses. This rollout was supplemented in 2021 by adding four charging stations for electric vehicles at each of our warehouse sites in Halle, Ludwigsfelde and Walsrode. All of the forklift trucks used in our warehouses are also electrically powered. Further measures to improve logistics sustainability are explored by us in the BVL's working group on sustainability (see section 2.2.1, Sustainability strategy). We are also focusing on the improvement and conscious use of packaging to ensure that less waste is produced. We want to ensure that our return rate remains low by improving our quality controls.

5.4 Disclosure Requirements from the EU Taxonomy

The European Commission has set itself the target of redirecting capital flows into sustainable investments. To do this, it has introduced a standardized classification system called the EU Taxonomy (Regulation (EU) 2020/852 in conjunction with Article 10 of Delegated Regulation (EU) 2021/2139).

From the 2021 financial year onwards, companies subject to non-financial reporting in accordance with EU Directive 2014/95 are also required to report according to the EU Taxonomy (Regulation (EU) 2020/852).

The specific aim of the EU Taxonomy is to measure the contribution of businesses to limiting carbon emissions in the EU in line with the Paris Agreement. The Taxonomy was developed based on selected activities typical for businesses in those industry sectors that are responsible for about 80% of EU carbon emissions. The EU Taxonomy requires companies to disclose details of proportional revenues, capital expenditure (CapEx), and operating expenses (OpEx), categorizing these by the environmental objectives of "Climate change mitigation" and "Climate change adaptation".

As with almost all service/retail sector companies, home24 does not do business in any of the industries cited. Accordingly, the EU Taxonomy is applicable only indirectly. As an online shopping platform for home&living products, together with a small share of bricks-and-mortar retail, we have focused on comparing the business activities of our group with those in the sectors of forest management, manufacturing, energy, transport, construction and property, and information and communications. The associated revenues, CapEx (property and equipment, and intangible assets), and OpEx (focusing primarily on repairs/maintenance) were also calculated in relation to these business activities. A detailed analysis showed that the business activities identified currently contribute to the environmental objective of "Climate change mitigation". Activities for the environmental objective of "Climate change adaptation", such as protection against flooding, could not be identified as of this writing.

Our Approach:
With the help of the EU Taxonomy Compass and Annexes I and II of the delegated acts on climate change mitigation and adaptation, we identified and reviewed listed activities with regard to their applicability to our business model. To do this, we used activities that are typical for the transport, construction and property sectors (e.g. right-of-use assets) as well as information and communications (e.g. IT/data processing).

For 2021, no revenues were earned in relation to the identified activities, which resulted only in CapEx and an immaterial amount[1] of OpEx. The table below summarizes the results of our investigations. Due to the immaterial level of taxonomy-eligible opex, this is reported as part of non-taxonomy-eligible opex. The same approach is used for CapEx. The significant proportion of taxonomy-eligible CapEx consists primarily of capitalized right-of-use assets in relation to property and vehicles. In contrast, the non-taxonomy-eligible CapEx consists primarily of acquisitions in relation to intangible assets that are associated with activities which are currently not taxonomy-eligible. Capex figures are taken from asset accounting. The Group's CapEx figure is therefore the same as the one reported in the Notes to the Consolidated Financial Statements.

Our Result:

Key performance indicators	EU Taxonomy-			
	eligible			non-eligible
	Climate mitigation			
Revenue	Numerator	0	0%	100%
	Denominator	n/a		
CapEx	Numerator	EUR 23,257k	54.1%	45.9%
	Denominator	EUR 42,963k		
OpEx	Numerator	immaterial	0%	100%
	Denominator	n/a		

Overall, most of our sustainability efforts and achievements listed in this report, such as the carbon-neutral nature of our business activities and emissions savings resulting from the switch to green electricity, are not in areas covered by the EU Taxonomy.

Outlook:
The EU Taxonomy reporting corresponds to current statutory requirements for the 2021 financial year. This reporting will continually evolve with the EU Taxonomy. For the 2022 financial year and with the entry into force of the remaining delegated acts, we assume that other economic activities will fall under the EU Taxonomy. We will continually improve and adjust our approach to reporting in the future to enable us to react appropriately to the Regulation's additional specifications.

[1] Materiality thresholds are applied according to Annex I of Delegated Regulation (EU) 2021/2178 section 1.1.3.2. as OpEx is immaterial for our business model.

6. Compliance and Integrity

6.1. Compliance and Risk Management

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

No fines or non-monetary sanctions were imposed in 2021 due to non-compliance with social and economic legislation and/or regulations.

6.2. Combating Corruption

The Management Board of home24 SE is committed to a zero-tolerance policy when it comes to corruption and bribery. Our anti-corruption guidelines increase awareness of compliance with the corresponding requirements and provide guidance for dealing with gifts and benefits. We also conducted anti-corruption trainings in the Group worldwide in financial year 2021 to raise awareness of the issue on an ongoing basis and explain how to deal with suspected cases.

Incidents can be reported internally in English and German by using the local whistleblower hotline. Employees are informed via the hotline, on the intranet, in the anti-corruption guidelines, and as part of the onboarding process. They can also contact their line manager or the Company's GRC department directly.

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

The GRC department advises on the relevant measures and informs the General Counsel as well as the Group's Management Board and/or the Supervisory Board.

In 2021, a single report was received in the Group as a whole. This was made anonymously but with details of how to contact the person making the report. The report was investigated by an external service provider and could not ultimately be confirmed.

6.3. Data Protection

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

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

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

In 2021, we continually updated our data protection related documentation, while compulsory online training sessions, assorted communication initiatives and awareness-raising activities ensured a greater awareness of risks surrounding the issue. We also launched an ILM (Information Lifecycle Management) implementation project in 2021 to further enhance and automate the current deletion and locking processes in SAP and adjacent systems.

In light of the stricter data protection requirements implemented with the introduction of a new Data Protection Act in Brazil in 2020, our subsidiary Mobly also implemented various measures to ensure that it conforms with appropriate legislation in the future. This included the use of several IT tools to ensure data protection, a platform for managing all customer consent, data flow mapping, website adjustments, privacy policy updates and the establishment of an interdisciplinary data protection team.

There were five outstanding complaints against the Company concerning breaches of customer data privacy in 2021 (two originated in 2018, two in 2020 and one in 2021). The Company took additional steps to ensure that customer data continues to be protected in the future, including improving and automating relevant processes as well as training and raising awareness among employees.

6.4. Capital Markets

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

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

The Company also set out a directive on managers' transactions that includes definitions of the individuals and transactions subject to disclosure as well as the content of the disclosures. In addition, the Company established an ad-hoc committee that makes decisions on the publication of ad-hoc announcements on the part of the Company or the delayed publication of insider information.

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

The Company's employees regularly receive capital markets compliance training.

Report of the Supervisory Board of home24 SE

The following report outlines the activities of the Supervisory Board of home24 SE during the 2021 financial year and reports on the audit of the Annual and Consolidated Financial Statements in accordance with Section 171 (2) of the German Stock Corporation Act (AktG).

Composition of the Supervisory Board

At the start of the 2021 financial year, the Supervisory Board consisted of Lothar Lanz (Chairman), Magnus Agervald (Deputy Chairman), Verena Mohaupt and Franco Danesi. Their terms of office all ended at the close of the Annual General Meeting held on June 17, 2021.

The Supervisory Board members Lothar Lanz (Chairman) and Verena Mohaupt were re-elected by the Annual General Meeting on June 17, 2021. The former Management Board member Dr. Philipp Kreibohm and Nicholas C. Denissen (Deputy Chairman) were newly elected to the Supervisory Board. The current Supervisory Board members' term of office ends of 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, 2022.

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

- Lothar Lanz since July 22, 2015
- Verena Mohaupt since May 13, 2015
- Dr. Philipp Kreibohm since June 17, 2021
- Nicholas C. Denissen since June 17, 2021

The members of the Supervisory Board who left the Board on June 17, 2021 had been members of the Company's Supervisory Board since the following dates:

- Magnus Agervald since June 13, 2018
- 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 ordinary meetings (on March 26, May 7, August 6, and November 8, 2021) and one inaugural meeting on June 17, all of which were attended by all Supervisory Board members. All ordinary meetings were 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 2021, the Supervisory Board also passed numerous resolutions by written circular and during conference calls. The Supervisory Board also dealt intensively with the strategic direction, operating activities and compliance issues of the Company in this respect.

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

The Supervisory Board of home24 SE

Lothar Lanz (Chair)

Dr. Philipp Kreibohm (Deputy Chair)

Verena Mohaupt

Nicholas C. Denissen

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 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 acquisition of the Butlers Group 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 preparing, reviewing and refining the remuneration system for the Management Board. The Management Board remuneration system presented by the Supervisory Board to the

Company's Annual General Meeting on June 17, 2021 was approved by the required majority. At its inaugural meeting on June 17, 2021, the Supervisory Board adopted a resolution to re-establish the Supervisory Board's Remuneration Committee, which had not been dissolved effective January 1, 2020. The Remuneration Committee discussed options for adjusting the Management Board remuneration system together with an independent external remuneration expert. In this context, the external remuneration expert also reviewed and confirmed the appropriateness of the level of Management Board remuneration.

Supervisory Board Committees

During financial year 2021, the Supervisory Board initially set up committees as specified in its Rules of Procedure (Audit Committee and Nomination Committee). Effective June 17, 2021, the Rules of Procedure were amended and a Remuneration Committee was established in addition to the existing committees.

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 2021 financial year, the committees were composed as follows until June 17, 2021:

Audit Committee	Nomination Committee
Verena Mohaupt[1]	Lothar Lanz[1]
Lothar Lanz	Verena Mohaupt
Franco Danesi	Franco Danesi

[1] Chair

Since 17 June 2021, the Supervisory Board committees have been composed as follows:

Audit Committee	Nomination Committee	Remuneration Committee
Verena Mohaupt[1]	Lothar Lanz[1]	Verena Mohaupt[1]
Lothar Lanz	Verena Mohaupt	Lothar Lanz
Nicholas C. Denissen	Dr. Philipp Kreibohm	Nicholas C. Denissen

[1] Chair

The Audit Committee held a total of four meetings during the year under review (March 26, May 7, August 6 and November 8, 2021), all of which were attended by all committee members. The auditor was regularly invited and reported on their 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 2021 financial year by the Annual General Meeting on June 17, 2021.

The auditors audited the Annual Financial Statements for 2021 and the Consolidated Financial Statements for 2021 as well as the Company's Combined Management Report and issued an unqualified auditors' report.

The Annual and Consolidated Financial Statements and Combined Management Report for home24 SE and the Group for the 2021 financial year were reviewed and discussed at the virtual Audit Committee meeting held via video conference on March 30, 2022. 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, Ingo Röders and Christian Patzelt, took part in the Audit Committee meeting, reported on the main findings of their audit, and discussed its scope and focal points.

The audit reports were then discussed at the Supervisory Board's plenary meeting held virtually via video conference on March 30, 2022; 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 Combined Management Report were discussed by the Supervisory Board.

The Supervisory Board approved the findings of the Audit Committee's audit. No objections were raised as a result of the reviews carried out by the Audit Committee and the Supervisory Board. The Supervisory Board approved the Annual and Consolidated Financial Statements for the 2021 financial year in accordance with the recommendation of the Audit Committee, and the Annual Financial Statements of the Company for the 2021 financial year were thus adopted.

Berlin, March 30, 2022

For the Supervisory Board

Kind regards,

LOTHAR LANZ
Chairman of the Supervisory Board

The home24 Share

Equity Markets and Share Price Performance

2021 was an exceptional year for the capital markets, accompanied by economic turbulence caused by the ongoing COVID-19 pandemic. Disruption to global supply chains, rising inflation and persistent uncertainty about emerging COVID variants resulted in significant volatility on the global capital markets.

home24 was also confronted with this situation, with consumer demand and business performance both heavily impacted by these factors during the 2021 financial year. While the Company recorded exceptionally high growth rates during the first half of the year in particular, this trend normalized during the second half of 2021 due to the previous year's high growth rates.

As a result of the short-term slowdown in growth, investor sentiment generally shifted towards stocks whose positive business performance was supported by the impact of the COVID-19 pandemic. The long-term outlook for home24, such as the expected continued increase in online demand for home&living products, took a back seat to short-term trends.

This was reflected in the home24 share price, which reached its annual high of EUR 25.87 in February before falling to EUR 11.60 at the end of the financial year.

The home24 Share

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

Share Performance in 2021

Opening price	January 04, 2021	EUR	22.40
Annual high	February 04, 2021	EUR	25.87
Annual low	December 20, 2021	EUR	10.40
Closing price	December 30, 2021	EUR	11.60
Number of shares outstanding	December 31, 2021	Shares	29,281,813
Market capitalization	December 31, 2021	EUR	339,669,031

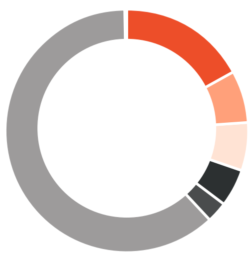
Shareholder Structure as of December 31, 2021

The chart below shows shareholders holding 3% or more of the voting rights in home24 SE as last disclosed by such shareholders pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG).

This does not include financial instruments as defined in Section 38 WpHG or aggregated equity investments and instruments as defined in Section 39 WpHG.

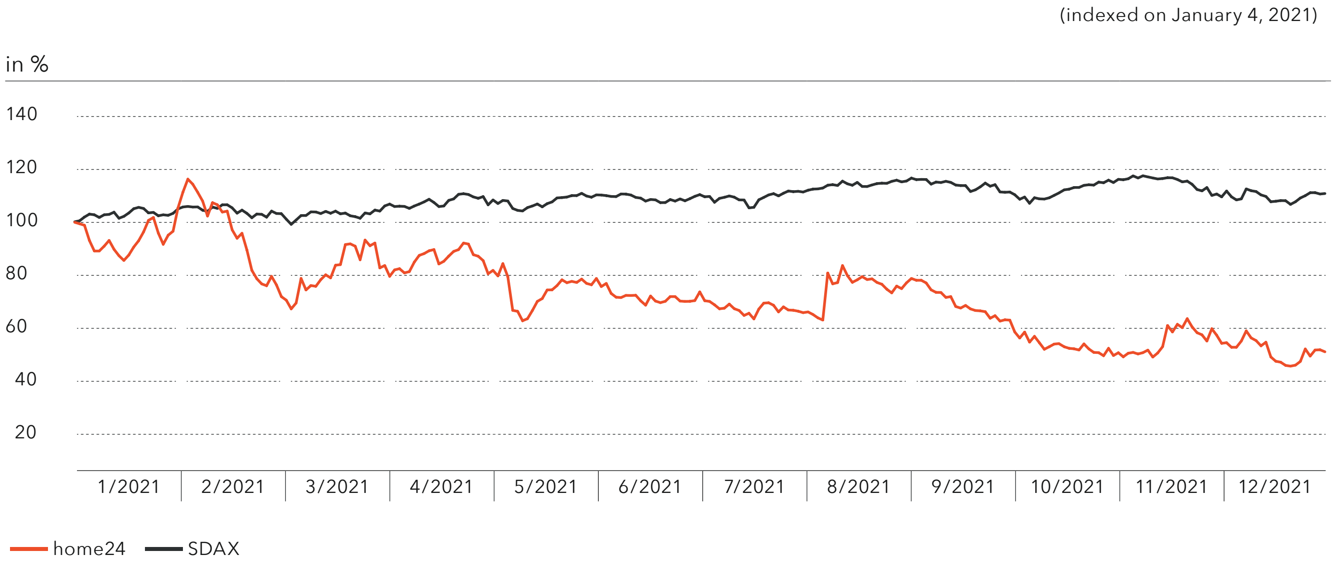
in %

17.13% Ari Zweiman
6.9% MainFirst SICAV
2.71% Alexander Samwer
6.40% Zerena GmbH
5.10% Amiral Gestion
61.77% Free float / Other [1]



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

Performance of the home24 Share



The underlying notifications of voting rights as well as shareholder notifications of voting rights regarding financial instruments as defined in Section 38 WpHG and information on aggregated positions as defined in Section 39 WpHG are published on www.home24.com under "News".

It is important to note that the percentage of voting rights shown is based on the current share capital of home24 SE and that the distribution of voting rights shown below may have changed within the reportable thresholds.

With the exception of Amiral Gestion, which increased its equity interest in home24 to more than 5%, the shareholders listed in the chart on the previous page did not report any changes to the voting rights associated with the shares in 2021.

Communication with the Capital Markets

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

At present, five analysts from the following firms publish regular reports on home24 and its current business performance:

- AlsterResearch
- Berenberg
- Hauck&Aufhäuser
- Jefferies

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

Corporate Governance Report

The Management Board and Supervisory Board report on the Company's corporate governance by submitting the Corporate Governance Statement below in accordance with Sections 289f and 315d HGB. The Corporate Governance Statement and the takeover-related disclosures in accordance with Sections 289a (1) and 315a (1) HGB are also part of the Combined Management Report [1]. 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 2021, 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 (the **"Company"**) declare that the Company complies and intends to comply in the future with the recommendations of the German Corporate Governance Code in its version of December 16, 2019 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 **"DCGK"**), with the following exceptions:

Recommendations Concerning the Remuneration in Section G.I DCGK

The recommendations concerning the remuneration of the Management Board in section G.I of the DCGK are closely related to the changes of the German Stock Corporation Act (Aktiengesetz) resulting from the German Act implementing the Second Shareholders' Rights Directive ("ARUG II"). The Company has made use of the transitional provisions provided therein.

The Annual General Meeting of the Company has approved on 17 June 2021 a new remuneration system for the Management Board presented by the Supervisory Board. In principle, this new remuneration system fulfils the recommendations in section G.I of the DCGK. However, the new compensation system may not fully comply with the recommendations G.7 DCGK and G.9 DCGK. According to the remuneration system, the Supervisory Board determines at the beginning of each fiscal year certain ambitious performance criteria for the annual bonus of the Management Board members, which – in addition to operational objectives – are also based on strategic objectives. After the end of the fiscal year, the Supervisory Board determines the amount of the individual annual bonus depending on the achievement of the targets. In addition, there is the long-term oriented variable compensation under the Company's LTIP, which rewards the long-term success of the Company and the long-term share price development and thus also sustainable growth in the interest of the shareholders. With regard to the long-term LTIP compensation 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 compensation under the LTIP.

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

In line with the transitional provisions of the ARUG II, the Supervisory Board will in future determine the compensation of the Management Board in accordance with the compensation system approved by the Annual General Meeting, without prejudice to previously concluded management service agreements with Management Board members.

The compensation of the Management Board already meets the essential requirements of the DCGK with the following proviso: In deviation from the recommendation G.11 DCGK, some of the current management service agreements with members of the Management Board do not provide for the possibility of retaining or reclaiming variable compensation in justified cases.

2. Remuneration of Members of Governing Bodies

In accordance with Section 289f (2) No. 1a HGB, the remuneration report for the preceding financial year and the auditor's report in accordance with Section 162 AktG, the applicable remuneration system in accordance with Section 87a (1) and (2) Sentence 1 AktG and the most recent resolution in accordance with Section 113 (3) AktG have been published on the parent company's website at https://www.home24.com/websites/homevierundzwanzig/English/4400/corporate-governance.html

3. Corporate Governance

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

Ensuring that all employees and management work together as a team and are committed to satisfying customers is a decisive factor in lasting business success. The existing catalog of corporate values was fundamentally revised in a participatory process in financial year 2021 and published internally by home24. 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 continued to respond dynamically to the particular challenges posed by the COVID 19 pandemic in financial year 2021, working hard to meet the diverse needs of employees as much as possible, such as the desire to return to the office or, conversely, the desire to continue working from home. The Company's efforts continued to focus on the health of its employees and on preventing sources of infection as part of its responsibility toward the community. Where their role allows for it, each of the Company's employees is still offered the opportunity to work from home. 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 via the hotline, on the intranet, in the anti-corruption guidelines, and as part of the onboarding process. They can also contact their line manager or the Governance, Risk and Compliance (GRC) unit 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) unit 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 2021 financial year, the GRC unit twice annually reported to the Management Board and the Audit Committee of the Supervisory Board on the home24 Group's general risk situation.

4. Working Practices and Composition of the Management Board, Supervisory Board and Their Committees

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

4.1. Working Practices of the Management Board

The Management Board has direct responsibility for managing the Company in its best interests, with the aim of creating sustainable added value in accordance with statutory provisions, the Company's Articles of Association and the Rules of Procedure for the Management Board. The Management Board develops the Company's strategic direction, agrees it with the Supervisory Board and ensures its implementation. The Management Board also ensures compliance with legal provisions and internal Company guidelines and works to ensure that these provisions and guidelines are observed across the Group (compliance). The Management Board ensures appropriate risk management and risk control in the Company. The Management Board 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 schedule of responsibilities as of December 31, 2021 was defined as follows:

Marc Appelhoff (Chairman of the Management Board)	Marketing (including Performance Marketing, Corporate Communications, Branding and Showrooms), Commercial (including Assortment, Procurement, Pricing), all technology-related matters (including Information Technology, Data, IT Security, Data Protection, ERP and Digital Shopping Experience)
Brigitte Wittekind	Operations (Warehouse, inbound & outbound Logistics), Product Quality and Safety, Customer Service, Outlets
Philipp Steinhäuser	Finance (including Investor Relations, Accounting, Taxes), International (Brazil), Legal (including Governance, Risk and Compliance), Internal Control System, Human Resources

Irrespective of this schedule of responsibilities, members of the Management Board are jointly accountable for overall management. They work closely together and keep each other informed of important measures and events in their business areas. The 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.

4.2. 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 the period from January 1, 2021 to March 31, 2021, the Management Board had the following members:

Marc Appelhoff (Chair)
Brigitte Wittekind
Johannes Schaback
Philipp Steinhäuser

Since April 1, 2021, the Management Board has consisted of the following members:

Marc Appelhoff (Chair)
Brigitte Wittekind
Philipp Steinhäuser

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 2021 as the proportion of women on the Management Board from January 1, 2021 to March 31, 2021 was 25% and since April 1, 2021 has been 33.33%.

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 origin, 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.

4.3. 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 4.1, the Supervisory Board is involved in decisions of fundamental importance for the Company and works closely with the Company's other governing 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 constantly 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 reports on their committees' activities.

According to the Rules of Procedure of the Supervisory Board, the Supervisory Board must hold at least one meeting per quarter. Additional meetings must be convened as necessary. The Supervisory Board may also pass resolutions outside of its meetings, particularly by written circular. The Supervisory Board 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.

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

In the period from January 1, 2021 to June 17, 2021, the Supervisory Board had the following members:

Lothar Lanz [1]	
Verena Mohaupt [2]	
Franco Danesi	
Magnus Agervald [2]	

[1] Chairman of the Supervisory Board and independent member as defined by section C.6 (2) GCGC
[2] Independent member as defined by section C.6 (2) GCGC

Since June 17, 2021, the Supervisory Board has consisted of the following members:

Lothar Lanz [1]	
Verena Mohaupt [2]	
Dr. Philipp Kreibohm [2]	
Nicholas C. Denissen [2]	

[1] Chairman of the Supervisory Board and independent member as defined by section C.6 (2) GCGC
[2] Independent member as defined by section 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 quota was achieved in financial year 2021.

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 last adapted by resolution of the Supervisory Board on June 17, 2021.

According to the currently applicable profile, members of the Supervisory Board must collectively possess the knowledge, skills and professional expertise required to successfully perform their duties. Each member of the Supervisory Board ensures that they have sufficient time available to carry out their duties. Diversity should be taken into account when selecting Supervisory Board members. In addition, at least one member 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 post with the Company, members of the Supervisory Board who are members of the Management Board of a listed company should not generally hold any 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. Generally speaking, only candidates who are no older than 75 years 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.

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

At its inaugural meeting on June 17, 2021, the Supervisory Board adopted a resolution to establish a Remuneration Committee in addition to the existing Audit and Nomination Committees and to amend the Rules of Procedure accordingly. 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.

From January 1, 2021 to June 17, 2021, the Audit Committee had the following members:

Verena Mohaupt [1]	
Lothar Lanz	
Franco Danesi	

[1] Chair

Since June 17, 2021, the Audit Committee has consisted of the following members:

Verena Mohaupt [1]	
Lothar Lanz	
Nicholas C. Denissen	

[1] Chair

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, 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 (March 26, May 7, August 6 and November 8, 2021), all of which were attended by all committee members. All meetings in 2021 were 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 regularly exchanges information with the auditor, especially with regard to the audit report and its findings and makes recommendations to the Supervisory Board.

Nomination Committee
In the period from January 1, 2021 to June 17, 2021, the Nomination Committee had the following members:

Lothar Lanz [1]	
Verena Mohaupt	
Franco Danesi	

[1] Chair

Since June 17, 2021, the Nomination Committee has consisted of the following members:

Lothar Lanz [1]	
Verena Mohaupt	
Dr. Philipp Kreibohm	

[1] Chair

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

Remuneration Committee
The Remuneration Committee has consisted of the following members since June 17, 2021:

Verena Mohaupt[1]	
Lothar Lanz	
Nicholas C. Denissen	

[1] Chair

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

5. Targets for Women at Management Level

The Management Board also takes diversity into account when filling leadership roles and, in particular, strives to give due consideration to female candidates without straying from its overriding principle that an individual should be recommended, nominated, employed, or promoted solely because they are the best person for the role in question, both professionally and personally. On May 30, 2018, the Management Board set a target of 30% for the proportion of women in the top two levels of management below the Management Board in accordance with Section 76 (4) AktG, with the aim of reaching this target in five years (by May 30, 2023). The Management Board has developed a long-term plan to help it reach this target. By the end of financial year 2021, the proportion of women was 0% at the top level of management (e.g. at Senior Vice President level) and 20% at the second level of management (e.g. at Vice President level).

6. General Meeting and Shareholders

As at December 31, 2021, the share capital of the Company was divided into 29,281,813 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 before or during the Company's General Meeting and by exercising their voting rights. 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 motions. 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 General Meeting. The 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 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 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 the 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 14, 2022, in Berlin. The corresponding agenda and the reports and documents required for the General Meeting will be published on the Company's website. Due to the COVID-19 pandemic, the General Meeting will again be held as a virtual event without the physical presence of shareholders or their proxies.

7. 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.

8. 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/financial-calendar.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.

9. Takeover-related Disclosures in Accordance with Sections 289a (1) and 315a (1) HGB, and Explanatory Report[1]

The disclosures required in accordance with Sections 289a (1) and 315a (1) HGB1 are listed and explained below.

9.1. Composition of Subscribed Capital

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

9.2. Restrictions Affecting Voting Rights or the Transfer of Shares

As at the end of financial year 2021, 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.

9.3. Equity Interests in the Company that Exceed 10% of Voting Rights

Based on the notification of voting rights pursuant to Section 33 WpHG available as of December 31, 2021, the following equity interests in the Company exceeded 10% of voting rights were held as of that date:

- Ari Zweiman, born April 15, 1972: 17.13% (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.

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

9.4. 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 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) Clause 2 AktG is unaffected by this provision.

According to Article 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 (Article 4 (3), (4), (7) and (8) of the Articles of Association).

9.5. 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 (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 Virtual 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 2,198,110 by issuing up to 2,198,110 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 subscription rights holders exercise their rights in accordance with the agreement, and the Company fulfills the subscription 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). In principle, shareholders must be granted a subscription right. The Management Board is authorized to disapply the shareholders' subscription 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"). 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 General 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 subscription rights of the shareholders are disapplied in certain circumstances specified in the authorization.

9.6. 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.

home24 SE collaborates with MIRAKL SAS, which provides a software solution for operating a marketplace model. The contract with the service provider contains a special termination right for MIRAKL SAS in the event that a competitor takes control of 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.

9.7. 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. Remuneration Report

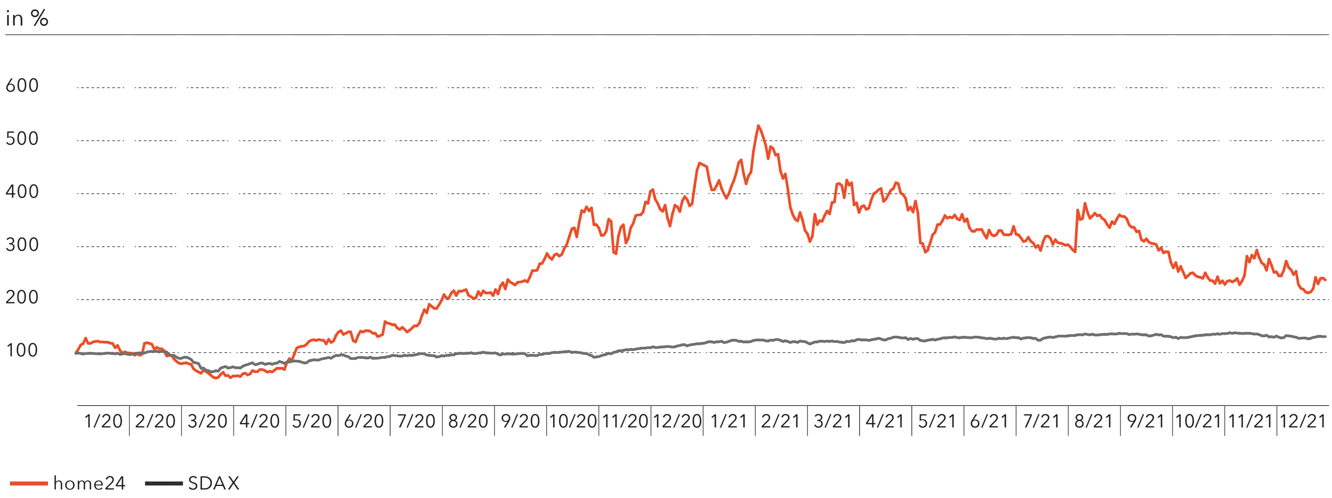
The following remuneration report according to Section 162 German Stock Corporation Act (AktG) outlines and explains the remuneration of current and former Management Board and Supervisory Board members of home24 SE in financial year 2021.

1.1. Review of Financial Year 2021

1.1.1. Business Performance and Share Price
The Company can look back on a successful financial year in 2021. In financial year 2021, the Company grew by 27% at constant currency (and therefore by 80% in the last two years at constant currency) and was able to generate positive adjusted EBITDA.

Financial year 2021 continued to be shaped by the impact of the COVID-19 pandemic, whose effects were also felt on the capital markets. The Company's share price was highly volatile, as already in financial year 2020:

Share Price Chart January 2020 to December 2021



It was necessary to reflect the strong share price fluctuations in the reporting period in the Management Board's long-term, share-based remuneration under the Long Term Incentive Plan 2019 (hereinafter the "LTIP"). More information on this is presented in this report in the section "Inclusion of the Management Board in the LTIP in 2021".

Additional information on the Company's share price performance and course of business in 2021 is available in the "home24 Share" and "Combined Management Report" sections in this Annual Report.

1.1.2. Changes in the Composition of the Management Board

As of the reporting date, the Management Board had three members. The term of office of Philipp Steinhäuser, the Company's current CFO, began on January 1, 2021. The appointment of former CTO Johannes Schaback ended as scheduled on March 31, 2021. During an interim period ending on March 31, 2021, the Management Board had four members.

More information on the changes in the composition of the Management Board can be found in the section "Corporate Governance Report" in this Annual Report.

1.1.3. Annual General Meeting on June 17, 2021

On May 1, 2021, the Supervisory Board voted in favor of a new remuneration system for the Management Board, which was presented for approval to the Company's Annual General Meeting on June 17, 2021. The remuneration system presented applies to all service contracts for Management Board members newly signed or extended after the end of the Company's Annual General Meeting on June 17, 2021. In terms of its content, the Management Board remuneration system presented for approval is essentially equivalent to the remuneration system for the Management Board adopted by the Supervisory Board on November 11, 2020, apart from a few amendments. The content of the amendments aimed to introduce more flexibility to the rules regarding the structure of the total target remuneration and the inclusion of the Management Board in the Company's LTIP, but did not represent any fundamental changes to the system.

The Company's Annual General Meeting approved the Management Board remuneration system presented with 68.39% of the votes cast. A total of 31.61% of the shareholders or shareholders' representatives cast votes against approving the Management Board remuneration system. The approval of the Management Board remuneration system was legally valid as the legally non-binding resolution on the approval of the remuneration system requires a simple majority of the votes cast pursuant to Section 120a (1) AktG. However, the Supervisory Board strives for a significantly higher percentage of votes in favor of this important topic in order to ensure the best possible alignment between the interests of the shareholders and management. For this reason, the Supervisory Board intends to present a new, revised remuneration system for the Management Board for approval to the 2022 Annual General Meeting which incorporates the changes requested by the investors.

Particular concerns expressed by investors regarding the Management Board remuneration system approved in 2021 included the performance target for long-term, share-based variable remuneration under the Company's LTIP not being ambitious enough and the objective basis for the Supervisory Board's determination of the number of performance shares granted under the LTIP not being transparent enough.

The remuneration system for the Supervisory Board, which is governed by Article 14 of the Articles of Association, was approved by a majority of 99.98% of the votes cast at the Annual General Meeting on June 17, 2021. The vote was so strongly in favor that the Supervisory Board does not see any need to amend it at this time.

1.1.4. Changes in the Supervisory Board

As of the reporting date, the Supervisory Board still had four members, but its composition changed in 2021. The terms of office of all Supervisory Board members ended as scheduled with the conclusion of the Annual General Meeting on June 17, 2021. The Supervisory Board members Lothar Lanz (Chair) and Verena Mohaupt were re-elected by the Annual General Meeting on June 17, 2021. Magnus Agervald and Franco Danesi did not stand for re-election. Former Management Board member Dr. Philipp Kreibohm and Nicholas C. Denissen were newly elected instead, effective as of the end of the Company's Annual General Meeting on June 17, 2021.

More information on the changes in the composition of the Supervisory Board can be found in the section "Corporate Governance Report" in this Annual Report.

1.1.5. Remuneration Committee

At its constituting session on June 17, 2021, the four-member Supervisory Board decided to reinstate the Remuneration Committee, which had not existed since January 1, 2020. The Remuneration Committee consists of Supervisory Board members Verena Mohaupt (Chair), Lothar Lanz, and Nicholas C. Denissen.

The Remuneration Committee discussed options for adjusting the Management Board remuneration system together with an independent external remuneration expert. In this context, the external remuneration expert also reviewed and confirmed the appropriateness of the level of Management Board remuneration by comparing the Company with a peer group of 18 companies from the e-commerce, IT, media and entertainment industries. Eight of the 18 companies are headquartered in Germany, with the others headquartered in the rest of Europe. The remuneration of the Company's Management Board was evaluated to determine whether it was in line with the market, taking into account the major criteria of revenue, number of employees, and market capitalization of the peer group. The Management Board's target remuneration falls within the range of peer group figures on the whole. In terms of fixed and short-term variable remuneration, the Management Group's target remuneration is relatively low – but this is compensated for by comparatively high long-term variable remuneration. This reflects the intentionally selected remuneration structure, which has an even more long-term horizon than the peer group.

The ratio of Management Board remuneration to the remuneration of the top-tier of executives in the Company (senior vice presidents, C-level positions, and vice presidents) and of the workforce (all employees, including upper management) of the home24 Group in Germany was also calculated and reviewed to determine its alignment with the market. In this regard, the remuneration was confirmed to be in line with the market by the external remuneration expert in view of the vertical remuneration structure of peer companies.

1.1.6. Extension of the Term of Office of Management Board Member Brigitte Wittekind

In December 2021, the term of office of Management Board member Brigitte Wittekind was extended by the Supervisory Board for one year to the end of December 31, 2022, and a corresponding service contract was signed based on the Management Board remuneration system approved by the Annual General Meeting on June 17, 2021. The Supervisory Board decided not to extend Brigitte Wittekind's service contract for longer than one year, because this would then have to be agreed based on the current remuneration system for the Management Board. As described above, despite this remuneration system for the Management Board being approved by the Annual General Meeting on June 17, 2021, the votes against were not insignificant, so the Supervisory Board intends to present an amended remuneration system for approval. In order to put this new remuneration system for the Management Board into effect as soon as possible, the Supervisory Board did not wish to enter into any multi-year obligations based on the current Management Board remuneration system. The negotiations with Brigitte Wittekind scheduled for the end of financial year 2022 concerning a possible further extension of her term of office on the Management Board can therefore be conducted on the basis of the remuneration system for the Management Board approved by the Annual General Meeting in 2022 that will hopefully be carried by a broader majority vote of investors.

1.2. Principles of the Current Remuneration System

The remuneration system for members of the Management Board helps to advance the business strategy and the Company's long-term development. It is clearly and understandably structured, and complies with the provisions of Section 87a AktG and, for the most part, the recommendations of the German Corporate Governance Code ("GCGC"). 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. At the same time, the remuneration of the Management Board, which is competitive and in line with market standards, is intended to ensure that the Company can continue to compete in Germany and internationally for the best candidates for its Management Board.

The remuneration of the Company's Management Board members is composed of fixed and variable components. The fixed, non-performance-related remuneration comprises the annual fixed cash remuneration plus market-standard fringe benefits. The variable remuneration is made up of a short-term component (bonus) and a long-term component (LTIP).

The Supervisory Board determines the annual total target remuneration of a Management Board member in advance, ensuring that this reasonably reflects the duties and performance of the Management Board member as well as the business situation, and the Company's success and outlook. Moreover, the Supervisory Board is responsible for ensuring that the total target remuneration is in line with the market. The long-term variable remuneration makes up by far the largest share of the total target remuneration.

Total Target Remuneration

<table>
<tr><td>Fixed
(non-performance-related)</td><td colspan="2">Variable
(performance-related)</td></tr>
<tr><td>Basic salary +
fringe benefits</td><td>Bonus
(short-term)</td><td>LTIP
(long-term)</td></tr>
<tr><td colspan="2">Cash remuneration</td><td>Share-based
payment</td></tr>
</table>

Information on the applicable remuneration system along with additional information is available on the Company's website at: https://www.home24.com/websites/homevierundzwanzig/English/4400/corporate-governance.html.

1.3. Application of the Management Board Remuneration System in Financial Year 2021

The following section describes the application of the remuneration system in financial year 2021 for each individual remuneration component.

1.3.1. Fixed Remuneration

The fixed non-performance-related cash 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. During the reporting period, the annual fixed remuneration amounted to EUR 250,000 for Management Board Chairman Marc Appelhoff and Management Board member Brigitte Wittekind and to EUR 200,000 for Management Board member Philipp Steinhäuser. Former Management Board member Johannes Schaback received annual fixed remuneration of EUR 250,000 on the basis of the Management Board remuneration system approved by the Annual General Meeting on June 19, 2019.

In accordance with the provisions of the remuneration system, Management Board members also received market-standard fringe benefits, including in particular allowances for health insurance and monthly gross amounts representing the employer's contribution to statutory pension and unemployment insurance as well as free D&O and accident/disability insurance. In financial year 2021, the costs of the D&O insurance assumed by the Company totaled EUR 93 thousand (2020: EUR 47 thousand). Management Board members also received additional fringe benefits of EUR 42 thousand (2020: EUR 37 thousand).

The overall fixed remuneration granted in financial year 2021 is in compliance with the provisions of the current remuneration system. This ensures that the Company can continue to compete in Germany and internationally for the best candidates for its Management Board.

1.3.2. Short-Term Variable Remuneration

The short-term variable remuneration consists of an annual bonus, the maximum amount of which is governed by each individual Management Board service agreement. For all Management Board members, the maximum possible bonus for financial year 2021 was EUR 50,000. The Supervisory Board decided on the specific amount of the bonus earned by each member for the financial year in view of the attainment of their individual targets within the three-month period following the end of financial year 2021. However, the annual bonus is credited to the remuneration owed for financial year 2021 within the meaning of Section 162 AktG, because the underlying duties of the Management Board have already been performed in full.

1. Performance Criteria for the Annual Bonus 2021

In line with the provisions of the remuneration system, the Supervisory Board set ambitious performance targets at the start of financial year 2021 for the annual bonus contractually owed to Management Board members that were aligned with the Company's strategic, in addition to operational, goals. In addition to financial performance targets, these also included non-financial performance criteria. The specific performance criteria were selected by the Supervisory Board taking into account business conditions, particularly the budget adopted for 2021 and the improvement in non-financial aspects targeted for 2021. This is why financial targets have been set with regard to revenue performance, profitability based on adjusted EBITDA, and cash position as of the end of 2021. Depending on the degree to which the financial targets are met, the Management Board could earn up to 80% of the maximum bonus achievable for 2021. The Supervisory Board also determined that it will take particular account of aspects relating to improving sustainability and customer satisfaction when assessing the achievement of non-financial targets. Depending on the degree to which the non-financial targets are met, the Management Board could earn up to 20% of the maximum bonus achievable for 2021. The exact presentation of the agreed targets, as well as their degree of achievement, are shown below under 2.

Since the performance criteria for the annual bonus were specified by the Supervisory Board in line with the corporate strategy, the incentive structure uses short-term variable remuneration to promote implementation of the corporate strategy and the sustainable growth of the Company.

2. Application of the Performance Criteria
After the end of financial year 2021, the Supervisory Board determined the degrees of target achievement based on the results achieved, as outlined clearly in the overview below. The Supervisory Board chose to view the Management Board as a team and considered target achievement for all three Management Board members as a unit.

When exercising its discretion to determine the achievement of the non-financial targets, the Supervisory Board primarily considered the renewed increase in customer satisfaction as measured by the NPS score, the reduction in Scope I and II carbon emissions, and obtaining an ESG rating from an external rating agency that is in the upper range of peer companies.

	Assessment criteria	Target achievement
Financial targets (weighting: 80 %)		
Revenue growth of the home24 Group [1] at constant currency	If revenue growth falls below 16.3%, no bonus is paid.	109%
	If revenue growth comes in at 26.3%, a bonus of 26.7% is paid.	
	If revenue growth is at least 36.3%, a bonus of 53.4% is paid.	
Profitability based on adjusted EBITDA [2]	If adjusted EBITDA falls below 0.3%, no bonus is paid.	0%
	If adjusted EBITDA is at least 5.3%, a bonus of 26.7% is paid.	
Cash position at year-end [3]	If the cash position amounts to EUR 63.6 million or less at year-end, no bonus is paid.	0%
	If the cash position amounts to at least EUR 88.6 million, a bonus of 26.7% is paid.	
Non-financial targets (weighting: 20%)		
Sustainability	Consideration of sustainability/GRC aspects at the discretion of the Supervisory Board	100%
Customer satisfaction	Consideration of customer-related, operational KPIs such as NPS, out-of-stock rate, delivery time compliance at the discretion of the Supervisory Board	

1 If revenue growth is between 16.3% and 36.3%, the amount is pro-rated on a linear basis.
2 If adjusted EBITDA comes in at between 0.3% and 5.3%, the amount is pro-rated on a linear basis.
3 If the cash position amounts to between EUR 63.6 million and EUR 88.6 million, the amount is pro-rated on a linear basis. Cash effects resulting from the IPO of home24 subsidiary Mobly S.A. in Brazil at the start of financial year 2021 are not reflected in the calculation of the cash position. This is also true of balance sheet items that influence the cash position, such as marketing expenditure in Q4/2021 and current assets, and are not within the scope of ordinary business.

For financial year 2021, the following annual bonus (which will be paid out in the second quarter of 2022) was calculated based on the target achievement determined:

Management Board member	Amount paid out (in EURk)
Marc Appelhoff	25
Brigitte Wittekind	25
Philipp Steinhäuser	25
Johannes Schaback	6
Total	**81**

1.3.3. Long-Term Variable Remuneration

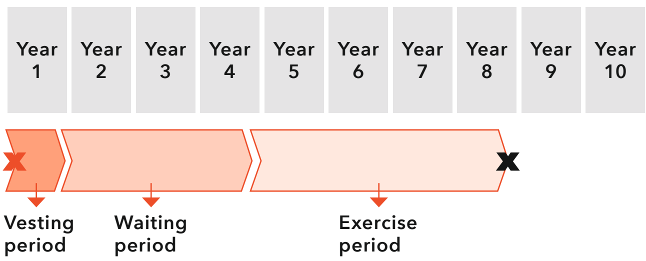
The Management Board receives performance shares under the Company's LTIP as long-term, share-based variable remuneration.

1. Description of the LTIP

The LTIP enables the Management Board to participate in increases in the Company's equity value by receiving performance shares that are linked to the increase in value of the Company's shares. The performance shares are structured as options. Beneficiaries receive the difference in value between the share price at the exercise date and the base price determined upon issue of the performance shares. The difference in value is settled in the form of either Company shares or cash at the discretion of the Company. As a rule, the shares vest twelve months after the effective date. According to the currently applicable LTIP terms, the performance shares can generally be exercised after a four-year holding period, as long as they are vested and the average revenue growth rate (adjusted for non-recurring effects) for the home24 Group in the four years following granting of the performance shares (waiting period) is not less than 10%.

The performance shares may be exercised within four years of the expiration of the waiting period (exercise period).

Last updated: 2021



Grant Date   Expiry Date

To the extent that the Company settles claims from the exercise of performance shares in the form of shares, beneficiaries are not subject to any rules regarding how long they are required to hold these corresponding shares.

2. Inclusion of the Management Board in the LTIP in 2021

The members of the Management Board received the following performance shares for their activities in financial year 2021 with economic effect as of January 1, 2021:

Management Board member	Number	Grant date[1]	Base price (in EUR)
Marc Appelhoff	56,163	11.03.21	9.93
Marc Appelhoff	47,275	07.05.21	9.93
Brigitte Wittekind	46,210	11.03.21	9.93
Brigitte Wittekind	39,309	07.05.21	9.93
Philipp Steinhäuser	72,200	11.11.20	9.93
Johannes Schaback	–	–	–

[1] Grant date as defined in the LTIP terms and conditions, start of the four-year waiting period

The number of performance shares to be granted in each contract year and the method for determining the base price for the annual tranches is agreed in the underlying multi-year service agreements for the Management Board members. As contractually agreed, the Supervisory Board based the base price for the performance shares granted to the Management Board in financial year 2021 on the average closing price of home24 shares in XETRA trading in the third quarter of 2020.

The number of performance shares to be granted for each contract year was specified when the Management Board employment contracts were signed. This calculation takes into account the fact that the Management Board in its current size should essentially receive around 1% of the Company's increase in value per year via the LTIP.

The individual total target remuneration for each Management Board member specified when their contracts are signed cover all remuneration components and assume 100% target achievement for the variable remuneration components. The value of the performance shares is calculated using a Black-Scholes model. Since the binding number of performance shares for the annual tranches is generally agreed when the contracts are signed, the total target remuneration may vary, because the value of the performance shares to be granted changes depending on share price performance and volatility. To nonetheless ensure the market conformity of the annual remuneration, particularly the performance shares to be allocated annually, the Management Board service agreements for all Management Board members specify an individual amount that an annual tranche of performance shares may not exceed ("LTIP cap").

Based on his service agreement, Management Board Chair Marc Appelhoff has the right to be granted 103,438 performance shares for financial year 2021 with a base price of EUR 9.93 (average closing price of home24 shares in XETRA trading in the third quarter of 2020). However, this tranche would have exceeded the LTIP cap agreed in his service agreement amounting to EUR 790,000, which was to be calculated according to the terms of the service agreement effective January 1, 2021. Marc Appelhoff was therefore initially only granted a tranche of 56,163 performance shares with a base price of EUR 9.93 on March 11, 2021.

The LTIP cap agreed in the service agreement for Brigitte Wittekind was also exceeded: Brigitte Wittekind would have had the right to be granted 85,519 performance shares with a base price of EUR 9.93 (average closing price of home24 shares in XETRA trading in the third quarter of 2020). However, this tranche would have exceeded the LTIP cap agreed in her service agreement amounting to EUR 650,000, which was to be calculated according to the terms of the service agreement effective January 1, 2021, as in the case of Marc Appelhoff. For this reason, Brigitte Wittekind was therefore initially only granted a tranche of 46,210 performance shares with a base price of EUR 9.93 on March 11, 2021.

The LTIP cap was applied mainly because, as of the date applicable for determining the value of the performance shares to be issued (January 1, 2021), the home24 share price in XETRA trading around the turn of the year 2020/2021 exceeded EUR 22 for a time and therefore almost marked its highest point in twelve months in the midst of significant volatility.

This problem did not arise for Management Board member Philipp Steinhäuser. Philipp Steinhäuser was granted a tranche of 72,200 performance shares with a base price of EUR 9.93 for his first contract year on November 11, 2020, with economic effect as of January 1, 2021, based on his service agreement. On November 11, 2020, home24's share price was around EUR 15 in XETRA trading, much less than on January 1, 2021. As a result, the value of a performance share calculated according to the Black-Scholes model at this time was far lower than was the case as of January 1, 2021, the date applicable for Brigitte Wittekind and Marc Appelhoff.

The Company's Supervisory Board decided on May 3, 2021, to grant Marc Appelhoff and Brigitte Wittekind each a second tranche of performance shares with economic effect as of January 1, 2021. In particular, the Supervisory Board had determined that it was only the volatility of the Company's share price and in this case particularly the sharp and unforeseen rise in the share price in the fourth quarter of 2020 that led to the LTIP cap being reached. The contractual method for calculating the number of performance shares to be granted led to an undesirable situation in which Marc Appelhoff and Brigitte Wittekind would have each received some 45% fewer performance shares than originally agreed – and thus fewer performance shares than new Management Board member Philipp Steinhäuser. In contrast, it was contractually agreed with Marc Appelhoff and Brigitte Wittekind that they should receive ~ 0.39% (Marc Appelhoff) and ~ 0.32% (Brigitte Wittekind) of any increase in the Company's value. This type of volatile share price development in such a short time period could not have been foreseen at the time the contracts with Marc Appelhoff and Brigitte Wittekind were signed. If such a scenario had been considered, the Supervisory Board would have stipulated a more flexible rule for determining the value of the tranche to be granted for a given year, e. g., by basing the calculation on an average of the share price over a reference period.

For this reason, Management Board members Marc Appelhoff and Brigitte Wittekind were granted an additional 47,275 and 39,309 performance shares, respectively, on May 7, 2021. The base price was EUR 9.93 in both cases. The granting of this second tranche of performance shares was linked to the additional performance target of the home24 Group achieving revenue growth at constant currency and non-recurring effects of no less than 20% in financial year 2021.

The Supervisory Board is aware that taking this approach could be considered a deviation from the remuneration system in place, if construed narrowly. However, the Supervisory Board considered this deviation necessary for the reasons outlined above. From the Supervisory Board's point of view, there would not have been a good justification to explain why an extraordinary share price situation on an arbitrarily chosen date led to a situation in which the CEO and the Management Board member responsible for operations, which is strategically highly important, would receive significantly fewer performance shares for financial year 2021 than the newly appointed CFO. In order to provide sufficient incentive and adhere to the principle of awarding remuneration in line with role and responsibilities, the Supervisory Board considered this correction to be advisable.

The Management Board is especially incentivized to work toward the sustainable, long-term success of the Company by the prospect of long-term, share-based variable remuneration with performance shares, which make up a vast majority of its members' total remuneration.

3. Exercise of LTIP Performance Shares in Financial Year 2021
In financial year 2021, Management Board members Marc Appelhoff, Brigitte Wittekind, and Philipp Steinhäuser as well as former Management Board members Christoph Cordes and Dr. Philipp Kreibohm each exercised performance shares from the LTIP that were granted to them in 2017 at a base price of EUR 0.02. The performance shares were granted as Management Board remuneration only to Marc Appelhoff, Christoph Cordes, and Dr. Philipp Kreibohm in 2017, because at that time Brigitte Wittekind and Philipp Steinhäuser were not yet members of the Company's Management Board. In return for assigning their remuneration claims from the LTIP to the Company, the claims arising from the performance shares exercised were settled by granting each Management Board member new shares of the Company from Conditional Capital 2019 as follows:

Governing body member	Position	Claim from exercised performance shares (in EURk)	Number of shares granted for settlement	Date
Marc Appelhoff[1]	Management Board Chairman	1,549	93,626	06.07.2021
Brigitte Wittekind	Management Board member	54	3,521	09.07.2021
Philipp Steinhäuser	Management Board member	33	2,018	06.07.2021
Christoph Cordes	Former Management Board member	1,161	70,219	06.07.2021
Dr. Philipp Kreibohm	Former Management Board member	346	21,859	07.07.2021

1 The performance shares exercised by Marc Appelhoff had been granted to him in 2017 for a total performance period of four years, with one quarter of the performance shares granted with economic effect as of January 1 of each of the years 2017 to 2020.

The currently serving Management Board members have not sold the shares of the Company granted to them during the reporting period and are therefore as shareholders of the Company are incentivized to work toward a sustained increase in the Company's value.

1.3.4. Compliance with Maximum Remuneration Thresholds

The total remuneration for an individual Management Board member is limited to a maximum of EUR 15 million per year by the Management Board service contracts. However, due to the overall remuneration structure with a majority made up of long-term, variable remuneration, which is linked to the Company's share price performance, this maximum threshold can only be reached if the Company's valuation multiplies during an LTIP tranche period. The possible cap on an amount exceeding this maximum threshold is exercised when the claims arising from the LTIP performance shares issued for the relevant year are settled after the waiting period is over. In financial year 2021, the Company kept the Management Board's remuneration within the maximum threshold.

1.3.5. Clawback

After payment of the annual bonus, the Management Board members are generally free to do as they choose with the amount granted. However, since November 11, 2020, the remuneration system has provided the Supervisory Board with the option of requesting full or partial repayment within three years after payment of the annual bonus, if it turns out that the bonus amount was unknowingly calculated by the Supervisory Board on the basis of incorrect information (clawback).

In the reporting period, all Management Board service agreements did not yet include this clawback clause. In accordance with the remuneration system, a clawback clause is included in all new Management Board service agreements signed. No variable remuneration components were clawed back from Management Board members in financial year 2021.

1.3.6. Other

1. Benefits upon Contract Termination
No contractual commitments are stipulated for the event of the early termination of Management Board activity. If a Management Board member becomes permanently unable to work, that Management Board member's service agreement expires at the end of the calendar quarter in which the permanent inability to work is determined.

2. Company Pension Plan
No company pension arrangements have been agreed with the Management Board members.

3. Post-contractual Non-Compete Obligation
The Management Board service agreements each include a post-contractual non-compete obligation, which stipulates that Management Board members are prohibited from working for one of the Company's competitors for a period of six months after the Management Board service agreement ends.

4. Third-party Benefits
In financial year 2021, no Management Board member was awarded or granted benefits from a third party for their Management Board activities.

5. Remuneration for Supervisory Board Activities
The Management Board members were neither awarded nor granted any remuneration in financial year 2021 for service on the supervisory boards of companies whether part of the Group or not.

1.4. Remuneration of the Supervisory Board in Financial Year 2021

The remuneration of Supervisory Board members of the Company is governed by Article 14 of the Articles of Association, according to which Supervisory Board members have the right to claim fixed remuneration payable after a given financial year. The amount of remuneration paid to the members of the Supervisory Board is determined according to each member's duties on the Supervisory Board and its committees. Ordinary members of the Supervisory Board receive fixed annual remuneration of EUR 30 thousand. By way of derogation, the Chair of the Supervisory Board receives fixed annual remuneration of EUR 90 thousand, while the Deputy Chair of the Supervisory Board receives such remuneration totaling EUR 45 thousand. The Chairman of the Audit Committee receives additional fixed annual remuneration of EUR 30 thousand, while members of the Audit Committee also receive such additional remuneration totaling EUR 10 thousand each. Members serving on the Supervisory Board or one of its committees for a fraction of a financial year receive pro-rated remuneration.

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.

In financial year 2021, the Supervisory Board remuneration system was applied in accordance with the provisions of Article 14 of the Articles of Association. The Supervisory Board members did not receive any additional remuneration or benefits for services they provided individually, particularly consulting and brokerage services, in the reporting period. The members of the Supervisory Board also received neither loans nor advances, nor were any contingent liabilities assumed in their favor.

1.5. Remuneration Amounts

1.5.1. Management Board

The following table lists the fixed and variable remuneration components granted and owed to the current Management Board members in the financial year ended, including the respective relative share in accordance with Section 162 AktG. This includes the fixed remuneration paid out in the financial year, the fringe benefits accruing in the financial year, the annual bonus for financial year 2021, and the performance shares exercised in the financial year 2021 and granted to the current Management Board members in 2017. Refer to the explanation above under "1.3.3. Long-term Variable Remuneration" for information on the performance shares granted to the Management Board in financial year 2021.

	Marc Appelhoff Chairman of the Management Board / CEO since January 1, 2020				Brigitte Wittekind Ordinary Management Board member since January 1, 2020				Philipp Steinhäuser Ordinary Management Board member since January 1, 2021			
	2021		2020		2021		2020		2021		2020	
	EURk	in %	EURk	in %	EURk	in %	EURk	in %	EURk	in %	EURk	in %
Non-performance-related benefits												
Fixed remuneration	250	14%	250	40%	250	73%	250	58%	200	74%	–	n/a
Fringe benefits	13	1%	32	5%	12	4%	29	7%	13	5%	–	n/a
Total non-performance-related benefits	**263**	**14%**	**282**	**45%**	**262**	**77%**	**279**	**65%**	**213**	**79%**	**–**	**n/a**
One-year variable remuneration	25	1%	350	55%	25	7%	150	35%	25	9%	–	n/a
Multi-year variable remuneration	1,549 [1]	84%	0	0%	54 [2]	16%	0	0%	33 [3]	12%	–	n/a
Total performance-related benefits	**1,574**	**86%**	**350**	**55%**	**79**	**23%**	**150**	**35%**	**58**	**21%**	**–**	**n/a**
Pension expense	0	0%	0	0%	0	0%	0	0%	0	0%	0	n/a
Total Remuneration	**1,837**	**100%**	**632**	**100%**	**341**	**100%**	**429**	**100%**	**271**	**100%**	**–**	**n/a**

[1] The performance shares exercised by Marc Appelhoff had been granted to him in 2017 for a total performance period of four years, with one quarter of the performance shares granted with economic effect as of January 1 of each of the years 2017 to 2020.
[2] The performance shares exercised were not granted as Management Board remuneration in 2017, as Brigitte Wittekind was not a member of the Company's Management Board at that time.
[3] The performance shares exercised were not granted as Management Board remuneration in 2017, as Philipp Steinhäuser was not a member of the Company's Management Board at that time.

The following table lists the fixed and variable remuneration components granted and owed to former Management Board members in the financial year ended, including the respective relative share in accordance with Section 162 AktG:

	Johannes Schaback Ordinary Management Board member until March 31, 2021				Christoph Cordes Ordinary Management Board member until December 31, 2019				Dr. Philipp Kreibohm Ordinary Management Board member until March 31, 2019			
	2021		2020		2021		2020		2021		2020	
	EURk	in %	EURk	in %	EURk	in %	EURk	in %	EURk	in %	EURk	in %
Non-performance-related benefits												
Fixed remuneration	63	88%	250	75%	–	n/a	–	n/a	–	n/a	–	n/a
Fringe benefits	3	4%	32	10%	–	n/a	–	n/a	–	n/a	–	n/a
Total non-performance-related benefits	**66**	**92%**	**282**	**85%**	**–**	**n/a**	**–**	**n/a**	**–**	**n/a**	**–**	**n/a**
One-year variable remuneration	6	8%	50	15%	–	n/a	–	n/a	–	n/a	–	n/a
Multi-year variable remuneration	0	0%	0	0%	1,161 [1]	100%	–	n/a	346 [2]	100%	–	n/a
Total performance-related benefits	**6**	**8%**	**50**	**15%**	**1,161**	**100%**	**–**	**n/a**	**346**	**100%**	**–**	**n/a**
Pension expense	0	0%	0	0%	0	0%	0	n/a	0	0%	0	n/a
Total Remuneration	**72**	**100%**	**332**	**100%**	**1,161**	**100%**	**–**	**n/a**	**346**	**100%**	**–**	**n/a**

[1] The performance shares exercised by Christoph Cordes had been granted to him in 2017 for a total performance period of three years, with one third of the performance shares granted with economic effect as of January 1 of each of the years 2017 to 2019.
[2] The performance shares exercised by Dr. Philipp Kreibohm had been granted to him in 2017 for a total performance period of two years, with one half of the performance shares granted with economic effect as of January 1 of each of the years 2017 to 2018.

1.5.2. Supervisory Board

The remuneration of the Supervisory Board in financial year 2021 does not include variable remuneration components. The following table shows the fixed remuneration granted and owed to current and former members of the Supervisory Board in the financial year ended in accordance with Section 162 AktG.

	2021			2020		
in EURk	Basic remuneration	Additional remuneration for committee work	Total	Basic 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 (until June 17, 2021)	14	5	19	30	10	40
Magnus Agervald (until June 17, 2021)	21	0	21	45	0	45
Dr. Philipp Kreibohm (since June 17, 2021)	24	0	24	0	0	0
Nicholas C. Denissen (since June 17, 2021)	16	5	21	0	0	0
Total	**195**	**50**	**245**	**195**	**50**	**245**

1.6. Changes in Remuneration and Earnings Over Time

The following comparison presents the annual changes in the remuneration of current and former Management and Supervisory Board members granted and owed, the Group's earnings performance, and the remuneration of employees stated as FTEs. The latter is based on the average wages and salaries of all employees of the home24 Group in Germany. In accordance with the transitional rule in Section 26j (2) Sentence 2 EGAktG, the comparison only covers financial years 2020 and 2021.

Remuneration granted and owed (in EURk)	2021	2020	Change	Change in %
Current Management Board members				
Marc Appelhoff	1,837	632	1,205	191%
Brigitte Wittekind	341	429	-88	-21%
Philipp Steinhäuser	271	–	n/a	n/a
Former Management Board members				
Dr. Philipp Kreibohm	346	–	n/a	n/a
Christoph Cordes	1,161	–	n/a	n/a
Johannes Schaback	72	332	-260	-78%
Employees remuneration on a full-time equivalent basis[1] (in EURk)	38	36	2	6%
Group earnings (in EURm)				
Loss for the period	-35.4	-17.1	-18.3	107%
Adjusted EBITDA	1.4	15.8	-14.4	-91%

[1] Average wages and salaries of employees in the total workforce of the home24 Group in Germany

1.7. Outlook for Financial Year 2022

The Company's Annual General Meeting will take place on June 14, 2022. In accordance with Section 120a (4) Sentence 1 AktG, this remuneration report will be presented to the Annual General Meeting for approval. As outlined above, the plan is to present to the Annual General Meeting an amended Management Board remuneration system for approval in accordance with Section 120a (1) AktG so as to obtain broader approval from the shareholders for the Company's Management Board remuneration system.

The Management Board service agreements for all three currently serving members expire as of December 31, 2022. The Supervisory Board will negotiate the currently planned extension of these Management Board contracts in good time and based on the Management Board remuneration system approved by the Annual General Meeting. The Supervisory Board will further ensure that the Management Board remuneration is reasonable overall and serves the long-term interests of the Company. In particular, it will consider the results of the horizontal and vertical comparison completed by an independent remuneration consultant in 2021.

Independent Auditor's Report

on the Audit of the Remuneration Report Pursuant to Section 162 (3) AktG

To home24 SE

Opinion

We have audited the formal aspects of the remuneration report of home24 SE, Berlin, for the fiscal year from 1 January 2021 to 31 December 2021 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG ["Aktiengesetz": German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

Basis for the Opinion

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870). Our responsibilities under this provision and standard are further described in the "Responsibilities of the auditor" section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO ["Wirtschaftsprüferordnung": German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

Responsibilities of the Management Board and Supervisory Board

The management board and supervisory board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Consideration of Misrepresentations

In connection with our audit, our responsibility is to read the remuneration report considering the knowledge obtained in the audit of the financial statements and, in doing so, remain alert for indications of whether the remuneration report contains misrepresentations in relation to the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

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

Berlin, March 30, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders	Patzelt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Combined Management Report

1. General Information

1.1. Business Model

home24 considers itself 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 offers its customers more than 150,000 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 Management 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. Gross order value was added as a further non-financial performance indicator in 2021.

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

1.3. IPO of Subsidiary Mobly S.A.

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 home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) were placed within the scope of Mobly's IPO. In addition, home24 Holding GmbH & Co. KG (formerly: 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's IPO. Following the IPO, the Group's ownership interest in Mobly S.A. amounts to 51%.

Mobly S.A.'s gross proceeds from its IPO amounted to BRL 777.8m (the equivalent of EUR 121.0m). home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) realized gross proceeds in the amount of BRL 33.8m (the equivalent of EUR 5.3m) through its sale of Mobly S.A.

shares. In addition, home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) realized gross proceeds of BRL 121.7m (the equivalent of EUR 18.2m) due to the full exercise of the greenshoe option.

2. Report on Economic Position

2.1. Market Development

The home&living market has recovered considerably since coming to a standstill at the start of the COVID-19 pandemic in the first half of 2020. This is because consumers spent more time in their own homes and in some cases had only limited opportunities to spend their disposable income in other ways due to restrictions on travel and leisure activities.

The development of this market also continued to be significantly impacted by the COVID-19 pandemic in financial year 2021. These effects are illustrated by the example of the German market, which remains the most important market for home24. The home furniture retail market suffered a significant year-on-year slump, particularly at the start of the year when many bricks-and-mortar stores were closed due to the pandemic (Q1: –21%, source: German Federal Statistical Office, 2022). Overall, this market declined by –6% year-on-year for the full year (source: German Federal Statistical Office, 2022). At the same time, the shift away from retail stores to online shopping intensified. As a result, the other mail-order and online retail segment to which home24 belongs recorded year-on-year growth of 38% in the first quarter (source: German Federal Statistical Office, 2022). This growth amounted to around 10% for the full year, which represents a difference of almost 17 percentage points compared to the retail sector as a whole (source: German Federal Statistical Office, 2022).

Both sectors recorded negative growth in the last quarter of the year (home furniture retail: –4%; other mail-order and online retail: –4%); this is due to the normalization of demand caused in part to the emergence of COVID-19 mutations such as the omicron variant, which had a negative impact on economic development and consumer sentiment compared to the exceptionally high levels of the previous year.

All in all, the home&living market in 2021 was a volatile sector dominated by demand patterns that were hard to predict due to COVID-19 restrictions and supply chain bottlenecks. The restrictions introduced to limit the spread of the pandemic caused disruption to global supply chains. Serious disruption to global freight traffic increased the imbalances between supply and demand by significantly prolonging the amount of time required to deliver goods. This also caused freight rates for retailers to rise. At the same time, COVID-19 restrictions triggered production cuts for suppliers in recurring individual cases and a corresponding decline in the reliability of deliveries in the supply chain. Another factor impacting the market were the raw material shortages which in turn drove up purchase prices for home24.

2.2. Business Development

As an online retailer, home24 benefited from COVID-19 restrictions, particularly at the start of financial year 2021, and was able to record robust revenue growth. According to the Group’s estimate, this growth significantly exceeded the market’s outlined growth, which applies to both retail and the online business. As a result, home24 can look back on growth at constant currency of 27% for the Group and 29% in the Europe segment during the year under review, enabling it to gain additional market share. Although this growth nonetheless slowed during the course of the year due to the increasing normalization of demand and high growth rates in the previous year, home24 maintained its strong positioning compared to the wider market with stable revenues in the fourth quarter of the financial year compared to the decline in both offline and online retail in Germany, for example (source: German Federal Statistical Office, 2022).

In addition to focusing on gaining market share, the Group also paid close attention to maintaining a positive adjusted EBITDA as well as enhancing the shopping experience for its customers during financial year 2021.

Customers’ shopping experience was enhanced mainly by significantly improving the availability of goods in the Group’s central warehouses during the course of the year and by making delivery times significantly shorter and more reliable for its end customers. In light of the disruption to global supply chains, the measures introduced by home24 included significantly increasing its safety stock to make it substantially less sensitive to short-term delays or production bottlenecks.

Profitability remained exactly within the corridor for the adjusted EBITDA margin of 0–2% over the course of the year. Despite a decline in the gross profit margin primarily attributable to rising raw material and container prices, home24 was able to reinvest the majority of the additional profit contributions generated from growth in further growth for the future in line with its corporate strategy.

The Management Board believes that home24 has emerged significantly stronger from the past twelve months, enabling it to continue consistently pursuing its growth path and harness economies of scale to improve future profitability and further expand its competitive position. With this in mind, the acquisition of Butlers agreed before the end of the financial year and scheduled for completion in the first half of 2022 should provide a further boost in areas such as product range and customer acquisition.

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 7.7m (2020: EUR 6.6m). Amortization of internally generated intangible assets totaled EUR 5.8m (2020: EUR 5.0m).

2.4. Financial Position, Cash Flows and Financial Performance

In financial year 2021, home24 continued to focus on sustainable growth in order to build on its competitive position and gain additional market share, While at the same time ensuring positive adjusted EBITDA. As a result, the additional profit contributions generated from growth over the course of the year were continually reinvested to support the Company's long-term positive revenue trend by making additional investments in areas such as brand awareness, improved distribution processes or enhanced webshop functionalities. At the same time, the IPO of the Brazilian subsidiary Mobly S.A., in which home24 still holds 51% of shares after listing, further strengthened the Company's financial position to enable it to continue actively shaping the development of the market in the coming years. 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	2021	2020	Change	Change in %
Revenue	615.5	491.9	123.6	25%
Cost of sales	-348.9	-264.4	-84.5	32%
Gross profit	**266.6**	**227.5**	**39.1**	**17%**
Gross profit margin	**43%**	**46%**	**-3pp**	
Selling and distribution costs	-248.5	-191.8	-56.7	30%
Impairment losses on financial assets	-2.7	-3.5	0.8	-23%
Administrative expenses	-53.2	-42.2	-11.0	26%
Other operating income	4.8	1.6	3.2	> 100%
Other operating expenses	-2.3	-1.8	-0.5	28%
Operating result (EBIT)	**-35.3**	**-10.2**	**-25.1**	**> 100%**

Non-Financial Key Performance Indicators

	Unit	2021	2020	Change in%
Gross order value	in EURm	861	762	13%
Gross order value growth at constant currency	in %	15%	46%	-31pp
Number of orders	in k	3,298	3,243	2%
Average order value	in EUR	261	235	11%
Number of active customers (as of December 31)	in k	2,275	2,174	5%

Revenue

In financial year 2021, consolidated revenue came to EUR 615.5m, up 25% y-o-y. At constant currency, revenue grew 27% y-o-y. All major product categories and both segments of the Group contributed to the increase in revenue. This revenue growth was supported by an increase in the number of active customers and orders placed as well as a sharp rise in average order value in particular. Shorter delivery times also had a positive impact on the recognition of revenue for orders placed. As a result, revenue growth was significantly higher than gross order value growth at constant currency (+15%), which is derived from the average order value and the number of orders placed. As of December 31, 2021, home24 had a total of 2.3m active customers, compared to 2.2m as of December 31, 2020. The number of orders placed during the 2021 financial year increased by 2% to 3.3m compared to the previous year. The average order value expanded from EUR 235 to EUR 261 over the same period. While the first half of the year was particularly dominated by above-average growth due to favorable effects on customer demand in the context of the COVID-19 pandemic, customer demand remained largely stable at the previous year's high level during the second half of the financial year. By generating revenue growth of +27%, the Group safely met the revenue targets for financial year 2021 set out in the Combined Management Report for 2020 (y-o-y revenue growth of +20% to +40% at constant currency). The prior-year guidance regarding the non-financial performance indicators number of orders and number of active customers was also met, as both figures increased during financial year 2021. The average order value exceeded management forecasts due to increased purchase prices, which were at least partially passed on to the end customer in the form of price increases, and foreign currency effects. The Management Board did not expect any material change in this figure in the previous year.

Cost of Sales

Cost of sales mainly consists of the purchase price of consumer products plus inbound shipping and handling charges. In 2021, cost of sales increased by 32% from EUR 264.4m to EUR 348.9m. Revenue less cost of sales results in gross profit. In financial year 2021, the Group posted a gross profit of EUR 266.6m, up +17% from EUR 227.5m in the previous year. At 43%, the gross profit margin was below the previous year's figure of 46%. This decline primarily resulted from higher container rates for imported products from Asia and additional purchase price increases caused by rising raw material costs. These were partially but not fully passed on to the end customer. In addition, the reduction in customer traffic at outlets caused by the COVID-19 pandemic resulted in lower return-recovery rates and thus placed a temporary strain on the gross profit margin.

Selling and Distribution Costs

In 2021, selling and distribution costs amounted to EUR 248.5m, up by 30% compared to EUR 191.8m in 2020.

Selling and distribution costs comprise the following:

In EURm	2021	2020	Change	Change in %
Fulfillment expenses	-100.9	-82.4	-18.5	22%
Marketing expenses	-97.7	-71.5	-26.2	37%
Other selling and distribution costs	-49.9	-37.9	-12.0	32%
Total selling and distribution costs	**-248.5**	**-191.8**	**-56.7**	**30%**
as % of revenue				
Fulfillment expenses ratio	-16%	-17%	1pp	
Marketing expenses ratio	-16%	-15%	-1pp	

Fulfillment Expenses

Fulfillment expenses consist of expenses from distribution, handling and packaging, warehouse and logistics employee benefits, warehouse freelancers and payment processing. Fulfillment expenses rose 22% in financial year 2021, increasing from EUR 82.4m to EUR 100.9m. As a result, the fulfillment expenses ratio as a percentage of revenue improved slightly by 1 percentage point to 16%, partly due to more cost-efficient processes in the warehouses.

Marketing Expenses
Marketing expenses mainly include performance marketing costs and TV marketing expenses. In absolute terms, marketing expenses increased from EUR 71.5m to EUR 97.7m during the current financial year, reflecting the current corporate strategy of placing a strong focus on growth while continuing to maintain a positive adjusted EBITDA. As a result, the marketing expenses ratio as a percentage of revenue rose from 15% to 16% in financial year 2021, reflecting a slight decline in marketing efficiency compared to the exceptionally positive previous 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 and distributions-related expenses and depreciation. In financial year 2021, other selling and distribution costs rose from EUR 37.9m to EUR 49.9m, primarily due to higher staff costs, depreciation of capitalized right-of-use assets and employee share-based payment expenses, which were reported proportionally in selling and distribution costs for the first time during the current financial year.

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. Administrative expenses rose from EUR 42.2m to EUR 53.2m in financial year 2021 due in part to investments in additional staff for growth areas such as purchasing and IT, as well as higher share-based payment expenses primarily resulting from the higher fair values of the options issued.

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 and costs related to the IPO of the subsidiary Mobly S.A. carried out in February 2021, the adjustments in the reporting year also include one-off costs incurred in connection with the planned acquisition of the Butlers Group in the Europe segment. The adjusted EBITDA margin reflects the ratio of adjusted EBITDA to revenue.

In EURm	2021	2020	Change	Change in %
Operating result (EBIT)	**-35.3**	**-10.2**	**-25.1**	**> 100%**
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	27.3	22.7	4.6	20%
Share-based payment	8.6	2.9	5.7	> 100%
Costs related to the IPO of Mobly S.A.	0.2	0.4	-0.2	-50%
Expenses relating to the planned acquisition of the Butlers Group	0.6	0.0	0.6	n/a
Adjusted EBITDA	**1.4**	**15.8**	**-14.4**	**-91%**
Adjusted EBITDA margin	**0%**	**3%**	**-3 pp**	

Overall, the adjusted EBITDA margin of 0% precisely reflected the current strategy of maximizing growth based on the premise of a positive adjusted EBITDA. As a result, the year-on-year revenue growth of +27% at constant currency resulted in a positive adjusted EBITDA of EUR 1.4m. Despite the pressure exerted on cost of sales, the Company met the forecast set out in the 2020 Combined Management Report of an adjusted EBITDA margin for financial year 2021 in a range of +0% to +2%.

Overall, the Group's operating result (EBIT) decreased from EUR –10.2m in the previous year to EUR –35.3m.

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	2021	2020	Change	Change in %
Gross profit	266.6	227.5	39.1	17%
Fulfillment expenses	-100.9	-82.4	-18.5	22%
Impairment losses on financial assets	-2.7	-3.5	0.8	-23%
Profit Contribution	**163.0**	**141.6**	**21.4**	**15%**
Profit contribution margin	26%	29%	-3pp	

The y-o-y decline of 3 percentage points in the profit contribution margin was due in particular to the fall in the gross profit margin.

2.4.2. Financial Performance of the Segments

Financial Performance, Europe

In EURm	2021	2020	Change	Change in %
Revenue	501.4	389.2	112.2	29%
Cost of sales	-280.3	-203.0	-77.3	38%
Gross profit	**221.1**	**186.2**	**34.9**	**19%**
Gross profit margin	**44%**	**48%**	**-4 pp**	
Fulfillment expenses	-85.6	-66.2	-19.4	29%
Fulfillment expenses ratio	-17%	-17%	0 pp	
Profit contribution	133.0	117.1	15.9	14%
Profit contribution margin	27%	30%	-3 pp	
Marketing expenses	-83.8	-61.7	-22.1	36%
Marketing expenses ratio	-17%	-16%	-1 pp	
Adjusted EBITDA	**2.6**	**14.9**	**-12.3**	**-83%**
Adjusted EBITDA margin	**1%**	**4%**	**-3 pp**	

Financial Performance, LatAm

In EURm	2021	2020	Change	Change in %
Revenue	114.2	102.7	11.5	11%
Cost of sales	-68.6	-61.4	-7.2	12%
Gross profit	**45.6**	**41.3**	**4.3**	**10%**
Gross profit margin	**40%**	**40%**	**0pp**	
Fulfillment expenses	-15.3	-16.2	0.9	-6%
Fulfillment expenses ratio	-13%	-16%	3 pp	
Profit contribution	30.0	24.5	5.5	22%
Profit contribution margin	26%	24%	2 pp	
Marketing expenses	-13.8	-9.8	-4.0	41%
Marketing expenses ratio	-12%	-10%	-2 pp	
Adjusted EBITDA	**-1.2**	**0.9**	**-2.1**	**>-100%**
Adjusted EBITDA margin	**-1%**	**1%**	**-2 pp**	

Non-financial Key Performance Indicators, Europe

Europe	Unit	2021	2020	Change	Change in %
Gross order value	in EURm	706.1	602.9	103.2	17%
Gross order value growth	in %	17%	43%	-26 pp	
Number of orders	in k	2,002	1,753	249	14%
Average order value	in EUR	353	344	9	3%
Number of active customers (as of December 31)	in k	1,383	1,190	193	16%

Non-financial Key Performance Indicators, LatAm

LatAm	Unit	2021	2020	Change	Change in %
Gross order value	in EURm	154.6	158.9	-4.3	-3%
Gross order value growth at constant currency	in %	6%	55%	-49pp	
Number of orders	in k	1,296	1,490	-194	-13%
Average order value	in EUR	119	107	12	11%
Number of active customers (as of December 31)	in k	892	984	-92	-9%

Revenue

In financial year 2021, revenue in the Europe segment rose by +29% y-o-y to EUR 501.3m, representing 81% of Group revenue. Compared with the previous year, home24 significantly increased the number of orders (+14%), the average order value (+3%) and the number of active customers (+16%). As a result, the gross order value rose by +17%. The above-average increase in revenue compared to gross order value is primarily due to faster delivery of goods and a decline in return rates.

In financial year 2021, revenue in the LatAm segment rose by +11% y-o-y to EUR 114.2m, representing 19% of Group revenue. Adjusted for foreign currency effects, revenue grew significantly 21% y-o-y. This positive performance was mainly driven by an increase in the average order value (+11%), while the number of orders (-13%) and the number of active customers (-9%) decreased due to high prior-year comparatives. This resulted in gross order value growth of +6% at constant currency. The above-average increase in revenue compared to gross order value in the LatAm segment is also primarily due to faster delivery of goods and a lower average VAT rate.

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 2021 than would be the case at constant currency.

Adjusted EBITDA

The Europe segment generated positive adjusted EBITDA of EUR 2.6m in the current financial year after EUR 14.9m in the previous year. The adjusted EBITDA margin came in at 1% compared to 4% in the previous year. This development is primarily the result of investments made in additional future growth such as increasing brand awareness, and the higher cost of sales caused by rising raw material and container prices.

The LatAm segment reported slightly negative adjusted EBITDA of EUR -1.2m in financial year 2021 after EUR 0.9m in the previous year. The adjusted EBITDA margin came in at -1% compared to 1% in the previous year. This was due to higher start-up costs for investments, among other things, in additional retail and warehouse capacity, as a result of increased investment activities following the successful IPO and associated strengthening of the liquidity position in February 2021.

2.4.3. Cash Flows

In EURm	2021	2020	Change
Cash flow from operating activities	-63.1	32.0	-95.1
thereof change in net working capital	-62.8	20.8	-83.6
Cash flow from investing activities	-20.0	-11.4	-8.6
Cash flow from financing activities	110.4	37.4	73.0
Net change in cash and cash equivalents	**27.3**	**58.0**	**-30.7**
Cash and cash equivalents at the beginning of the period	103.1	45.6	57.5
Effects of exchange rate changes on cash and cash equivalents	0.7	-0.5	1.2
Cash and cash equivalents at the end of the period	**131.1**	**103.1**	**28.0**

The Group's cash flow from operating activities amounted to EUR -63.1m in financial year 2021 compared with EUR 32.0m in the previous year, a change of EUR -95.1m within the space of a year. This negative cash flow from operating activities is almost entirely attributable to the change in net working capital. On the one hand, this was caused by the intended significant increase in stock availability and the associated reduction in average delivery times for end customers. It was also due to a reduced utilization of early payments of receivables arising from installment purchases in the LatAm segment as a result of the improved level of capital resources following the successful

IPO of Mobly S.A. in February 2021. The expectation of a significant rise in net working capital set out in the 2020 Combined Management Report was thus confirmed.

Cash outflows from investing activities rose in line with prior-year guidance as a result of the IPO of Mobly S.A. This y-o-y increase was primarily due to the expansion of warehouse capacity and retail space in Brazil with corresponding investments in property and equipment. In total, the Group invested EUR 12.2m in property and equipment in the current financial year. Significant investment of EUR 8.4m was also made in intangible assets.

Cash flow from financing activities has mainly resulted from proceeds within the scope of the IPO of Mobly S.A. (capital increase and sale of non-controlling interests), less the related transaction costs and taxes paid (EUR +133.4m net) and subsequent repayments of bank loans (EUR –11.8m). Further outflows have resulted due to factors including the redemption of lease liabilities (EUR –11.4m).

Driven by capital measures in the LatAm segment, the Group's cash and cash equivalents rose by EUR 28.0m in financial year 2021 to stand at EUR 131.1m as of the reporting date.

The financing facilities listed below were in place in the LatAm segment during the previous year. In the current reporting period, the Group repaid the existing bank loans in full as a result of the IPO of Mobly S.A. and the additional capital resources.

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

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

The credit facility for financing supplier liabilities was fully repaid in financial year 2021 and reduced to BRL 3.5m (the equivalent of EUR 0.6m) as of December 31, 2021.

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 (2020: EUR 3.2m). In the LatAm segment, there were no longer any liabilities associated with reverse factoring agreements as of the reporting date (2020: EUR 1.2m).

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. Cash Flows of the Segments

Cash Flows, Europe

In EURm	2021	2020	Change
Cash flow from operating activities	-11.7	32.2	-43.9
thereof from change in net working capital	-14.2	18.5	-32.7
Cash flow from investing activities	9.7	-12.1	21.8
Cash flow from financing activities	-9.3	35.0	-44.3
Net change in cash and cash equivalents	**-11.3**	**55.1**	**-66.4**
Cash and cash equivalents at the beginning of the period	99.4	44.3	55.1
Cash and cash equivalents at the end of the period	**88.1**	**99.4**	**-11.3**

Cash Flows, LatAm

In EURm	2021	2020	Change
Cash flow from operating activities	-51.6	0.0	-51.6
thereof from change in net working capital	-48.7	2.4	-51.1
Cash flow from investing activities	-13.4	-5.6	-7.8
Cash flow from financing activities	103.6	8.6	95.0
Net change in cash and cash equivalents	**38.6**	**3.0**	**35.6**
Cash and cash equivalents at the beginning of the period	3.7	1.3	2.4
Effects of exchange rate changes on cash and cash equivalents	0.7	-0.7	1.4
Cash and cash equivalents at the end of the period	**43.0**	**3.6**	**39.4**

Of the EUR 131.1m in cash and cash equivalents reported in the Group as of the end of the financial year, EUR 88.1m relates to the Europe segment and EUR 43.0m to the LatAm segment.

The negative cash flow from operating activities is due to the change in net working capital in both segments (see explanations on the Group's cash flows).

After deduction of the transaction costs and taxes resulting from the sale of shares in Mobly S.A., the Europe segment has received a total of EUR 19.2m, mainly through the repayment of intercompany loans and interest receivables. Of the inflows, EUR 17.2m are shown as repayment of loans in the cash flow from investing activities.

The positive cash flow from financing activities in the LatAm segment is primarily due to the IPO of Mobly S.A. The net proceeds from placing the newly issued ordinary shares of Mobly S.A. in the amount of EUR 114.9m – i.e. less transaction costs paid – were mainly used to reduce the utilization of early payments of receivables arising from installment purchases and for the repayment of bank loans.

2.4.5. Financial Position

In EURm	December 31, 2021	December 31, 2020	Change	Change in %
Non-current assets	136.5	109.5	27.0	25%
Current assets	253.7	178.4	75.3	42%
Total assets	**390.2**	**287.9**	**102.3**	**36%**

In EURm	December 31, 2021	December 31, 2020	Change	Change in %
Equity	220.4	114.3	106.1	93%
Non-current liabilities	55.6	46.9	8.7	19%
Current liabilities	114.2	126.7	-12.5	-10%
Total equity and liabilities	**390.2**	**287.9**	**102.3**	**36%**

The assets and equity and liabilities of the Group changed compared to December 31, 2020, primarily because of the following items in the Statement of Financial Position:

Property and equipment rose by EUR 7.3m to EUR 24.8m in the current financial year, primarily due to planned new investments in new warehousing capacity and retail space in the LatAm segment.

Capitalized right-of-use assets increased by EUR 13.2m to EUR 56.9m in the current financial year. Depreciation of EUR 13.6m was set against additions of right-of-use assets amounting to EUR 26.9m due to newly signed leases in the LatAm segment in particular. At the same time, current and non-current lease liabilities rose by a total of EUR 15.4m to EUR 63.4m as of December 31, 2021. This change primarily results from newly signed or remeasured leases amounting to EUR 26.9m and scheduled repayments of EUR –11.4m.

The EUR 10.7m increase in non-current financial assets to EUR 16.1m in financial year 2021 was primarily due to a EUR 5.4m rise in receivables from collateral provided. This relates to payments of disputed tax liabilities that were deposited as collateral in connection with legal proceedings in the LatAm segment.

As a result of the intended significant increase in stock availability and the associated reduction in average delivery times for end customers, inventories increased by EUR 19.5m to EUR 60.8m in the reporting year.

Trade receivables increased by EUR 20.9m to EUR 37.2m during the reporting period in the LatAm segment in particular, as the Group has made less use of agreements covering early payments of receivables arising from installment purchases due to the additional liquidity resulting from the IPO of its subsidiary Mobly S.A.

Cash and cash equivalents rose by EUR 28.0m to EUR 131.1m. Changes in cash and cash equivalents are discussed under section 2.4.3.

Equity increased by EUR 106.1m overall to EUR 220.4m. This increase is due in particular to the shares newly issued within the scope of the successful IPO of the subsidiary Mobly S.A. carried out in February 2021 (EUR +121.0m) as well as the sale of shares already held in Mobly S.A. (EUR +23.5m). Overall transaction costs of EUR 7.2m and income taxes of EUR 3.9m have been incurred for the issue of new shares and the sale of shares already held. These have been directly recognized in equity. Conversely, the net loss for the financial year reduced equity.

The EUR 8.7m increase in non-current liabilities is primarily due to the change in non-current lease liabilities arising from newly signed leases in the LatAm segment.

The EUR 12.5m decline in current liabilities to EUR 114.2 is mainly attributable to the customer advance payments recognized under contract liabilities and borrowings. Contract liabilities fell by EUR 11.2m, primarily as a result of shorter delivery times, while the decline in current borrowings (EUR –5.9m) resulted from the full repayment of bank loans in the LatAm segment after the IPO of Mobly S.A. during the reporting year.

Compared with December 31, 2020, total assets increased by EUR 102.3m to EUR 390.2m.

2.4.6. Financial and Non-financial Key Performance Indicators

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

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

In addition to these financial key performance indicators, the Management Board also measures non-financial key performance indicators for the purposes of managing the Group. The focus is now on the number of orders, the number of active customers and the average order value. Gross order value was added as a further non-financial performance indicator in financial year 2021.

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 (2020: 3.2m).

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 2021, there were 2.3m active customers (2020: 2.2m).

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 mainly due to currency effects rose in financial year 2021 from EUR 235 to EUR 261. Other influencing factors include changes in the product mix and generally higher selling prices.

Gross order value is defined as the aggregated gross order value of the orders received in the respective period, including VAT and without factoring in cancellations and returns as well as subsequent discounts and vouchers. In financial year 2021, the gross order value amounted to EUR 860.7m (2020: EUR 761.8m).

2.5. Overall Assessment

home24 can once again look back on a successful financial year 2021. After strong revenue growth of +42% at constant currency in the previous year, the Company was able to increase revenue on a constant currency basis by a further 27% in financial year 2021. At the same time, the Company's structural profitability was once again confirmed by a positive adjusted EBITDA margin despite significant growth investments and the rising cost of sales. In addition, the IPO of subsidiary Mobly S.A. further improved the level of capital resources to ensure that home24 can continue to strengthen its market position in the coming years. To this end, the Company has cash of EUR 131.1m at its disposal as of the end of the financial year.

In conclusion, the Group comfortably met the target of revenue growth at constant currency of between +20% and +40% communicated in the prior-year financial statements. At +0% for financial year 2021, the adjusted EBITDA margin also fell within the range of +0% to +2% communicated in the 2020 Annual Report.

3. Report on risks and opportunities

3.1. Overview of Report on Risks and Opportunities

In the following, home24 presents the development and maintenance of an effective risk management system (RMS) and internal control system (ICS) for the Group.

During the 2021 financial year, home24 carried out the process defined internally in its risk management policy for recording, assessing and communicating identified risks. The risks, responsibilities and countermeasures were compiled in a risk register. The Group's Internal Audit department helps the Management Board to monitor the various business units and corporate units within the Group. As a result, Internal Audit carried out a scheduled audit during the 2021 financial year.

In a first step, the objectives and structure of the RMS and ICS are outlined. This is followed by an overview of the assessment methodology, reporting and material key risks and opportunities that arise in the course of the Group's business activities.

Risk Management and Internal Control System Objectives

home24 can only ensure lasting success by identifying the risks and opportunities arising from its business activities at an early stage, assessing them accurately, and implementing effective and efficient measures. The RMS and ICS help the Group to recognize potential risks at an early stage and take suitable countermeasures to avert the threat of damage to home24.

The aim of the RMS is to create the necessary transparency with regard to risks and to develop a common understanding of risks within home24. The aim of home24's ICS relevant for the financial reporting process is to ensure proper and effective accounting and financial reporting.

Assessing the probability of occurrence and the impact of future events and developments is subject to uncertainty. home24 is aware that an RMS cannot anticipate every potential risk and that even an optimally designed and implemented ICS can never fully prevent improper activity.

The key characteristics of the RMS and ICS are outlined below in accordance with Section 315 (4) of the German Commercial Code (HGB).

Risk Management and Internal Control System Structure

Group-wide standards for dealing with risks form the basis of a successful RMS/ICS. The Governance, Risk and Compliance (GRC) department responsible for this area continuously develops and implements RMS/ICS instruments, policies and methods based on the internationally recognized framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). With its standardized procedures for identifying, assessing, monitoring, documenting and the associated reporting of risks and measures, the COSO framework supports decision-making by providing consistent, comparable and transparent information.

The RMS and ICS are continuously being improved.

3.2. Assessment Methodology, Management and Reporting

Assessment Methodology

The identification and assessment of risks are an integral part of corporate management and are performed by the risk owners on an ongoing basis. home24 has established a biannual process in which risks are comprehensively evaluated and documented by the risk owners with support from the GRC department. Any significant changes in risks identified that occur outside of the regular process are reported on an ad-hoc basis.

The regular biannual process identifies risks or, in the case of existing risks, reassesses them as part of internal risk surveys carried out by the affected areas (risk owners). These risks are then assessed on quantitative or qualitative scales based on their probability of occurrence and their potential impact on the Group's business activities. The risk assessment reporting period is twelve months from the assessment date. The GRC department supports and monitors this process and documents the results.

The effects resulting from the risks are categorized as shown below.

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 14.8m	Strong negative impact on business activities, financial performance and cash flows	▪ Severe violations of the law ▪ Severe legal consequences for the liability of top management ▪ And severe impact on operations	▪ 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 5.9m	Significant negative impact on business activities, financial performance and cash flows	▪ Material violations of the law/criminal proceedings ▪ Material consequences for individual managers and material impact on business operations	▪ Negative coverage in the media with medium-term reach ▪ Medium-term reputation damage ▪ Difficult to achieve corrections, long-term PR measures required
medium	> EUR 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 295k	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 295k	Minor negative impact on business activities, financial performance and cash flows	▪ No criminal prosecution	▪ Very short-term negative impact on reputation/image

The probability of occurrence is classified as follows:

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%

Based on the combination of probability of occurrence and impact, risks are classified as low, moderate, high, very high and extreme.

Presentation – Five Levels for Risk Assessment

Impact/ probability of occurrence	rarely	unlikely	possible	likely	almost certain
severe					EX-TREME
significant				VERY HIGH	
medium			HIGH		
low		MODER-ATE			
immaterial	LOW				

Each gross risk is assigned relevant countermeasures and control measures as well as responsibilities. All risks are reassessed on a gross basis after taking into account the countermeasures and control measures implemented (net risk = gross risk less countermeasures). Net risks are divided into the same five classes as gross risks (see above).

Managing Risks

Risk owners are responsible for defining and implementing effective measures to mitigate risks and leverage opportunities within their areas of responsibility. The risk owners use different strategies depending on the nature, characteristics and assessment of the identified risks, paying particular attention to the costs and effectiveness of the measures being considered to mitigate them. Possible risk strategies include acceptance, prevention, mitigation and transfer to third parties.

Internal Control System Relevant for the Consolidated Financial Reporting Process

home24's ICS includes principles and procedures as well as preventative and detective controls, thus providing a complete and accurate process for preparing the financial statements. The basis for the system is an analysis of significant accounting and financial reporting risks associated with the Group's main business processes. Some of the relevant controls, including their description and type, how often they are carried out and the individuals responsible for carrying them out, are formally documented in risk control matrices.

A function and role concept ensures the segregation 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.

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 carried out using consolidation software. The preparation of the financial statements is also supported by a formalized process that includes the relevant activities, schedule and associated responsibilities.

To make sure the ICS is appropriate and effective, it is regularly optimized as part of ongoing monitoring and improvement processes, the results of which are reported to the Management Board and Audit Committee each quarter.

Reporting

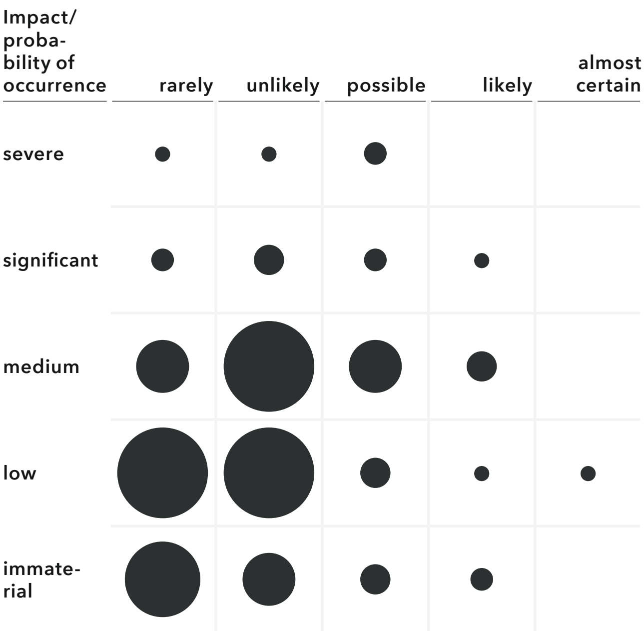
home24's reporting focuses on material key risks or risks threatening the continued existence of the Group (known as going-concern risks). The risk assessment in this report reflects the net risk assessment. The continued existence of the Group as a going concern is threatened if the potential financial impact of a risk exceeds the calculated risk-bearing capacity threshold. Material key risks are those that could have a significant adverse impact on the business, financial situation, liquidity, operating results, and development of home24, either alone or in conjunction with other risks and uncertainties. With this in mind, the maximum risk that home24 can bear without threatening its continued existence as a going concern is calculated annually as part of a risk-bearing capacity concept. 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 3 million.

The Management Board and the Audit Committee of the Supervisory Board are regularly informed about significant control weaknesses. During the 2021 financial year, the GRC department reported on the Group's risk situation to the Management Board and the Supervisory Board's Audit Committee twice as part of the regular reporting process.

3.3. Risks

The material key risks recorded in accordance with the aforementioned system are summarized below.

Presentation – Distribution of the Number of Net Risks in the Risk Matrix



At present, no going-concern risks exist that could threaten the continued existence of home24. The material key risks based on the potential probability of occurrence and impact are therefore shown below.

Presentation – Overview of the Development of Key Risks

	2021		2020	
Key risks	**Impact**	**Probability**	**Impact**	**Probability**
Legal requirements relating to the protection of personal information	medium	likely	medium	likely
Cyber security	significant	likely	significant	likely
Predictability of inventory levels	medium	likely	medium	likely

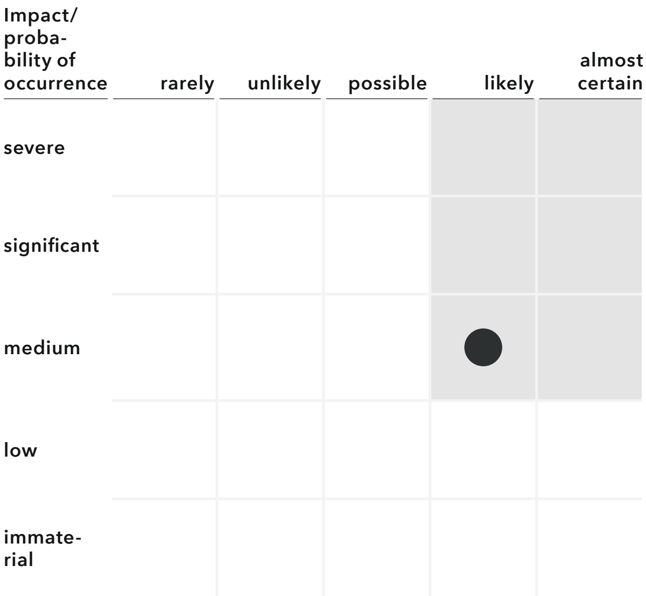
In the 2021 financial year, the number of material key risks remained unchanged compared to the previous financial year.

Although the COVID-19 pandemic did not represent a material risk to the Group in 2021, there remain unforeseeable risks to business performance, including as a result of supply chain constraints and a possible future recession. This uncertainty is being closely monitored by the Group and measures are continuously being taken and promptly adapted in line with the latest developments.

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, the disclosures on financial risks (credit risk, currency and interest rate risk as well as liquidity risk) required under IFRSs are not presented separately in the report on risks and opportunities but in the Notes to the Consolidated Financial Statements, under note 6.

Legal Requirements Relating to the Protection of Personal Information

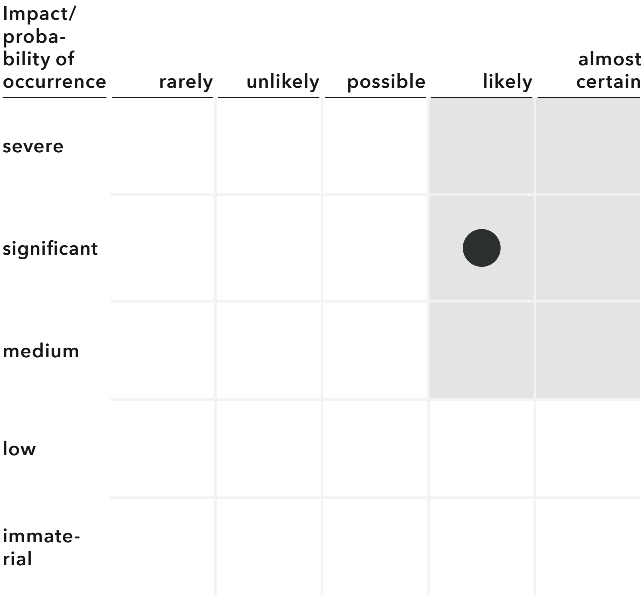


As an e-commerce company, home24 collects and processes personal data in order to process orders, receive payments, communicate with customers, manage marketing activities, carry out payroll activities, etc. In this context, home24 is subject to laws and regulations regarding the protection of personal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

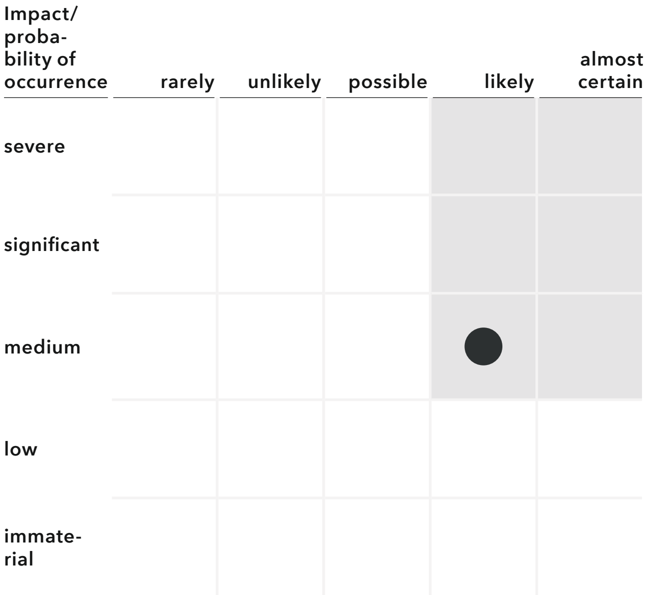
To limit possible damages arising from non-compliance with data protection requirements, the Company appointed an external data protection officer. Employees in the Legal department continuously work to raise awareness of this issue, monitor and communicate legal requirements, update and develop other relevant documents and support specialist departments, together with the individual responsible for IT security and/or the Human Resources department, when implementing these requirements. Members of staff also conduct mandatory online training.

The risk assessment remains unchanged in 2021 compared to the previous year.

Cyber Security



Predictability of Inventory Levels



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. Cyber security work continued on an ongoing basis in financial year 2020 and 2021. Those responsible for IT security at home24 therefore 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 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.

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 counter this risk, forecasts are made for goods to be procured using a model developed in-house 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 2021, the Group believes that external factors such as a possible general or sector-specific recession (and the related changes in customer purchasing behavior) and/or supply chain constraints as possible consequences of the COVID-19 pandemic again result in an increased probability of occurrence and impact of this risk. As a result, the general assessment of this material key risk remains unchanged y-o-y in 2021.

Risks Arising from the Conflict Between Russia and Ukraine

In addition to the aforementioned key risks, there are potential risks for the 2022 financial year arising from the conflict between Russia and Ukraine. These risks result from current increase in prices in the transport and energy sectors, uncertainty over the delivery capabilities of suppliers from Ukraine, and the termination of relationships with suppliers from Belarus, for example. Based on events to date, the conflict is expected to have a negative impact on home24's entire supply chain. Other as-yet-unforeseeable risks to business performance that would arise from a lasting conflict could include further price increases, restrictions across the entire supply chain, and the possibility of recession. It is not yet possible to make a conclusive assessment of the financial and operational impact of this conflict, as it is unclear how long this period of uncertainty will last and how extensive the negative impact could be. In addition, the potential for these risks to reach a magnitude that would pose a going-concern risk for the Company as a result of this uncertainty cannot be ruled out if, contrary to current expectations, the Company is only able to generate very limited or no revenue over a longer period. In such a scenario, additional measures would be required to prevent going-concern risks for the Company. The associated potential risks are being continually monitored by the risk owners to ensure that they can be addressed at an early stage. The Company has also taken risk mitigation measures for ad-hoc risks identified (outside of the regular process).

The assessment of risks and opportunities set out in this report represents the risks and opportunities excluding the situation in Ukraine, as the latest developments are subject to a high level of uncertainty.

3.4. Opportunities

The home&living segment is one of the largest consumer markets. At the same time, online penetration in the home&living sector in the markets served by home24 is lower than in other regions such as the USA and UK. The COVID-19 pandemic provided a further boost to the structural shift toward the increased use of online home&living shopping, particularly during the first half of the 2021 financial year. The Company's Management Board 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 continue to drive the shift from offline to online shopping in the home&living segment going forward. The Group assumes that the increasing number of Internet users buying products online is attributable mainly to Millennials and later generations, 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.

By fundamentally investing in its systems and processes in recent years, home24 has created a basis that enables the profitable scaling of business volumes. The Group has also invested and continues to invest in reinforcing its unique selling points within the market, such as the in-house delivery of larger items. End customers could be offered additional services via this in-house delivery service in future, further strengthening home24's competitive position in the home&living market.

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 assumes that, given the weak presence of brands in this market, there is an opportunity for the Group to establish its own successful home&living brand and to supplement and strengthen it further with unique private label collections.

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.

home24 significantly broadened its range during the 2021 financial year, particularly in the areas of occasional furniture and accessories. The Group plans to continue steadily increasing its range of home&living items in the future. Having an even-broader product range that offers different styles and prices across all categories will enable home24 to meet its customers' needs even more effectively and thus generate further growth momentum.

The acquisition of the Butlers Group announced at the end of the financial year and scheduled for completion in the first half of 2022 opens up an array of additional opportunities for home24. home24 will remain the online target platform offering the entire Butlers online range, which enables the Group to focus more on using inspiring living spaces as a lever to increase customer loyalty and enable seasonal marketing. Together, this will provide access to the existing home24 online customer base and the more than 40 million annual visitors to Butlers' online and offline sales channels.

Finally, its much improved capital resources will help the Group to achieve its goals. By successfully completing the IPO of its Brazilian subsidiary Mobly S.A. in February and after the acquisition of Butlers, home24 is in a strong position to seize the opportunities available in the market.

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

In the first quarter of 2022, the conflict in Ukraine created a factor of uncertainty for further business performance in 2022. As a sign of solidarity and in response to the aggression coming from Russia and Belarus, the Group has terminated cooperation with its Russian and Belarusian suppliers and informed its entire supplier base that home24 will no longer source products from Russia and Belarus. Based on current knowledge, this will affect around 2% of the European revenue base in 2021.

The Group's planned transaction with the Butlers Group was cleared by the antitrust authorities in the first quarter of 2022. Completion of the business combination remains subject to conditions precedent.

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

5. Future Performance and Outlook

Market Development

From the second quarter of 2020 onwards, the environment in the online home & living market was highly positive, reaching its peak in the first half of 2021. There has been a noticeable normalization of consumer demand since summer 2021.

Management expects a challenging market environment with even greater volatility in the 2022 financial year. home24 will continue to encounter higher shipping costs in 2022, as well as future effects of the COVID-19 pandemic that are difficult to predict. Current geopolitical tensions are once again making raw material prices volatile, with additional risks from fluctuating energy prices. home24 terminated its cooperations with suppliers in Russia and Belarus as a direct consequence of the Ukraine conflict. In addition to the aforementioned factors, consumer sentiment is being dampened by growing inflation fears and anticipated macroeconomic development.

As a result, home24 will focus on issues that – unlike market demand – it can actively influence itself during the 2022 financial year. The acquisition of home accessories experts Butlers, which is scheduled to be completed in the first half of 2022, will enhance home24's private label capabilities in the areas of home textiles, decorations and tableware. home24 will also gain access to more than 40 million Butlers visitors each year, giving it a direct connection to its offline customers. To grow its online platform further, the Group is investing in expanding its product range via a curated marketplace for third-party retailers that is scheduled to launch in summer 2022. Existing categories will be expanded and new categories opened up via selected partnerships with specialized suppliers in the home&living sector. home24 is confident that these strategic enhancements to the business model will enable it to benefit considerably from the further long-term market growth anticipated by management. The short-term market situation will be consistently analyzed in parallel with these projects to ensure that the Group emerges stronger from a variety of scenarios in a volatile market environment during the 2022 financial year.

Based on noticeably lower market demand in the first quarter of 2022, when a double-digit decline in revenue is expected, and general uncertainty about short-term demand trends, the forecast for the 2022 financial year covers a broad range, with management aiming to firm up these targets during the course of the year. All in all, the achievement of this year's targets will largely depend on the development of factors such as inflation, supply chains and consumer sentiment. The assumptions taken into account for the contribution of the Butlers business are based on estimates due to the still-pending change in reporting standards from German Commercial Code (HGB) to IFRSs.

Considering that the acquisition of Butlers will result in a consolidation of the business from the second quarter of 2022 onwards, the Company anticipates revenue growth at constant currency of +2% to +17% for the 2022 financial year, with much of this growth generated in the second half of the year.

The Group is also seeking to generate an adjusted EBITDA margin of +1% to +5% for the 2022 financial year. A portion of the improvement in the adjusted EBITDA margin is attributable to additional earnings contributions from the Butlers Group. Lease obligations are a material expense item in the Butlers Group. While these do not impact the adjusted EBITDA margin, they do have a negative effect on cash flow from financing activities.

In an uncertain short-term market environment, the Company will generally focus more on maintaining core profitability compared to revenue growth while at the same time continuing its current approach to customer acquisition. The forecast is also based on the assumption that potential increases in prices for items such as raw materials, diesel and container rates within the Group can be passed on to end customers via price rises without any significant impact on demand.

The purchase price payment for the Butlers acquisition will significantly increase outflow of cash from investing activities compared to the previous year. Net working capital is expected to decline, assuming that the early payment of outstanding receivables arising from installment purchases in the LatAm segment resumes as planned. In terms of the Company's non-financial performance indicators, the Management Board also expects order levels 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 289 f 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 https://www.home24.com/download/companies/homevierundzwanzig/CorporateGovernance/20211228_home24_declaration_conformity_en.pdf.

7. Non-financial Report

The Non-financial Report for the home24 Group is included in this Annual Report in accordance with to Section 315b German Commercial Code (HGB).

8. Takeover-related Disclosures

The takeover-related disclosures required pursuant to Sections 289a and 315a (1) German Commercial Code (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.

9. 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 (HGB) and the German Stock Corporation Act (AktG) in conjunction with Art. 61 of Council Regulation (EC) No 2157/2001.

9.1. 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 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 and share-based payment.

home24 SE has extensive supply and service relationships with its subsidiaries. Purchased services primarily comprise logistics, sales, quality assurance and customer services. 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 return goods from customer orders.

9.2. 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, a decline in other operating income and an increase in other operating expenses and finance costs.

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

In EURm	2021	2020	Change	Change in %
Revenue	515.7	397.8	117.9	30%
Other operating income	5.0	63.6	-58.6	-92%
Other own work capitalized	0.5	0.0	0.5	n/a
Cost of materials	-365.7	-273.1	-92.6	34%
Personnel expenses	-26.9	-24.3	-2.6	11%
Depreciation and amortization	-3.8	-3.6	-0.2	6%
Other operating expenses	-118.1	-95.1	-23.0	24%
Operating result (EBIT)	**6.7**	**65.3**	**-58.6**	**-90%**
Financial result	-35.8	-1.5	-34.3	>100%
Expenses from loss absorption	-23.7	-12.1	-11.6	96%
Net income/loss for the year	**-52.8**	**51.7**	**-104.5**	**>-100%**

home24 SE increased its revenue by EUR 117.9m to EUR 515.7m during the reporting period, supported by factors such as positive trends in the number of active customers (+16%), orders placed (+14%) and a rise in the average order value (+3%). Shorter delivery times also had a positive impact on the recognition of revenue for orders placed. As a result, revenue growth was significantly higher than gross order value growth. While the first half of the year was particularly dominated by above-average growth due to favorable effects on customer demand in the context of the COVID-19 pandemic, customer demand remained largely stable at the previous year’s high level during the second half of the financial year.

The decline in other operating income mainly results from reversals of write-downs of financial investments in a subsidiary carried out in the previous year (EUR +60.7m in total), through which home24 SE holds an equity interest in Mobly S.A. The reversal of the write-downs was prompted by the high valuation of Mobly S.A. by the capital market in the context of the subsidiary's IPO. This gave rise to the conclusion that the previously determined impairment of the financials investment no longer applied. In addition, other operating income primarily included currency translation gains and prior-period income, including from the reversal of provisions and the reversal of loss allowances for foreign input tax assets.

The cost of materials rose by EUR 92.6m to EUR 365.7m in tandem with the growth in revenue. EUR 77.8m of this increase is attributable to expenses for goods purchased, while EUR 14.8m is attributable to the cost of services purchased from other companies in the Group. In addition to revenue growth, the increase in goods purchased was due to factors such as higher container rates for imported products from Asia and additional purchase price increases caused by rising raw material costs.

Other operating expenses rose by EUR 23.0m to EUR 118.1m in financial year 2021, reflecting the current corporate strategy of placing a strong focus on growth while continuing to maintain a positive adjusted EBITDA for the Group, this increase was mainly due to higher advertising costs (EUR +22.5m).

The financial result includes impairment of EUR 36.2m on loans to and equity interests in Jade 1216. GmbH. The write-down was triggered by an expected permanent impairment of the investment in the Brazilian subsidiary Mobly S.A. held via Jade 1216 GmbH. Both subsidiaries are part of the LatAm segment. Due to the high valuation of Mobly S.A. by the capital market in the context of the IPO, home24 SE in the previous year had reversed the write-down on the equity investment in Jade 1216. GmbH and the loans extended to it to the amount of the acquisition costs (see explanations on other operating income). As of December 31, 2021, the fair value of the equity investment in Mobly S.A. is again below cost, so that a write-down had to be carried out again.

The cost of absorbing the loss incurred by home24 Outlet GmbH was EUR 23.7m in financial year 2021, up from EUR 12.1min the previous year.

The forecast of a decline in net income for the year set out in the 2020 Combined Management Report occurred as predicted. The impairment of loans to and investments in the subsidiary Jade 1216. GmbH also had an unexpected adverse impact on the net/income loss for the year in 2021.

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

In EURm	December 31, 2021	December 31, 2020	Change	Change in %
Fixed assets	92.7	143.7	-51.0	-35%
Current assets	164.0	158.0	6.0	4%
Prepaid expenses	1.1	1.0	0.1	10%
Total assets	**257.8**	**302.7**	**-44.9**	**-15%**
Equity	160.2	212.7	-52.5	-25%
Provisions	18.5	17.5	1.0	6%
Liabilities	79.1	72.3	6.8	9%
Deferred income	0.0	0.2	-0.2	-100%
Total capital	**257.8**	**302.7**	**-44.9**	**-15%**

The long-term financial assets included in fixed assets fell by EUR 48.3m to EUR 77.9m. This was mainly due to the write-down of loans to Jade 1216. GmbH and the equity investment in that entity, and the repayment of intercompany loans following the sale of shares in indirect subsidiary Mobly S.A. after its successful IPO in the first quarter of 2021.

The rise in current assets is attributable mainly to higher levels of inventory (EUR +13.0m). As well as ensuring short delivery times for end customers, the investments made in inventories are also helping to ensure that home24 remains as independent from the reliability of global supply chains as possible over the next few quarters. This contrasts with a decrease in cash and cash equivalents (EUR –11.9m). The change in cash and cash equivalents is explained in more detail later in this section.

Equity decreased by EUR 52.5m overall to EUR 160.2m, mainly due to the loss for the period in the year under review. The equity ratio stood at 62% as of December 31, 2021 (December 31, 2020: 70%).

Provisions increased, primarily as a result of higher provisions for outstanding purchase invoices.

The rise in liabilities is mainly attributable to an increase in liabilities to affiliated companies (EUR +10.2m) mostly arising from the assumption of losses incurred by a subsidiary. Set against this was the decline in payments received on account of customer orders (EUR –7.2m).

For more information on the liquidity situation of home24 SE and its financial performance, please refer to the presentation of the cash flows of the Europe segment that essentially reflects the financial performance of home24 SE. The key exceptions are payments associated with rental contracts and leases (EUR 9.2m in the Europe segment, of which EUR 8.9m relate to home24 SE) and investments in internally generated software (EUR 4.5m), which are included in the Europe segment's cash flows under cash flow from financing activities and investing activities but are allocated to cash flow from operating activities in the financial statements of home24 SE in accordance with German commercial law (HGB). One of the reasons for the negative cash flow from operating activities of both the Europe segment and home24 SE is the negative change in net working capital caused by higher inventory levels. After deduction of the transaction costs and taxes resulting from the sale of shares in the indirect subsidiary Mobly S.A., home24 SE received a total of EUR 19.2m, mainly through the repayment of intercompany loans (EUR +17.2m in cash flow from investing activities) as well as unsettled interest receivables.

Cash and cash equivalents of EUR 86.4m (December 31, 2020: EUR 98.3m) 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. Responsibility for the Group's liquidity management lies with home24 SE.

9.3. 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) German Commercial Code (HGB) is provided in the Group's risk report.

9.4. 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 2022, the net income/loss of home24 SE under the German Commercial Code (HGB) will be considerably above the figure of financial year 2021 due to the negative one-off effect, the write-downs of receivables and equity interests in a subsidiary, but also because of the improved profitability of ordinary business activities.

Berlin, March 30, 2022

Marc Appelhoff   Brigitte Wittekind   Philipp Steinhäuser

Consolidated Financial Statements

Consolidated Statement of Financial Position

In EURm	Notes	December 31, 2021	December 31, 2020
Non-current assets			
Property and equipment	5.10	24.8	17.5
Intangible assets	5.11	36.7	37.0
Right-of-use assets	5.25	56.9	43.7
Financial assets	5.12/5.27	16.1	10.7
Other non-financial assets	5.13	2.0	0.6
Total non-current assets		**136.5**	**109.5**
Current assets			
Inventories	5.14	60.8	41.3
Advance payments on inventories	5.14	4.4	1.9
Trade receivables	5.15	37.2	16.3
Financial assets	5.12/5.27	4.0	3.6
Other non-financial assets	5.13	16.2	12.2
Cash and cash equivalents	5.16	131.1	103.1
Total current assets		**253.7**	**178.4**
Total assets		**390.2**	**287.9**

In EURm	Notes	December 31, 2021	December 31, 2020
Equity			
Subscribed capital	5.17	29.3	29.1
Treasury shares	5.17	0.0	0.0
Capital reserves	5.17	70.0	122.8
Other reserves	5.18	57.8	–21.9
Retained earnings/accumulated losses		13.5	–15.2
Equity attributable to the owners of the parent company		**170.6**	**114.8**
Non-controlling interests	5.18	49.8	–0.5
Total equity		**220.4**	**114.3**
Non-current liabilities			
Borrowings	5.21/5.27	0.0	5.7
Lease liabilities	5.25	47.5	36.5
Other financial liabilities	5.19/5.27	1.2	1.1
Other non-financial liabilities	5.20	0.2	0.5
Provisions	5.24	5.7	2.1
Deferred tax liabilities	5.9	1.0	1.0
Total non-current liabilities		**55.6**	**46.9**
Current liabilities			
Borrowings	5.21/5.27	0.0	5.9
Lease liabilities	5.25	15.9	11.5
Trade payables and similar liabilities	5.22/5.27	67.0	64.0
Contract liabilities	5.23	15.8	27.0
Income tax liabilities		0.1	0.2
Other financial liabilities	5.19/5.27	3.2	5.7
Other non-financial liabilities	5.20	11.4	10.8
Provisions	5.24	0.8	1.6
Total current liabilities		**114.2**	**126.7**
Total liabilities		**169.8**	**173.6**
Total equity and liabilities		**390.2**	**287.9**

Consolidated Statement of Comprehensive Income

In EURm	Notes	2021	2020
Revenue	5.1	615.5	491.9
Cost of sales		-348.9	-264.4
Gross profit		**266.6**	**227.5**
Selling and distribution costs		-248.5	-191.8
Impairment losses on financial assets	6.	-2.7	-3.5
Administrative expenses		-53.2	-42.2
Other operating income	5.2	4.8	1.6
Other operating expenses	5.3	-2.3	-1.8
Operating result (EBIT)		**-35.3**	**-10.2**
Finance income	5.4	5.8	0.6
Finance costs	5.4	-5.8	-6.8
Loss before taxes		**-35.3**	**-16.4**
Income taxes	5.9	-0.1	-0.7
Loss for the period		**-35.4**	**-17.1**
Loss attributable to:			
Owners of the parent company		-30.7	-16.1
Non-controlling interests		-4.7	-1.0
Earnings per share (in EUR); basic (= diluted)	5.7	-1.05	-0.61
Average number of shares in circulation (in m); basic (= diluted)	5.7	29.2	26.6
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		1.9	-0.5
Other comprehensive income/loss for the period, net of tax		**1.9**	**-0.5**
Total comprehensive income/loss for the period		**-33.5**	**-17.6**
Loss attributable to:			
Owners of the parent company		-29.7	-16.5
Non-controlling interests		-3.8	-1.1

Consolidated Statement of Cash Flows

In EURm	Notes	2021	2020
Cash flow from operating activities			
Loss before taxes		-35.3	-16.4
Depreciation of property and equipment	5.6	5.0	3.8
Amortization of intangible assets	5.6	8.7	8.0
Depreciation of right-of-use assets	5.6/5.25	13.6	10.9
Share-based payment expenses		8.6	2.9
Share based payment expenditures	5.8	-2.3	0.0
Change in provisions		2.7	1.3
Change in net working capital			
Change in inventories and advance payments on inventories		-21.7	-5.5
Change in trade receivables and other assets		-31.6	-9.2
Change in trade payables and similar liabilities as well as other liabilities		1.6	19.6
Change in contract liabilities		-11.1	15.9
Change in other assets/liabilities		-1.1	0.6
Income taxes paid, less reimbursements		-0.2	0.1
Cash flow from operating activities		**-63.1**	**32.0**
Cash flow from investing activities			
Payments to acquire property and equipment	5.10	-12.2	-3.6
Payments to acquire intangible assets	5.11	-8.4	-7.1
Proceeds from sales of property and equipment		0.7	0.3
Change in restricted cash and long-term security deposits and collateral	5.12	-0.2	-1.6
Proceeds from government grants		0.1	0.6
Cash flow from investing activities		**-20.0**	**-11.4**
Cash flow from financing activities			
Proceeds from capital increases by shareholders less transaction costs	5.18	-0.1	45.6
Cash paid to owners and non-controlling interests	5.18	-0.9	-2.3
Proceeds from capital increases at Mobly S.A.	5.18	121.0	0.0
Proceeds from the sale of shares in Mobly S.A.	5.18	24.2	0.0
Transaction costs paid in connection with the capital increase and sale of shares in Mobly S.A.	5.18	-7.2	0.0
Taxes paid on the sale of shares in Mobly S.A.	5.18	-3.9	0.0
Proceeds from borrowings	5.26	0.5	16.4
Repayment of borrowings	5.26	-11.8	-12.0
Redemption of lease liabilities	5.25	-11.4	-10.3
Cash flow from financing activities		**110.4**	**37.4**
Net change in cash and cash equivalents		**27.3**	**58.0**
Cash and cash equivalents at the beginning of the period		103.1	45.6
Effects of exchange rate changes on cash and cash equivalents		0.7	-0.5
Cash and cash equivalents at the end of the period		**131.1**	**103.1**

Consolidated Statement of Changes in Equity 2020

In EURm	Notes	Equity attributable to the owners of the parent company Subscribed capital	Treasury shares	Capital reserves
As of January 1, 2020		**26.4**	**–0.1**	**79.9**
Loss for the period				
Other comprehensive income				
Total comprehensive income/loss for the period		**0.0**	**0.0**	**0.0**
Proceeds from shares issued	5.17	2.7		43.7
Transaction costs, net of tax				–0.8
Acquisition of non-controlling interests				
Equity-settled share-based payments	5.8		0.1	
As of December 31, 2020		**29.1**	**0.0**	**122.8**

Consolidated Statement of Changes in Equity 2021

In EURm	Notes	Equity attributable to the owners of the parent company Subscribed capital	Treasury shares	Capital reserves
As of January 1, 2021		**29.1**	**0.0**	**122.8**
Loss for the period				
Other comprehensive income				
Total comprehensive income/loss for the period		**0.0**	**0.0**	**0.0**
Proceeds from shares issued	5.17	0.2		
Utilization of free capital reserve	5.17			–52.8
Capital increase and sale of shares in Mobly S.A.	5.18			
Transaction costs – capital increase at Mobly S.A.	5.18			
Transaction costs – sale of shares in Mobly S.A.	5.18			
Taxes – sale of shares in Mobly S.A.	5.18			
Equity-settled share-based payments	5.8			
As of December 31, 2021		**29.3**	**0.0**	**70.0**

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

Equity attributable to the owners of the parent company							
Other reserves							
Currency translation reserve	Reserve for changes in accounting policies	Reserve from capital increase, subsidiary	Transactions with non-controlling interests	Retained earnings/ accumulated losses	Total	Non-controlling interests	Total equity
2.3	**0.1**	**0.0**	**-24.3**	**-15.2**	**114.8**	**-0.5**	**114.3**
				-30.7	-30.7	-4.7	-35.4
1.0					1.0	0.9	1.9
1.0	**0.0**	**0.0**	**0.0**	**-30.7**	**-29.7**	**-3.8**	**-33.5**
				-0.2	0.0		0.0
				52.8	0.0		0.0
-1.1		121.0	-33.1		86.8	57.7	144.5
		-3.1			-3.1	-3.0	-6.1
			-1.1		-1.1		-1.1
			-3.9		-3.9		-3.9
				6.8	6.8	-0.6	6.2
2.2	**0.1**	**117.9**	**-62.4**	**13.5**	**170.6**	**49.8**	**220.4**

Notes to the Consolidated Financial Statements

1. Corporate Information

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

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

IPO of Subsidiary Mobly S.A.

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 home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) were placed within the scope of Mobly's IPO. In addition, home24 Holding GmbH & Co. KG (formerly: 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's IPO. Following the IPO, the Group's equity interest in Mobly S.A. amounts to 51%.

Mobly S.A.'s gross proceeds from its IPO amounted to BRL 777.8m (the equivalent of EUR 121.0m). home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) realized gross proceeds in the amount of BRL 33.8m (the equivalent of EUR 5.3m) through its sale of Mobly S.A. shares. In addition, home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) realized gross proceeds of BRL 121.7m (the equivalent of EUR 18.2m) due to the full exercise of the greenshoe option.

2. Material Accounting Policies

2.1. Basis of Preparation

The Consolidated Financial Statements for the financial year ended December 31, 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) as of the reporting date. The provisions of Section 315e (1) of the German Commercial Code (HGB) have also been taken into account.

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

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

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

Currency Translation
Foreign currency transactions are translated into the Group companies' functional currency using the spot rate prevailing at the dates of the transactions. Monetary assets and liabilities of Group companies denominated in foreign currencies are translated into the functional currency using the closing rate on each reporting date, and any resulting translation differences are recognized in profit or loss. Foreign exchange gains and losses that relate to cash and cash equivalents, borrowings and – in financial year 2021 – the sale of non-controlling interests in subsidiaries are recognized in the statement of comprehensive income under Finance income and Finance costs. All other foreign exchange gains and losses are recognized within other operating income/expenses. Non-monetary items in foreign currencies are translated using historical rates.

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

2.2. Principles of Consolidation

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

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

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

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

Non-controlling Interests

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

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

2.3. Summary of Significant Accounting Policies

Current versus Non-current Classification

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

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

All other assets are classified as non-current.

A liability is current if:

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

The Group classifies all other liabilities as non-current.

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

Property and Equipment

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the statement of comprehensive income for the financial year under Other operating income or Other operating expenses.

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

	Useful life in years
Operating and office equipment including leasehold improvements	3–20
Hardware	2–8
Vehicles	5

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

Intangible Assets

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

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

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

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

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

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

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

	Useful life in years
Internally developed software	2–7
Acquired software and other licenses	3–7

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

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

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

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

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

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

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

Leases – Group as Lessee
According to IFRS 16 Leases, the Group assesses at inception of a contract whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If a contract is, or contains, a lease, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and the estimated costs incurred by the Group for dismantling and removing the underlying asset or restoring the underlying asset to the state required in the lease.

The lease liability is initially measured at the present value of the lease payments payable over the lease term. The lease payments comprise fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or the rate as of the commencement date. The lease payments are discounted using the Group's incremental borrowing rate.

The Group has entered into several lease contracts that contain extension and termination options. At the commencement date, the Group assesses whether extension and termination options are reasonably certain to be exercised. The Group reassesses whether an extension or termination option is reasonably certain to be exercised upon the occurrence of a significant event or a significant change in circumstances that is within its control.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured in the event of changes in the lease term, changes in the lease payment (for example due to a change in the index or interest rate used), or a change in the assessment of an option to purchase the underlying asset.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

Leases – Group as Lessor
The Group sublets parts of its leased warehouses spaces to third parties.

The Group's subleases are classified as operating leases, since the Group does not transfer substantially all of the risks and rewards incidental to ownership of an asset. Lease income is recognized on a straight-line basis over the term of the leases and is reported under other operating income.

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

Accounting for Other Financial Assets

Classification and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost or fair value through profit or loss.

The Group measures a financial asset at the date of its initial recognition at fair value plus (in the case of a financial asset not at fair value through profit or loss) transaction costs. Transaction costs of financial assets measured at fair value through profit or loss are expensed. Trade receivables are measured at the transaction price determined in accordance with IFRS 15.

How financial assets are classified at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group's business model for managing its financial assets. For a financial asset to be classified and measured as at amortized cost, the cash flows must consist solely of payments of principal and interest (SPPI) on the principal amount outstanding. Financial assets with cash flows that are not solely payments of principal and interest are classified as at fair value through profit or loss and measured accordingly, irrespective of the business model.

The Group holds financial assets in the following measurement categories:

- financial assets (debt instruments) measured at amortized cost: This category is the most relevant for the Group and encompasses assets that are held to collect contractual cash flows, whereby the cash flows solely comprise payments of interest and principal on the outstanding capital amount ("held to collect"). They are measured at amortized cost using the effective interest rate method. Gains and losses are recognized through profit or loss if the instrument is derecognized or an impairment loss is recognized. As of the reporting date, the Group's cash and cash equivalents, trade receivables and financial assets (with the exception of derivative financial instruments) fall under this category.
- financial assets at fair value through profit or loss: Debt instruments that do not meet the criteria for classification as "at amortized cost" or "fair value through other comprehensive income", as well as derivatives and equity instruments are measured at fair value through profit and loss. Fair value changes to these instruments are recognized through profit or loss. The Group's foreign currency forwards fall under this category.

As of the reporting date, the Group did not hold any financial assets in the following two measurement categories:

- Financial assets measured at fair value through other comprehensive income, with cumulative gains and losses reclassified (debt instruments)
- Financial assets measured at fair value through other comprehensive income, with cumulative gains and losses not reclassified on derecognition (equity instruments)

The Group also recognizes financial assets from security provided in connection with tax disputes. The security gives the Group the right to generate future economic benefits in that it will either receive a cash refund or use the payment to settle the potential tax liability. As the IFRSs provide no specific guidance on accounting for such security, the Group has chosen the following accounting policy bearing in mind IAS 8.10. The asset is recognized at cost, which is equal to the expected future payments, and subsequently measured at amortized cost.

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

Impairment of Financial Assets

The Group evaluates all financial assets not measured at fair value through profit or loss in accordance with the expected credit loss (ECL) model.

The amount of the impairment depends on the allocation of the financial instrument to one of the following stages:

- Stage 1: All financial instruments are allocated to stage 1 at initial recognition. The expected credit loss corresponds to the loss arising from possible default events in the twelve months following the reporting date (twelve-month expected credit loss).
- Stage 2: This stage includes financial instruments that have had a significant increase in credit risk since initial recognition. For these assets, risk allowances must take into account the present value of all expected losses over the expected life of the financial instrument ("lifetime ECL").
- Stage 3: This stage includes financial assets for which there is objective evidence of impairment at the reporting date. For these assets, "lifetime ECL" is recognized And interest revenue is calculated on the net carrying amount (that is, net of risk allowances).

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

Derecognition of Financial Assets

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

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

Financial Liabilities

Financial liabilities are measured at fair value at initial recognition. The Group's financial liabilities are subsequently accounted for at amortized cost using the effective interest rate method and at fair value through profit or loss. The first category covers borrowings, trade payables and similar liabilities, and other financial liabilities. The Group's foreign currency forwards and currency swaps fall under the second category.

Derecognition of Financial Liabilities

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

Offsetting of Financial Instruments

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

Cash and Cash Equivalents

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

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

Inventories

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

Impairments due to damaged, obsolete and slow-moving items of inventory are recognized if the expected net realizable value is lower than the carrying amount. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When estimating the recoverable sales revenue, home24 factors in experience gained from previous sales of the goods, the level of inventory on the reporting date and the expected demand for the items.

Provisions

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

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

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

Subscribed Capital

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

Treasury Shares

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

Share-based Payment

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

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

Revenue

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

The Group generates revenue mainly by selling furniture and home furnishing through its web shops and bricks-and-mortar outlets. The identified performance obligations of the Group mainly comprise the sale of goods including delivery and assembly services, both of which are fulfilled at the time of delivery.

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

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

Right of Returns

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

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

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

Significant Financing Component

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

Contract Balances

Trade Receivables

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

Contract Liabilities

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

Cost of Sales

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

Government Grants

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

Income Taxes

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

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

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

3. Material Estimates and Judgments in Applying Accounting Policies

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

- Determining the fair value of share-based payment and the number of awards expected to vest; see note 5.8.
- Measuring and identifying loss allowances on inventories and trade receivables; see note 5.14. and note 6.
- Determining expected return rates; see note 2.3. Revenue, note 5.13. and note 5.19.
- Measuring impairment losses on non-financial assets and determining the control premium used when carrying out impairment tests; see note 2.3. Impairment of non-financial assets and note 5.11.
- Determining lease terms and the underlying interest rate; see note 5.25
- Presenting reverse factoring agreements in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows; see note 5.2.2. Trade payables
- Assessing the probability of occurrence and the amount of the outflow of resources when recognizing and measuring provisions and contingent liabilities; see note 9.

4. New Financial Reporting Standards

4.1. Effects of New and Amended IFRSs Relevant for Financial Year 2021

The Consolidated Financial Statements take into account all IFRSs endorsed as of the reporting date and whose adoption is mandatory in the European Union (EU). The financial reporting standards listed below, which were effective as of January 1, 2021, had no impact on the Consolidated Financial Statements.

- Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (Phase 2)
- Amendments to IFRS 16: COVID-19 Related Concessions (effective as of June 30, 2021)

4.2. Standards Issued but not Yet Effective

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

Standard	Effective date	Effects
Amendments to IFRS 3: Reference to the Conceptual Framework	January 1, 2022	No effects expected
Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	No effects expected
Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	January 1, 2022	No effects expected
Annual Improvements to IFRSs 2018–2020: Amendments to IFRS 1, IFRS 9, IAS 16 and IAS 41	January 1, 2022	No effects expected
IFRS 17 Insurance Contracts	January 1, 2023	No effects expected
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	January 1, 2023 [1]	No effects expected
Amendments to IAS 1: Disclosure of Accounting Policies	January 1, 2023 [1]	No effects expected
Amendments to IAS 8: Definition of Accounting Estimates	January 1, 2023 [1]	No effects expected
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction:	January 1, 2023 [1]	No effects expected
Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	No effects expected

[1] Not yet endorsed by the EU on December 31, 2021.

5. Notes to the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows

5.1. Revenue

The Group generated revenue of EUR 615.0m (2020: EUR 491.2m) from the sale of furniture and home furnishings, mainly through the Group's own or partner web shops, outlets and showrooms. Revenue from the sale of furniture and fixtures includes EUR 1.3m (2020: EUR 1.2m) in revenue from sales transactions in which the Group acts as an agent. The Group also recognized other revenue of EUR 0.5m (2020: EUR 0.7m).

External revenue from contracts with customers by main geographical markets is presented in the segment reporting under note 7.

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

5.2. Other Operating Income

In EURm	2021	2020
Currency translation gain	1.6	0.9
Income from subleases	1.4	0.3
Other	1.8	0.4
Total	**4.8**	**1.6**

In the current financial year, other operating income comprised of EUR 0.4m in prior-period income from the recognition of claims for refunds from the tax office relating to indirect taxes in the LatAm segment and EUR 0.6m in income from the reversal of previously written off claims for refunds from the tax office relating to input tax in the Europe segment.

5.3. Other Operating Expenses

In EURm	2021	2020
Currency translation losses	-1.6	-1.5
Other	-0.7	-0.3
Total	**-2.3**	**-1.8**

Other operating expenses in 2021 financial year include expenses of EUR 0.3m from the addition of provisions for a legal dispute in the Europe segment.

5.4. Financial Result

In EURm	2021	2020
Interest income on cash and cash equivalents	2.2	0.0
Foreign exchange gains	1.8	0.3
Gains from foreign currency forwards	1.2	0.0
Interest income on trade receivables and other financial assets	0.4	0.1
Other interest income	0.2	0.2
Finance income	**5.8**	**0.6**
Losses from foreign currency forwards	0.0	-0.6
Expenses for depositing cash and cash equivalents	-0.3	0.0
Interest expense from financial liabilities at amortized cost	-0.4	-0.9
Foreign exchange losses	-0.8	-1.1
Interest expense from the unwinding of discounts on lease liabilities	-1.7	-1.0
Other finance costs	-2.6	-3.2
Finance costs	**-5.8**	**-6.8**

Interest income from cash and cash equivalents resulted from the interest on the cash funds in the LatAm segment that flowed to the Group in connection with the IPO of Mobly S.A.

Other finance costs include EUR 1.8m (2020: EUR 2.6m) in interest charged by financial service providers or business partners for early payment related to trade receivables from installment purchases or factoring agreements. As those agreements were used to a lesser extent following the IPO of Mobly S.A, expenses fell by a corresponding amount.

5.5. Employee Benefit Expenses

In EURm	2021	2020
Wages and salaries	40.8	35.9
Social security costs	8.4	6.7
Total	**49.2**	**42.6**
Share-based payment	8.6	2.9
Total	**57.8**	**45.5**

Contributions to statutory pension insurance amounted to EUR 4.4m in the financial year ended (2020: EUR 3.6m).

Wages and salaries include contributions to defined contribution plans in the amount of EUR 0.1m (2020: EUR 0.1m).

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

In EURm	2021	2020
Included in selling and distribution costs	31.0	25.7
Included in administrative expenses	26.8	19.8
Total	**57.8**	**45.5**

Employee benefit expenses are reduced by directly attributable costs capitalized as part of internally generated software. These amount to EUR 6.3m in financial year 2021 (2020: EUR 5.2m).

5.6. Depreciation and Amortization

In EURm	2021	2020
Depreciation of property and equipment	5.0	3.8
Amortization of intangible assets	8.7	8.0
Depreciation of right-of-use assets	13.6	10.9
Total	**27.3**	**22.7**

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

In EURm	2021	2020
Included in selling and distribution costs	16.8	13.0
Included in administrative expenses	10.5	9.7
Total	**27.3**	**22.7**

5.7. Earnings per Share

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

	2021	2020
Profit/loss for the period attributable to the shareholders of home24 SE (in EURm)	-30.7	-16.1
Weighted average number of ordinary shares outstanding (in m)	29.2	26.6
Earnings per share (in EUR)	**-1.05**	**-0.61**

In accordance with IAS 33 Earnings per Share, the effects of potential shares that counter a dilutive effect were not included in the calculation of the diluted earnings per share for the financial years ended December 31, 2021 and 2020. As a result, the diluted earnings per share equal basic earnings per share.

The Company has granted 4,618,606 (2020: 5,003,368) stock options and phantom stock options to Management Board members and employees that could potentially dilute basic earnings per share in the future but that were not included in the calculation of the diluted earnings per share because they counteract dilution during the periods presented.

5.8. Share-based Payment

Share-based Payment Granted to Members of the Management Board and to Employees

The Group uses share-based payment awards to incentivize performance by the members of the Management Board and selected employees in key positions and retain them within the Group. All share-based payment awards granted to Management Board members and employees are treated as equity-settled share-based payment transactions. The same goes for commitments that give the Group the choice of settling transactions in cash or in shares, as the Group plans to settle in shares, as was usually the case in the past. The contents of the individual remuneration plans are presented below.

Long-term Incentive Plan (LTIP)

Under the LTIP, share-based payment awards are granted to the Management Board and employees in the Europe segment. The LTIP enables Management Board members and employees to participate in increases in the Company's equity value by receiving performance shares that are linked to the performance of home24 SE's shares. These instruments are designed like options: the beneficiary receives the difference in value between the share price on the exercise date and the exercise price – at the discretion of the Company – in the form of either shares or cash. They have a vesting period of one calendar year. Their 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 number of awards issued to employees is also linked to an annual performance assessment. The performance shares may be exercised within four years of the expiration of the holding period.

Performance shares are mainly granted to employees in the Europe segment at the end of the year, for the following performance year, or at the beginning of the performance year. In individual cases, commitments are also made during the year.

The contracts with Management Board members provide for the granting of a certain number of performance shares at a fixed exercise price in the first year of the contract. For the 2022 vesting period, the Company has agreed to grant performance shares subject to the following conditions (hereinafter referred to as: "variable performance shares"). Depending on the individual agreement, the exercise price of the instruments to be granted shall correspond to the Company's average share price in the third quarter of the calendar year ending prior to the start of the vesting period or a period to be determined by the Supervisory Board. If the total value of the instruments nominally granted exceeds an agreed limit (cap) at the beginning of the vesting period, the number of instruments to be granted shall be reduced such that the total value of the commitment does not exceed the limit. The total remuneration of the Management Board members is also capped.

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

Mobly Stock Option Plan (Mobly SOP)
In financial year 2021, following the IPO of Mobly S.A., the managing directors and employees of Mobly S.A. and its subsidiaries (together "Mobly") were granted options on Mobly S.A. shares under a new stock option plan. The contractual exercise price is adjusted by the change in the IPCA (that is, the consumer price index measured on a monthly basis by the Brazilian Institute of Geography and Statistics) between the date of Mobly's IPO and the exercise date. The options were granted without any consideration being received and with the grant conditional upon continuing service with Mobly until the end of the applicable lock-up period. Options are granted in twelve equal installments each quarter over a period of three years. Vested options cannot be exercised until the end of the two-year lock-up period as of the date of grant. The final exercise date is six years after the grant date.

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

Up until financial year 2019, phantom options were issued to managers and employees of the subsidiary Mobly Comércio Varejista Ltda. under the VSOP. In the current financial year, all of the instruments granted under these agreements were terminated early. A settlement totaling BRL 15.5m (equivalent to EUR 2.3m) was paid for the early termination of the commitments. The amount of the settlement exceeded the fair value of the terminated instruments determined using the Black-Scholes model by EUR 0.1m.

In addition, there are outstanding phantom options that were issued as part of the remuneration awarded to employees and the Management Board of home24 SE between 2010 and 2016. In the financial year ended, 170,490 of these options expired. The options still outstanding are exercisable and do not have a limited life.

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

Individual Option Agreements (Call Options)
In 2012 and 2014, stock options were issued to former managing directors of home24 SE (at the time: home24 GmbH). The options entitle the holders to acquire shares of the Company. These options either vested or expired by 2016. The options still outstanding are exercisable and do not have a limited life.

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

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

Change in the Number of Awards and Average Exercise Prices

	2021		2020	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	8.83	3,417,044	9.64	2,820,350
Granted during the reporting period	10.02	241,423	9.56	770,659
Forfeited during the reporting period	4.16	-92,368	7.09	-167,833
Exercised during the reporting period	0.02	-232,012	519.69	-6,132
Outstanding at the end of the reporting period	9.66	3,334,087	8.83	3,417,044
Exercisable at the end of the reporting period	**22.02**	**296,410**	**–**	**0**
Mobly SOP				
Granted during the reporting period	3.18	1,224,636	–	0
Forfeited during the reporting period	3.18	-32,621	–	0
Outstanding at the end of the reporting period	3.18	1,192,015	–	0
Exercisable at the end of the reporting period	**–**	**0**	**–**	**0**
VSOP				
Outstanding at the beginning of the reporting period	4.16	1,515,589	4.42	1,829,068
Forfeited during the reporting period	–	0	0.57	-266,421
Settled during the reporting period	1.00	-1,323,331	–	0
Expired in the reporting period	24.56	-170,490	34.48	-47,058
Outstanding at the end of the reporting period	36.86	21,769	4.16	1,515,589
Exercisable at the end of the reporting period	**36.86**	**21,769**	**12.39**	**437,971**
Call options				
Outstanding at the beginning of the reporting period	36.86	70,735	36.86	70,735
Outstanding at the end of the reporting period	36.86	70,735	36.86	70,735
Exercisable at the end of the reporting period	**36.86**	**70,735**	**36.86**	**70,735**

The weighted average share price of the home24 shares on the date of exercising the performance shares (LTIP) was EUR 16.23.

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

The settled 1,323,331 VSOP instruments relate to the early termination of commitments to executives and employees of the subsidiary Mobly Comércio Varejista Ltda., as explained above.The weighted average share price on the date of settling the phantom options (VSOP) was EUR 17.96. A settlement totaling BRL 15.5m (equivalent to EUR 2.3m) was paid for the early termination of the commitments. The amount paid out was recognized as a reduction of equity under retained earnings/accumulated losses in consolidated equity.

In addition to the options outstanding, the Management Board is promised the issue of a nominal 261,138 variable performance shares for the 2022 vesting period. These performance shares were formally granted on January 31, 2022 with an exercise price of EUR 15.91.

Remaining Life and Number of Outstanding Instruments by Exercise Price

	2021		2020	
Exercise price (in EUR)	**Remaining life (in years)**	**Number**	**Remaining life (in years)**	**Number**
LTIP				
0.02	4.0	142,353	4.7	371,957
1.00	5.3	196,040	6.3	196,041
3.23	5.9	863,633	6.9	943,161
8.17	5.2	144,722	6.2	144,723
9.93	6.9	950,737	7.9	727,785
13.00	5.8	577,500	6.8	577,500
24.14	3.9	459,102	4.9	455,877
Outstanding at the end of the reporting period	**5.7**	**3,334,087**	**6.5**	**3,417,044**
Mobly SOP				
3.18	5.3	1,192,015	–	0
Outstanding at the end of the reporting period	**5.3**	**1,192,015**	**–**	**0**
VSOP				
0.02	–	0	3.8	669,480
0.69	–	0	5.0	321,995
2.04	–	0	4.0	153,734
3.18	–	0	1.0	90,623
4.74	–	0	2.0	40,458
5.33	–	0	3.0	54,856
24.14	–	0	1.6	151,451
36.86	n.l.	21,769	n.l.	21,769
47.36	–	0	1.0	11,223
Outstanding at the end of the reporting period	**–**	**21,769**	**3.5**	**1,515,589**
Call options				
36.86	n.l.	70,735	n.l.	70,735
Outstanding at the end of the reporting period	**n.l.**	**70,735**	**n.l.**	**70,735**

n.l. = not limited

Fair Value Disclosures

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

Fair values (in EUR)	2021	2020
LTIP	10.74	9.33
Mobly SOP	1.27	0.00

The fair value for the options granted under the SOP has been calculated by translating the Brazilian real grant date fair value (BRL 8.42) to euro, using the spot rate (0.1512) at the grant date.

Of the variable performance shares granted to the Management Board for 2022, 157,700 shares were measured at an estimated fair value of EUR 4.73 per nominally granted instrument as of December 31, 2021. For the remaining 103,438 variable performance shares, the fair value was determined at the grant date in financial year 2019 (EUR 1.68).

LTIP

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

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

	2021	2020
Expected volatility	52.84%	51.72%
Share value (in EUR)	17.50	15.99
Expected dividends (in EUR)	0	0
Risk-free interest rate	–0.35%	–0.65%

The fair value of the 157,700 variable performance shares granted to the Management Board in 2022 was measured as of December 31, 2021 taking into account a share value of EUR 11.54, a volatility of 54.2% and a risk-free interest rate of –0.29%.

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

Mobly SOP
A modified Black-Scholes option pricing model was used for the new Mobly SOP. This takes account of the fact that the contractual exercise price is adjusted by the change in the IPCA between the date of Mobly's IPO and the exercise date. The correlation between stock yields and the exercise price (that is, the movement in the IPCA index) is also taken into account in pricing options.

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

	2021	2020
Share value (in EUR)	3.37	–
Exercise price (in EUR)	3.23	–
Expected option life (in years)	4.10	–
Expected share volatility	54.16%	–
Expected IPCA index volatility	1.27%	–
Expected share price – IPCA index correlation	-15.43%	–
Expected dividend yield	0%	–

The share value is the market price of Mobly's shares at the measurement date. The share value and the exercise price have been calculated by translating the Brazilian real grant date fair value (BRL 8.42) into euros, using the spot rate (0.1512) at the grant date. The expected option life is based on management's best estimate of when the options will be exercised. The volatility is derived from historical share prices of a peer group comprising of Brazilian listed companies. The IPCA index volatility is derived from the annualized volatility of the IPCA index over a period prior to the grant date being equal to the expected option life.

Total Cost of Share-based Payment

In EURm	2021	2020
Equity-settled	8.6	2.9

5.9. Income Taxes

Income Tax Expense (Income)

In EURm	2021	2020
Current taxes	-0.1	-0.2
Deferred taxes	0.0	-0.5
Total	**-0.1**	**-0.7**

Reconciliation between Expected and Current Income Taxes

In EURm	2021	2020
Loss before taxes	-35.3	-16.4
Expected income taxes	10.8	5.2
Unrecognized deferred tax assets on tax losses of the financial year	-8.0	-4.0
Share-based payment expenses, non-deductible for tax purposes	-2.5	-0.9
Other non-deductible expenses	-1.1	-0.7
Other	0.7	-0.3
Current income taxes	**-0.1**	**-0.7**

The weighted average applicable tax rate was 30.7% (2020: 31.5%) and was derived from the tax rates in the individual countries weighted by earnings before taxes.

Deferred Taxes

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

In EURm	December 31, 2021	Change 2021	December 31, 2020	Change 2020
Tax loss carryforwards	2.9	0.1	2.8	0.5
Lease liabilities	10.9	-1.2	12.1	-1.1
Other liabilities	1.0	0.9	0.1	-0.5
Right-of-use assets	-10.1	1.4	-11.5	0.9
Internally generated intangible assets	-6.7	-0.3	-6.4	-0.6
Intangible assets acquired in a business combination	1.6	0.0	1.6	-0.2
Other assets	-0.6	-0.9	0.3	0.5
Deferred tax liabilities	**-1.0**	**0.0**	**-1.0**	**-0.5**

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

Deferred income tax assets are recognized for tax loss carryforwards and deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable or deferred tax liabilities are recognized. As of December 31, 2021, deferred tax assets on tax-loss carryforwards of EUR 2.9m were recognized (2020: EUR 2.8m) as well as tax-deductible differences of EUR 13.5m (2020: EUR 14.4m). No deferred tax assets were recognized for deductible temporary differences of EUR 11.1m (2020: EUR 11.2m). Deductible temporary differences can be carried forward indefinitely.

Tax Loss Carryforwards

As of December 31, 2021, the Group's unused tax loss carryforwards, for which there was no deferred tax asset recognized in the Statement of Financial Position, relate to corporation tax loss carryforwards of EUR 382.0m (2020: EUR 364.1m), trade tax loss carryforwards of EUR 373.2m (2020: EUR 358.5m) and loss carryforwards incurred outside Germany of EUR 56.5m (2020: EUR 49.6m).

Loss carryforwards can be carried forward indefinitely.

Uncertainty over Income Tax Treatments

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

5.10. Property and Equipment

Property and equipment changed as follows:

In EURm	Operating and office equipment	Vehicles	Advance payments made for property and equipment	Total
Cost				
As of January 1, 2020	**27.5**	**1.9**	**0.1**	**29.5**
Additions	3.1	0.0	0.5	3.6
Disposals	-0.5	0.0	-0.2	-0.7
Currency translation	-1.7	-0.6	0.0	-2.3
As of December 31, 2020	**28.4**	**1.3**	**0.4**	**30.1**
Additions	12.3	0.0	0.6	12.9
Disposals	-1.2	-0.6	0.0	-1.8
Reclassification	0.8	0.0	-0.8	0.0
Currency translation	0.1	0.0	0.0	0.1
As of December 31, 2021	**40.4**	**0.7**	**0.2**	**41.3**
Accumulated depreciation, amortization and write-downs				
As of January 1, 2020	**-9.5**	**-0.2**	**0.0**	**-9.7**
Additions	-3.7	-0.1	0.0	-3.8
Disposals	0.3	0.0	0.0	0.3
Currency translation	0.6	0.0	0.0	0.6
As of December 31, 2020	**-12.3**	**-0.3**	**0.0**	**-12.6**
Additions	-4.9	-0.1	0.0	-5.0
Disposals	0.9	0.2	0.0	1.1
Currency translation	0.0	0.0	0.0	0.0
As of December 31, 2021	**-16.3**	**-0.2**	**0.0**	**-16.5**
Carrying amount				
As of December 31, 2020	**16.1**	**1.0**	**0.4**	**17.5**
As of December 31, 2021	**24.1**	**0.5**	**0.2**	**24.8**

Operating and office equipment include leasehold improvements, among others.

As of December 31, 2021, property and equipment in the amount of EUR 1.1m was pledged to third parties as collateral for government grants received. In the previous year, property and equipment in the amount of EUR 1.0m was pledged to third parties as collateral for borrowings.

5.11. Intangible Assets

Intangible assets and goodwill changed as follows:

In EURm	Goodwill	Customer lists	Brand	Internally generated software	Software and other licenses	Advance payments made for intangible assets	Total
Cost							
As of January 1, 2020	**3.1**	**4.1**	**15.0**	**33.6**	**24.9**	**0.0**	**80.7**
Additions	0.0	0.0	0.0	6.6	0.5	0.1	7.2
Disposals	0.0	0.0	0.0	-1.9	0.0	0.0	-1.9
Currency translation	0.0	0.0	0.0	-1.5	-0.8	0.0	-2.3
As of December 31, 2020	**3.1**	**4.1**	**15.0**	**36.8**	**24.6**	**0.1**	**83.7**
Additions	0.0	0.0	0.0	7.7	0.8	0.0	8.5
Disposals	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.2
Currency translation	0.0	0.0	0.0	0.1	0.0	0.0	0.1
As of December 31, 2021	**3.1**	**4.1**	**15.0**	**44.5**	**25.4**	**0.0**	**92.1**
Accumulated depreciation, amortization and write-downs							
As of January 1, 2020	**0.0**	**-4.1**	**-15.0**	**-13.8**	**-8.9**	**0.0**	**-41.8**
Additions	0.0	0.0	0.0	-5.0	-3.0	0.0	-8.0
Disposals	0.0	0.0	0.0	1.9	0.0	0.0	1.9
Currency translation	0.0	0.0	0.0	0.8	0.4	0.0	1.2
As of December 31, 2020	**0.0**	**-4.1**	**-15.0**	**-16.1**	**-11.5**	**0.0**	**-46.7**
Additions	0.0	0.0	0.0	-5.8	-2.9	0.0	-8.7
Disposals	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Currency translation	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1
As of December 31, 2021	**0.0**	**-4.1**	**-15.0**	**-21.9**	**-14.4**	**0.0**	**-55.4**
Carrying amount							
As of December 31, 2020	**3.1**	**0.0**	**0.0**	**20.7**	**13.1**	**0.1**	**37.0**
As of December 31, 2021	**3.1**	**0.0**	**0.0**	**22.6**	**11.0**	**0.0**	**36.7**

Internally generated software contains software in development in the amount of EUR 8.3m (2020: EUR 6.2m).

The trademark, which was fully written down, was pledged as collateral to third parties as of the December 31, 2021 reporting date for liabilities of EUR 2.1m (2020: EUR 3.0m).

Impairment Testing of Assets

Impairment Test of the Europe Cash-generating Unit
As of December 31, 2021, the Company recognized goodwill totaling EUR 3.1m (2020: EUR 3.1m) and intangible assets in development of EUR 8.3m (2020: EUR 6.2m).

The goodwill and the majority of intangible assets in development are allocated to the Europe cash-generating unit (CGU). The annual impairment test (as of December 31) was performed at the level of this CGU. The Company determines the recoverable amount of the cash-generating unit as the value in use by applying a DCF method (WACC approach). The estimate of cash flows is based on the most recent financial plans approved by management, which cover a detailed planning period of five years. The terminal value determined for the projection period assumes a constant long-term growth rate of 2% (2020: 2%). The financial plans reflect the valuation object's current performance and estimates by management regarding the future development of certain parameters determining commercial success. These include market prices and profit margins. Management develops general market assumptions, for example those relating to macroeconomic trends and the growth of home24's target market, by taking into account external macroeconomic and business-specific sources. The long-term growth rate is based on published country-specific studies.

The discount rate before taxes was determined using the capital asset pricing model. Accordingly, a risk-free interest rate, a market risk premium, and a premium for credit risk (spread) were calculated based on the relevant business-specific peer group. The calculation also takes into account the capital structure and the beta factor of the relevant peer group. The discount rate before taxes amounts to 12% (2020: 14%).

The annual impairment test did not result in impairment of goodwill or intangible assets in development. Furthermore, it was tested whether potential changes to key assumptions could lead to the carrying amount of the units exceeding their respective recoverable amounts. As of December 31, 2021, this was not the case.

Impairment Test of the Mobly Cash-generating Unit
The Mobly cash-generating unit comprises Mobly S.A. and its subsidiaries, which went public in February 2021. Since its initial listing in February 2021, which was at BRL 26 per share, the share price has steadily declined. As of December 31, 2021, the share was quoted at BRL 4.88 (equivalent to EUR 0.77). As a result of the decline in the share price, the market capitalization of Mobly S.A. at December 31, 2021 was lower than the carrying amount of equity reported in the Subgroup's Consolidated Financial Statements. This observation prompted home24 to conduct an impairment test of the Mobly cash-generating unit. The impairment test compares the CGU's fair value less costs to sell with its carrying amount. Key input parameters are the stock market price of Mobly S.A. shares on December 31, 2021 and a control premium of 32% derived from recent studies on transaction prices of majority interests. Home24 estimated the hypothetical costs to sell at 2%. As the carrying amount of the Mobly cash-generating unit is lower than the fair value less costs to sell of EUR 4.5m, there was no need for impairment as of December 31, 2021.

If a control premium of 27% is assumed, the fair value less costs to sell would approximate the carrying amount of the cash-generating unit. A further decline in the share price or a decrease in the control premium could trigger the recognition of an impairment loss.

5.12. Financial Assets

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

In EURm	December 31, 2021	December 31, 2020
Non-current financial assets		
Restricted cash	8.5	8.8
Security deposits and collateral provided	7.6	1.9
Total	**16.1**	**10.7**
Current financial assets		
Receivables from suppliers and service providers	2.4	1.8
Security deposits	0.4	0.4
Receivables under a factoring agreement	0.5	0.3
Restricted cash	0.3	0.1
Foreign currency forwards	0.4	0.0
Other	0.0	1.0
Total	**4.0**	**3.6**

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

Security deposits and collateral provided include the payment of a disputed tax liabilities of EUR 6.8m (2020: EUR 1.5m), which was deposited as collateral in connection with ongoing legal proceedings in the LatAm segment.

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

Receivables from suppliers and service providers include short-term non-interest-bearing loans to suppliers of EUR 0.1m (2020: EUR 0.6m).

Other current financial assets in the previous year included EUR 0.8m in receivables from outstanding purchase price payments from the sale of shares in a subsidiary to non-controlling interests. The payments were made in financial year 2021.

5.13. Other Non-financial Assets

In EURm	December 31, 2021	December 31, 2020
Non-current non-financial assets		
Deferred income	0.6	0.4
VAT receivables	1.4	0.2
Total	**2.0**	**0.6**
Current non-financial assets		
VAT receivables	14.6	9.8
Advance payments made and prepaid expenses	1.2	1.8
Right to repossess goods from expected returns	0.2	0.5
Other	0.2	0.1
Total	**16.2**	**12.2**

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

5.14. Inventories and Advance Payments on Inventories

In EURm	December 31, 2021	December 31, 2020
Inventories	66.3	44.8
Impairment loss for slow-moving and obsolete inventories	-5.5	-3.5
Total	**60.8**	**41.3**

Inventories include EUR 5.2m (2020: EUR 3.8m) of work in progress. These are purchased input materials for the production of private label products.

The cost of inventories recognized as expenses during the period representing cost of sales amounted to EUR 348.9m (2020: EUR 265.6m).

In the 2021 financial year, an expense from the addition to impairment losses totaling EUR 1.2m was recognized (2020: income of EUR 0.9m). Impairment losses and their reversals are shown in cost of sales.

For estimating the net realizable value, coverages, price elasticities and recovery rates/proceeds are forecast. These are based on the Group's planning assumptions, which reflect the selling strategy, and on experience.

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

5.15. Trade Receivables

Trade receivables mainly relate to receivables from end customers, business customers and payment service providers. The year-on-year increase in trade receivables is attributable to the LatAm segment, where the Group made much less use of agreements covering upfront payment of trade receivables due to the additional liquidity resulting from the IPO of its subsidiary Mobly S.A.

As of December 31, 2021, the impairment of customer receivables amounted to EUR 5.1m (2020: EUR 3.9m). Of this amount, EUR 0.4m relates to the impairment of non-current trade receivables, which have been written down in full. Further information on impairment losses and credit risk is presented under note 6.

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

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

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

5.16. Cash and Cash Equivalents

In EURm	December 31, 2021	December 31, 2020
Cash at bank and cash on hand	43.3	38.1
Short-term deposits	45.0	65.0
Short-term financial investments	42.8	0.0
Total	**131.1**	**103.1**

Short-term deposits are made for different periods and can be converted into specified cash amounts at any time with notice of no more than three months.

Short-term financial investments relate to highly liquid financial investments (bank deposit certificates, "BDC") in the LatAm segment. The securities have floating interest rates and can be converted into cash at any time without loss of the contractually agreed compensation.

5.17. Subscribed Capital and Capital Reserves

	Number of shares	Number of treasury shares	Subscribed capital/ treasury shares (in EURm)	Capital reserves (in EURm)	Total
As of January 1, 2020	**26,409,186**	**-26,907**	**26.3**	**79.9**	**106.2**
Issue of shares	2,640,918	0	2.7	43.7	46.4
Transaction costs, net of tax	0	0	0.0	-0.8	-0.8
Equity-settled share-based payment transactions	0	24,172	0.1	0.0	0.1
As of December 31, 2020	**29,050,104**	**-2,735**	**29.1**	**122.8**	**151.9**
Equity-settled share-based payment transactions	231,709	0	0.2	0.0	0.2
Utilization of free capital reserve	0	0	0	-52.8	-52.8
As of December 31, 2021	**29,281,813**	**-2,735**	**29.3**	**70.0**	**99.3**

In the current financial year, an amount of EUR 52.8m was reversed from the free capital reserves and offset against home24 SE's loss for the year. Accordingly, the equity items were restated for the purpose of the Consolidated Financial Statements.

The share capital entered in the commercial register as of January 1, 2021, amounted to EUR 29,050,104. The share capital as a whole was divided into 29,050,104 no-par value bearer shares each with a notional value of EUR 1 per share.

As of December 31, 2021, the Company's share capital amounted to EUR 29,281,813 and was composed of 29,281,813 no-par value bearer shares, each with a notional value of EUR 1 per share. The share capital of EUR 29,050,104 entered in the commercial register does not yet reflect the 231,709 new shares issued in 2021 under Conditional Capital 2019 for the purpose of settling preemptive rights issued in the context of the Company's LTIP. The Management Board had notified the commercial register of the issue of these new shares as of the reporting date,and the entry was made on March 3, 2022. The share capital figure entered in the commercial register at the time of publication of the Financial Statements is therefore EUR 29,281,813.

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	2,198,110	2,198,110
Conditional Capital 2020	10,774,773	10,774,773

5.18. Transactions with Non-controlling Interests

A total of 37,037,038 newly issued ordinary shares of Mobly S.A. and 1,610,306 ordinary shares held by home24 holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) were placed in the course of Mobly's IPO in early February 2021. In addition, home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) granted a greenshoe option for up to 5,797,102 ordinary shares from its shareholding. On February 22, 2021, the stabilizing agent exercised this option early and in full, as a result of which a total of 44,444,446 ordinary shares of Mobly S.A. were placed through Mobly's IPO.

Mobly S.A.'s gross proceeds from its IPO amounted to BRL 777.8m (the equivalent of EUR 121.0m). home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) realized gross proceeds in the amount of BRL 33.8m (the equivalent of EUR 5.3m) through its sale of Mobly S.A. shares. In addition, home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) realized gross proceeds of BRL 121.7m (the equivalent of EUR 18.2m) due to the full exercise of the greenshoe option. In total, the Group received gross proceeds, i. e. before deduction of transaction costs and taxes, of EUR 144.5m.

Following the IPO, the Group's equity interest in Mobly S.A. amounts to 51%.

The difference between the carrying amount of the non-controlling interests in the consolidated net assets of the Mobly S.A. subgroup and gross proceeds in the amount of EUR 86.8m was recognized in other reserves.

The change in non-controlling interests in Mobly S.A. and its subsidiaries is presented below:

In EURm	
Proceeds from the issue of new shares	121.0
Proceeds from sales of extant shares	23.5
Carrying amount of non-controlling interests	-57.7
Difference recognized in other reserves	**86.8**

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

Moreover, in December 2020 home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) reduced its equity interest in Mobly S.A. from 100% to 89.11%. The consideration for the sale of these interests totaled EUR 0.7m. The difference between the carrying amount of the non-controlling interests in the consolidated net assets of the Mobly S.A. subgroup and the consideration receivable in the amount of EUR 1.0m was recognized in other reserves in the previous year.

The acquisition or disposal of the interests in the subsidiaries in the LatAm segment mentioned above is summarized below:

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

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

The equity interests held in the subsidiaries and further information on the subsidiaries with material non-controlling interests are presented under note 12.

5.19. Other Financial Liabilities

In EURm	December 31, 2021	December 31, 2020
Non-current financial liabilities		
Government grants	1.2	1.1
Total	**1.2**	**1.1**
Current financial liabilities		
Refund liabilities from expected returns	1.1	1.3
Debtors with credit balances	1.1	0.9
Currency swaps/foreign currency forwards	0.0	0.7
Other	1.0	2.8
Total	**3.2**	**5.7**

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

Other current financial liabilities as of December 31, 2020 included EUR 0.9m in liabilities from outstanding purchase price payments to non-controlling interests. The payments were made in financial year 2021.

5.20. Other Non-financial Liabilities

In EURm	December 31, 2021	December 31, 2020
Non-current non-financial liabilities		
VAT liabilities	0.2	0.5
Total	**0.2**	**0.5**
Current non-financial liabilities		
Employee benefit liabilities	6.8	4.9
VAT liabilities	4.3	5.6
Deferred income	0.2	0.2
Other taxes	0.1	0.1
Total	**11.4**	**10.8**

5.21. Borrowings

Current and non-current borrowings in the previous year consisted solely of liabilities to banks.

The y-o-y decline in borrowings is attributable to the LatAm segment. In the current reporting period, the Group repaid the existing bank loans in full as a result of the IPO of Mobly S.A. and the additional capital resources.

In the previous year, borrowings comprised fixed-rate amortizing loans of EUR 6.3m maturing no later than December 2024, a floating-rate overdraft facility of EUR 4.7m and a credit facility of EUR 0.6m to finance short-term liquidity requirements in connection with liabilities to suppliers.

The credit facility to finance liabilities to suppliers, which was unused as of December 31, 2021, was reduced from BRL 7.0m (the equivalent of EUR 1.1m) to BRL 3.5m (the equivalent of EUR 0.6m) in the current financial year.

One loan drawn down in the previous year was subject to non-financial covenants relating to requirements concerning the shareholding structure. All covenants were met as of the prior-year reporting date.

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

5.22. Trade Payables and Similar Liabilities

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

The Group participated in supplier (reverse) factoring programs in the current financial year and in the previous year. As of December 31, 2021, certain suppliers had transferred their receivables from the Group in the amount of EUR 3.2m (2020: EUR 4.4m) to factoring providers. Under these arrangements, the factoring provider agrees to pay the participating suppliers the supplier invoices payable by the Group and home24 settles these at a later date by paying the factoring provider. The extended payment terms are classed as immaterial, as they are similar to standard market terms. In the LatAm segment, reverse factoring lines were primarily used by suppliers without resulting in any changes in payment terms for the Group.

The Group derecognizes the original liabilities to which the agreement relates and recognizes a new liability. The Group presents the amounts transferred from the suppliers within trade payables and similar liabilities, as the nature and terms of the liabilities remain the same as those of other trade payables. The payments to the factoring provider are included in cash flow from operating activities, as they are still part of the Group's normal operating cycle and still mainly operating cash flows in nature – that is, payments for the purchase of goods and services.

5.23. Contract Liabilities

Contract liabilities of EUR 15.8m (2020: EUR 27.0m) mainly result from contracts with customers that were entered into with the "prepayment" option. Contract liabilities are recognized as revenue when the Group delivers the goods to the customer; this takes place within a maximum of twelve months. As a rule, therefore, contract liabilities that exist at the beginning of a reporting period are fully recognized as revenue during the current financial year.

5.24. Provisions

The change in provisions is shown below:

In EURm	Restoration obligations	Other	Total
As of January 1, 2020	**2.1**	**0.5**	**2.6**
Utilization	0.0	–0.2	–0.2
Addition	0.0	1.4	1.4
Currency translation	0.0	–0.1	–0.1
As of December 31, 2020	**2.1**	**1.6**	**3.7**
Utilization	0.0	–0.3	–0.3
Addition	1.8	1.3	3.1
Currency translation	0.0	0.0	0.0
As of December 31, 2021	**3.9**	**2.6**	**6.5**

EUR 5.7m of provisions are due in more than one year (2020: EUR 2.1m). All other provisions are expected to be used during the course of the year.

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

5.25. Leases

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

Some of the leases include extension and termination options for the benefit of the lessee, in some cases termination options for the lessor. To determine the term of leases, home24 first examines the extent to which an economically enforceable contract exists with a view to the mutual rights to terminate the agreement on the one hand and any economic disadvantages associated with exercising them on the other. Within this period, management estimates the expected term of the respective lease by considering all facts and circumstances that provide the lessee with an economic incentive to exercise extension options or termination options. Changes in lease terms resulting from the exercise of extension or termination options are only included in the lease term if exercising the respective option is sufficiently probable.

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

In the 2021 financial year, applying IFRS 16 resulted in the following presentation in the Statement of Financial Position and statement of comprehensive income.

Leases in the Statement of Financial Position

In EURm	Property	Other	Total
Right-of-use assets as of January 1, 2020	47.4	0.2	47.6
Additions	8.3	0.4	8.7
Currency translation	-1.7	0.0	-1.7
Depreciation	-10.7	-0.2	-10.9
Right-of-use assets as of December 31, 2020	**43.3**	**0.4**	**43.7**
Additions	24.0	2.9	26.9
Currency translation	-0.2	0.1	-0.1
Depreciation	-13.0	-0.6	-13.6
Right-of-use assets as of December 31, 2021	**54.1**	**2.8**	**56.9**

The additions in the current financial year result in particular from the LatAm segment, among other things from the rental of a new warehouse.

In EURm	December 31, 2021	December 31, 2020
Current lease liabilities	15.9	11.5
Non-current lease liabilities	47.5	36.5
Total	**63.4**	**48.0**

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

In EURm	Up to 1 year	Between 1-5 years	More than 5 years	Contractually agreed cash outflows	Carrying amount December 31, 2021
Lease liabilities	16.0	46.2	8.6	70.8	**63.4**

In EURm	Up to 1 year	Between 1-5 years	More than 5 years	Contractually agreed cash outflows	Carrying amount December 31, 2020
Lease liabilities	11.5	35.6	2.7	49.8	**48.0**

In the current financial year, the Group entered into further contracts for the lease of new property, mainly new office space. As the space will not be handed over until financial year 2022, the Group had not yet recognized a right-of-use asset or a lease liability as of December 31, 2021. Future lease payments for non-cancellable periods of leases amounted to a total of EUR 37.3m.

Leases in the Statement of Comprehensive Income

In EURm	2021	2020
Interest expense from lease liabilities (included in finance costs)	-1.7	-1.1
Depreciation of right-of-use assets (included in selling and distribution costs and administrative expenses)	-13.6	-10.9
Expenses for short-term leases (included in selling and distribution costs and administrative expenses)	-0.6	-0.3
Expenses for leases of low value assets that are not short-term leases (included in selling and distribution costs and administrative expenses)	-0.2	-0.1
Income from subletting under operating leases (included in other operating income)	1.4	0.3

Income from subletting in financial year 2021 relates to operating leases for warehouse space and in the previous year for warehouse and office space. The agreed (undiscounted) lease payments for subletting the warehouse space amount to EUR 3.1 million over the remaining term. The lease ends on February 28, 2024.

The total cash outflow from leases in the financial year under review amounted to EUR 11.4m (2020: EUR 10.3m).

5.26. Notes to the Statement of Cash Flows

Cash and cash equivalents presented in the Statement of Cash Flows correspond to the cash and cash equivalents shown in the Statement of Financial Position and solely comprise bank balances, cash in hand, short-term demand deposits and highly liquid financial investments.

The Group's cash flow from operating activities amounted to EUR –63.1m in financial year 2021 compared with EUR 32.0m in the previous year, a change of EUR –95.1m within the space of a year. This negative cash flow from operating activities is almost entirely attributable to the change in net working capital. On the one hand, this was caused by the intended significant increase in stock availability and the associated reduction in average delivery times for end customers. It was also due to a reduced utilization of early payments of receivables arising from installment purchases in the LatAm segment as a result of the improved level of capital resources following the IPO of Mobly S.A. in February 2021.

Cash outflows from investing activities are essentially attributable to the expansion of warehouse capacity and retail space in Brazil and the related investments in property and equipment. In total, the Group invested EUR 12.2m in property and equipment in the current financial year. Significant investment was also made in intangible assets (EUR 8.4m).

Cash flow from financing activities has mainly resulted from proceeds within the scope of the IPO of Mobly S.A. (capital increase and sale of non-controlling interests), less the related transaction costs and taxes paid (EUR +133.4m net) and subsequent repayments of bank loans (EUR –11.8m). Further outflows have resulted due to factors including the redemption of lease liabilities (EUR –11.4m).

The amounts of interest paid and received in the 2021 financial year totaled EUR 3.8m (2020: EUR 4.8m) and EUR 2.5m (2020: EUR 0.2m), respectively.

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

In EURm	January 1, 2021	New agreements/ remeasure-ment of lease liabilities	Cash flows	Currency effects	December 31, 2021
Borrowings	11.6	0.0	–11.3	–0.3	0.0
Lease liabilities	48.0	26.9	–11.4	–0.1	63.4

In EURm	January 1, 2020	New agreements/ remeasure-ment of lease liabilities	Cash flows	Currency effects	December 31, 2020
Borrowings	10.1	0.0	4.4	–2.9	11.6
Lease liabilities	51.6	8.7	–10.3	–2.0	48.0

The cash change in borrowings totaling EUR –11.3m (2020: EUR 4.4m) is attributable to EUR 0.5m from draw down (2020: EUR 16.4m) and to EUR 11.8m from repayment (2020: EUR –12.0m) of bank loans.

5.27. Financial Instruments

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

In EURm	IFRS 9 measurement category	December 31, 2021	December 31, 2020
Financial assets			
Trade receivables	AC	37.2	16.3
Financial assets	AC	19.7	14.3
Cash and cash equivalents	AC	131.1	103.1
Foreign currency forwards	FVTPL	0.4	0.0
Financial liabilities			
Trade payables and similar liabilities	FLAC	67.0	64.0
Borrowings	FLAC	0.0	11.6
Other financial liabilities	FLAC	4.4	6.1
Currency swaps/foreign currency forwards	FVTPL	0.0	0.7

AC = Amortized cost
FLAC = Financial liabilities measured at amortized cost
FVTPL = At fair value through profit or loss

The fair value of trade receivables, trade payables and similar liabilities, other financial assets and financial liabilities, cash and cash equivalents and borrowings nearly corresponds to their respective carrying amount, mainly due to their short terms and/or variable interest. The fair value of non-current financial assets and, in the previous year, of borrowings with fixed interest rates (Level 3) also corresponds approximately to their carrying amount, as there have been no significant changes in the measurement parameters since the restricted cash was invested or the loans were granted.

Foreign currency forwards and currency swaps are recognized in the Statement of Financial Position at fair value. The fair value of foreign exchange forwards is measured using a measurement model with inputs observable on the market (Level 2 of the fair value measurement hierarchy in IFRS 13). It is determined based on the present values of future payments due using the yield curves for the relevant currencies applicable as of the reporting date.

6. Financial Risk Management

In the course of its ordinary activities, the Group is exposed to default risks, market risks (including currency risk, interest rate risk and other price risks) and liquidity risks. The primary objectives of the financial risk management functions are to establish risk limits, and ensure that exposure to risks stays within these limits.

The financial risk management is carried out by a central treasury department supervised by the Management Board. The Management Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk and investment of excess liquidity.

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligations under a financial instrument, causing a financial loss. The Group's maximum exposure to credit risk is the carrying amount of financial assets and receivables and the carrying amount of cash and cash equivalents.

Credit risks arise in particular from trade receivables from end customers using the purchase on invoice payment method. To avoid credit losses, the Group implements an extensive risk management system. To decide whether home24 will offer customers payment methods such as purchase on invoice and for the purpose of monitoring credit risk, the Group checks its customers' creditworthiness using statistical methods based on payment history, for example, and with the help of external credit agencies, which provide home24 with assessments of the probability that new customers will meet their obligations. Outstanding receivables from customers are monitored on a regular basis. As of the reporting date, unsettled trade receivables resulting from the purchase on invoice method of payment amounted to EUR 15.8m in total (2020: EUR 14.3m).

Each receivable from end customers resulting from the purchase on invoice method of payment is assessed on the basis of the customer risk profile using external credit scores. In determining probabilities of default, data on the Group's own historical experience, current conditions and the maturity structure of the receivables are also taken into account. Trade receivables are usually derecognized if they are classified as uncollectible by external debt collection service providers or in the absence of a justified expectation that the contractual cash flows will be realized.

The remaining credit risk with from other trade transactions is limited because cash is received at the time of the sale (prepayments, PayPal, credit card and country-specific payment methods) or promptly after receipt of the order, or receivables are due from business customers and payment service providers with a low level of credit risk.

The expected credit loss is calculated over the entire lifetime of the receivable based on the simplified approach according to IFRS 9.5.5.15.

The following overview shows the expected credit loss for trade receivables from end customers in the Europe segment determined using a provision matrix:

December 31, 2021	Receivables < 30 days	Receivables between 30-60 days	Receivables between 60-90 days	Receivables > 90 days	Total
Gross value (in EURm)	9.9	1.7	0.8	4.2	16.6
Expected credit loss rate	2%	16%	41%	79%	
Expected credit loss (in EURm)	**0.2**	**0.3**	**0.3**	**3.3**	**4.1**

December 31, 2020	Receivables < 30 days	Receivables between 30-60 days	Receivables between 60-90 days	Receivables > 90 days	Total
Gross value (in EURm)	9.1	1.5	0.6	3.9	15.1
Expected credit loss rate	2%	12%	14%	73%	
Expected credit loss (in EURm)	**0.1**	**0.2**	**0.1**	**2.8**	**3.2**

The Group has recognized loss allowances totaling EUR 1.0m (2020: EUR 0.7m) on gross trade receivables due from business customers and payment service providers in the LatAm segment in the amount of EUR 25.7m (2020: EUR 5.2m). In addition, there were loss allowances of EUR 0.1m (2020: EUR 0.1m) on receivables due from suppliers and service providers that are shown under current financial assets. Credit risk is determined using qualitative and quantitative factors that indicate the credit risk or are based on external credit ratings. The Company limits some of its credit risk by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risk limits usually have to be approved by management. Credit risks are continually monitored and reviewed.

Impairment on cash and cash equivalents has been measured on a twelve-month expected loss basis and reflects the short maturities of the exposures. The Group considers that cash and cash equivalents have a low credit risk based on the external credit ratings. An allowance for expected credit losses of EUR 0.0m was recognized as of the December 31, 2021 reporting date (2020: EUR 0.1m). The main partners have a Standard & Poor's long-term rating of between A+ and BBB- (2020: between A and BBB+). The rating is reviewed regularly.

The loss allowances on trade receivables from end customers, business customers and payment service providers changed as follows:

In EURm	2021	2020
As of January 1	3.9	1.9
Addition	2.8	3.5
Utilization	–1.6	–1.4
Currency translation	0.0	–0.1
As of December 31	**5.1**	**3.9**

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes currency risk, interest rate risk and other price risks.

The following sensitivity analyses relate to the financial assets and liabilities held as of December 31, 2021 and 2020 and were prepared on the assumption that net debt, the ratio of fixed to floating interest rates on liabilities and assets, and the share of financial instruments in foreign currency remain unchanged.

Currency Risk

The Group is active internationally and especially exposed to foreign currency risk. The foreign currency risk stems from future business transactions as well assets and liabilities in foreign currencies. Such exposures primarily exist in US dollars and Swiss francs.

In the context of the foreign exchange risk management related to the USD, the treasury department hedges risks of inventories bought in USD. Hedging is carried out exclusively with foreign currency forwards and currency swaps with a period matching that of the hedged item. Derivative financial instruments were entered into and settled in accordance with internal policies that define the scope of action, responsibilities, reporting and control. Activities in the LatAm segment are mainly carried out in the functional currency of the subsidiary, the Brazilian real.

The Group's foreign currency sensitivity is determined by aggregating all foreign currency items as of the reporting date which are not recognized in the functional currency of the relevant Group company. With all other variables remaining constant, the following effects on consolidated earnings before taxes would result if the euro were to appreciate or depreciate by 10% against the following foreign currencies:

In EURm	2021	2020
USD	2.3	2.6
CHF	0.2	0.1

Interest Rate Risk

Within the Group, interest rate risk arises mainly in the LatAm segment in connection with floating-rate, cash and cash equivalents, financial assets and, in the previous year, a floating-rate bank loan. If all other variables remain changed, consolidated earnings before taxes will be EUR 2.5m (2020: EUR 0.2m) higher or lower as a result of the effects on the items concerned in the Statement of Financial Position in the event of a 500 basis-point increase or decrease in the Brazilian interest rates.

Other Price Risks

As in the previous year, other price risks do not represent a material risk for the Group in the current financial year.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Company. Management monitors the Group's cash flows using monthly rolling forecasts, among others.

The liquidity of the Company includes cash and cash equivalents. In the LatAm segment, the Group also has agreements with selected payment service providers and business partners covering upfront payment in relation to trade receivables (for further information on the effects of the use of these agreements on the cash flow resulting from the change in the Group's working capital, see section 2.4.3.) and a credit facility to finance liabilities to suppliers in the amount of BRL 3.5m (the equivalent of EUR 0.6m). 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.

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.

The remaining contractual maturities of the financial liabilities as of the reporting date, including estimated interest payments, are shown below. The amounts are undiscounted gross amounts inclusive of contractual interest payments. Projections of future new liabilities were not taken into account here. Financial liabilities repayable on demand are always allocated to the earliest possible time band.

December 31, 2021 In EURm	Up to 6 months	Between 6-12 months	Between 1-2 years	More than 2 years	Total
Borrowings	0.0	0.0	0.0	0.0	**0.0**
Trade payables and similar liabilities	67.0	0.0	0.0	0.0	**67.0**
Other financial liabilities	3.2	0.0	0.6	0.6	**4.4**
Gross payments of derivative financial instruments					
Inflows	13.3	0.0	0.0	0.0	**13.3**
Outflows	-12.8	0.0	0.0	0.0	**-12.8**
Total	**70.7**	**0.0**	**0.6**	**0.6**	**71.9**

December 31, 2020 In EURm	Up to 6 months	Between 6-12 months	Between 1-2 years	More than 2 years	Total
Borrowings	5.6	0.4	2.9	4.6	**13.5**
Trade payables and similar liabilities	62.7	1.3	0.0	0.0	**64.0**
Other financial liabilities	4.1	0.0	0.0	1.1	**5.2**
Gross payments of derivative financial instruments					
Inflows	25.7	0.3	0.0	0.0	**26.0**
Outflows	-26.5	-0.3	0.0	0.0	**-26.8**
Total	**71.6**	**1.7**	**2.9**	**5.7**	**81.9**

Gross payments of derivative financial instruments relate to foreign currency forwards and currency swaps. Cash inflows and outflows from the transactions are shown as gross amounts.

Capital Management

The goal of the Group's capital management remains to ensure its short-term solvency and secure its capital base to continuously finance its intended growth and long-term increase in enterprise value. This ensures that all companies in the Group are able to operate on a going-concern basis. Capital management is performed by continuously monitoring key financial indicators. The equity ratio at the closing date was 56% (2020: 40%).

7. Segment Reporting

The principal business activity of the Group is the marketing, sale and shipping of furniture and home furnishing in Europe and Latin America (LatAm). The business segments reflect the Group's management structure and the nature in which financial information is regularly reviewed by the ultimate decision maker, the Management Board of home24 SE.

The Group is split into two operating segments – Europe and LatAm. The Europe segment includes business activities in Germany, Switzerland, Austria, France, the Netherlands, Belgium and Italy, and the subsidiary in China. The LatAm segment includes business activities in Brazil.

The operating segments subject to mandatory reporting are strategic operating segments that are managed separately.

These operating segments use the accounting policies that are detailed in the summary of significant accounting policies above.

The Group measures profitability based on adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted amounts include share-based payment and costs related to the IPO of the subsidiary Mobly S.A. in February 2021 and, in the current financial year, one-off costs incurred in connection with the planned acquisition of the Butlers Group in the Europe segment. The acquisition is expected to close in the first half of 2022 (for further information on the planned acquisition of the Butlers Group, see section 12).

External revenue almost exclusively comprises income from the sale of furniture to end customers. Inter-segments sales were insignificant.

No information on segment assets or liabilities is relevant for decision-making.

In EURm	Europe	LatAm	Reconciliation	2021
Revenue	501.4	114.2	-0.1	**615.5**
thereof inter-segment sales	0.1	0.0	-0.1	**0.0**
Adjusted EBITDA	2.6	-1.2		**1.4**
Share-based payment				**-8.6**
Costs related to the IPO of Mobly S.A.				**-0.2**
Expenses relating to the planned acquisition of the Butlers Group				**-0.6**
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets				**-27.3**
Finance costs – net				**0.0**
Loss before taxes				**-35.3**

In EURm	Europe	LatAm	Reconciliation	2020
Revenue	389.2	102.7	0.0	**491.9**
Adjusted EBITDA	14.9	0.9		**15.8**
Share-based payment				**-2.9**
Costs related to the IPO of Mobly S.A.				**-0.4**
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets				**-22.7**
Finance costs – net				**-6.2**
Loss before taxes				**-16.4**

Germany accounted for 57% (2020: 53%), Brazil for 19% (2020: 21%) and Switzerland for 11% (2020: 12%) of total revenue. Germany accounted for 65% (2020: 86%) and Brazil for 35% (2020: 14%) of non-current assets.

8. Transactions with Related Parties

home24 identifies the related parties of home24 SE in accordance with IAS 24.

Transactions with Key Management Personnel
In financial year 2021, the following transactions were carried out by members of the governing bodies of home24 SE involving no-par value bearer shares of the Company:

Governing body member	Position	Purchase/sale	Price (in EUR)	Volume (in EUR)	Number	Date
Brigitte Wittekind	Management Board	Acquisition [1]	15.47	54,470	3,521	07/09/2021
Dr. Philipp Kreibohm	Supervisory Board	Acquisition [1]	15.81	345,591	21,859	07/07/2021
Philipp Steinhäuser	Management Board	Acquisition [1]	16.54	33,378	2,018	07/06/2021
Marc Appelhoff	Management Board	Acquisition [1]	16.54	1,548,574	93,626	07/06/2021

[1] Acquisition of shares as a result of exercising preemptive rights under the Company's 2017 Long Term Incentive Plan ('LTIP'). The acquisition price was paid by contributing remuneration claims from the LTIP. This is a transaction under an employee incentive program.

In the previous year, the following transactions were carried out by members of the governing bodies of home24 SE involving no-par value bearer shares of the Company:

Governing body member	Position	Purchase/sale	Price (in EUR)	Volume (in EUR)	Number	Date
Magnus Agervald	Supervisory Board	Purchase	6.03	20,937	3,472	05/19/2020
Magnus Agervald	Supervisory Board	Purchase	6.06	58,193	9,595	05/19/2020
Magnus Agervald	Supervisory Board	Purchase	6.04	8,989	1,488	05/19/2020
Verena Mohaupt	Supervisory Board	Sale	5.72	24,124	4,214	01/09/2020
Verena Mohaupt	Supervisory Board	Purchase	5.87	26,403	4,500	01/09/2020
Johannes Schaback	Management Board	Purchase	5.81	98,843	17,000	01/08/2020
Johannes Schaback	Management Board	Purchase	5.90	10,030	1,700	01/07/2020

For information on the benefits granted in connection with their Supervisory Board and Management Board activities, including share-based payments, please refer to notes 5.8. and 11.

Otherwise, there were no significant income and expenses with related parties during the 2021 financial year or in the prior-year period and no significant outstanding receivables or liabilities with related parties as of the reporting dates.

9. Contingent Liabilities

As of December 31, 2021, five customer complaints related to breaches of data protection regulations were pending before the Berlin Commissioner for Data Protection (two from 2018, two from 2020 and one from 2021). A complaint which had been pending since 2018 was resolved in 2020 through the issue of a notice imposing a fine of EUR 6 thousand. It cannot be ruled out that the Berlin data protection authority will use the other pending proceedings as an opportunity to impose a further fine on the Company. If that is the case, it must be assumed that it could be of a high six-figure amount due to the calculation model currently applied by the data protection authorities. It is impossible at the present time to predict how courts will view the authorities' fining practice and fine determination overall. While some court rulings result in an adjustment of fine notices, a clear tendency is not yet apparent, so that it is not certain whether they will give rise to a change in the practice of levying fines.

As of December 31, 2021, in the LatAm segment actions under employment law were pending with a total volume of EUR 1.0m. There are also civil actions with a total volume of EUR 0.4m, which the Company believes are fairly unlikely to succeed. It has not therefore made any provisions for obligations resulting from these legal disputes. There are also potential risks in connection with social security contributions amounting to EUR 0.6m. In the LatAm segment, the Group is also party to legal proceedings relating to possible additional tax payments resulting from indirect taxes. The Group has decided to deposit the potential additional tax payment amount of EUR 2.0m by way of security, pending the final ruling by Brazil's supreme court of justice ("STF"). This amount is recognized under other financial assets.

10. Disclosure Exemption

In accordance with Section 264b HGB, the subsidiary home24 eLogistics GmbH & Co. KG, Berlin, is exempt from the requirement to publish its Financial Statements and to prepare Notes to the Financial Statements and a Management Report.

In accordance with Section 264 (3) HGB, the subsidiary home24 Outlet GmbH, Berlin, is exempt from the requirement to publish its Financial Statements and to prepare Notes to the Financial Statements and a Management Report.

11. Remuneration of the Management Board and Supervisory Board

11.1. Remuneration of the Management Board

Total Remuneration

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.

Members of the Management Board were granted total benefits of EUR 3.3m (2020: EUR 1.5m) during the 2021 financial year.

In EURm	2021	2020
Fixed remuneration	0.8	0.7
One-year variable remuneration	0.1	0.6
Share-based payment	2.4	0.2
Total Remuneration	**3.3**	**1.5**

The above table does not show the remuneration actually paid but the remuneration granted taking into account 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.

Share-based Payment

A total of 172,084 newly granted share-based payment awards were issued to members of the Management Board in financial year 2021. The fair value of these payment awards was EUR 1.4m in total at the grant date.

In the previous year, Philipp Steinhäuser, a member of the Management Board since January 1, 2021, was granted 72,200 share-based payment awards for his Management Board activities for each of the 2021 and 2022 service periods, where the exercise price of the payment awards for the 2022 service period was still variable. The fair value of the definite payment awards for the 2021 service period was EUR 0.6m at the grant date. The fair value of the variable payment awards for the 2022 service period was EUR 0.4m at the contract date.

The share-based payment of the previous year shows the fair value of the 123,208 share-based payment awards granted to Brigitte Wittekind (member of the Management Board since January 1, 2020) in 2019 for her Management Board work in financial year 2020.

In addition, expenses for share-based payment awards granted to members of the Management Board in the current financial year amounted to EUR 2.0m (2020: EUR 1.0m). Further information on the share-based payment programmes of home24 SE is provided in note 5.8.

One-year Variable Remuneration

The one-year variable remuneration consists of an annual bonus, the maximum amount of which is set out in the respective Management Board service contracts. For all Management Board members, the maximum bonus achievable for financial year 2021 was EUR 50k. The actual amount of the bonus earned for a financial year was decided at the discretion of the Supervisory Board within three months of the financial year-end, taking into account achievement of the specified targets. 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 categories: revenue growth at constant currency, profitability based on the adjusted EBITDA margin, and the cash position at the end of the 2021 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 16% to 36%, adjusted EBITDA margin 0.3% to 5.3%, and the cash position EUR 64m to EUR 89m. Cash effects resulting from the IPO of home24 subsidiary Mobly S.A. in Brazil at the start of financial year 2021 are not reflected in the calculation of the cash position. The same goes for items in the Statement of Financial Position that affect the cash position (e.g. marketing expenses in Q4/2021 and current assets) and do not occur within the normal course of business. 20% of the annual bonus is subject to achievement of the non-financial targets sustainability and customer satisfaction, where achievement of the targets is decided at the discretion of the Supervisory Board, taking into account the relevant company KPIs.

Taking the targets agreed into account, the Supervisory Board decided to set the amount of the bonus for financial year 2021 at a total of EUR 0.1m. 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 0.6m for financial year 2020.

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.

Loans and Advances

In the 2021 financial year, members of the Management Board did not receive any advances or loans from the Company or its subsidiaries.

Pension Commitments

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

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.

11.2. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board amounted to EUR 0.2m (2020: EUR 0.2m).

12. Basis of Consolidation

The Company held equity interests in the following subsidiaries as of December 31:

Subsidiaries	Registered seat	Purpose	Equity interest held 2021	Equity interest held 2020
Mobly Comércio Varejista Ltda. and related entities				
Jade 1216. GmbH	Berlin, Germany	Holding company	**100.00%**	**100.00%**
Jade 1412. GmbH	Berlin, Germany	Holding company	**100.00%**	**100.00%**
Juwel 181. VV UG	Berlin, Germany	Holding company	**100.00%**	**100.00%**
home24 Holding GmbH&Co. KG (formerly VRB GmbH&Co. B-197 KG)	Berlin, Germany	Holding company	**99.79%**	**99.79%**
Mobly S.A. [1]	São Paulo, Brazil	Holding company	**51.05%**	**88.92%**
Mobly Hub Transportadora Ltda. [1]	São Paulo, Brazil	Logistics	**51.05%**	**88.92%**
Mobly Comércio Varejista Ltda. [1]	São Paulo, Brazil	Online shop	**51.05%**	**88.92%**
Other subsidiaries				
SPV-4 Furniture Services GmbH	Berlin, Germany	Holding company	**100.00%**	**100.00%**
home24 Verwaltungs GmbH	Berlin, Germany	General partner	**100.00%**	**100.00%**
home24 eTrading GmbH	Berlin, Germany	Non-operating	**100.00%**	**100.00%**
home24 eLogistics GmbH&Co. KG	Berlin, Germany	Logistics	**100.00%**	**100.00%**
Home24 Polska S.A.	Wroclaw, Poland	Non-operating	**100.00%**	**100.00%**
Home24 Polska Sp z oo	Wroclaw, Poland	Non-operating	**100.00%**	**100.00%**
Club of Style (Shenzen) Ltd.	Shenzen, China	Services	**100.00%**	**100.00%**
Fashion4home Inc.	Dover, USA	Non-operating	**100.00%**	**100.00%**
Home24 Hong Kong Ltd. [2]	Hong Kong, China	Non-operating	**0.00%**	**100.00%**
home24 Outlet GmbH	Berlin, Germany	Retail	**100.00%**	**100.00%**
home24 Retail GmbH	Berlin, Germany	Services	**100.00%**	**100.00%**

[1] Group share calculated taking into account non-controlling interests at the intermediate holding company level
[2] The entity was deleted in August 2021

Jade 1216. GmbH, a direct subsidiary of home24 SE, holds interests in Jade 1412. GmbH and Juwel 181 VV. UG. Jade 1216. GmbH also holds an equity interest in home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG), which in turn holds an equity interest in Mobly Comércio Varejista Ltda. and Mobly Hub Transportadora Ltda. via the Mobly S.A. holding company.

In November and December 2020, home24 SE increased its equity interest in Jade 1216. GmbH from 92.92% to 100%, while Jade 1216. GmbH increased its equity interest in home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) from 89.14% to 99.79%. Moreover, in December home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) reduced its equity interest in Mobly S.A. from 100% to 89.11%.

A total of 37,037,038 newly issued ordinary shares of Mobly S.A. and 1,610,306 ordinary shares held by home24 holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) were placed in the course of Mobly's IPO in early February 2021. In addition, home24 Holding GmbH & Co. KG (formerly: VRB GmbH & Co. B-197 KG) granted a greenshoe option for up to 5,797,102 ordinary shares from its shareholding. On February 22, 2021, the stabilizing agent exercised this option early and in full, as a result of which a total of 44,444,446 ordinary shares of Mobly S.A. were placed through Mobly's IPO.

The transactions resulted in changes in non-controlling interests in the Group, which are presented under note 5.18. Following the IPO, the Group's equity interest in Mobly S.A. amounts to 51%.

Non-controlling interests in were recognized in equity with a carrying amount of EUR 49.8m as of December 31, 2021 (2020: EUR –0.5m). The loss allocated to non-controlling interests amounted to EUR –4.7m in the current financial year (2020: EUR –1.0m).

Summarized Financial Information on Subsidiaries with Material Non-controlling Interests
Summarized financial information for Jade 1216. GmbH and its direct and indirect subsidiaries and for Mobly S.A. and its direct subsidiaries is provided below. Due to the above-mentioned transactions in financial year 2020, material non-controlling interests were no longer held at the level of Jade 1216. GmbH as of December 31, 2020, but instead at the level of Mobly S.A. Since the changes in the non-controlling interests only occurred at the end of financial year 2020, the statement of comprehensive income and the statement of cash flows for the previous year are presented at the level of the Jade 1216. GmbH subgroup.

Summarized Statement of Financial Position of Mobly S.A. and its Subsidiaries

In EURm	December 31, 2021	December 31, 2020
Non-current assets	50.1	15.5
Current assets	106.1	32.8
Total assets	**156.2**	**48.3**
Non-current liabilities	23.3	10.2
Current liabilities	30.9	40.8
Total liabilities	**54.2**	**51.0**
Net assets	**102.0**	**-2.7**

Summarized Statement of Comprehensive Income for Mobly S.A. and Its Direct and Indirect Subsidiaries

In EURm	2021
Revenue	114.2
Loss for the period	-10.7
Other comprehensive income/loss for the period, net of tax	1.9
Total comprehensive income/loss for the period	-8.8

Summarized Statement of Comprehensive Income for Jade 1216. GmbH and Its Direct and Indirect Subsidiaries

In EURm	2020
Revenue	102.7
Loss for the period	-7.5
Other comprehensive income/loss for the period, net of tax	-0.5
Total comprehensive income/loss for the period	-8.0

Summarized Statement of Cash Flows for Mobly S.A. and Its Direct and Indirect Subsidiaries

In EURm	2021
Cash flow from operating activities	-49.4
Cash flow from investing activities	-13.4
Cash flow from financing activities	101.4

Summarized Statement of Cash Flows for Jade 1216. GmbH and Its Direct and Indirect Subsidiaries

In EURm	2020
Cash flow from operating activities	0.0
Cash flow from investing activities	-5.6
Cash flow from financing activities	8.6

Planned Transaction with Butlers Holding GmbH & Co. KG, Cologne

On December 22, Butlers Holding GmbH & Co. KG and home24 SE entered into an agreement for the direct and indirect acquisition of all shares in Butlers Holding GmbH & Co. KG ("Butlers Holding"). Butlers Holding directly or indirectly holds 100% of the shares in other group companies (Butlers Holding and its group companies collectively, the "Butlers Group").

home24 SE will directly and indirectly purchase 74.8% of the shares in Butlers Holding ("acquisition shares"), while 25.2% of the shares in Butlers Holding will be contributed in exchange for new shares in home24 SE ("contribution shares"). The new home24 SE shares will be created from Authorized Capital 2020 with shareholders' preemptive rights disapplied.

65% of the purchase price for the acquisition shares has been fixed by agreement and amounts to approximately EUR 48.6m less 65% of the net borrowings as of December 31, 2021. This results in a fixed purchase price of approximately EUR 38m, where payment of a provisional portion of approximately EUR 11m will be deferred for a period of 36 months ("vendor loan"). The remaining 35% of the purchase price for the acquisition shares will be determined based on achievement of an EBITDA target within a twelve-month reference period (second half of 2021 and first half of 2022) ("reference period") ("earn-out") less 35% of the net borrowings as of December 31, 2021. Subject to adjustments to the net borrowings, the earn-out will be between EUR 0 and a maximum of approximately EUR 21m. Payment of approximately 29% of the variable purchase price will be deferred in accordance with the provisions of the vendor loan.

The number of new shares from Authorized Capital 2020 to be granted for the contribution shares will be calculated on the basis of a value of EUR 18 per home24 SE share, with the seller generally entitled to compensation if the price of the Company's shares is not above EUR 18 on average for at least three calendar months in calendar year 2026. The compensation entitlement will be no more than EUR 5.55 per newly issued home24 SE share. The value of the contribution shares will be calculated on the basis of the equity value of the Butlers Group in the reference period, assuming that the EBITDA target is achieved in the reference period.

The closing of the agreement is subject to the condition precedent of antitrust clearance, among others. The Company expects the transaction to close in the second quarter of 2022.

13. Number of Employees

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

	2021	2020
Women	728	606
Men	1,154	1,004
Total	**1,882**	**1,610**

14. Auditor's Fee

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

In EURm	2021	2020
Audits of annual financial statements	0.3	0.2
Consulting services	0.0	0.1
Total	**0.3**	**0.3**

The consulting services in the previous year related to tax consulting services.

15. Management Board and Supervisory Board

Management Board

Marc Appelhoff, Berlin
Business graduate

Brigitte Wittekind, Potsdam
Business graduate

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

Johannes Schaback, Berlin (until March 31, 2021)
Graduate engineer

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

Current Posts

Name of the Management Board member	Posts in accordance with Section 285 No. 10 (HGB)
Marc Appelhoff	Mobly S.A. (Member of the Board of Directors) Babble Group AG (Member of the Supervisory Board; August to September 2021)
Johannes Schaback (until March 31, 2021)	–
Brigitte Wittekind	D-Level GmbH (Advisory Board)
Philipp Steinhäuser (since January 1, 2021)	Mobly S.A. (Member of the Board of Directors)

Supervisory Board

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

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

Nicholas C. Denissen, Seattle (Washington), USA (since June 17, 2021)
Independent entrepreneur and consultant

Dr. Philipp Kreibohm, (Deputy Chairman of the Supervisory Board), Berlin (since June 17, 2021)
Early-stage investor in numerous Internet and technology companies

Magnus Agervald, Stockholm (until June 17, 2021)
Interim CEO at Webhallen AB

Franco Danesi, London (until June 17, 2021)
Investment Director at Kinnevik Capital Ltd. Co.

Current Posts

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	Posts in accordance with Section 285 No. 10 (HGB)
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) SMG Swiss Marketplace Group AG (Chairman of the Board of Directors; since November 2021)
Verena Mohaupt	Pacifico Renewables Yield AG (member of the Supervisory Board) Linus Digital Finance AG (Chairwoman of the Supervisory Board)
Dr. Philipp Kreibohm (since June 17, 2021)	Modifi B.V. (Chairman of the Supervisory Board)
Nicholas C. Denissen (since June 17, 2021)	s.Oliver Bernd Freier GmbH & Co. KG (member of the Advisory Board, since July 2021)
Magnus Agervald (until June 17, 2021)	FH Gruppen AS (Member of the Board of Directors; until February 2021) 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) YPO Service AB (member of the Board of Directors) YTrade Group AB (member of the Board of Directors) Building Automation Nordic AB (member of the Board of Directors) Premium Snacks Group AB (Deputy Chairman of the Board of Directors; since May 2021)
Franco Danesi (until June 17, 2021)	Bayport Management Limited (member of the Board of Directors) Monese Ltd. (Member of the Board of Directors; until March 2021)

16. Corporate Governance Statement Disclosures

The declaration of the Management Board and the Supervisory Board on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) is available on the parent company's website at https://www.home24.com/download/companies/homevierundzwanzig/CorporateGovernance/20211228_home24_declaration_conformity_en.pdf

17. Events after the Reporting Period

In the first quarter of 2022, the war in Ukraine created a factor of uncertainty for further business performance in 2022. As a sign of solidarity and in response to the aggression coming from Russia and Belarus, the Group has terminated cooperation with its Russian and Belarusian suppliers and informed its entire supplier base that home24 will no longer source products from Russia and Belarus. Based on current knowledge, this will affect around 2% of the European revenue base in 2021.

The Group's planned transaction with the Butlers Group was cleared by the antitrust authorities in the first quarter of 2022. Completion of the business combination remains subject to conditions precedent.

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

18. Approval of the Financial Statements

The Consolidated Financial Statements and the Combined Management Report of home24 SE are published in the electronic Federal Gazette. The Management Board approved the Consolidated Financial Statements and the Combined Management Report for publication on March 30, 2022.

Berlin, March 30, 2022

Marc Appelhoff   Brigitte Wittekind   Philipp Steinhäuser

Responsibility Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group, and the Group Management Report, which is combined with the Management Report of home24 SE, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Berlin, March 30, 2022

The Management Board

Marc Appelhoff   Brigitte Wittekind   Philipp Steinhäuser

Independent Auditor's Report

To home24 SE

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of home24 SE, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income for the financial year from January 1 to December 31, 2021, consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, consolidated statement of changes in equity, and notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the group management report of home24 SE, which is combined with the management report of the Company, for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the parts of the group management report specified in the appendix to the auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year from 1 January to December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the parts of the group management report referred to in the appendix to the auditor's report.

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

Basis for the Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

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

1) Occurrence and Measurement of Revenue from the Delivery of Merchandise Taking into Account Expected Returns

Reasons Why the Matter Was Determined to be a Key Audit Matter

As part of selling merchandise, home24 SE typically satisfies its performance obligation when the merchandise is delivered, i. e., the date on which the significant risks and rewards of ownership and control of the merchandise are transferred to the customer. In the Europe segment, 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 SE. Executive directors of home24 Group calculate expected returns, for which no revenue is recognized. Their assumptions and judgments are based primarily on country-specific and month-specific expected rates of returns. Revenue has a significant influence on the net income of the Group and is one of the most important performance indicators for the home24 Group.

Due to the high transaction volume of the sales of merchandise and the potential risk of fictitious revenue and the uncertain estimate of expected returns, we consider the occurrence and measurement of revenue from the delivery of merchandise taking into account expected returns 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 Group from the order through to payment receipt on the basis of the documentation provided to us. In addition, we assessed whether the requirements of IFRS 15 for revenue recognition were complied with and tested the effectiveness of implemented internal controls, focusing in particular on the operating effectiveness of IT-based controls. In order to identify anomalies regarding revenue and the development of revenue, we developed a forecast of segment-specific revenue from the sale of merchandise based on historical daily and summarized monthly revenue and compared it with the revenue recognized in the current financial year. In addition, we examined selected posting ledgers for any revenue entries that were entered manually as well as analyzed the respective contra accounts and correlations.

Moreover, as part of the substantive audit procedures, we also obtained documentation (delivery notes, invoices, payment receipts) for a sample of sales based on mathematical-statistical assumptions regarding the existence of revenue in order to determine whether the revenue recognized was based on a corresponding delivery of merchandise. We also verified the clerical accuracy of the expected returns as determined by the executive directors of home24 Group. We compared the assumed month-specific and country-specific return rates with actual historical month-specific and country-specific return rates, among other things, and analyzed them. In order to evaluate the assumed month-specific and country-specific rate of returns, we also compared selected rates with the merchandise actually returned by the time we concluded our audit.

Our audit procedures did not lead to any reservations relating to the occurrence of revenue or to the measurement of revenue from the delivery of merchandise taking into account expected returns.

Reference to Related Disclosures

With regard to the accounting policies applied for the recognition of merchandise revenue, we refer to the Company's disclosures in sections 2.3 (Accounting and Valuation Methods) and 5.1 (Revenue) in the notes to the consolidated financial statements.

2) Subsequent Measurement of Merchandise

Reasons Why the Matter Was Determined to be a Key Audit Matter

The merchandise inventory of home24 Group is continuously subject to risks associated with existing and potential future excess stocks, which are sold with discounts through online retail or are disposed of outside of online retail. Write-downs on estimated future excess stocks from expected returns as well as existing excess stocks are calculated at the end of the reporting period and recognized in the consolidated financial statements.

Executive directors of home24 Group 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 executive directors of home24 Group in calculating the merchandise inventory and the timely recognition of impairment losses with the regulations in IAS 2 (Inventories).

We also analyzed the process used by the home24 Group's executive directors regarding the subsequent measurement of merchandise and gained an understanding of the process steps.

Within the scope of the valuation model, the executive directors consider the expected sell-through of merchandise for various sales channels. We compared the expected 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 excess stocks. We examined the executive directors' assumptions for expected proceeds, considering proceeds actually generated in the past from merchandise sold with discounts as well as merchandise for disposal outside of online retail. In this context, we considered the quality-determining measurement categories defined by the executive directors separately. We developed expectations regarding potential future excess stocks based on this and compared these with valuation model assumptions and the write-downs recorded. Furthermore, we verified the clerical accuracy of the valuation model.

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

Reference to Related Disclosures

With regard to the accounting policies applied for the subsequent measurement of inventory, we refer to the Company's disclosures in sections 2.3 (Accounting and Valuation Methods) and 5.14 (Inventories and Prepayments) in the notes to the consolidated financial statements.

Other Information

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which is part of the corporate governance statement, and for the remuneration report pursuant to Section 162 AktG. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report mentioned in the appendix to the auditor's report.

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

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

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

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

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

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

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

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

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

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

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

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file H24_KA+KLB_ESEF-2021-12-31.zip (SHA-256-checksum: 0f9f7872a1d88ceb294ce969ee33a98ef58e44793fb2edd0794c8861c1c1df2d) 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 work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021, contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410, 10.2021). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (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 rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 HGB.

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

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

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

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

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i. e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.

- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements by the annual general meeting on June 17, 2021. We were engaged by the Supervisory Board on June 22, 2021. We have been the group auditor of home24 SE without interruption since financial year 2013. home24 SE has been a corporation geared to the capital market pursuant to Section 264d HGB since 2018.

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

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- Voluntary review of the condensed interim consolidated financial statements and the interim group management report for the period from January 1 to June 30, 2021

- Audit of the Company's remuneration report as of December 31, 2021

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Dr. Ingo Röders.

Berlin, March 30, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders Wirtschaftsprüfer [German Public Auditor]	Patzelt Wirtschaftsprüfer [German Public Auditor]

Appendix to the Auditor's Report

1. Parts of the Group Management Report Whose Content is Unaudited

We have not audited the content of the following parts of the group management report:

- Corporate governance statement

2. Further Other Information

"Other information" comprises the following part of the annual report, which we were provided with prior to issuing this auditor's report:

- Separate non-financial report

"Other information" also comprises the prescribed parts of the annual report, which were provided to us prior to issuing this auditor's report, specifically the following sections:

- Responsibility statement by the Management Board
- Report of the Supervisory Board
- Remuneration Report
- The sections "At a glance", "The Business Model", "Letter to our Shareholders" and "The home24 Share"

but not the consolidated financial statements, nor the disclosures in the group management report included in our audit or our associated auditor's report.

Berlin, March 30, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders	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, one-off expenses relating to the IPO of Mobly S.A. and costs relating to the planned acquisition of the Butlers Group in the Europe segment.

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

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

Average order value – defined as gross order value divided by the number of orders.

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) – defined as the international convention aimed at ensuring sustainable, preservative international trading in animals and plants listed in its annexes.

Cost of sales – defined as the purchase price of goods acquired plus inbound shipping and handling charges as well as loss allowances on inventories.

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

EUTR (European Timber Regulation) – the entry into force of the EU Timber Regulation makes it unlawful to market illegally harvested timber or wood products made from this timber. Market participants are also required to comply with corresponding due diligence obligations.

FLEGT (Forest Law Enforcement, Governance and Trade) – defined as action plan to tackle the global problem of illegal logging and trading in timber and wood products of illegal origin.

Fulfillment expenses – defined as the sum of expenses relating to the dispatching, handling and packaging of goods, warehouse employee benefits, temporary warehouse work obtained and payment processing.

Gross order value – defined as the aggregated gross order value of the orders received in the respective period, including VAT and without factoring in cancellations and returns as well as subsequent discounts and vouchers.

Gross order value growth at constant currency – defined as gross order value growth using constant BRL/EUR exchange rates from the previous year.

Gross profit – defined as revenue less cost of sales.

Gross profit margin – defined as gross profit divided by revenue.

IPCA – defined as the consumer price index measured on a monthly basis by the Brazilian Institute of Geography and Statistics.

Key non-financial key performance indicators – defined as the number of orders, the number of active customers and the amount of the average order value.

Marketing expenses – defined essentially 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, restricted cash and security deposits and collateral provided not related to ongoing legal proceedings), 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.

NPS (net promoter score) – defined as the recommendation rate of the Group's customers

Number of active customers – defined as the number of customers that have placed at least one non-canceled order in the 12 months prior to the respective date, without factoring in returns.

Number of orders – defined as the number of orders placed in the relevant period, regardless of cancellations or returns.

Other selling and distribution costs – defined as the sum of rent 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 expenses for temporary work obtained for central fulfillment, retail and marketing activities including customer service, miscellaneous expenses and other depreciation.

Out-of-stock rate – defined as the ratio of SKUs out of stock in relation to the total number of SKUs available.

Performance marketing – includes all online marketing channels used by home24 such as keyword search or online advertising banners on third-party websites.

Profit contribution – defined as gross profit less fulfillment expenses and impairment losses on financial assets.

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) – defined as EU chemicals regulation governing the registration, evaluation, authorization and restriction of chemicals.

Revenue growth at constant currency – defined as revenue growth using constant BRL/EUR exchange rates from the previous year.

Sites – defined as the mailing addresses of the Company or companies controlled by the Company with employees (headquarters, outlets, showrooms, warehouses).

SKUs (stock keeping units) – defined as code numbers for individual products included in the home24 product range.

Financial Calendar 2022

11 May

Publication of Quarterly Financial Report (Q1 call date)

June 14

Annual General Meeting

August 16

Publication of Half-yearly Financial Report

November 15

Publication of Quarterly Financial Report (Q3 call date)

Publishing Information

CONTACT
home24 SE
Greifswalder Straße 212–213
10405 Berlin

INVESTOR RELATIONS
Philipp Steinhäuser/CFO
E-mail: ir@home24.de

MEDIA
Fiona Kleinert
Communications Manager
E-mail: media@home24.de

CONSULTING, CONCEPT&DESIGN
Silvester Group, Hamburg
www.silvestergroup.com

Legal Disclaimer

This document contains forward-looking statements. These statements reflect the current view, expectations and assumptions of the management of home24 SE and are based upon information currently available to the management of home24 SE. Forward-looking statements should not be construed as a promise of future results and developments and involve known and unknown risks and uncertainties. Various factors could cause actual future results and developments to differ materially from the expectations and assumptions described in this document. These factors include, in particular, changes to the overall economic framework conditions and the general competitive environment. Besides, developments on the financial markets and changes of currency exchange rates as well as changes in national and international legislation, in particular tax legislation, and other factors have influence on the future results and developments of the Company. Neither home24 SE nor any of its affiliates assume any kind of responsibility, liability or obligations for the accuracy of the forward-looking statements and their underlying assumptions in this document. Neither home24 SE nor any of its affiliates do assume any obligation to update the statements contained in this document.

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.

home24 SE
Greifswalder Straße 212–213,
10405 Berlin
E-mail: ir@home24.de