

# home 24



QUARTERLY STATEMENT Q1 2020

# AT A GLANCE

## Q1 2020

### KEY FIGURES

Non-financial KPIs	Unit	Q1 2020	Q1 2019	Change
Number of orders	in k	623	560	11%
Europe	in k	363	352	3%
LatAm	in k	260	208	25%
Average order value	in EUR	255	259	-2%
Europe	in EUR	344	328	5%
LatAm	in EUR	131	141	-7%
Number of active customers (as of March 31)	in k	1,549	1,365	13%
Europe	in k	857	816	5%
LatAm	in k	692	549	26%
Employees (as of March 31)	Number	1,540	1,652	-7%

Financial KPIs	Unit	Q1 2020	Q1 2019	Change
Revenue	in EURm	102.6	93.2	10%
Revenue growth at constant currency	in %	14%	12%	2pp
Gross profit margin	in %	46%	44%	2pp
Profit contribution margin	in %	28%	23%	5pp
Adjusted EBITDA margin	in %	-3%	-16%	13pp
Earnings per share	in EUR	-0.40	-0.91	-56%
Cash flow from operating activities	in EURm	2.4	-19.8	>-100%
Cash flow from investing activities	in EURm	-2.4	-7.0	-66%
Cash flow from financing activities	in EURm	-2.1	-2.6	-19%
Cash and cash equivalents (as of March 31)	in EURm	43.1	79.2	-46%



home24 is a leading pure-play home&living e-commerce platform in continental Europe and Brazil. With over 100,000 articles – from accessories to lamps to furniture – home24 offers its current 1.5 million customers the right product for every taste, style and budget.

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

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

home24’s headquarters are located in Berlin. The Company employs more than 1,500 people worldwide. home24 has been listed on the Frankfurt Stock Exchange since June 15, 2018.

Further information can be found on the Company’s website at [www.home24.com](http://www.home24.com).

A photograph of a dining table and chairs. The table is dark wood with a white bowl, a glass, and a bottle on it. Two yellow upholstered chairs are in the foreground. The background is a plain wall with a hanging lamp with multiple glass shades.

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# REPORT ON ECONOMIC POSITION

## FINANCIAL PERFORMANCE OF THE GROUP

### Simplified Income Statement

In EURm	Q1 2020	Q1 2019	Change	Change in %
Revenue	102.6	93.2	9.4	10%
Cost of Sales	-55.4	-52.6	-2.8	5%
<b>Gross profit</b>	<b>47.2</b>	<b>40.6</b>	<b>6.6</b>	<b>16%</b>
<b>Gross profit margin</b>	<b>46%</b>	<b>44%</b>	<b>2pp</b>	
Selling and distribution costs	-46.7	-52.9	6.2	-12%
Impairment losses on financial assets	-0.5	-0.4	-0.1	25%
Administrative expenses	-9.8	-10.8	1.0	-9%
Other operating income	0.5	0.3	0.2	67%
Other operating expenses	-0.6	-0.1	-0.5	>100%
<b>Operating result (EBIT)</b>	<b>-9.9</b>	<b>-23.3</b>	<b>13.4</b>	<b>-58%</b>
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	5.7	7.3	-1.6	-22%
<b>EBITDA</b>	<b>-4.2</b>	<b>-16.0</b>	<b>11.8</b>	<b>-74%</b>
Share-based payment	0.7	1.1	-0.4	-36%
<b>Adjusted EBITDA</b>	<b>-3.5</b>	<b>-14.9</b>	<b>11.4</b>	<b>-77%</b>
<b>Adjusted EBITDA margin</b>	<b>-3%</b>	<b>-16%</b>	<b>13pp</b>	

The COVID-19 pandemic represents a major challenge for the whole of society and the economy and therefore for home24 too. At first, the crisis impacted the Group's procurement processes and supply chains in Europe, Brazil and Asia. In the wake of government intervention, these effects widened to include a temporary reduction in consumer activity and difficulty in forecasting consumer behavior. In addition, home24 was forced to temporarily close the Group's bricks-and-mortar retail stores in March.

Despite noticeable, adverse effects triggered by the COVID-19 outbreak, a reduction in marketing expenses of 10% and a significant decline in the value of the Brazilian currency compared to the prior-year period, the Group generated consolidated **revenue** of EUR 102.6m in the first three months of financial year 2020, up 10% y-o-y. At constant currency, revenue grew accordingly 14%

y-o-y. Revenue growth was primarily driven by the higher number of active customers and orders placed, whereas the average order value remained virtually unchanged. As of March 31, 2020, home24 had a total of 1.5m active customers, compared to 1.4m as of March 31, 2019. The number of orders placed during the first three months of 2020 increased by 11% to 0.6m compared to the prior-year period. The average order value decreased by 2% to EUR 255 over the same period. However, adjusted for foreign currency effects, the average order value increased by 2% y-o-y.

Revenue less cost of sales results in **gross profit**. In the first three months of 2020, the Group posted a gross profit of EUR 47.2m, up 16% from EUR 40.6m in the first three months of 2019. The gross profit margin rose by 2 percentage points to 46% compared to March 31, 2019.

In EURm	Q1 2020	Q1 2019	Change	Change in %
Fulfillment expenses	-17.8	-19.0	1.2	-6%
Marketing expenses	-19.0	-21.2	2.2	-10%
Other selling and distribution costs	-9.9	-12.7	2.8	-22%
<b>Total selling and distribution costs</b>	<b>-46.7</b>	<b>-52.9</b>	<b>6.2</b>	<b>-12%</b>
as % of revenue				
Fulfillment expenses ratio	-17%	-20%	3pp	
Marketing expenses ratio	-19%	-23%	4pp	

In the first three months of 2020, **selling and distribution costs** amounted to EUR 46.7m, down 12% compared to the prior-year period. As a result, both the fulfillment expenses ratio and the marketing expenses ratio improved significantly by a total of 7 percentage points compared to the previous year. The primary driver of this trend was the successful completion of investment projects over the past two years that have markedly increased efficiencies.

In the first three months of 2020, **administrative expenses** decreased by 9% y-o-y to EUR 9.8m. This success is also mainly due to investments in automation and process optimization.

In the first three months of 2020, the adjusted EBITDA margin of –3% improved by 13 percentage points compared to the prior-year figure. The negative adjusted EBITDA contracted accordingly from EUR –14.9m to EUR –3.5m, whereby – as is usual for the Group – the first quarter, like the third quarter, is generally characterized by lower profitability than the full year due to seasonally higher marketing costs. The adjusted amounts include employee share-based payment expenses as well as share-based payment expenses for media services provided to the Company in the previous year that are no longer incurred in financial year 2020.

## FINANCIAL PERFORMANCE OF THE SEGMENTS

In EURm	Q1 2020	Q1 2019	Change	Change in %
<b>Revenue</b>				
Europe	79.1	71.0	8.1	11%
LatAm	23.5	22.2	1.3	6%
<b>Adjusted EBITDA</b>				
Europe	–3.3	–14.9	11.6	–78%
LatAm	–0.2	0.0	–0.2	>–100%

In the first three months of 2020, **revenue** in the Europe segment amounted to EUR 79.1m, up 11% y-o-y, representing 77% of Group revenue. In the first three months of 2020, revenue in the LatAm segment came to EUR 23.5m, up 6% y-o-y, thus contributing 23% to Group revenue. At constant currency, revenue in the LatAm segment grew much stronger, y-o-y, specifically by 21%. While growth in the Europe segment is due in almost equal measure by average order value (+5%), the growing number of orders (+3%) and the higher number of active customers (+5%), growth in the LatAm segment is mainly driven by the number of orders (+25%) and the number of active customers (+26%).

The Europe segment generated negative **adjusted EBITDA** of EUR –3.3m after EUR –14.9m in the prior-year period. The adjusted EBITDA margin came in at –4% compared to –21% in the prior-year period. The LatAm segment again reached almost break-even in terms of adjusted EBITDA at EUR –0.2m after EUR 0.0m in the prior-year period. The adjusted EBITDA margin came in at –1% compared to 0% in the prior-year period.

## CASH FLOWS

In EURm	Q1 2020	Q1 2019	Change	Change in %
Cash flow from operating activities	2.4	–19.8	22.2	>–100%
thereof from change in net working capital	6.9	–4.4	11.3	>–100%
Cash flow from investing activities	–2.4	–7.0	4.6	–66%
Cash flow from financing activities	–2.1	–2.6	0.5	–19%
<b>Net change in cash and cash equivalents</b>	<b>–2.1</b>	<b>–29.4</b>	<b>27.3</b>	<b>–93%</b>
Cash and cash equivalents at the beginning of the period	45.6	108.6	–63.0	–58%
Effect of exchange rate changes on cash and cash equivalents	–0.4	0.0	–0.4	>–100%
<b>Cash and cash equivalents at the end of the period</b>	<b>43.1</b>	<b>79.2</b>	<b>–36.1</b>	<b>–46%</b>

In the first three months of 2020, the Group generated a positive cash flow from operating activities of EUR 2.4m (previous year: EUR –19.8m). This result was supported by a positive change in net working capital affected, among other things, by greater utilization of the available factoring facility in the Europe segment.

Cash outflows from investing activities primarily related to investments in internally generated software. In contrast to the previous year, investments in property and equipment were of minor importance.

The cash flow from financing activities primarily resulted from repayments of lease liabilities.

In total, the Group's cash and cash equivalents fell by EUR 2.5m in the first three months of 2020 and totaled EUR 43.1m as of the reporting date.

## FINANCIAL POSITION

In EURm	March 31, 2020	December 31, 2019	Change	Change in %
Non-current assets	114.6	120.5	-5.9	-5%
Current assets	99.8	109.7	-9.9	-9%
<b>Total assets</b>	<b>214.4</b>	<b>230.2</b>	<b>-15.8</b>	<b>-7%</b>
Equity	75.1	85.9	-10.8	-13%
Non-current liabilities	42.6	45.1	-2.5	-6%
Current liabilities	96.7	99.2	-2.5	-3%
<b>Total equity and liabilities</b>	<b>214.4</b>	<b>230.2</b>	<b>-15.8</b>	<b>-7%</b>

The assets and equity and liabilities of the Group changed compared to December 31, 2019, primarily because of the following balance sheet items:

The decrease in non-current assets is mainly due to scheduled depreciation of property and equipment and capitalized right-of-use assets.

Current assets decreased in particular due to the change in cash and cash equivalents and a lower volume of inventories in transit.

Equity decreased by EUR 10.8m, mainly due to the operating result.

Non-current liabilities fell mainly as a result of the repayment of lease liabilities.

Current liabilities decreased primarily due to the change in trade payables and similar liabilities.

Overall, total assets decreased by EUR 15.8m from EUR 230.2m to EUR 214.4m.

## OVERALL ASSESSMENT

Despite noticeable adverse impacts arising from the COVID-19 outbreak, the Group completed a very successful first quarter of 2020 and succeeded in further increasing its revenue while at the same time significantly improving profitability. This resulted in a positive cash flow from operating activities for the second quarter in a row and, overall, only to a slight reduction in cash and cash equivalents. In this respect, the first three months of financial year 2020 confirm both the Group's positive performance in previous quarters and the fact that it has sufficient financial leeway for the rest of financial year 2020.

## FUTURE PERFORMANCE AND OUTLOOK

Despite the implications of COVID-19, home24 significantly increased its revenue and considerably improved its profitability in the first quarter of 2020. The pandemic is still having a noticeable effect on procurement processes and supply chains in Europe, Brazil and Asia. Nevertheless, home24's global diversification means the Group can offer its customers an almost complete curated range of own-brand and third-party branded goods.

The Group is benefiting, at least temporarily, from the fact that customers are spending more time in their homes. This is reflected by the current number of orders, which in April was up by 88% y-o-y in the Europe segment and by 39% y-o-y (at constant currency) in the LatAm segment. This significantly overcompensated for the temporary closure of the Group's bricks-and-mortar retail stores. This development is expected to have a positive impact on both growth and profitability in the second quarter of 2020.

home24 continues to see considerable catch-up potential in the online home&living market and expects consumers to continue shifting from offline to online in the furniture sector – primarily in light of the fact that people currently prefer to order goods for their homes from home to avoid the risk of infection. The Group expects online shopping to remain relevant after the crisis if customers have a positive shopping experience.

home24 is confirming its guidance for financial year 2020, even taking into account the current market situation and the currently known effects of the COVID-19 pandemic. The Group is continuing to plan for revenue growth rates at constant currency within a range of +10% to +20% and is aiming for an adjusted EBITDA margin of between +2% and -2% for financial year 2020. This outlook is based on the information currently available about the COVID-19 pandemic and does not take into account any additional positive or negative effects on revenue and adjusted EBITDA.

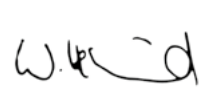
Berlin, 12 May 2020



Marc Appelhoff



Johannes Schaback



Brigitte Wittekind

# SELECTED FINANCIAL INFORMATION

## CONSOLIDATED INCOME STATEMENT

In EURm	Q1 2020	Q1 2019
Revenue	102.6	93.2
Cost of sales	-55.4	-52.6
<b>Gross profit</b>	<b>47.2</b>	<b>40.6</b>
Selling and distribution costs	-46.7	-52.9
Impairment losses on financial assets	-0.5	-0.4
Administrative expenses	-9.8	-10.8
Other operating income	0.5	0.3
Other operating expenses	-0.6	-0.1
<b>Operating result (EBIT)</b>	<b>-9.9</b>	<b>-23.3</b>
Finance income	0.2	0.1
Finance costs	-1.2	-0.9
<b>Loss for the period</b>	<b>-10.9</b>	<b>-24.1</b>
<b>Loss attributable to:</b>		
Owners of the parent company	-10.5	-23.8
Non-controlling interests	-0.4	-0.3

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In EURm	March 31, 2020	December 31, 2019
<b>Non-current assets</b>		
Property and equipment	18.3	19.8
Intangible assets	38.0	38.9
Right-of-use assets	45.1	47.6
Financial assets	9.2	9.2
Other non-financial assets	4.0	5.0
<b>Total non-current assets</b>	<b>114.6</b>	<b>120.5</b>
<b>Current assets</b>		
Inventories	33.7	38.7
Advance payments on inventories	1.4	2.0
Trade receivables	13.4	13.1
Other financial assets	2.4	3.2
Other non-financial assets	5.8	7.1
Cash and cash equivalents	43.1	45.6
<b>Total current assets</b>	<b>99.8</b>	<b>109.7</b>
<b>Total assets</b>	<b>214.4</b>	<b>230.2</b>



In EURm	March 31, 2020	December 31, 2019
<b>Equity</b>		
Subscribed capital	26.4	26.4
Treasury shares	-0.1	-0.1
Capital reserves	79.9	79.9
Other reserves	-5.2	-4.7
Retained earnings/accumulated losses	-11.8	-1.9
<b>Equity attributable to the owners of the parent company</b>	<b>89.2</b>	<b>99.6</b>
Non-controlling interests	-14.1	-13.7
<b>Total equity</b>	<b>75.1</b>	<b>85.9</b>
<b>Non-current liabilities</b>		
Borrowings	1.0	1.3
Lease liabilities	38.6	40.7
Other financial liabilities	0.5	0.5
Provisions	2.0	2.1
Deferred tax liabilities	0.5	0.5
<b>Total non-current liabilities</b>	<b>42.6</b>	<b>45.1</b>
<b>Current liabilities</b>		
Borrowings	7.1	8.8
Lease liabilities	11.0	10.9
Trade payables and similar liabilities	51.0	55.3
Contract liabilities	14.0	12.2
Income tax liabilities	0.1	0.1
Other financial liabilities	7.5	5.2
Other non-financial liabilities	5.5	6.2
Provisions	0.5	0.5
<b>Total current liabilities</b>	<b>96.7</b>	<b>99.2</b>
<b>Total liabilities</b>	<b>139.3</b>	<b>144.3</b>
<b>Total equity and liabilities</b>	<b>214.4</b>	<b>230.2</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

In EURm	Q1 2020	Q1 2019
<b>Cash flow from operating activities</b>		
Loss before taxes	- 11.0	-24.1
Depreciation of property and equipment	1.0	0.6
Amortization of intangible assets	2.0	4.5
Depreciation of right-of-use assets	2.7	2.2
Non-cash expenses from share-based payments	0.7	1.1
Other non-cash income and expenses	0.1	0.3
Change in provisions	0.0	0.1
<b>Change in net working capital</b>		
Change in inventories and advanced payments on inventories	3.4	-2.2
Change in trade receivables and other assets	-0.8	-1.1
Change in trade payables and other payables	1.9	1.3
Change in advance payments received	2.4	-2.4
Change in other assets/liabilities	0.0	-0.1
<b>Cash flow from operating activities</b>	<b>2.4</b>	<b>-19.8</b>
<b>Cash flow from investing activities</b>		
Payments to acquire property and equipment	-0.6	-2.7
Payments to acquire intangible asstes	-1.8	-4.3
Change in restricted cash and long-term security deposits	0.0	-0.1
Proceeds from government grants	0.0	0.1
<b>Cash flow from investing activities</b>	<b>-2.4</b>	<b>-7.0</b>
<b>Cash flow from financing activities</b>		
Transaction costs paid	0.0	-0.6
Proceeds from borrowings	5.7	0.2
Repayment of borrowings	-5.8	-0.1
Redemption of lease liabilities	-2.0	-2.1
<b>Cash flow from financing activities</b>	<b>-2.1</b>	<b>-2.6</b>
<b>Net change in cash and cash equivalents</b>	<b>-2.1</b>	<b>-29.4</b>
Cash and cash equivalents at the beginning of the period	45.6	108.6
Effect of exchange rate changes on cash and cash equivalents	-0.4	0.0
<b>Cash and cash equivalents at the end of the period</b>	<b>43.1</b>	<b>79.2</b>

# FINANCIAL CALENDER 2020

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**JUNE 03**

Annual General Meeting

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**AUGUST 18**Publication of half-yearly  
Financial Report

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**NOVEMBER 10**Publication of Quarterly  
Financial Report (Q3 reporting date)

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## PUBLISHING INFORMATION

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[www.silvestergroup.com](http://www.silvestergroup.com)**Legal Disclaimer**

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This quarterly statement has been translated into English. It is available for download in both languages at [www.home24.com](http://www.home24.com). If there are variances, the German version has priority over the English translation.



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