home24

HALF-YEAR REPORT H1 2020

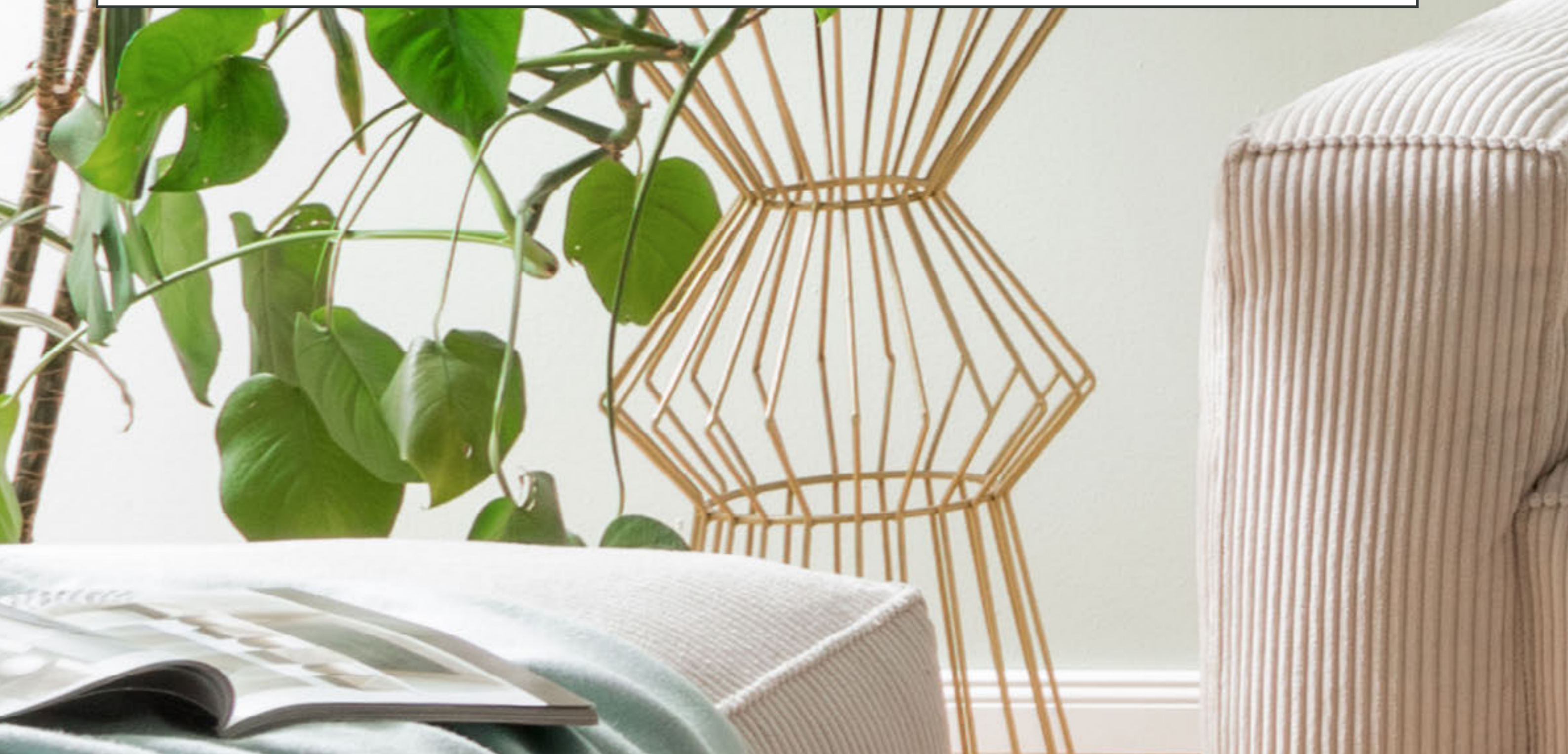
AT A GLANCE

H1 2020

KEY FIGURES

Non-financial KPIs	Unit	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Number of orders	in k	1,473	1,016	45%	850	455	87%
Average order value	in EUR	235	259	–9%	221	259	–15%
Number of active customers (as of June 30)	in k	1,768	1,416	25%	1,768	1,416	25%
Employees (as of June 30)	number	1,497	1,626	–8%	1,497	1,626	–8%

Financial KPIs	Unit	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Revenue	in EURm	221.7	178.0	25%	119.1	84.8	40%
Revenue growth at constant currency	in %	31%	19%	12pp	49%	28%	21pp
Gross profit margin	in %	46%	43%	3pp	46%	43%	3pp
Profit contribution margin	in %	28%	23%	5pp	28%	23%	5pp
Adjusted EBITDA margin	in %	3%	–13%	16pp	8%	–10%	18pp
Basic earnings per share	in EUR	–0.33	–1.61	–80%	0.07	–0.69	>–100%
Diluted earnings per share	in EUR	–0.33	–1.61	–80%	0.07	–0.69	>–100%
Cash flow from operating activities	in EURm	11.8	–39.4	>–100%	9.4	–19.4	>–100%
Cash flow from investing activities	in EURm	–4.8	–12.9	–63%	–2.4	–5.8	–59%
Cash flow from financing activities	in EURm	–4.7	–4.9	–4%	–2.6	–2.4	8%
Cash and cash equivalents (as of June 30)	in EURm	47.4	51.4	–8%	47.4	51.4	–8%



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 currently 1.8 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 almost 1,500 people worldwide. home24 has been listed on the Frankfurt Stock Exchange since June 15, 2018. Further information can be found on the Company's website at www.home24.com.

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INTERIM GROUP MANAGEMENT REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2020

1. GENERAL INFORMATION

The statements made in the 2019 Annual Report on the business model, Group structure and internal steering system, and research and development of the Group remain valid at the date of publication of this half-yearly financial report.

2. MARKET DEVELOPMENT

The home&living segment is one of the largest consumer markets. Compared with the 2019 Consolidated Financial Statements, the Group has no new reliable information available as regards the segment's overall market volume and growth potential in the countries served by home24 – Germany, Switzerland, Austria France, Belgium, the Netherlands, Italy and Brazil.

However, the Group assumes that online shopping's share of the home&living segment has risen significantly during the COVID-19 pandemic due to factors such as the temporary closure of bricks-and-mortar retailers during the first half of financial year 2020. The Group also believes that customer demand temporarily shifted to the home&living segment from other segments in the context of the COVID-19 pandemic. While consumers spent more time in their homes than usual, there were only limited opportunities to spend money on other things such as travel, theater, restaurants, etc.

3. FINANCIAL POSITION, CASH FLOWS AND FINANCIAL PERFORMANCE

3.1. Financial Performance of the Group

Simplified Income Statement

In mEUR	H1 2020	H1 2019	Change	Change in %
Revenue	221.7	178.0	43.7	25%
Cost of sales	–119.8	–101.3	–18.5	18%
Gross profit	**101.9**	**76.7**	**25.2**	**33%**
Gross profit margin	**46%**	**43%**	**3pp**	
Selling and distribution costs	–87.2	–95.0	7.8	–8%
Impairment losses on financial assets	–2.1	–0.6	–1.5	>100%
Administrative expenses	–19.5	–21.7	2.2	–10%
Other operating income	0.8	0.7	0.1	14%
Other operating expenses	–0.9	–1.1	0.2	–18%
Operating result (EBIT)	**–7.0**	**–41.0**	**34.0**	**–83%**

Non-Financial Key Performance Indicators

In mEUR	Unit	H1 2020	H1 2019	Change in %
Number of orders	In k	1,473	1,016	45%
Average order value	In EUR	235	259	–9%
Number of active customers (as of June 30)	In k	1,768	1,416	25%

REVENUE

In the first six months of financial year 2020, consolidated revenue came to EUR 221.7m, up 25% y-o-y. Revenue at constant currency even grew 31% y-o-y. Revenue growth was primarily driven by the higher number of active customers and orders placed. This positive effect was partly offset by a decline in the average order value (–9%) during the reporting period, a relevant portion of which was due to the depreciation of the Brazilian real against the euro. As of June 30, 2020, home24 had a total of 1.8m active customers, compared to 1.4m as of June 30, 2019. The number of orders placed during the first six months of 2020 increased by 45% to 1.5m compared to the prior-year period. A key factor influencing the first half of the year was the positive impact on customer demand in the context of the COVID-19 pandemic. The temporary closure of bricks-and-mortar retailers and customers' willingness to spend a relatively high proportion of their disposable income on home&living products caused revenue growth to accelerate, particularly in the second quarter. Revenue growth was also lower than gross order intake growth due to higher open orders, resulting in positive effects on revenue for the second half of financial year 2020.

GROSS PROFIT

Revenue less cost of sales results in gross profit. In the first six months of 2020, the Group posted a gross profit of EUR 101.9m, up +33% from EUR 76.7m in the same period of 2019. Combined with a disproportionately strong rise in gross profit compared to the increase in revenue, the gross profit margin grew by 3 percentage points to 46% y-o-y.

SELLING AND DISTRIBUSTION COSTS

In the first six months of 2020, selling and distribution costs amounted to EUR 87.2m, down 8% compared to EUR 95.0m in the corresponding period in 2019.

Selling and distribution costs comprise the following:

In mEUR	H1 2020	H1 2019	Change	Change in %
Fulfillment expenses	–37.1	–35.6	–1.5	4%
Marketing expenses	–31.4	–33.7	2.3	–7%
Other selling and distribution costs	–18.7	–25.7	7.0	–27%
Total selling and distribution costs	**–87.2**	**–95.0**	**7.8**	**–8%**
as % of revenue				
Fulfillment expenses ratio	–17%	–20%	3pp	
Marketing expenses ratio	–14%	–19%	5pp	

Fulfillment expenses continued to show a positive trend, growing at a much lower rate than revenue. This meant that the fulfillment expenses ratio as a percentage of revenue improved by 3 percentage points compared to the prior-year period. Despite the significant increase in revenue and a much higher number of active customers, marketing expenses were below the previous year's level in absolute terms. As a result, the marketing expenses ratio as a percentage of revenue improved even by 5 percentage points compared to the prior-year period. On the other hand, the change in other selling and distribution costs was driven less by operating improvements and more by the discontinuation in amortization of trademark rights and customer lists in the prior-year period of EUR 5.2m.

IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The increase in impairment losses on financial assets was due to factors such as higher probabilities of default of outstanding receivables from end customers arising from purchases on invoice.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to EUR 19.5m in the first six months of 2020, down by 10% compared to EUR 21.7m in the corresponding period in 2019. This reduction is amongst others due to lower personnel expenses.

ADJUSTED EBITDA

In mEUR	H1 2020	H1 2019	Change	Change in %
Operating result (EBIT)	**–7.0**	**–41.0**	**34.0**	**–83%**
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	11.3	15.5	–4.2	–27%
Share-based payment	1.4	2.1	–0.7	–33%
Adjusted EBITDA	**5.7**	**–23.4**	**29.1**	**>–100%**
Adjusted EBITDA margin	**3%**	**–13%**	**16pp**	

In the first six months of 2020, the adjusted EBITDA margin of 3% was 16 percentage points higher than the prior-year figure. As a result, after reaching break-even for the first time on the basis of adjusted EBITDA in the fourth quarter of 2019, the Group also ended the following half-year with a positive result. Adjusted EBITDA rose from EUR –23.4m to EUR 5.7m, due in particular to the positive outcomes of investments made in the previous quarters as well as the beneficial demand effects caused by the COVID-19 pandemic. The adjusted amounts include share-based payment expenses for employees and in the first half of 2019 EUR 0.3m for media services provided to the Company.

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 mEUR	H1 2020	H1 2019	Change	Change in %
Gross profit	101.9	76.7	25.2	33%
Fulfillment expenses	–37.1	–35.6	–1.5	4%
Impairment losses on financial assets	–2.1	–0.6	–1.5	>100%
Profit contribution	**62.7**	**40.5**	**22.2**	**55%**
Profit contribution margin	28%	23%	5pp	

In the first six months of financial year 2020, the Group generated a profit contribution of EUR 62.7m and a profit contribution margin of 28%, an improvement of 5 percentage points compared to the prior-year period. The increase in the profit contribution margin in the current reporting period is primarily due to the improvement in gross profit.

3.2. Financial Performance of the Segments

REVENUE

In the first six months of 2020, revenue in the Europe segment amounted to EUR 176.6m, up 31% y-o-y, representing 80% of Group revenue. In the first six months of 2020, revenue in the LatAm segment came to EUR 45.1m, up 5% y-o-y, thus contributing 20% to Group revenue. At constant currency, revenue in the LatAm segment grew by 38% y-o-y. The Europe segment recorded a slight increase in average order value accompanied by a rise in both the number of active customers and orders placed. Due to foreign currency effects, however, the average order value in the LatAm segment fell significantly by 23%, whereas the number of orders rose by 65%. At constant currency, average order value in the LatAm segment was down just 4%.

ADJUSTED EBITDA

The Europe segment generated an adjusted EBITDA of EUR 5.6m after EUR –22.0m in the prior-year period (EUR +27.6m). The adjusted EBITDA margin came in at 3% compared to –16% in the prior-year period, representing an improvement by 19 percentage points.

The LatAm segment generated an adjusted EBITDA of EUR 0.1m after EUR –1.4m in the prior-year period (EUR +1.5m). The adjusted EBITDA margin came in at 0% compared to –3% in the prior-year period, representing an improvement by 3 percentage points.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Europe	Unit	H1 2020	H1 2019	Change in %
Number of orders	In k	788	601	31%
Average order value	In EUR	345	338	2%
Number of active customers (as of June 30)	In k	973	830	17%

LatAm	Unit	H1 2020	H1 2019	Change in %
Number of orders	In k	685	415	65%
Average order value	In EUR	110	143	–23%
Number of active customers (as of June 30)	In k	795	586	36%

3.3. Cash Flows

In mEUR	H1 2020	H1 2019	Change	Change in %
Cash flow from operating activities	11.8	–39.4	51.2	>–100%
thereof from change in net working capital	8.4	–14.7	23.1	>–100%
Cash flow from investing activities	–4.8	–12.9	8.1	–63%
Cash flow from financing activities	–4.7	–4.9	0.2	–4%
Net change in cash and cash equivalents	**2.3**	**–57.2**	**59.5**	**>–100%**
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	–0.5	0.0	–0.5	
Cash and cash equivalents at the end of the period	**47.4**	**51.4**	**–4.0**	**–8%**

The positive business performance is similarly reflected in the development of operating cash flow. In the first six months of 2020, the Group generated a positive cash flow from operating activities of EUR 11.8m compared to EUR –39.4m in the prior-year period. Additional liquidity was generated from internal financing capacity during the second quarter in particular as a result of negative net working capital combined with strong growth in the operating business. Relevant drivers for the low net working capital were inventories, which were below their target figures as a result of the to some extent unexpected growth in revenue, as well as contract liabilities for open customer orders.

Cash outflows from investing activities primarily relate to investments in internally generated and purchased software, whereas the previous year's figure also was impacted by the construction of the warehouse in Halle (Saale).

Cash flow from financing activities is primarily influenced by the repayment of lease liabilities. Proceeds from new borrowings and payments relating to the repayment of borrowings were almost in the same amount. This means that no additional liquidity was generated from bank loans or other similar financing activity.

Overall, this resulted in a positive cash flow for the first half of the year, lifting the Group's cash and cash equivalents by EUR 1.8m in the first six months of 2020 to EUR 47.4m as of the reporting date.

The goal of home24's capital management is to ensure the Company's short-term solvency and secure its capital base to continuously finance the intended growth and long-term increase in enterprise value. Despite the positive cash flow generated in the first six months of the year, home24 currently is still reliant on existing sources of funding to finance its ambitious growth plans.

Taking into account the funds available at the time these financial statements were prepared, currently unused existing external financing lines, and underlying corporate planning, the Management Board assumes that home24's solvency and the ongoing funding of its growth plans are secured until December 31, 2021. These Interim Financial Statements have therefore been prepared on a going-concern basis.

3.4. Financial Position

In mEUR	June 30, 2020	December 31, 2019	Change	Change in %
Non-current assets	93.4	120.5	−27.1	−22%
Current assets	113.6	109.7	3.9	4%
Total assets	**207.0**	**230.2**	**−23.2**	**−10%**

In mEUR	June 30, 2020	December 31, 2019	Change	Change in %
Equity	77.4	85.9	−8.5	−10%
Non-current liabilities	25.6	45.1	−19.5	−43%
Current liabilities	104.0	99.2	4.8	5%
Total equity and liabilities	**207.0**	**230.2**	**−23.2**	**−10%**

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 lower right-of-use assets resulting from the remeasurement of lease liabilities and depreciation of property and equipment and capitalized right-of-use assets and amortization of intangible assets. In addition, non-current VAT receivables in the LatAm segment decreased.

At the same time, current assets increased. While inventories decreased due to the high growth in revenue, trade receivables and cash and cash equivalents saw a significant increase triggered by the positive operating performance.

Equity decreased by EUR 8.5m, mainly due to the operating result.

The decrease in right-of-use assets is mirrored by an equivalent decrease in non-current lease liabilities and therefore in non-current liabilities overall as a result of the remeasurement and repayment of lease liabilities.

The increase in current liabilities is mainly due to the increase in contract liabilities triggered by the high level of open orders.

Overall, total assets decreased by EUR 23.2m from EUR 230.2m to EUR 207.0m.

3.5. Overall Assessment

After a successful fourth quarter of 2019 in which home24 reached break-even based on adjusted EBITDA for the first time, the Group's revenue growth and earnings both improved further in the first half of 2020. Order intake rose much faster than originally anticipated as a result of the positive impact on customer demand in the context of the COVID-19 pandemic, particularly during the second quarter of the year. Operating processes proved stable and efficiently scalable due to past investments in IT systems and processes. The Group further improved all of its relevant key profitability figures – gross profit margin, fulfillment expenses ratio and marketing expenses ratio – compared to the successful fourth quarter of 2019. This positive performance was also evident in available cash and cash equivalents, which rose in the first half of financial year 2020 without additional lending activity compared to the end of the previous financial year.

4. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are presented in the Condensed Notes to the Consolidated Financial Statements under section 12.

5. REPORT ON RISKS AND OPPORTUNITIES

During the period under review, the number of material key risks fell from five as stated in the 2019 Annual Report to three because, as the Group believes, the corresponding measures implemented or introduced for implementation to reduce the risks associated with product quality and capacity constraints for logistics service providers are proving or will prove to be effective.

The cyber security risk situation has improved. According to the Group's own statements, this is primarily because the Group is in a position to identify and resolve cyber attacks more quickly and efficiently as a result of the measures introduced. The risk impact was lowered from "significant" to "moderate".

The assessment of the risk associated with legal requirements relating to the protection of personal information and the risk associated with the predictability of inventory levels remains unchanged.

Unforeseeable risks to business development due to the effects of the COVID-19 pandemic, including supply chain restrictions and a possible recession, will persist for an extended period of time. The Group has taken steps to counter any corresponding risks and is adjusting these measures promptly to reflect the latest developments. The current situation is also creating opportunities due to the increase in online penetration in the home&living sector.

The Group's opportunity profile remains unchanged from the statements made in the 2019 Annual Report.

The overall assessment of the Group does not reveal any threats to the going concern of the home24 Group due either to individual risks or aggregate risk exposure.

6. FUTURE PERFORMANCE AND OUTLOOK

home24 had a very good first half of 2020 with a fundamentally positive operating performance that continued the trend of 2019. Especially in the second quarter, also the COVID-19 pandemic had beneficial effects on demand, which played a key role in driving the growth in order intake and the improvements in marketing efficiency.

The financial results in financial year 2020 are therefore closely linked to the further development of customer demand in the context of the COVID-19 pandemic and subject to a significant degree of uncertainty. Management assumes that the trend in consumer behavior over the course of the year will depend on further restrictions or easings of measures to prevent the continued spread of COVID-19. Management sees a significant risk in the overall economic situation, with a recession and high unemployment figures expected in the second half of the year. It is also possible that the operating business will be restricted due to a resurgence of the pandemic. However, it can be expected that positive factors influencing the online home&living sector such as a sustained increase in online penetration will persist. Management assumes that the effects of the COVID-19 pandemic have brought the shift from offline to online shopping in the home&-living sector to a permanently elevated level that will continue to rise. It can also be expected that flexible working models and home working arrangements will lead consumers to spend more time at home and thus spend more time thinking about their home furnishings, even after the pandemic.

The impact of individual effects cannot be precisely assessed in the current environment. Accordingly, the guidance for the full year is limited to the order intake for the financial year recorded to date, combined with a conservative expectation of the order intake at the lower end of the forecast range for the remaining months. On this basis, home24 is raising its guidance for revenue growth at constant currency in 2020 to a range of +25% to +35% (at the start of the year: +10% to +20%, most recently: >+15%), and the guidance for the adjusted EBITDA margin to +1% to +3% (at the start of the year: –2% to +2%, most recently: +0% to +2%).

Regardless of the implications of the COVID-19 pandemic on customer demand, home24 will continue to consistently pursue its growth strategy aimed at leveraging the large untapped potential of the online home&living sector. The focus in this context will remain on taking advantage of the economies of scale provided by growth and continually expanding the Group's competitive position.

Berlin, August 13, 2020

Marc Appelhoff Johannes Schaback Brigitte Wittekind

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In mEUR	Notes	H1 2020	H1 2019	Q2 2020	Q2 2019
Revenue	(2)	221.7	178.0	119.1	84.8
Cost of sales		–119.8	–101.3	–64.4	–48.7
Gross profit		**101.9**	**76.7**	**54.7**	**36.1**
Selling and distribution costs		–87.2	–95.0	–40.5	–42.0
Impairment losses on financial assets		–2.1	–0.6	–1.6	–0.3
Administrative expenses		–19.5	–21.7	–9.7	–10.9
Other operating income		0.8	0.7	0.3	0.4
Other operating expenses		–0.9	–1.1	–0.3	–0.9
Operating result (EBIT)		**–7.0**	**–41.0**	**2.9**	**–17.6**
Finance income		0.3	0.3	0.1	0.1
Finance costs		–2.7	–2.3	–1.5	–1.4
Profit/loss before taxes		**–9.4**	**–43.0**	**1.5**	**–18.9**
Income taxes		0.0	0.2	0.0	0.2
Profit/loss for the period		**–9.4**	**–42.8**	**1.5**	**–18.7**
Profit/loss attributable to:					
Owners of the parent company		–8.7	–41.8	1.8	–18.0
Non-controlling interests		–0.7	–1.0	–0.3	–0.7
Earnings per share (in EUR); basic	(3)	–0.33	–1.61	0.07	–0.69
Earnings per share (in EUR); diluted	(3)	–0.33	–1.61	0.07	–0.69
Average number of shares in circulation (in m); basic	(3)	26.4	26.0	26.4	26.0
Average number of shares in circulation (in m); diluted	(3)	26.4	26.0	27.1	26.0
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss					
Exchange differences on translation of financial statements of foreign operations		–0.5	–0.1	0.0	0.0
Other comprehensive income/loss for the period, net of tax		**–0.5**	**–0.1**	**0.0**	**0.0**
Total comprehensive income/loss for the period		**–9.9**	**–42.9**	**1.5**	**–18.7**
Thereof attributable to:					
Owners of the parent company		–9.1	–41.9	1.8	–18.0
Non-controlling interests		–0.8	–1.0	–0.3	–0.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In mEUR	Notes	June 30, 2020	December 31, 2019
Non-current assets			
Property and equipment		17.6	19.8
Intangible assets		37.5	38.9
Right-of-use assets	(8)	28.7	47.6
Financial assets		9.1	9.2
Other non-financial assets		0.5	5.0
Total non-current assets		**93.4**	**120.5**
Current assets			
Inventories		29.8	38.7
Advance payments on inventories		1.8	2.0
Trade receivables	(5)	24.3	13.1
Other financial assets		2.0	3.2
Other non-financial assets		8.3	7.1
Cash and cash equivalents	(9)	47.4	45.6
Total current assets		**113.6**	**109.7**
Total assets		**207.0**	**230.2**

In mEUR	Notes	June 30, 2020	December 31, 2019
Equity	(6)		
Subscribed capital		26.4	26.4
Treasury shares		0.0	–0.1
Capital reserves		79.9	79.9
Other reserves		–5.1	–4.7
Accumulated losses		–9.3	–1.9
Equity attributable to the owner of the parent company		**91.9**	**99.6**
Non-controlling interests		–14.5	–13.7
Total equity		**77.4**	**85.9**
Non-current liabilities			
Borrowings		0.8	1.3
Lease liabilities	(8)	21.6	40.7
Other financial liabilities		0.5	0.5
Other non-financial liabilities		0.2	0.0
Provisions		2.0	2.1
Deferred tax liabilities		0.5	0.5
Total non-current liabilities		**25.6**	**45.1**
Current liabilities			
Borrowings		6.4	8.8
Lease liabilities	(8)	11.9	10.9
Trade payables and similar liabilities	(7)	47.9	55.3
Contract liabilities		21.8	12.2
Income tax liabilities		0.1	0.1
Other financial liabilities		8.0	5.2
Other non-financial liabilities		7.4	6.2
Provisions		0.5	0.5
Total current liabilities		**104.0**	**99.2**
Total liabilities		**129.6**	**144.3**
Total equity and liabilities		**207.0**	**230.2**

CONSOLIDATED STATEMENT OF CASH FLOWS

In mEUR	Notes	H1 2020	H1 2019
Cash flow from operating activities			
Loss before taxes		–9.4	–43.0
Depreciation of property and equipment		1.9	1.5
Amortization of intangible assets		4.0	9.1
Depreciation of right-of-use assets		5.4	4.9
Non-cash expenses from share-based payments		1.4	2.1
Other non-cash income and expenses		0.0	0.7
Change in net working capital			
Change in inventories and advanced payments for inventories		6.3	–3.3
Change in trade receivables and other assets		–11.4	0.5
Change in trade payables and other payables		3.0	–6.0
Change in contract liabilities		10.5	–5.9
Change in other assets/liabilities		0.1	0.1
Income taxes paid, less reimbursements		0.0	–0.1
Cash flow from operating activities		**11.8**	**–39.4**
Cash flow from investing activities			
Payments to acquire property and equipment		–1.3	–6.0
Payments to acquire intangible assets		–3.5	–6.7
Change in restricted cash and long-term security deposits		0.0	–0.3
Proceeds from government grants		0.0	0.1
Cash flow from investing activities		**–4.8**	**–12.9**
Cash flow from financing activities			
Payments for transaction costs in connection with capital increases by shareholders		0.0	–0.6
Proceeds from borrowings		5.8	0.5
Repayment of borrowings		–6.0	–0.1
Redemption of lease liabilities		–4.5	–4.7
Cash flow from financing activities		**–4.7**	**–4.9**
Change in cash and cash equivalents		**2.3**	**–57.2**
Cash and cash equivalents at the beginning of the period		45.6	108.6
Effect of exchange rate changes on cash and cash equivalents		–0.5	0.0
Cash and cash equivalents at the end of the period	(9)	**47.4**	**51.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to the owners of the parent company		
In mEUR	**Notes**	**Subscribed capital**	**Treasury shares**	**Capital reserves**
As of January 1, 2019		**26.1**	**–0.1**	**125.4**
Loss for the period				
Other comprehensive income for the period				
Total comprehensive income/loss for the period		**0.0**	**0.0**	**0.0**
Equity-settled share-based payments				0.3
As of June 30, 2019		**26.1**	**–0.1**	**125.7**

		Equity attributable to the owners of the parent company		
In mEUR	**Notes**	**Subscribed capital**	**Treasury shares**	**Capital reserves**
As of January 1, 2020		**26.4**	**–0.1**	**79.9**
Loss for the period				
Other comprehensive income for the period				
Total comprehensive income/loss for the period		**0.0**	**0.0**	**0.0**
Equity-settled share-based payments	(4)		0.1	
As of June 30, 2020	(6)	**26.4**	**0.0**	**79.9**

Equity attributable to the owners of the parent company							
Other reserves							
Currency translation reserve	Reserve for changes in accounting policies	Transactions with non-controlling interests	Retained earnings/ Accumulated losses	Total	Non-controlling interests	Total equity
2.6	**0.1**	**–7.3**	**15.5**	**162.3**	**–12.1**	**150.2**
			–41.8	–41.8	–1.0	–42.8
–0.1				–0.1		–0.1
–0.1	**0.0**	**0.0**	**–41.8**	**–41.9**	**–1.0**	**–42.9**
			1.8	2.1		2.1
2.5	**0.1**	**–7.3**	**–24.5**	**122.5**	**–13.1**	**109.4**

Equity attributable to the owners of the parent company						
Other reserves						
Currency translation reserve	Reserve for changes in accounting policies	Transactions with non-controlling interests	Accumulated losses	Total	Non-controlling interests	Total equity
2.5	**0.1**	**–7.3**	**–1.9**	**99.6**	**–13.7**	**85.9**
			–8.7	–8.7	–0.7	–9.4
–0.4				–0.4	–0.1	–0.5
–0.4	**0.0**	**0.0**	**–8.7**	**–9.1**	**–0.8**	**–9.9**
			1.3	1.4		1.4
2.1	**0.1**	**–7.3**	**–9.3**	**91.9**	**–14.5**	**77.4**

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

1. GENERAL DISCLOSURES

1.1. 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.

1.2. Significant Accounting Policies

BASIS OF PREPARATION

The condensed and unaudited Interim Consolidated Financial Statements as of June 30, 2020, of home24 SE and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs) for interim financial reporting, as adopted by the European Union (IAS 34). The terms of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) were also complied with. The Interim Condensed Consolidated Financial Statements do not include all of the information and disclosures required for consolidated financial statements as of year-end and must therefore be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2019.

The Interim Condensed Consolidated Financial Statements are presented in euro (EUR). All amounts have been rounded to millions of euros (EURm), unless otherwise indicated. This can result in rounding differences, and the percentages presented may not precisely reflect the figures they refer to.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and recognition and measurement methods applied in the Consolidated Financial Statements as of December 31, 2019, remain unchanged. The first-time application of new accounting standards as of January 1, 2020, as stated in the Consolidated Financial Statements for the year ending December 31, 2019, did not have a material impact on the Interim Condensed Consolidated Financial Statements. The Group did not apply accounting standards early that were issued but not yet effective.

2. REVENUE

In the first six months of financial year 2020, the Group generated revenue of EUR 221.4m (previous year: EUR 177.6m) from the sale of furniture and home furnishings, mainly through its web shops, outlets and showrooms. The Group also recognized other revenue of EUR 0.3m (previous year: EUR 0.4m). Overall, Group revenue increased by 25% from EUR 178.0m in the prior-year period to EUR 221.7m in the first half of 2020. Revenue of EUR 1.1m (previous year: EUR 1.2m) from services directly associated with the sale of furniture, such as assembly services, are reported as revenue from the sale of furniture in the current financial year and not as other revenue. The prior-year figures were restated accordingly.

Of total revenue, EUR 176.6m was generated in Europe (previous year: EUR 134.9m) and EUR 45.1m in Brazil (previous year: EUR 43.1m).

3. 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.

	H1 2020	H1 2019	Q2 2020	Q2 2019
Profit/loss for the period attributable to the owners of the parent company (in EURm)	−8.7	−41.8	1.8	−18.0
Weighted average number of ordinary shares outstanding (in m); basic	26.4	26.0	26.4	26.0
Earnings per share (basic)	**−0.33**	**−1.61**	**0.07**	**−0.69**

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

	H1 2020	H1 2019	Q2 2020	Q2 2019
Profit/loss for the period attributable to the owners of the parent company (in EURm)	−8.7	−41.8	1.8	−18.0
Weighted average number of ordinary shares outstanding (in m); diluted	26.4	26.0	27.1	26.0
Earnings per share (diluted)	**−0.33**	**−1.61**	**0.07**	**−0.69**

The dilutive effect is exclusively attributable to equity-settled share-based payment commitments made to employees. All employee options were considered in the calculation of diluted earnings per share. However, the calculation does not include share-based payments containing a performance condition that is not satisfied at the reporting date or share-based payments that are out of the money. This applies to subsets of all remuneration plans.

Due to the loss for period, 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 diluted earnings per share for the first six months of 2020 and 2019 and for the second quarter of 2019. As a result, the diluted earnings per share for these reporting periods equal the basic earnings per share.

4. SHARE-BASED PAYMENTS

The Company issued 10,489 options at a weighted issue price of EUR 3.23 to employees as part of the Long-Term Incentive Plan 2020 in the first half of 2020. The weighted fair value of the instruments issued was EUR 1.51 per instrument.

5. TRADE RECEIVABLES

Trade receivables rose significantly by EUR 11.2m to EUR 24.3m, primarily due to high revenue growth and positive operating performance.

Trade receivables include receivables transferred as part of a factoring agreement. Due to a buyback option, the Group retains substantially all the risks and rewards of ownership of the transferred receivables and thus has not derecognized them. The amount payable under the buyback option, which is the exercise price of the option, is presented under other financial liabilities.

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

In mEUR	June 30, 2020	December 31, 2019
Trade receivables transferred	5.9	1.9
Liabilities under a factoring agreement	4.6	1.5

6. EQUITY

Equity decreased by EUR 8.5m overall to EUR 77.4m, mainly due to the loss for the period.

The share capital entered in the commercial register as of June 30, 2020, amounts to EUR 26,409,186. The share capital as a whole is divided into 26,409,186 no-par value bearer shares each with a notional value of EUR 1 per share.

In June 2020, the Company transferred a total of 24,172 treasury shares on the basis of the authorization granted by the Extraordinary General Meeting held on May 24, 2018. As a result of this transfer, the Company held 2,735 treasury shares as of June 30, 2020.

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

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

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

7. TRADE PAYABLES AND SIMILAR LIABILITIES

The Group participates in supplier (reverse) factoring programs. As of June 30, 2020, certain suppliers had transferred their receivables from home24 in the amount of EUR 1.0m (December 31, 2019: EUR 1.1m) to various factoring providers. They are shown in the Statement of Financial Position under trade payables and similar liabilities.

8. LEASES

Right-of-use assets decreased by EUR 18.9m to EUR 28.7m in the current financial year. Contrary to the original assumption, extension options were not exercised. As of the reporting date, this led to a reduction of EUR 13.3m in lease liabilities and the corresponding right-of-use asset. Depreciation as well as terminations of leases in the LatAm segment also led to a decrease in right-of-use assets. Additions, among others from a new lease and adjustments to index rents and terms, had an offsetting effect.

Current and non-current lease liabilities decreased by a total of EUR 18.1m to EUR 33.5m in the first six months of 2020, particularly as a result of the above mentioned remeasurement of lease liabilities and scheduled repayments.

The total cash outflow from leases in the financial year under review amounted to EUR 4.5m (previous year: EUR 4.7m).

9. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents presented in the Statement of Cash Flows correspond to the cash and cash equivalents shown in the Statement of Financial Position and solely comprise bank balances, cash in hand and short-term demand deposits.

The amount of interest paid totaled EUR 2.4m (prior year: EUR 1.5m) in the reporting period.

Further explanations of the change in the Consolidated Statement of Cash Flows are presented in the Interim Management Report of the Group in section 3.3.

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

With the exception of derivative financial liabilities from foreign currency forwards recognized in other financial liabilities, the Group's financial assets and liabilities are measured at amortized cost. Due to their short terms and/or variable interest rates their fair values almost correspond to their respective carrying amounts. The fair value of non-current financial liabilities with fixed interest rates (Level 3) also corresponds approximately to their carrying amount, as changes in the measurement parameters do not have a material effect on the fair value of non-current financial liabilities.

Foreign currency forwards recognized in other financial liabilities (EUR 0.2m; December 31, 2019: EUR 0.1m) are measured at fair value through profit and loss. The fair value 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.

11. SEGMENT REPORTING

The Group measures profitability based on adjusted EBITDA. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for expenses for share-based payments.

External Group revenue almost exclusively comprises income from the sale of furniture to end customers. There were no inter-segment sales in the reporting period and the prior-year period.

No information on segment assets or liabilities is relevant for decision-making.

In mEUR	Europe	LatAm	H1 2020
Revenue	176.6	45.1	221.7
Adjusted EBITDA	5.6	0.1	5.7
Share-based payment			–1.4
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets			–11.3
Finance costs – net			–2.4
Loss before taxes			**–9.4**

In mEUR	Europe	LatAm	H1 2019
Revenue	134.9	43.1	178.0
Adjusted EBITDA	–22.0	–1.4	–23.4
Share-based payment			–2.1
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets			–15.5
Finance costs – net			–2.0
Loss before taxes			**–43.0**

12. TRANSACTIONS WITH RELATED PARTIES

home24 identifies the related parties of home24 SE in accordance with IAS 24.

Transactions with Key Management Personnel

whiletrue GmbH, which is wholly-owned by Management Board member Johannes Schaback, acquired shares in the Company for an average price of EUR 5.90 for a total of EUR 10,030 on January 7, 2020, and for an average price of EUR 5.81 for a total of EUR 98,843 on January 8, 2020.

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

Supervisory Board member Magnus Agervald acquired shares in the Company on May 15, 2020 for an average price of EUR 5.64 for a total of EUR 16,908 and on May 19, 2020 for an average price of EUR 6.05 for a total of EUR 88,119.

Otherwise, there were no material transactions with related parties during the reporting period and the prior-year period.

13. CHANGES ON THE SUPERVISORY BOARD AND MANAGEMENT BOARD

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

14. EVENTS AFTER THE REPORTING PERIOD

The related party Kinnevik AB, Stockholm, Sweden, sold its entire shareholding of 11.94% in the Company on July 8, 2020.

The Group is currently engaged in contract negotiations regarding expiring leases. However, at the time of preparing this report, the results of the contract negotiations have not yet led to a sufficient level of certainty regarding contractual terms.

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

Berlin, August 13, 2020

The Management Board

Marc Appelhoff   Johannes Schaback   Brigitte Wittekind

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Condensed Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report 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 in the remaining months of the financial year.

Berlin, August 13, 2020

The Management Board

Marc Appelhoff Johannes Schaback Brigitte Wittekind

REVIEW REPORT

To home24 SE

We have reviewed the interim condensed consolidated financial statements of home24 SE, Berlin, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected explanatory notes, and the interim group management report for the period from January 1 to June 30, 2020, which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The executive directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Berlin, August 13, 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

GLOSSARY

Adjusted EBITDA
defined as earnings before interest, taxes, depreciation and amortization, adjusted for share-based payment expenses for employees.

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

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

Average order value
defined as the aggregated gross order value of the orders placed in the respective period, including VAT, without factoring in cancellations and returns as well as subsequent discounts and vouchers, divided by the number of orders.

Cost of sales
defined as the purchase price of the goods acquired plus inbound shipping charges.

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

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 profit
defined as revenue less cost of sales.

Gross profit margin
defined as gross profit divided by revenue.

Key non-financial performance indicators
defined as the number of orders, the number of active customers and the value of the average order value.

Marketing expenses
defined as the sum of expenses for performance marketing and TV marketing, excluding share-based payment marketing expenses.

Net working capital
defined as inventories, advance payments on inventories, trade receivables, current financial assets (except for derivative financial instruments), current and non-current non-financial assets less trade payables and similar liabilities, current financial (except for derivative financial instruments) and non-financial liabilities and contract liabilities.

Number of active customers
defined as the number of customers that have placed at least one non-canceled order in the 12 months prior to the respective date, without factoring in returns.

Number of orders
defined as the number of orders placed in the relevant period, regardless of cancellations or returns.

Other selling and distribution costs
defined as the sum of rent or depreciation of right-of-use-assets for leased warehouses, outlets and showrooms, share-based payment marketing expenses, other logistics and marketing expenses, employee benefits and expenses for temporary work obtained for central fulfillment and marketing activities including customer service, miscellaneous expenses and other depreciation.

Performance marketing
includes all online marketing channels used by home24 such as keyword search or online advertising banners on third-party websites.

Profit contribution
defined as gross profit less fulfillment expenses and impairment losses on financial assets.

Revenue growth at constant currency
defined as revenue growth using constant BRL/EUR exchange rates from the previous year.

FINANCIAL CALENDAR 2020

NOVEMBER 10

Publication quarterly financial report (Q3 call date)

IMPRINT

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Legal Disclaimer

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

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