Half-year report H1 2022

At a glance

Non-financial KPIs	Unit	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change
Gross merchandise value	in EURm	397.4	484.2	-18%	193.0	219.8	-12%
Gross merchandise value online	in EURm	345.5	466.0	-26%	155.3	210.0	-26%
Gross merchandise value offline	in EURm	51.8	18.1	> 100%	37.8	9.9	>100%
Gross merchandise value growth at constant currency	in %	-20%	42%	-62pp	-15%	16%	-31pp
Number of orders online	in k	1,232	1,728	-29%	587	779	-25%
Average order value online	in EUR	280	270	4%	264	269	-2%
Number of active customers online (as of June 30)	in k	2,078	2,404	-14%	2,078	2,404	-14%
Employees (as of June 30)	Number	2,940	1,804	63%	2,940	1,804	63%

Financial KPIs	Unit	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change
Revenue	in EURm	292.1	325.1	-10%	151.9	166.1	-9%
Revenue growth at constant currency	in %	-13%	52%	-65pp	-12%	41%	-53pp
Gross profit margin	in %	44%	44%	0pp	46%	43%	3pp
Profit contribution margin	in %	28%	28%	0pp	30%	26%	4pp
Adjusted EBITDA margin	in %	-2%	1%	-3pp	1%	2%	-1pp
Earnings per share	in EUR	-0.79	-0.38	>100%	-0.37	-0.13	>100%
Cash flow from operating activities	in EURm	-15.6	-48.5	-68%	8.3	-38.9	>-100%
thereof from change in net working capital	in EURm	-10.9	-49.4	-78%	7.0	-42.8	>-100%
Cash flow from investing activities	in EURm	-41.4	-6.1	>100%	-32.1	-3.2	>100%
Cash flow from financing activities	in EURm	-14.2	116.1	>-100%	-11.0	-3.5	>100%
Cash and cash equivalents (as of June 30)	in EURm	65.7	169.7	-61%	65.7	169.7	-61%

151.9

Q2 2022
REVENUE
IN EURm

86%

Q2 2022 VS Q2 2019
REVENUE GROWTH*

* at constant currency

1%

Q2 2022
ADJUSTED
EBITDA MARGIN

2.1m

NUMBER OF ACTIVE
CUSTOMERS ONLINE

2,940

EMPLOYEES

home24 is a leading pure-play home & living e-commerce platform in continental Europe and Brazil. With over 150,000 items of furniture, lamps and home accessories in Europe and more than 200,000 articles in Latin America home24 offers its currently 2.1 million active customers the right product for every taste, style and budget.

On its platform, home24 combines a broad, carefully curated range of relevant third-party brands with a large number of private labels, making it a furniture manufacturer and retailer in one. In Germany, the Company also sells more than 100,000 other products via its own marketplace.

home24 is headquartered in Berlin and employs almost 3,000 people worldwide. The Company operates in seven European markets (Germany, France, Austria, the Netherlands, Switzerland, Belgium and Italy) and in Brazil under the "Mobly" brand. Since April 1, 2022, the BUTLERS home accessories brand has been part of the Group, with its more than 100 branches in the DACH region and more than 25 franchise branches in the rest of Europe.

home24 has been listed on the Frankfurt Stock Exchange since June 15, 2018 (ISIN DE000A14KEB5), and the Mobly share has been trading in B3's Novo Mercado segment in Brazil since February 5, 2021 (ISIN BRMBLYACNOR5). Further information can be found on the Company's website at www.home24.com.

Content

Interim group management report

FOR THE SIX MONTHS ENDED JUNE 30, 2022

1. General information

The statements made in the 2021 Annual Report on the business model, Group structure and internal management system, and research and development of the Group remain generally valid at the date of publication of this half-yearly financial report.

The business combination with the Butlers Group in April 2022 significantly strengthened home24's business with private label products. At the same time, the marketplace launched in the second quarter of 2022 made more third-party and white label products available on the home24 platform.

This means that customers in Europe now have a much broader range of around 250,000 home & living products at their fingertips, distributed under both the home24 and Butlers brands.

Although home24 continues to focus its sales efforts on the online shopping segment, the Butlers acquisition also enabled the Company to expand the offline presence it already has in its showrooms and outlets. The aim is to use a broader online and offline customer approach to promote the benefits of the home24 platform to a wider audience.

The non-financial key performance indicators have been adjusted and expanded to reflect the structural additions to the Company's business model. Going forward, the number of orders, average order value and number of active customers will only be reported for the online part of the business. Due to the introduction of the marketplace in Europe, gross order value has been replaced by the gross merchandise value key indicator and is reported both for the business as a whole as well as separately for both the online and offline areas of the business model. Please refer to the Glossary for precise definitions.

Since April 1, 2022, the Europe reporting segment includes the Butlers business segment in addition to the activities of home24 SE already primarily recorded here.

2. Market development

The view of market developments expressed by management in the 2021 consolidated financial statements has proved to be fundamentally correct. While several volatile influencing factors from the past year, such as timber prices and container freight rates, have eased slightly, energy prices in particular have continued to rise during the current year. This means that monthly year-on-year inflation rates in Germany, for example, have been more than 7% since March 2022 (source: Statista), while consumer confidence remained very low during the same period (source: German Retail Federation Consumption Barometer, August 2022).

This subdued consumer sentiment also left its mark on online retail in the first half of the year. Although the long-term trend of a growing online retail segment taking market share from bricks-and-mortar retail remains intact, online revenues in the home&living segment declined considerably compared to the prior-year period in the first half of 2022. Offline furniture retail revenues rose due to the discontinuation of the previous year's temporary retail closures and the low comparable figures recorded as a result (source: German Federal Statistical Office).

3. Financial position, cash flows and financial performance

3.1. Financial Performance of the Group

Simplified Income Statement

In EURm	H1 2022	H1 2021	Change	Change in %
Revenue	292.1	325.1	-33.0	-10%
Cost of sales	-162.7	-181.6	18.9	-10%
Gross profit	**129.4**	**143.5**	**-14.1**	**-10%**
Gross profit margin	**44%**	**44%**	**0pp**	
Selling and distribution costs	-127.2	-128.9	1.7	-1%
Impairment losses on financial assets	-1.5	-1.6	0.1	-6%
Administrative expenses	-30.1	-26.1	-4.0	15%
Other operating income	2.7	2.0	0.7	35%
Other operating expenses	-1.0	-0.8	-0.2	25%
Operating result (EBIT)	**-27.7**	**-11.9**	**-15.8**	**>100%**

Non-Financial Key Performance Indicators

		H1 2022	H1 2021	Change	Change in %
Gross merchandise value	in EURm	397.4	484.2	-18%	
Gross merchandise value online	in EURm	345.5	466.0	-26%	
Gross merchandise value offline	in EURm	51.8	18.1	>100%	
Gross merchandise value growth at constant currency	in %	-20%	42%	-62pp	
Number of orders online	in k	1,232	1,728	-29%	
Average order value online	in EUR	280	270	4%	
Number of active customers online (as of June 30)	in k	2,078	2,404	-14%	

REVENUE

In the first six months of financial year 2022, consolidated revenue came to EUR 292.1m, a decline of 10% y-o-y, although this still represents growth of 32% and 64% compared to the first six months of 2020 and 2019 respectively. Adjusted for foreign currency effects, revenue fell by 13% y-o-y. This decline was primarily driven by a drop in gross merchandise value (-18%) caused by the marked deterioration in consumer sentiment across the entire market, as well as the strong result from the previous year caused by restrictions on bricks-and-mortar retail during the COVID-19 pandemic. As a result, the decline in gross merchandise value online is disproportionately high at -26%. Some of that decline was offset by significant growth of over 100% in gross merchandise value offline supported by the Butlers acquisition in April 2022. From a long-term perspective, gross merchandise value online rose by 40% compared to 2019. The decline in gross merchandise value online is in turn primarily attributable to the fall in orders received (-29%), while the average order value rose slightly (+4%) due to factors including price increases and exchange rate effects. As of June 30, 2022, home24 had a total of 2.1m active customers online, compared to 2.4m as of June 30, 2021.

GROSS PROFIT

Revenue less cost of sales results in gross profit. In the first six months of 2022, the Group posted a gross profit of EUR 129.4m, down 10% from EUR 143.5m in the same period of 2021. The gross profit margin remained constant y-o-y at 44%. Although increased purchase prices and higher container import costs adversely affected the gross profit margin in the first half of 2022 compared to the previous year, this impact was partially offset by factors such as price increases. As a result, the gross profit margin trend remained clearly positive for the third successive quarter.

SELLING AND DISTRIBUTION COSTS

In the first six months of 2022, selling and distribution costs amounted to EUR 127.2m, down 1% compared to EUR 128.9m in the same period of 2021.

Selling and distribution costs comprise the following:

In EURm	H1 2022	H1 2021	Change	Change in %
Fulfillment expenses	-46.0	-52.3	6.3	-12%
Marketing expenses	-42.3	-53.6	11.3	-21%
Other selling and distribution costs	-38.9	-23.0	-15.9	69%
Total selling and distribution costs	**-127.2**	**-128.9**	**1.7**	**-1%**
as % of revenue				
Fulfillment expenses ratio	-16%	-16%	0pp	
Marketing expenses ratio	-14%	-16%	2pp	

Marketing costs in particular performed better in relation to revenue, reflecting the increased focus on costs, whereas in the past the Group's primary focus was on revenue growth.

Inflation, rising diesel prices in particular, had a negative impact on fulfillment expenses. This impact was cushioned by the Group's expanded own delivery capacity and lower fulfillment expenses in the Offline business. As a result, the fulfillment expenses ratio as a percentage of revenue remained stable year-on-year.

The decline of two percentage points in the marketing expenses ratio shows that home24 is able to adapt its marketing expenses to a significantly more challenging market environment, with the Offline business's higher share of revenue also having a positive effect here. In a market environment characterized by plummeting demand, home24 maintained its clear focus on efficient customer acquisition that pays for itself as soon as the customer makes their first purchase.

The disproportionate increase in other selling and distribution costs is attributable to several factors: they are fixed costs to a large extent, the Butlers acquisition triggered a higher level of depreciation of right-of-use assets, and Offline staff costs were included as well.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to EUR 30.1m in the first six months of 2022, up 15% compared to the same period in 2021. This increase is primarily attributable to the newly consolidated Butlers Group. In addition, staff costs rose by EUR 1.6m even excluding the effect of the consolidation of the Butlers Group, with much of this increase already being revised back by the end of the second quarter.

ADJUSTED EBITDA

In EURm	H1 2022	H1 2021	Change	Change in %
Operating result (EBIT)	**-27.7**	**-11.9**	**-15.8**	**>100%**
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	22.7	12.4	10.3	83%
Share-based payment	0.5	4.0	-3.5	-88%
Expenses relating to the acquisition of the Butlers Group	0.1	0.0	0.1	n/a
Costs related to the IPO of Mobly S.A.	0.0	0.2	-0.2	-100%
Adjusted EBITDA	**-4.4**	**4.7**	**-9.1**	**>-100%**
Adjusted EBITDA margin	**-2%**	**1%**	**-3pp**	

The adjusted EBITDA margin for the first six months of 2022 was three percentage points down on the previous year's level at -2%, with the second quarter already seeing a clear turnaround with a positive adjusted EBITDA of EUR 1.7m. As a result, the adjusted EBITDA figure of EUR -4.4m was EUR 9.1m lower than in the prior-year period. The absolute profit contribution towards covering fixed costs was down year-over-year due to the decline in revenue. The Company's initial response to the challenging market environment was to significantly reduce its cost base during the second quarter. The profit contributions from the Butlers business also had a positive impact on total comprehensive income, enabling home24 to generate an adjusted EBITDA margin of +1% overall in the second quarter. The Company is therefore on the right track to achieving an adjusted EBITDA margin within its target corridor of +1% to +5% in 2022.

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	H1 2022	H1 2021	Change	Change in %
Gross profit	129.4	143.5	-14.1	-10%
Fulfillment expenses	-46.0	-52.3	6.3	-12%
Impairment losses on financial assets	-1.5	-1.6	0.1	-6%
Profit contribution	**81.9**	**89.6**	**-7.7**	**-9%**
Profit contribution margin	**28%**	**28%**	**0pp**	

In the first six months of financial year 2022, the Group generated a profit contribution of EUR 81.9m and a profit contribution margin of 28%.

3.2. Financial Performance of the Segments

Financial Performance, Europe

In EURm	H1 2022	H1 2021	Change	Change in %
Revenue	236.3	271.5	-35.2	-13%
Cost of sales	-128.5	-149.3	20.8	-14%
Gross profit	**107.8**	**122.2**	**-14.4**	**-12%**
Gross profit margin	**46%**	45%	1pp	
Fulfillment expenses	-39.1	-44.9	5.8	-13%
Fulfillment expenses ratio	-17%	-17%	0pp	
Profit contribution	**67.1**	**75.9**	**-8.8**	**-12%**
Profit contribution margin	**28%**	**28%**	**0pp**	
Marketing expenses	-36.5	-47.0	10.5	-22%
Marketing expenses ratio	-15%	-17%	2pp	
Adjusted EBITDA	**-1.5**	**5.1**	**-6.6**	**>-100%**
Adjusted EBITDA margin	**-1%**	**2%**	**-3pp**	

Non-financial key performance indicators, Europe

	H1 2022	H1 2021	Change	Change in %
Gross merchandise value (in EURm)	320.1	408.4	-88.3	-22%
Gross merchandise value online (in EURm)	289.1	400.1	-111.0	-28%
Gross merchandise value offline (in EURm)	30.9	8.2	22.7	>100%
Gross merchandise value growth (in %)	-22%	47%	-69 pp	
Number of orders online (in k)	857	1,152	-295	-26%
Average order value online (in EUR)	337	347	-10	-3%
Number of active customers online (as of June 30) (in k)	1,367	1,410	-43	-3%

Financial Performance, LatAm

In EURm	H1 2022	H1 2021	Change	Change in %
Revenue	55.8	53.6	2.2	4%
Cost of sales	-34.2	-32.3	-1.9	6%
Gross profit	**21.6**	**21.3**	**0.3**	**1%**
Gross profit margin	**39%**	**40%**	**-1 pp**	
Fulfillment expenses	-6.9	-7.4	0.5	-7%
Fulfillment expenses ratio	-12%	-14%	2 pp	
Profit contribution	**14.7**	**13.8**	**0.9**	**7%**
Profit contribution margin	**26%**	**26%**	**0 pp**	
Marketing expenses	-5.8	-6.6	0.8	-12%
Marketing expenses ratio	-10%	-12%	2pp	
Adjusted EBITDA	**-2.9**	**-0.4**	**-2.5**	**>100%**
Adjusted EBITDA margin	**-5%**	**-1%**	**-4pp**	

Non-financial key performance indicators, LatAm

	H1 2022	H1 2021	Change	Change in %
Gross merchandise value (in EURm)	77.3	75.8	1.5	2%
Gross merchandise value online (in EURm)	56.4	65.9	-9.5	-14%
Gross merchandise value offline (in EURm)	20.9	9.9	11.0	>100%
Gross merchandise value growth at constant currency (in %)	-13%	23%	-36pp	
Number of orders online (in k)	375	576	-201	-35%
Average order value online (in EUR)	150	115	35	30%
Number of active customers online (as of June 30) (in k)	711	994	-283	-28%

REVENUE

Bolstered by the consolidation of the Butlers Group since April 2022, revenue in the Europe segment amounted to EUR 236.3m in the first six months of 2022 (previous year: EUR 271.5m), representing 81% of Group revenue. While revenue fell by 13% compared to the previous year, the long-term growth trend remains intact, with revenue now having risen by 75% compared to the first half of 2019. Revenue totaled EUR 212.0m excluding the Butlers business. The non-financial key performance indicators show a clear and considerable increase in gross merchandise offline value as a result of the Butlers acquisition compared to the decline in gross merchandise value online. Despite price increases, the average order value in Europe fell marginally due to the larger share of small items within the product range.

Revenue in the LatAm segment amounted to EUR 55.8m in the first six months of 2022, up 4% on the EUR 53.6m generated in the previous year. As a result, this segment represents 19% of Group revenue. In the LatAm segment, translating the Brazilian real into the Group's currency, the euro, had a positive impact on revenue performance. This is particularly apparent from the sharp EUR 35 increase in the average order value.

ADJUSTED EBITDA

The Europe segment generated almost balanced adjusted EBITDA of EUR -1.5m after EUR 5.1m in the prior-year period. The adjusted EBITDA margin came in at -1% compared to 2% in the previous year. Despite declining revenue, the positive trend is clearly evident. Adjusted EBITDA in the second quarter of 2022 was EUR +3.5m. Even without taking into account the Butlers Group's earnings contribution, EBITDA in the Europe segment at EUR +1.0 million was clearly in positive territory in the second quarter.

The LatAm segment generated adjusted EBITDA of EUR -2.9m after EUR -0.4m in the prior-year period. The adjusted EBITDA margin came in at -5% compared to -1% in the prior-year period, representing a decline of 4 percentage points. This decrease has been driven mainly by higher fixed costs resulting from an expanded offline business, whereas variable cost ratios have clearly improved.

3.3. Cash Flows

In EURm	H1 2022	H1 2021	Change
Cash flow from operating activities	-15.6	-48.5	32.9
thereof from change in net working capital	-10.9	-49.4	38.5
Cash flow from investing activities	-41.4	-6.1	-35.3
Cash flow from financing activities	-14.2	116.1	-130.3
Net change in cash and cash equivalents	**-71.2**	**61.5**	**-132.7**
Cash and cash equivalents at the beginning of the period	131.1	103.1	28.0
Effect of exchange rate changes on cash and cash equivalents	5.8	5.1	0.7
Cash and cash equivalents at the end of the period	**65.7**	**169.7**	**-104.0**

During the first six months of 2022, the negative trend in net working capital of EUR 10.9m had a particularly adverse impact on cash flow from operating activities. The increase in net working capital was primarily due to the disproportionate decline in trade payables and similar liabilities as well as other liabilities and a further rise in inventories in the Europe segment. Despite this, cash flow from operating activities was still significantly more positive overall than in the prior-year period. In addition, the Company recorded a positive cash flow from operating activities of EUR 8.3m in the second quarter of the current year, bolstered in part by a positive adjusted EBITDA as well as a reduction in net working capital.

Net cash outflows from investing activities primarily relate to the payments made to date for the acquisition of the Butlers Group (EUR –25.6m). As in the previous year, other investments are largely associated with investments in internally generated and acquired software (EUR –5.4m) and investments in property and equipment (EUR –6.8m).

Cash flow from financing activities primarily resulted from principal payments on lease liabilities (EUR –11.2m). The taking out of bank and other short-term loans totaling EUR 11.5m was offset by repayments of bank and other loans amounting to EUR –14.6m. These repayments consisted of principal payments on the Butlers Group's borrowings following the business combination.

Overall, this resulted in a negative cash flow for the first half of 2022, reducing the Group's cash and cash equivalents by EUR 65.4m in the first six months of 2022 to EUR 65.7m as of the reporting date.

The Group considers the available liquidity to be sufficient to finance its operations until it reaches profitability. These financial statements have been prepared on a going-concern basis.

3.4. Cash Flows of the Segments

Cash Flows, Europe

In EURm	**H1 2022**	**H1 2021**	**Change**
Cash flow from operating activities	–13.1	–10.6	–2.5
thereof from change in net working capital	–11.5	–14.9	3.4
Cash flow from investing activities	–35.0	12.7	–47.7
Cash flow from financing activities	–11.8	–5.1	–6.7
Net change in cash and cash equivalents	**–59.9**	**–3.0**	**–56.9**
Cash and cash equivalents at the beginning of the period	88.1	99.4	–11.3
Cash and cash equivalents at the end of the period	**28.2**	**96.4**	**–68.2**

Cash Flows, LatAm

In EURm	**H1 2022**	**H1 2021**	**Change**
Cash flow from operating activities	–2.5	–38.1	35.6
thereof from change in net working capital	0.7	–34.7	35.4
Cash flow from investing activities	–6.5	–2.8	–3.7
Cash flow from financing activities	–2.3	105.3	–107.6
Net change in cash and cash equivalents	**–11.3**	**64.4**	**–75.7**
Cash and cash equivalents at the beginning of the period	43.0	3.7	39.3
Effect of exchange rate changes on cash and cash equivalents	5.8	5.2	0.6
Cash and cash equivalents at the end of the period	**37.5**	**73.3**	**–35.8**

Of the EUR 65.7m in cash and cash equivalents reported in the Group as of June 30, 2022, EUR 28.2m relates to the Europe segment and EUR 37.5m to the LatAm segment.

The negative cash flow from operating activities in the Europe segment is due to the change in net working capital (see explanations on the Group's cash flows). The positive trend in the first half of the year is worth highlighting. While cash flow from operating activities was still EUR –17.5m in the first quarter of 2022, positive adjusted EBITDA and an improvement in net working capital generated an increase of EUR 4.4m in the second quarter. Cash flow from investing activities primarily consists of payments for the acquisition of the Butlers Group (EUR –25.6m). As in the Group as a whole, cash flow from financing activities mainly includes principal payments on lease liabilities (EUR –8.8m) and the taking out (EUR +11.5m) and repayment (EUR –14.6m) of borrowings.

Cash flow from operating activities in the LatAm segment also improved in the first half of the year. Although the figure for the first quarter of 2022 was still EUR –6.4m, the improvement in net working capital in the second quarter generated an increase of EUR 3.9m. Cash flow from investing activities in the LatAm segment primarily consists of investments in property and equipment in the warehousing and retail area (EUR –4.0m) and investments in intangible assets (EUR –2.4m). Cash flow from financing activities mainly concerns principal payments on lease liabilities (EUR –2.4m).

3.5. Financial Position

In EURm	June 30 2022	Dec. 31 2021	Change	Change in %
Non-current assets	310.6	136.5	174.1	>100%
Current assets	221.2	253.7	–32.5	–13%
Total assets	**531.8**	**390.2**	**141.6**	**36%**

In EURm	June 30 2022	Dec. 31 2021	Change	Change in %
Equity	217.3	220.4	–3.1	–1%
Non-current liabilities	170.2	55.6	114.6	>100%
Current liabilities	144.3	114.2	30.1	26%
Total equity and liabilities	**531.8**	**390.2**	**141.6**	**36%**

The change in the Group's assets and equity and liabilities compared to December 31, 2021 is mainly attributable to the business combination between home24 and the Butlers Group on April 1, 2022, as presented in Note 2 of the Condensed Notes to the Consolidated Financial Statements.

The EUR 97.1m increase in non-current assets was due to higher right-of-use assets. Most of these increased right-of-use assets resulted from the business combination with the Butlers Group, which operates retail outlets across the DACH region. The remaining rise in right-of-use assets is primarily based on the right of use of the new home24 headquarters in Berlin. The increase in intangible assets (EUR 58.3m) primarily relates to the recognition of the Butlers brand as part of the provisional purchase price allocation (EUR 33.2m) as well as acquired goodwill totaling EUR 19.5m.

Current assets declined due in particular to the reduction in cash and cash equivalents (EUR –65.4m). The change in cash and cash equivalents is discussed in more detail in the "Cash Flows" section. The increase in inventories, which rose by EUR 32.4m to EUR 93.2m primarily because of the business combination with the Butlers Group, had an offsetting effect.

Equity decreased by EUR 3.1m due to the loss for the period. By contrast, the acquisition of the Butlers Group and currency translation effects both had a positive impact on equity.

The EUR 114.6m increase in non-current liabilities was driven by the rise in non-current lease liabilities (EUR 73.9m). This increase relates to changes in right-of-use assets within non-current assets. Non-current borrowings also grew due to the deferral of purchase price payments for the acquisition of Butlers Group and the taking out of bank loans (EUR 21.5m). In addition, deferred tax liabilities increased by EUR 14.8m, predominantly as a result of the business combination with the Butlers Group.

The EUR 19.3m increase in current liabilities was attributable to lease liabilities. Current borrowings also rose by a total of EUR 12.0m as a result of taking out seasonal loans (EUR 4.0m) and liabilities from outstanding purchase price payments relating to the Butlers acquisition (EUR 8.0m).

Overall, total assets increased by EUR 141.6m from EUR 390.2m to EUR 531.8m.

3.6. Overall Assessment

Amid a challenging market environment, home24 made progress towards its profitability targets despite the decline in revenue, and responded quickly to deteriorating consumer sentiment. Although the Company has adjusted order quantities to ensure high inventory levels, it is not under significant pressure to sell off this stock. home24 has succeeded in steadily increasing margins and reducing fixed costs during the current year. Although Butlers was only consolidated in the second quarter and the fourth quarter, the most profitable for the home24 Group, is yet to come, the Company has already managed to improve its adjusted EBITDA margin from –4% in the first quarter to –2% for the first half of the year. In the second half of the year, home24 will continue to focus on further improving its profitability and strengthening its liquidity position to position the Company as effectively as possible for long-term market opportunities even in a volatile market environment.

4. Transactions with related parties

Transactions with related parties are presented in the Condensed Notes to the Consolidated Financial Statements under item 16.

5. Report on risks and opportunities

home24's risk management provides a suitable framework for assessing risks and opportunities on an ongoing basis.

In financial year 2022, home24 finds itself in a persistently volatile market environment characterized by rising inflation rates, war in Ukraine, uncertainty surrounding the future development of the COVID-19 pandemic, and a challenging global macroeconomic environment, most notably the decline in the consumer confidence index. This volatility is reflected in home24's risk management, resulting in a higher number of material key risks compared to the information provided in the 2021 Annual Report.

In light of the current geopolitical situation, home24 expects consumer sentiment to remain gloomy in the medium term, which could result in more restrained purchasing and ultimately lead to a recession. In addition, disruption along the entire value chain cannot be ruled out. In particular, it is currently difficult to fully predict and assess the consequences of potential state intervention in the energy sector (e.g. gas triage).

The COVID-19 pandemic is also affecting home24's risk assessment as further measures prescribed by the government cannot be ruled out, and the duration of the pandemic, a potential escalation of the situation and its consequences for public life and the economy cannot be fully foreseen. Although the Group no longer considers the risks associated with the COVID-19 pandemic to be key risks, it constantly refines the measures it has already implemented and adapts to the latest developments to ensure that it is adequately addressing these risks.

The volatile and fast-changing market situation has created another material risk relating to the "predictability of inventory levels in the context of optimal inventory management". This risk primarily arises from the planning difficulties already observed in previous quarters in relation to supply chain reliability and the unpredictable development of consumer sentiment, inflation and purchasing power. As a result, the inventory forecasting model is being continually improved, market trends are being tracked and inventory levels are being closely monitored.

As well as impacting the predictability of inventory levels, the volatile and dynamic environment is also adversely affecting the accuracy of company profitability forecasts and thus the accuracy of company liquidity predictions. The better the quality of home24's forecasting, the more cost-effective the planning of scalable customer service and/or warehouse logistics resources will be. While most marketing costs can be flexibly adjusted in response to market demand, short-term changes in demand can cause cost efficiency to fluctuate even in this area. It will always take some time to adapt fixed costs to reflect changing market conditions. If inventory levels are too high or too low, this in turn can have an effect on potential loss allowances and capital employed. In light of this, home24 is highly focused on strengthening its profitability and liquidity to enhance its resilience to further potential volatility in the market.

Due to existing organizational and technical challenges as well as ongoing developments and the as-yet-unclear requirements of authorities on various points, the Group believes that its assessment of the risk associated with legal requirements to protect personal information should remain unchanged. home24 assesses data protection risks on an ongoing basis, as data and the use thereof are vital to the success of its business. That is why home24 always works hard to improve our data protection processes, offers compulsory training sessions on the topic of data protection to all home24 employees, and invests in improving systems designed to ensure compliance with data protection requirements.

IT system outages can also have a significant impact on the business performance of home24, and can result in significant slumps in revenue as well as reputational damage. Ensuring that the webshop is permanently accessible without any disruption is an essential prerequisite of online retail. With this in mind, we continually monitor, review and adjust critical network structures and IT systems to prevent any interruptions to key business processes.

The increasing interconnection of IT systems with the outside world also involves the risk of attacks on the Company's IT infrastructure. Any attacks on home24's IT infrastructure may result in serious losses of revenue and/or reputational damage. With this in mind, during financial year 2022 the Company once again appointed an external service provider to identify potential vulnerabilities and counteract any associated cyber security risks. Additional measures should be derived and implemented from this vulnerability analysis to ensure that this risk is continuously addressed. Despite these improvements, the assessment of this risk will remain unchanged until any additional measures planned or already initiated have been fully implemented.

The Group considers the available liquidity to be sufficient to finance its operations until it reaches profitability. In the event of significant unforeseeable changes that involve an additional outflow of liquidity, the Group has additional options at its disposal. In addition to saving on costs, these include borrowing outside capital, the (partial) sale of a business segment or carrying out a capital increase. Existing planning assumptions could change depending on how the options are used specifically.

The Group does not see the overall situation as posing a going-concern risk when taking an overall look at the opportunities and risks together with potential countermeasures. These Consolidated Financial Statements have therefore been prepared on a going-concern basis.

6. Future performance and outlook

As announced, home24 focused more on enhancing profitability than on revenue growth, which was given greater priority in the past. The Company's Management continues to assume that the essentially favorable parameters for the online home & living sector in the form of persistently high online penetration will remain in place going forward. In the current market climate, however, the positive long-term demand trend is being overshadowed by a weak macroeconomic environment. In this highly volatile market setting, the long-term profitability of the business model has top priority.

Based on the situation as it stands today, home24 does not expect consumer sentiment, which reached historic lows in the first half of 2022, to improve in the second half of the year. From consumers' point of view, the uncertainty associated with the further course of the coronavirus pandemic and the repercussions of Russia's war in Ukraine is too great, especially concerning their disposable income. Rather, the Group expects the higher probability of a recession coupled with rising energy prices to reduce consumers' purchasing power further in the second half of the year.

All the same, management believes it is well equipped to cope with a challenging market environment. The acquisition of Butlers strengthens the range of private label products, which will enhance home24's structural profitability on the back of robust margins and less intense competition. Similarly, home24 will be able to further expand its market position in smaller-scale product ranges and accessories, becoming less dependent on more expensive large-scale furniture. In the past, these product ranges especially proved to be particularly crisis-resistant. What is more, home24 is now significantly better positioned for the seasonal Christmas business, which so far has been of little relevance in terms of revenue. The supplementary marketplace product range will give increasingly price-sensitive customers an even broader choice for meeting their needs even if their disposable income is shrinking. The marketplace can also be used to cater to categories that were not previously the focus of home24, thus generating additional revenue. On the cost side, home24 is currently implementing a wide range of measures. Customers have been billed delivery costs since June 2022. Marketing expenses are managed flexibly, which means they can be adapted to profitability requirements at short notice. Fixed costs on the personnel and operational side are also being brought into line with the challenging market dynamics.

The original revenue guidance as described in the 2021 Annual Financial Statements assumed growth from the second half of the year in particular. In view of consumer sentiment at present, home24 currently expects revenue growth at constant currency for financial year 2022 between –7% and +3% (before: +2% to +17%). The forecast for the adjusted EBITDA margin of +1% to +5% is confirmed on the basis of management's profitability-driven approach.

For the recently incorporated non-financial performance indicator, gross merchandise value (GMV), the Group expects a trend similar to revenue growth for the current financial year. However, depending on the success of the newly launched marketplace and the associated share of commission business, relevant deviations between the development of GMV and revenue growth are also possible. Above-average year-on-year growth in offline GMV compared with online GMV is expected as a result of the Butlers acquisition. A trend in the number of online orders similar to online GMV is projected because the average online order value is expected to be constant. Nevertheless, the Company will generally continue to focus squarely on an online-based growth strategy. Here, it is expected that different effects (increases in the selling prices of the home24 product range, lower average order values of marketplace products and via the Butlers websites) will largely balance each other out. The number of active online customers is also expected to remain relatively stable.

Due to the considerable progress made in developing the Company strategically (e.g., marketplace launch, Butlers acquisition) and strict cost discipline, a significantly lower cash outflow from investing activities is expected for the second half of the year. Furthermore, inventory reduction in the second half of the year should continue to have a positive effect on the change in net working capital.

Irrespective of the volatile market as a whole, the Company's management is convinced of the long-term potential of the online home & living market. In the present market climate, home24 will continue to prioritize enhancing profitability over revenue growth in order to strengthen its ability to harness the great untapped potential in the online home & living sector over the coming years.

Berlin, August 16, 2022

Marc Appelhoff   Brigitte Wittekind   Philipp Steinhäuser

Condensed Interim Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2022

Consolidated Income Statement

In EURm	Notes	H1 2022	H1 2021	Q2 2022	Q2 2021
Revenue	3	292.1	325.1	151.9	166.1
Cost of sales		-162.7	-181.6	-82.6	-95.0
Gross profit		**129.4**	**143.5**	**69.3**	**71.1**
Selling and distribution costs		-127.2	-128.9	-66.7	-62.0
Impairment losses on financial assets		-1.5	-1.6	-0.7	-0.6
Administrative expenses		-30.1	-26.1	-16.0	-12.9
Other operating income		2.7	2.0	1.8	0.7
Other operating expenses		-1.0	-0.8	-0.7	-0.2
Operating result (EBIT)		**-27.7**	**-11.9**	**-13.0**	**-3.9**
Finance income		3.4	2.5	1.7	0.6
Finance costs		-3.9	-3.0	-2.3	-1.2
Loss before taxes		**-28.2**	**-12.4**	**-13.6**	**-4.5**
Income taxes		0.0	-0.2	0.0	-0.1
Loss for the period		**-28.2**	**-12.6**	**-13.6**	**-4.6**
Thereof attributable to:					
Owners of the parent company		-23.6	-11.0	-11.0	-3.8
Non-controlling interests		-4.6	-1.6	-2.6	-0.8
Earnings per share (in EUR); basic (= diluted)	4	-0.79	-0.38	-0.37	-0.13
Average number of shares in circulation (in m); basic (= diluted)	4	29.7	29.0	30.1	29.0
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss					
Exchange differences on translation of financial statements of foreign operations		16.4	9.2*	-2.5	14,2*
Other comprehensive income/loss, net of tax		**16.4**	**9.2***	**-2.5**	**14.2***
Total comprehensive income/loss for the period		**-11.8**	**-3.4***	**-16.1**	**9.6***
Thereof attributable to:					
Owners of the parent company		-15.2	-6.3*	-12.3	3.4*
Non-controlling interests		3.4	2.9*	-3.8	6.2*

* The presentation of the item "Exchange differences on translation of foreign financial statements" was erroneous in the prior-year's half-yearly financial report due to an editorial error and was corrected accordingly. The correction only applies to the Statement of Comprehensive Income, the presentation in the Consolidated Statement of Changes in Equity was correct and remains unaffected.

Consolidated Statement of Financial Position

In EURm	Notes	June 30, 2022	December 31, 2021
Non-current assets			
Property and equipment	6	34.8	24.8
Intangible assets	7	95.0	36.7
Right-of-use assets	12	154.0	56.9
Financial assets		22.5	16.1
Other non-financial assets		4.3	2.0
Total non-current assets		**310.6**	**136.5**
Current assets			
Inventories	8	93.2	60.8
Advance payments on inventories		3.7	4.4
Trade receivables		33.5	37.2
Financial assets		3.0	4.0
Other non-financial assets		22.1	16.2
Cash and cash equivalents	13	65.7	131.1
Total current assets		**221.2**	**253.7**
Total assets		**531.8**	**390.2**

In EURm	Notes	June 30, 2022	December 31, 2021
Equity	9		
Subscribed capital		30.5	29.3
Treasury shares		0.0	0.0
Capital reserves		77.0	70.0
Other reserves		66.2	57.8
Accumulated losses/retained earnings		-9.7	13.5
Equity attributable to the owner of the parent company		**164.0**	**170.6**
Non-controlling interests		53.3	49.8
Total equity		**217.3**	**220.4**
Non-current liabilities			
Borrowings	10	21.5	0.0
Lease liabilities	12	121.4	47.5
Other financial liabilities		3.5	1.2
Other non-financial liabilities		0.1	0.2
Provisions		7.9	5.7
Deferred tax liabilities		15.8	1.0
Total non-current liabilities		**170.2**	**55.6**
Current liabilities			
Borrowings	10	12.0	0.0
Lease liabilities	12	35.2	15.9
Trade payables and similar liabilities	11	63.5	67.0
Contract liabilities		15.4	15.8
Income tax liabilities		1.9	0.1
Other financial liabilities		2.8	3.2
Other non-financial liabilities		12.7	11.4
Provisions		0.8	0.8
Total current liabilities		**144.3**	**114.2**
Total liabilities		**314.5**	**169.8**
Total equity and liabilities		**531.8**	**390.2**

Consolidated statement of changes in equity

In EURm	Notes	Subscribed capital	Treasury shares	Capital reserves
		Equity attributable to the owners of the parent company		
As of January 1, 2021		**29.1**	**0.0**	**122.8**
Loss for the period				
Other comprehensive income for the period				
Total comprehensive income/loss for the period		**0.0**	**0.0**	**0.0**
Capital increase and sale of shares in Mobly S.A.				
Transaction costs – capital increase at Mobly S.A.				
Transaction costs – sale of shares in Mobly S.A.				
Taxes – sale of shares in Mobly S.A.				
Equity-settled share-based payments				
As of June 30, 2021		**29.1**	**0.0**	**122.8**

In EURm	Notes	Subscribed capital	Treasury shares	Capital reserves
		Equity attributable to the owners of the parent company		
As of January 1, 2022		**29.3**	**0.0**	**70.0**
Loss for the period				
Other comprehensive income for the period				
Total comprehensive income/loss for the period		**0.0**	**0.0**	**0.0**
Proceeds from shares issued		0.0		
Acquisition of subsidiaries	2	1.2		7.0
Equity-settled share-based payments				
As of June 30, 2022	**9**	**30.5**	**0.0**	**77.0**

	Other reserves				Equity attributable to the owners of the parent company			
	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
	2.3	**0.1**	**0.0**	**-24.3**	**-15.2**	**114.8**	**-0.5**	**114.3**
					-11.0	-11.0	-1.6	-12.6
	4.7					4.7	4.5	9.2
	4.7	**0.0**	**0.0**	**0.0**	**-11.0**	**-6.3**	**2.9**	**-3.4**
	-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
					2.5	2.5	-0.8	1.7
	5.9	**0.1**	**117.9**	**-62.4**	**-23.7**	**189.7**	**56.3**	**246.0**

	Other reserves				Equity attributable to the owners of the parent company			
	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
	2.2	**0.1**	**117.9**	**-62.4**	**13.5**	**170.6**	**49.8**	**220.4**
					-23.6	-23.6	-4.6	-28.2
	8.4					8.4	8.0	16.4
	8.4	**0.0**	**0.0**	**0.0**	**-23.6**	**-15.2**	**3.4**	**-11.8**
					-0.0	0.0		0.0
						8.2		8.2
					0.4	0.4	0.1	0.5
	10.6	**0.1**	**117.9**	**-62.4**	**-9.7**	**164.0**	**53.3**	**217.3**

Consolidated Statement of Cash Flows

In EURm	Notes	H1 2022	H1 2021
Cash flow from operating activities			
Loss before taxes		-28.2	-12.4
Depreciation of property and equipment		3.9	2.2
Amortization of intangible assets		5.3	4.1
Depreciation of right-of-use assets		13.5	6.1
Share-based payment expenses		0.5	4.0
Share based payment expenditures	5	0.0	-2.3
Gains/losses on sales of property and equipment		0.1	0.0
Change in provisions		-0.2	0.5
Change in net working capital			
Change in inventories and advance payments on inventories		1.9	-17.9
Change in trade receivables and other assets		4.8	-24.7
Change in trade payables and similar liabilities as well as other liabilities		-16.9	-3.0
Change in contract liabilities		-0.7	-3.8
Change in other assets/liabilities		0.5	-1.1
Income taxes paid, less reimbursements		-0.1	-0.2
Cash flow from operating activities		**-15.6**	**-48.5**
Cash flow from investing activities			
Payments to acquire property and equipment		-6.8	-3.0
Payments to acquire intangible assets		-5.4	-3.5
Proceeds from sale of property and equipment		0.0	0.6
Payments to grant loans		-2.7	0.0
Payments to acquire subsidiaries less cash acquired	2	-25.6	0.0
Change in restricted cash and long-term deposits and collateral		-0.9	-0.2
Cash flow from investing activities		**-41.4**	**-6.1**
Cash flow from financing activities			
Proceeds from capital increases by shareholders less transaction costs		0.0	-0.1
Proceeds from capital increases at Mobly S.A.		0.0	121.0
Cash paid to owners and non-controlling interests		0.0	-0.9
Proceeds from the sale of shares in Mobly S.A.		0.0	24.0
Transaction costs paid in connection with the capital increase and sale of shares in Mobly S.A.		0.0	-7.0
Taxes paid on the sale of shares in Mobly S.A.		0.0	-3.9
Proceeds from bank loans		7.5	0.5
Repayment of bank loans		-9.0	-11.3
Proceeds from short-term borrowings		4.0	0.0
Repayment of borrowings		-5.6	0.0
Redemption of lease liabilities		-11.2	-6.2
Proceeds from subleases		0.1	0.0
Cash flow from financing activities		**-14.2**	**116.1**
Net change in cash and cash equivalents		**-71.2**	**61.5**
Cash and cash equivalents at the beginning of the period		131.1	103.1
Effect of exchange rate changes on cash and cash equivalents		5.8	5.1
Cash and cash equivalents at the end of the period	13	**65.7**	**169.7**

Condensed Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2022

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 Otto-Ostrowski-Straße 3, 10249 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. The Group also sells its products in its own retail stores. The Group primarily operates under the "home24" and "Butlers" brands in continental Europe and under the "Mobly" brand in Brazil.

1.2. Significant Accounting Policies

BASIS OF PREPARATION

The condensed and unaudited Interim Consolidated Financial Statements as of June 30, 2022, 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 Condensed Interim 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 as of and for the year ended December 31, 2021.

The Condensed Interim 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, 2021, remain unchanged. The first-time application of new accounting standards as of January 1, 2022, as stated in the Consolidated Financial Statements for the year ending December 31, 2021, did not have a material impact on the Condensed Interim Consolidated Financial Statements. The Group did not apply accounting standards early that were issued but not yet effective. The future application of accounting standards that were issued but not yet effective is not expected to have any material effects, either.

2. Business combination

ACQUISITION OF BUTLERS HOLDING GMBH&CO. KG, COLOGNE

On December 22, 2021, 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" or "Butlers"). The transaction closed on April 1, 2022. The Butlers Group has therefore been included in the Consolidated Financial Statements of home24 SE since that date. Butlers specializes in sales of home accessories, decorations and gifts. home24 expects the takeover of the Butlers Group to stimulate additional growth in both online and brick-and-mortar retail. The acquisition will enhance home24's private label capabilities in furniture by adding home textiles, decorations and tableware from the Butlers ranges to its portfolio. What is more, home24 expects strategic advantages in reaching new audiences and building customer loyalty, as well as in customer communication and direct marketing.

As the transaction was executed so close to the reporting date, it was not possible to complete the measurement of the assets acquired and liabilities assumed in the business combination and the consideration transferred by the time the Interim Financial Statements were being prepared. The first-time consolidation of the Butlers Group is therefore provisional in relation to the determination of fair values. The measurement requires management to make judgments in determining assumptions and making estimates. The amounts stated below are based on the best information available at the time of preparation of the Interim Financial Statements and the preliminary assessments of independent third parties based thereon. The finalization of the measurement, expected in the second half of 2022, may affect in particular the initial recognition of goodwill and other non-current and current assets, as well as the amount of deferred tax liabilities.

Consideration transferred as well as assets acquired and liabilities assumed

home24's preliminary measurement of the consideration transferred for the business combination is EUR 59.4m. It comprises the following components:

In EURm	
Purchase price	38.9
Contingent consideration	10.1
Shares issued	8.2
Share price guarantee	2.2
Consideration transferred	**59.4**

Contingent consideration

Contingent consideration has been agreed as part of the sale and purchase agreement with the sellers. Further cash payments may have to be made to the former owners of the Butlers Group depending on achievement of an EBITDA target under German commercial law within a 12-month reference period (H2 2021 and H1 2022) and the amount of net debt at the reporting date of December 31, 2021. Assuming constant net debt the bandwidth of the contingent consideration is between EUR 8.2m and EUR 12.0m. The acquisition-date fair value of the contingent consideration was provisionally determined to be EUR 10.1m, which matches the carrying amount at the reporting date.

Sellers' loans

A portion of both the purchase price and the contingent consideration was deferred by the sellers and granted to home24 SE as loans. The loans bear interest of 3% p.a. and are due for repayment in financial year 2025. A figure of EUR 14.0m has been recognized for the deferred amounts as of June 30, 2022. They are presented under non-current borrowings. The Butlers brand has been assigned as collateral for the loans, and the inventories and movable fixed assets of the Butlers Group have been pledged as security.

Issued shares and share price guarantee

A total of 25.2% of the shares in Butlers Holding were contributed in return for the granting of 1,181,849 new shares in home24 SE, which were created by utilizing Authorized Capital 2020 with shareholders' preemptive rights disapplied. The acquisition-date fair value of the shares was calculated based on the stock market price of EUR 6.91 per share, giving a total of EUR 8.2m. A share price guarantee is also part of the consideration. Depending on the trend in the market price up until December 31, 2026, the contributing seller is entitled to a compensation payment, which would be due in 2027. home24 provisionally determined the fair value of the guarantee to be EUR 2.2m. The liability arising from the share price guarantee is presented under non-current other financial liabilities.

The preliminary acquisition-date fair values of the identifiable assets and liabilities of the Butlers Group are as follows:

In EURm	
Property and equipment	4.7
Brand	33.2
Other intangible assets	4.7
Right-of-use assets	71.5
Inventories	28.6
Receivables and other assets	7.6
Cash and cash equivalents	1.4
Lease liabilities	-65.8
Borrowings	-14.6
Other liabilities/provisions	-16.5
Deferred tax liabilities	-14.9
Total identifiable net assets at fair value	**39.9**
Goodwill	19.5
Consideration transferred	**59.4**

The brand relates entirely to the Butlers brand. As an asset with an indefinite useful life, it is not subject to amortization.

Both the fair value and the gross amount of the receivables and other assets amount to EUR 7.6m.

The Group measured the transferred lease liabilities at the present value of the lease payments to be made over the remaining lease term. The right-of-use assets have generally been recognized in the same amount as the lease liabilities and adjusted if the terms of the lease agreement were favorable compared with market conditions.

Deferred tax liabilities relate mainly to fair value adjustments and the intangible assets identified in the course of the purchase price allocation.

The goodwill of EUR 19.5m mostly relates to expectations regarding future profitable growth based on synergies generated from online and bricks-and-mortar retail, the sale of both the home24 and Butlers product groups via both sales channels, the development of new markets based on the respective other company's name recognition, plus other non-identifiable intangible pecuniary benefits such as Butlers' workforce. The goodwill is allocated in full to the Europe segment.

Analysis of the cash outflow resulting from the business combination

In EURm	
Purchase price paid to date	27.1
Transaction costs of the business combination (included in cash flow from operating activities)*	0.7
Cash acquired together with the subsidiary (included in cash flow from investing activities)	-1.4
Cash outflow to date resulting from the business combination	**26.4**

*thereof EUR 0.6m in expenses in financial year 2021

The transaction costs of EUR 0.7m incurred in connection with the acquisition were directly recognized in profit or loss and are presented under administrative expenses. The costs for the issue of shares are less than EUR 0.1m and were offset directly against the capital reserves reported under equity.

As a result of the business combination, Butlers' borrowings were repaid on behalf of and for the account of Butlers. The repayments of principal totaling EUR 14.6m are presented in the cash flow from financing activities.

Revenue and earnings contributions

Since the acquisition date, the Butlers Group has contributed EUR 24.3m to the Group's revenue and EUR -3.5m to consolidated earnings. If the business combination had been completed at the beginning of the year, the Group's revenue would amount to EUR 311.5m and consolidated earnings would be EUR -36.8m.

3. Revenue

In the first six months of financial year 2022, the Group generated revenue of EUR 291.9m (previous year: EUR 324.8m) from the sale of furniture and home furnishings, mainly through its web shops, outlets, showrooms and retail stores. The Group also uses third-party websites to sell its goods. Revenue from the sale of furniture and home furnishings includes EUR 0.6m (previous year: EUR 0.7m) in revenue from sales transactions in which the Group acts as an agent. The Group also recognized other revenue of EUR 0.2m (previous year: EUR 0.3m).

Overall, Group revenue decreased by 10% from EUR 325.1m in the prior-year period to EUR 292.1m in the first half of 2022. Europe accounted for EUR 236.3m of revenue (previous year: EUR 271.5m) while Brazil accounted for EUR 55.8m (previous year: EUR 53.6m).

4. 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 2022	H1 2021	Q2 2022	Q2 2021
Profit/loss for the period attributable to the owners of home24 SE (in EURm)	-23.6	-11.0	-11.0	-3.8
Weighted average number of ordinary shares outstanding (in m)	29.7	29.0	30.1	29.0
Earnings per share (in EUR)	**-0.79**	**-0.38**	**-0.37**	**-0.13**

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

The Company has granted 6,591,826 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. Share-based payment

In the first half of 2022, the Company issued no option rights to the Management Board as part of the existing Long Term Incentive Plan 2019 (LTIP). Furthermore, the Company issued 795,848 option rights with an issue price of EUR 15.91 to employees under the conditions of the LTIP. The weighted average fair value of the awards issued is EUR 1.56 per award.

Subsidiary Mobly S.A. operates a Stock Option Plan (SOP) for its Management Board and selected employees. As part of the SOP, 1,342,205 options were issued in the first half of 2022 entitling the holder to acquire a share in Mobly S.A. for an issue price of BRL 3.38. The weighted fair value per option is BRL 0.65.

6. Property and equipment

Property and equipment rose from EUR 24.8m to EUR 34.8m, an increase of EUR 10.0m. This is attributable primarily to investments in property and equipment (EUR +7.0m), additions arising from the acquisition of subsidiaries (EUR +4.7m), currency translation effects (EUR +2.4m), and depreciation (EUR -3.9m).

The additions arising from investments and the acquisition of subsidiaries relate in particular to operating and office equipment as well as leasehold improvements for retail space.

7. Intangible assets

Intangible assets and goodwill rose by EUR 58.3m, from EUR 36.7m to EUR 95.0m. This increase is due in particular to investments in internally generated and acquired software (EUR +5.4m), additions arising from the acquisition of subsidiaries (EUR +57.4m), currency translation effects (EUR +0.8m), and amortization (EUR – 5.3m).

The additions from the acquisition of subsidiaries are mainly attributable to the Butlers brand (EUR 33.2m) and to franchise contracts (EUR 2.5m), as well as to internally generated and acquired software (EUR 1.4m). The acquisition of the Butlers Group led to goodwill being recognized in the amount of EUR 19.5m.

8. Inventories

Inventories primarily consist of stock for the Group's retail business as well as EUR 6.4m (31 December 2021: EUR 5.2m) of work in progress. These are purchased input materials for the production of private label products in the LatAm segment.

The increase in the Group's inventories from EUR 60.8m to EUR 93.2m mainly resulted from inventory added as part of the Butlers Group acquisition.

In response to an anticipated increase in the purchase price of goods and to counter uncertainty in the supply chains, home24 decided to maintain higher levels of inventory and extended the envisaged inventory coverage accordingly. Nevertheless, compared with December 31, 2021 write-downs on inventories rose by EUR 1.9m to a total of EUR 7.4m.

9. Equity

Equity decreased by a total of EUR 3.1m, falling to EUR 217.3m. The decline is due primarily to the loss for the period.

On January 27, 2022, the Supervisory Board resolved to increase the share capital as stipulated by the Articles of Association from EUR 29,050,104 to EUR 29,281,813, taking into account the 231,709 new shares issued in 2021 under Conditional Capital 2019, and to reduce the statutory Conditional Capital 2019 from EUR 2,429,819 to EUR 2,198,110. The corresponding amendments to the Articles of Association took effect on their entry in the relevant commercial register at the Charlottenburg Local Court on March 3, 2022.

Based on the authorization of the Annual General Meeting on June 3, 2020 and Article 4 (7) of the Company's Articles of Association, the Management Board resolved on April 1, 2022, with the approval of the Supervisory Board on the same date, to utilize part of Authorized Capital 2020 in the amount of EUR 1,181,849 to complete the takeover of the Butlers Group. The preemptive rights of shareholders were disapplied in the increase of the share capital against contributions in kind. In the context of this capital increase, which was entered in the Company's commercial register on April 27, 2022, the Company's share capital entered in the commercial register was increased by EUR 1,181,849 from EUR 29,281,813 to EUR 30,463,662 by issuing 1,181,849 new no-par value bearer shares, each with a notional share of the share capital of EUR 1.

On May 12, 2022, the Supervisory Board resolved to increase the share capital as stipulated by the Articles of Association from EUR 30,463,662 to EUR 30,479,736, taking into account the 16,074 new shares issued in 2022 until this date under Conditional Capital 2019, and to reduce the statutory Conditional Capital 2019 from EUR 2,198,110 to EUR 2,182,036. The corresponding amendments to the Articles of Association took effect on their entry in the relevant commercial register at the Charlottenburg Local Court on June 17, 2022.

Accordingly, the share capital entered in the commercial register as of June 30, 2022, amounts to EUR 30,479,736. The share capital as a whole is divided into 30,479,736 no-par value bearer shares each with a notional value of EUR 1 per share. The share capital of EUR 30,479,736 entered in the commercial register does not yet reflect the additional 28,665 new shares issued in the first half of 2022 under Conditional Capital 2019 for the purpose of settling preemptive rights issued in the context of the Company's LTIP.

The Company held 2,735 treasury shares as of June 30, 2022.

The Company's Annual General Meeting June 14, 2022 adopted several resolutions, including:

- a resolution to amend the authorization granted to the Management Board by the Company's Extraordinary General Meeting on May 18, 2018 to issue up to 113,328 no-par value bearer shares pursuant to Article 4 (4) of the Articles of Association (Authorized Capital 2015/III) and limit that authorization to issuing up to 21,769 no-par value bearer shares and amend Article 4 (4) of the Articles of Association accordingly.
- a resolution to revoke the authorization granted to the Management Board by the Company's Annual General Meeting on June 3, 2020 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 9,197,634 until June 2, 2025 by issuing up to 9,197,635 new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2020) and to replace it with a new authorization under which the Management Board, with the approval of the Supervisory Board, may increase the share capital of the Company until June 13, 2027 on one or more occasions by a total of up to EUR 3,046,366 by issuing up to 3,046,366 new no-par value bearer shares against contributions in cash ("Authorized Capital 2022")
- a resolution to increase Conditional Capital 2019 provided for in Article 4 (5) of the Articles of Association from EUR 2,198,110 to EUR 2,953,733.

The resolutions regarding Authorized Capital 2015/III and Authorized Capital 2020/Authorized Capital 2022 took effect on their entry in the relevant commercial register at the Charlottenburg Local Court on June 29, 2022. The resolution regarding the increase in Conditional Capital 2019 took effect on its entry in the relevant commercial register at the Charlottenburg Local Court on August 3, 2022.

10. Borrowings

At the reporting date, the Group had non-current borrowings of EUR 21.5m (December 31, 2021: EUR 0.0m) and current borrowings of EUR 12.0m (December 31, 2021: EUR 0.0m).

	Total facility (in EURm)	Interest rate (in %)	Due	Carrying amount on 6/30/2022 (in EURm)
Loans and interest from deferred purchase price payments related to the Butlers acquisition		3.0%	April 2025	14.1
Bank loan	7.5	€STR +5.0%	June 2024	7.4
Seasonal loan	4.0	3.0%	December 2022	4.0
Liabilities from consideration transferred related to the Butlers acquisition		n/a	EUR 7.2m in April 2023; EUR 0.8m expected in the second half of 2022	8.0
Total				**33.5**

The Butlers brand has been assigned as collateral for the seasonal loan and the loans from deferred purchase price payments, and the inventories and movable fixed assets of the Butlers Group have been pledged as security.

The German and Austrian customer receivables of home24 SE have been assigned as collateral for the bank loan, and the bank account to which the aforementioned receivables are transferred has been pledged as security.

11. Trade payables and similar liabilities

The Group utilized reverse factoring lines as of June 30, 2022 and December 31, 2021. As of June 30, 2022, certain suppliers had transferred their receivables from the Group in the amount of EUR 4.1m (December 31, 2021: EUR 3.2m) to factoring providers.

12. Leases

Right-of-use assets increased by EUR 97.1m to EUR 154.0m as of June 30, 2022. The increase was mainly due to additions from the acquisition of the Butlers Group (EUR 71.5m). These leases mainly relate to retail space. home24 also entered into new leases (EUR 33.1m), in particular for its new headquarters in Berlin. Set against the additions was depreciation of EUR 13.5m.

Current and non-current lease liabilities increased by a total of EUR 93.2m to EUR 156.6m in the first six months of 2022, particularly as a result of the acquisition of the Butlers Group.

The total cash outflow from leases in the financial year under review amounted to EUR 11.2m (previous year: EUR 6.2m).

13. Selected notes to the consolidated statement of cash flow

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 2.7m (prior year: EUR 1.5m) in the reporting period. Interest received came to EUR 2.2m (previous year: EUR 1.0m).

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

14. Financial instruments

Most of the Group's financial assets and liabilities are measured at amortized cost. Due to the short maturities and the variable interest rates agreed, their fair values approximate their carrying amounts. The same is true for the non-current financial assets (restricted cash) and borrowing (loans) with fixed interest rates because there have been no significant changes in the measurement parameters since the initial recognition of these financial instruments.

The liability from the share price guarantee recognized as part of the consideration transferred in the Butlers acquisition (see also Note 2 of the Condensed Notes to the Consolidated Financial Statements) is measured at its fair value of EUR 2.2m as of June 30, 2022, with any changes recognized in profit or loss. home24 also measured the foreign currency forwards recognized as of December 31, 2021 (EUR 0.4m) at fair value through profit or loss. Please refer to the disclosures in the Consolidated Financial Statements for financial year 2021 for the calculation of fair values.

15. Segment reporting

The Group is split into two reporting segments – Europe and LatAm. Since April 1, 2022, the Europe reporting segment has also included the Butlers operating segment in addition to the business activities of home24 SE that were previously mainly reported in that segment. The aggregation into one reporting segment is done with a view of comparability of the products offered, the customer groups addressed, and the sales methods used. What is more, the operating segments have similar economic characteristics, expressed in particular in the growth expectations and the projected gross margins. Last but not least, the joint reporting is in line with the intended integration of the two business models to leverage synergy potential.

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, in the current financial year, one-off costs incurred in connection with the acquisition of the Butlers Group, and, in the prior-year period, costs related to the IPO of the subsidiary Mobly S.A. in February 2021.

External revenue almost exclusively comprises income from the sale of home&living products to consumers. There were insignificant intersegment sales in the first six months of 2022 (EUR 0.1m).

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

In EURm	Europe	LatAm	H1 2022
Revenue	236.3	55.8	292.1
Adjusted EBITDA	-1.5	-2.9	-4.4
Share-based payment			-0.5
Expenses relating to the acquisition of the Butlers Group			-0.1
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets			-22.7
Finance costs - net			-0.5
Loss before taxes			**-28.2**

In EURm	Europe	LatAm	H1 2021
Revenue	271.5	53.6	325.1
Adjusted EBITDA	5.1	-0.4	4.7
Share-based payment			-4.0
Costs related to the IPO of Moby S.A.			-0.2
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets			-12.4
Finance costs - net			-0.5
Loss before taxes			**-12.4**

16. Transactions with related parties

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

There were no transactions with related parties in the first half of 2022 with the exception of the benefits granted to Supervisory Board and Management Board members, including share-based payments.

17. Contingent liabilities

Five customer complaints related to breaches of data protection requirements were pending before the Berlin Commissioner for Data Protection as of June 30, 2022. Four of these were already pending on December 31, 2021, and one complaint was filed in June 2022. 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 June 30, 2022, in the LatAm segment actions under employment law were pending with a total volume of EUR 1.2m (December 31, 2021: EUR 1.0m). There are also civil actions with a total volume of EUR 0.3m (December 31. 2021: 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 0.9m (December 31, 2021: 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 payments of EUR 4.8m (December 31, 2021: 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.

18. Events after the reporting period

In July 2022, various rights holders exercised the preemptive rights granted as part of the Long Term Incentive Plan 2017. In this context, a total of 18,354 new shares were issued to the respective preemptive rights holders from Conditional Capital 2019 by the date of publication of the 2022 Half-Year Report. As a result, the share capital of the Company currently totals EUR 30,526,755 and is divided into 30,526,755 no-par value shares, with each share representing a notional value of EUR 1.

Of the current members of the Management Board and Supervisory Board, the following persons have subscribed for shares as follows:

Governing body member	Position	Price (in EUR)	Volume (in EUR)	Number	Date
Brigitte Wittekind	Management Board	3.02	28,928	9,579	7/22/2022
Philipp Steinhäuser	Management Board	3.20	15,232	4,760	7/14/2022

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

Berlin, August 16, 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 for interim financial reporting, the Condensed Interim 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 16, 2022

The Management Board

Marc Appelhoff   Brigitte Wittekind   Philipp Steinhäuser

Glossary

Adjusted EBITDA
defined as earnings before interest, taxes, depreciation and amortization. Adjusted amounts include share-based payment and, in the current financial year, one-off costs incurred in connection with the acquisition of the Butlers Group, and, in the prior-year period, costs related to the IPO of the subsidiary Mobly S.A. in February 2021.

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 online
defined as gross merchandise value online divided by the number of online orders.

Cost of Sales
defined as the purchase price of goods acquired plus inbound shipping and handling charges as well as loss allowances on inventories.

DACH region
defined as Germany, Austria and Switzerland.

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 merchandise volume
defined as the value of all goods sold in the respective period, including VAT, before cancellations, returns or post order rebates.

Gross merchandise volume offline
defined as the value of all merchandise sold offline (e.g. via retail stores, outlets) in the respective period, including VAT, before returns or post order rebates.

Gross merchandise volume online
defined as the value of all merchandise sold online (e.g via webshops, marketplaces) in the respective period, including VAT, before cancellations, returns or post order rebates.

Gross profit
defined as revenue less cost of sales.

Gross profit margin
defined as gross profit divided by revenue.

Gross merchandise volume growth at constant currency
defined as gross merchandise volume growth using constant BRL/EUR exchange rates from the previous year.

Key non-financial performance indicators
defined as gross merchandise value (online/offline), number of orders online, number of active customers online and average order value online.

Marketing Expenses
defined essentially as the sum of expenses for performance marketing and TV marketing.

Net working capital
defined as inventories, advance payments made on inventories, trade receivables, current financial assets (excluding derivative financial instruments and restricted cash), collateral provided in connection with 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.

Number of active customers online
defined as the number of customers that have placed at least one non-canceled order via online channels in the twelve months prior to the respective date, before returns.

Number of orders online
defined as the number of orders placed via online channels in the respective period, before 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 2022

August 24

Hamburg Investor Day (HIT)

September 6

Equity Forum –
Fall Conference 2022

September 20

Berenberg and Goldman Sachs German Corporate Conference

November 15

Publication of quarterly financial report (Q3 call date)

November 16

GBC Munich Capital Market Conference (MKK)

Imprint

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