

The image shows a bedroom with a light green wall. On the left is a wooden bed with white bedding. In the center is a wooden side table with a black top, holding a pink vase with flowers, a stack of books, and a small clock. To the right is a wooden ladder-style shelf with a snake plant in a white pot. A white pom-pom light hangs from the ceiling.

home 24

Q1 2019 QUARTERLY STATEMENT

AT A GLANCE

Q1 2019

KEY FIGURES

Non-financial KPIs	Unit	Q1 2019	Q1 2018	Change
Number of orders	in k	560	459	22%
Europe	in k	352	305	15%
LatAm	in k	208	154	35%
Average order value	in EUR	259	278	-7%
Europe	in EUR	328	340	-4%
LatAm	in EUR	141	153	-8%
Number of active customers (as of March 31)	in k	1,365	1,129	21%
Europe	in k	816	711	15%
LatAm	in k	549	418	31%
Employees (as of March 31)	number	1,652	1,299	27%

Financial KPIs	Unit	Q1 2019	Q1 2018	Change
Revenue	in EURm	93.2	84.5	10%
Gross profit margin	in %	44%	45%	-1 pp
Profit contribution margin	in %	23%	27%	-4 pp
Adjusted EBITDA margin	in %	-16%	-6%	-10 pp
Earnings per share	in EUR	-0.91	-0.74*	23%
Cash flow from operating activities	in EURm	-19.8	-3.3	>100%
Cash flow from investing activities	in EURm	-7.0	-5.6	25%
Cash flow from financing activities	in EURm	-2.6	-2.2	18%
Cash and cash equivalents (as of March 31)	in EURm	79.2	8.8	>100%

* calculated including the share split performed in May 2018

home24 is the leading pure-play home&living e-commerce platform in continental Europe and Brazil. With over 100,000 articles – from accessories to lamps to furniture – home24 offers its current 1.4m customers the right product for every taste, style and budget.

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

The company is represented in seven European countries: Germany, France, Austria, the Netherlands, Switzerland, Belgium and Italy.

In Brazil, home24 operates under the “Mobly” brand. Irrespective of size and weight, home24 delivers its products in Europe free of charge to the customer’s home and also offers free returns.

home24’s headquarters are located in Berlin. The company employs more than 1,000 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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REPORT ON ECONOMIC POSITION

1. FINANCIAL PERFORMANCE OF THE GROUP

Simplified Income Statement

in EURm	Q1 2019	Q1 2018	Change	Change in %
Revenue	93.2	84.5	8.7	10%
Cost of sales	-52.6	-46.6	-6.0	13%
Gross profit	40.6	37.9	2.7	7%
Gross profit margin	44%	45%	-1pp	
Selling and distribution costs	-52.9	-39.4	-13.5	34%
Impairment losses on financial assets	-0.4	-0.2	-0.2	100%
Administrative expenses	-10.8	-11.2	0.4	-4%
Other operating income	0.3	0.3	0.0	0%
Other operating expenses	-0.1	-0.3	0.2	-67%
Operating result (EBIT)	-23.3	-12.9	-10.4	81%
Depreciation and amortization	7.3	4.8	2.5	52%
EBITDA	-16.0	-8.1	-7.9	98%
Share-based payment expenses	1.1	3.0	-1.9	-63%
Adjusted EBITDA	-14.9	-5.1	-9.8	>100%
Adjusted EBITDA margin	-16%	-6%	-10pp	

In the first three months of financial year 2019, consolidated **revenue** came to EUR 93.2m, up 10% y-o-y. Adjusted for foreign currency effects, revenue grew 12% 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 (-6% when adjusted for foreign currency effects) during the reporting period.

As of March 31, 2019, home24 had a total of 1.4m active customers, compared to 1.1m as of March 31, 2018. The number of orders placed during the first three months of 2019 increased by 22% to 0.6m compared to the prior-year period. The market environment has been more challenging compared to the prior-year period,

which had tangible effects on customer demand and is reflected in lower online market growth y-o-y. Nevertheless, compared to the strong first quarter of 2018 home24 has achieved solid revenue growth in the current financial year, primarily as a result of significant investments in the acquisition of new customers.

Revenue less cost of sales results in **gross profit**. In the first three months of 2019, the Group posted a gross profit of EUR 40.6m, up +7% from EUR 37.9m in the first three months of 2018. The increase is in line with the growth in revenue. The gross profit margin fell by 1 percentage point y-o-y to 44%.

in EURm	Q1 2019	Q1 2018	Change	Change in %
Fulfillment expenses	-19.0	-14.5	-4.5	31%
Marketing expenses	-21.2	-16.6	-4.6	28%
Other selling and distribution costs	-12.7	-8.3	-4.4	53%
Total selling and distribution costs	-52.9	-39.4	-13.5	34%

In the first three months of 2019, **selling and distribution costs** amounted to EUR 52.9m, up by 34% compared to EUR 39.4m in the corresponding period in 2018. On the one hand, this increase was attributable to higher marketing expenses as expected, mainly as a result of investments in customer acquisition, especially via TV. On the other hand, the opening and ramp-up of the new warehouse in Halle (Saale) and the mega outlets temporarily led to higher fulfillment expenses, especially for handling and moving merchandise.

Profit contribution contains gross profit, fulfillment expenses and impairment losses on financial assets. In the first three month of 2019, the Group earned a profit contribution of EUR 21.2m and a profit contribution margin of 23%.

In the first three months of 2019, **administrative expenses** decreased by 4% y-o-y to EUR 10.8m.

In the first three months of 2019, the adjusted EBITDA margin of –16% was ten percentage points below the prior-year figure. Negative adjusted EBITDA increased from EUR 5.1m to EUR 14.9m, mainly due to higher marketing and fulfillment expenses as well as investments in future projects, whose contributions to earnings will not be fully felt until the next few quarters. The adjusted amounts include share-based payment expenses for employees and media services provided to the Company.

2. FINANCIAL PERFORMANCE OF THE SEGMENTS

in EURm	Q1 2019	Q1 2018	Change	Change in %
Revenue				
Europe	71.0	66.8	4.2	6%
LatAm	22.2	17.7	4.5	25%
Adjusted EBITDA				
Europe	–14.9	–5.8	–9.1	>100%
LatAm	0.0	0.7	–0.7	–100%

In the first three months of 2019, **revenue** in the Europe segment amounted to EUR 71.0m, up +6% y-o-y, representing 76% of Group revenue. In the first three months of 2019, revenue in the LatAm segment came to EUR 22.2m, up +25% y-o-y, thus contributing 24% to Group revenue. Adjusted for foreign currency effects, revenue in the LatAm segment grew by 35% y-o-y. Both segments recorded a decline in average order value accompanied by a rise in the number of active customers and orders placed. Adjusted for foreign currency effects, average order value in the LatAm segment was down just 1%.

The Europe segment generated negative **adjusted EBITDA** of EUR 14.9m after EUR 5.8m in the prior-year period (EUR –9.1m). The adjusted EBITDA margin came in at –21% compared to –9% in the prior-year period. The LatAm segment broke even in terms of adjusted EBITDA after EUR 0.7m in the prior-year period (EUR –0.7m). The adjusted EBITDA margin came in at 0% compared to +4% in the prior-year period.

3. CASH FLOWS

in EURm	Q1 2019	Q1 2018	Change	Change in %
Cash flow from operating activities	–19.8	–3.3	–16.5	>100%
thereof from change in net working capital	–4.4	2.9	–7.3	>100%
Cash flow from investing activities	–7.0	–5.6	–1.4	25%
Cash flow from financing activities	–2.6	–2.2	–0.4	18%
Net change in cash and cash equivalents	–29.4	–11.1	–18.3	>100%
Cash and cash equivalents at the beginning of the period	108.6	19.9	88.7	>100%
Cash and cash equivalents at the end of the period	79.2	8.8	70.4	>100%

In the first three months of 2019, the Group's negative cash flow from operating activities amounted to EUR 19.8m compared to EUR 3.3m in the prior-year period. In the current financial year, the cash flow from operating activities was negatively impacted in particular by the loss from operating activities and the change in net working capital.

Cash outflows from investing activities primarily continued to relate to investments in internally generated and acquired software and the construction of the warehouse in Halle (Saale).

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

In total, the Group's cash and cash equivalents fell by EUR 29.4m in the first three months of 2019 and totaled EUR 79.2m as of the reporting date.

4. FINANCIAL POSITION

in EURm	03/31/ 2019	12/31/ 2018	Change	Change in %
Non-current assets	114.9	107.2	7.7	7%
Current assets	142.1	167.9	-25.8	-15%
Total assets	257.0	275.1	-18.1	-7%
Equity	127.1	150.2	-23.1	-15%
Non-current liabilities	40.9	34.9	6.0	17%
Current liabilities	89.0	90.0	-1.0	-1%
Total equity and liabilities	257.0	275.1	-18.1	-7%

The assets and equity and liabilities of the Group changed compared to December 31, 2018, primarily because of the following balance sheet items:

The increase in non-current assets and non-current liabilities is mainly due to capitalized right-of-use assets and lease liabilities.

Current assets decreased in particular due to the change in cash and cash equivalents explained in the "Cash flows" section.

Equity decreased by EUR 23.1m, mainly due to the operating result.

Overall, total assets decreased by EUR 18.1m from EUR 275.1m to EUR 257.0m.

5. OVERALL ASSESSMENT

Following investments in a new ERP system and the optimization of business processes, the Group continued to grow revenue in the first three months of 2019. Attractive profit contribution margins based on the strength of its private label business are key drivers of home24's ability to invest in sustainable sales growth.

The market environment has been more challenging compared to the prior-year period, which had tangible effects on customer demand and is reflected in lower online market growth y-o-y. Nevertheless, compared to the strong first quarter of 2018 home24 has achieved solid revenue growth in the current financial year, primarily as a result of significant investments in the acquisition of new customers. As expected, the key factors for the y-o-y decrease in profitability were higher expenses for the opening and ramp-up of the new warehouse location in Halle (Saale) and the mega outlets as well as investments in the acquisition of new customers, in particular via TV.

6. FUTURE PERFORMANCE AND OUTLOOK

home24 continued numerous capital expenditure measures in the first quarter of 2019 and has already successfully completed some of them. These will have positive effects on revenue and profitability in the current financial year.

home24 confirms its guidance with regard to revenue growth at constant currency in 2019 at or slightly above the 2018 growth rate. The LatAm segment will contribute disproportionately to growth.

The adjusted EBITDA margin will improve to a range between -4% and -9% for 2019 as a whole. In the current financial year, home24 anticipates that efficiencies from investments underway and new initiatives to win customers and reduce costs will pave the way to profitability based on adjusted EBITDA. home24 continues to anticipate break-even based on adjusted EBITDA at the end of 2019.

The Group will continue to consistently pursue its strategy for growth. The focus for the 2019 financial year will be to take advantage of the economies of scale provided by growth and further build on the Group's competitive position.

Berlin, May 28, 2019

Marc Appelhoff

Christoph Cordes

Johannes Schaback

SELECTED FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

in EURm	Q1 2019	Q1 2018
Revenue	93.2	84.5
Cost of sales	-52.6	-46.6
Gross profit	40.6	37.9
Selling and distribution costs	-52.9	-39.4*
Impairment losses on financial assets	-0.4	-0.2
Administrative expenses	-10.8	-11.2*
Other operating income	0.3	0.3
Other operating expenses	-0.1	-0.3
Operating result (EBIT)	-23.3	-12.9
Finance income	0.1	0.2
Finance costs	-0.9	-1.3
Losses before taxes	-24.1	-14.0
Income taxes	0.0	0.2
Loss for the period	-24.1	-13.8
Loss attributable to:		
Owners of the parent company	-23.8	-13.7
Non-controlling interests	-0.3	-0.1

* Selling and distribution costs include EUR 0.9m payment costs, which were reported under administrative expenses in the interim consolidated financial statements as of March 31, 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EURm	03/31/2019	12/31/2018
Non-current assets		
Property and equipment	13.6	10.7
Intangible assets	46.8	48.9
Right-of-use assets	44.4	37.6
Financial assets	9.1	9.0
Other non-financial assets	1.0	1.0
Total non-current assets	114.9	107.2
Current assets		
Inventories	35.5	32.6
Advance payments on inventories	1.8	2.4
Trade receivables	15.7	16.7
Other financial assets	2.9	2.2
Other non-financial assets	7.0	5.4
Cash and cash equivalents	79.2	108.6
Total current assets	142.1	167.9
Total assets	257.0	275.1

in EURm	03/31/2019	12/31/2018
Equity		
Subscribed capital	26.1	26.1
Treasury shares	-0.1	-0.1
Capital reserves	125.6	125.4
Other reserves	-4.7	-4.6
Accumulated losses/retained earnings	-7.4	15.5
Equity attributable to the owners of the parent company	139.5	162.3
Non-controlling interests	-12.4	-12.1
Total equity	127.1	150.2
Non-current liabilities		
Borrowings	0.8	0.8
Lease liabilities	37.2	31.1
Other financial liabilities	0.5	0.5
Provisions	1.4	1.4
Deferred tax liabilities	1.0	1.1
Total non-current liabilities	40.9	34.9
Current liabilities		
Borrowings	2.7	2.5
Lease liabilities	8.9	7.7
Trade payables	56.8	56.2
Advance payments received	12.3	14.6
Income tax liabilities	0.1	0.1
Other financial liabilities	3.4	3.6
Other non-financial liabilities	4.1	4.7
Provisions	0.7	0.6
Total current liabilities	89.0	90.0
Total liabilities	129.9	124.9
Total equity and liabilities	257.0	275.1

CONSOLIDATED STATEMENT OF CASH FLOW

in EURm	Q1 2019	Q1 2018
Cash flow from operating activities		
Loss before taxes	-24.1	-14.0
Depreciation of property and equipment	0.6	0.4
Amortization of intangible assets	4.5	2.7
Depreciation of right-of-use assets	2.2	1.7
Non-cash expenses from share-based payments	1.1	3.0
Other non-cash income and expenses	0.3	0.2
Change in provisions	0.1	-0.1
Change in net working capital		
Change in inventories and advanced payments on inventories	-2.2	-0.5
Change in trade receivables and other assets	-1.1	0.9
Change in trade payables and other payables	1.3	3.2
Change in advance payments received	-2.4	-0.7
Change in other assets/liabilities	-0.1	-0.1
Cash flow from operating activities	-19.8	-3.3
Cash flow from investing activities		
Payments to acquire property and equipment	-2.7	-0.3
Payments to acquire intangible assets	-4.3	-5.0
Changes in restricted cash and long-term security deposits	-0.1	-0.3
Proceeds from government grants	0.1	0.0
Cash flow from investing activities	-7.0	-5.6
Cash flow from financing activities		
Transaction costs paid	-0.6	0.0
Cash paid to owners and non-controlling interests	0.0	-0.4
Proceeds from borrowings	0.2	0.1
Repayment of borrowings	-0.1	-0.2
Redemption of lease liabilities	-2.1	-1.7
Cash flow from financing activities	-2.6	-2.2
Net change in cash and cash equivalents	-29.4	-11.1
Cash and cash equivalents at the beginning of the period	108.6	19.9
Cash and cash equivalents at the end of the period	79.2	8.8

FINANCIAL CALENDAR 2019

June 19, 2019	Annual General Meeting
September 3, 2019	Publication half-year financial report H1
November 26, 2019	Publication quarterly statement Q3

IMPRINT

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This quarterly statement 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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