



home 24

QUARTERLY STATEMENT Q3 2019

AT A GLANCE

KEY FIGURES

Non-Financial KPIs	Unit	9M 2019	9M 2018	Change
Number of orders	in k	1,530	1,299	18%
Europe	in k	871	801	9%
LatAm	in k	659	498	32%
Average order value	in EUR	260	264	-2%
Europe	in EUR	346	339	2%
LatAm	in EUR	146	143	2%
Number of active customers (as of September 30)	in k	1,470	1,211	21%
Europe	in k	842	746	13%
Latam	in k	628	465	35%
Employees (as of September 30)	number	1,519	1,380	10%

Financial KPIs	Unit	9M 2019	9M 2018	Change
Revenue	in EURm	262.5	221.1	19%
Gross profit margin	in %	44%	44%	0 pp
Profit contribution margin	in %	24%	24%	0 pp
Adjusted EBITDA margin	in %	-12%	-12%	0 pp
Earnings per share	in EUR	-2.27	-2.43	-7%
Cash flow from operating activities	in EURm	-40.1	-39.8	1%
Cash flow from investing activities	in EURm	-18.9	-16.5	15%
Cash flow from financing activities	in EURm	-5.8	160.7	>-100%
Cash and cash equivalents (as of September 30)	in EURm	43.7	124.1	-65%

home24 is a leading pure-play home&living e-commerce platform in continental Europe and Brazil. With over 100,000 articles – from accessories to lamps to furniture – home24 offers its current 1.5m 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

AS OF 30 SEPTEMBER 2019

FINANCIAL PERFORMANCE OF THE GROUP

Simplified Income Statement

In EURm	9M 2019	9M 2018	Change	Change in %
Revenue	262.5	221.1	41.4	19%
Cost of sales	-147.8	-124.4	-23.4	19%
Gross profit	114.7	96.7	18.0	19%
Gross profit margin	44%	44%	0pp	
Selling and distribution costs	-138.1	-112.9	-25.2	22%
Impairment losses on financial assets	-1.1	-0.7	-0.4	57%
Administrative expenses	-33.0	-32.9	-0.1	0%
Other operating income	1.2	1.1	0.1	9%
Other operating expenses	-1.4	-0.6	-0.8	>100%
Operating result (EBIT)	-57.7	-49.3	-8.4	17%
Depreciation and amortization	23.7	13.0	10.7	82%
EBITDA	-34.0	-36.3	2.3	-6%
Share-based payment expenses	3.2	8.0	-4.8	-60%
Costs related to the IPO	0.0	1.4	-1.4	-100%
Adjusted EBITDA	-30.8	-26.9	-3.9	14%
Adjusted EBITDA margin	-12%	-12%	0pp	

In EURm	Q3 2019	Q3 2018	Change	Change in %
Revenue	84.5	69.9	14.6	21%
Cost of sales	-46.5	-39.5	-7.0	18%
Gross profit	38.0	30.4	7.6	25%
Gross profit margin	45%	44%	1pp	
Selling and distribution costs	-43.2	-38.7	-4.5	12%
Impairment losses on financial assets	-0.4	-0.3	-0.1	33%
Administrative expenses	-11.3	-10.5	-0.8	8%
Other operating income	0.4	0.5	-0.1	-20%
Other operating expenses	-0.3	-0.2	-0.1	50%
Operating result (EBIT)	-16.8	-18.8	2.0	-11%
Depreciation and amortization	8.4	3.6	4.8	>100%
EBITDA	-8.4	-15.2	6.8	-45%
Share-based payment expenses	1.1	2.1	-1.0	-48%
Costs related to the IPO	0.0	0.1	-0.1	-100%
Adjusted EBITDA	-7.3	-13.0	5.7	-44%
Adjusted EBITDA margin	-9%	-19%	10pp	

In the first nine months of financial year 2019, consolidated **revenue** came to EUR 262.5m, up 19% y-o-y. Adjusted for foreign currency effects, revenue also grew 19% 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 slight decline in the average order value during the reporting period caused by different growth in the segments and the LatAm segment having a structurally lower average order value than the Europe segment.

As of September 30, 2019, home24 had a total of 1.5m active customers, compared to 1.2m as of September 30, 2018. The number of orders placed during the first nine months of 2019 increased by 18% to 1.5m compared to the prior-year period. In the absence of negative one-time effects compared to the prior-year period and driven by a large number of investments, home24 managed to strengthen its market position despite reduced investments as a percentage of revenue in the acquisition of new customers.

Revenue less cost of sales results in **gross profit**. In the first nine months of 2019, the Group posted a gross profit of EUR 114.7m, up +19% from EUR 96.7m in the first nine months of 2018. The increase is in line with the growth in revenue. As a result, the gross profit margin remained steady y-o-y at 44%, as positive gross profit margin effect materialized towards the end of the quarter and will show effect only as of Q4 2019, especially the investments in the outlets.

In EURm	9M 2019	9M 2018	Change	Change in %
Fulfillment expenses	-51.7	-42.3	-9.4	22%
Marketing expenses	-49.0	-46.0	-3.0	7%
Other selling and distribution costs	-37.4	-24.6	-12.8	52%
Total selling and distribution costs	-138.1	-112.9	-25.2	22%
as % of revenue				
Fulfillment expenses ratio	-20%	-19%	-1 pp	
Marketing expenses ratio	-19%	-21%	2 pp	

In the first nine months of 2019, **selling and distribution costs** amounted to EUR 138.1m, up 22% compared to EUR 112.9m in the corresponding period in 2018. The increase is mainly attributable to other selling and distribution costs, due to scheduled amortization of trademarks and increased depreciation of right-of-use assets, among others. In addition, the ramp-up phase of the new warehouse in Halle (Saale) and the opening of the mega outlets temporarily led to higher fulfillment expenses, especially for handling and moving merchandise. The increase in marketing expenses was below revenue growth, resulting in an improved marketing expense ratio y-o-y (+2 percentage points).

In the first nine months of 2019, **administrative expenses** remained broadly stable y-o-y at EUR 33.0m.

Profit contribution comprises gross profit, fulfillment costs and impairment losses on financial assets. In the first nine months of financial year 2019, the Group generated a profit contribution of EUR 61.9m and a profit contribution margin of 24%.

In the first nine months of 2019, the adjusted EBITDA margin of -12% was on a par with the prior-year figure, as the ramp-up investments have adversely affected fulfillment expenses, especially the significant warehouse expansion projects in both segments. Negative **adjusted EBITDA** increased from EUR 26.9m to EUR 30.8m, mainly due to higher marketing and fulfillment expenses as well as investments in future projects, whose contributions to earnings will materialize in the next quarters. The adjusted amounts include share-based payment expenses for employees and media services provided to the Company, with the prior-year figures also containing IPO-related costs.

The third quarter 2019 showed first effects on these investments paying off, with adjusted EBITDA margin being at historic best Q3 level already.

FINANCIAL PERFORMANCE OF THE SEGMENTS

In EURm	9M 2019	9M 2018	Change	Change in %
Revenue				
Europe	197.4	171.8	25.6	15%
LatAm	65.1	49.3	15.8	32%
Adjusted EBITDA				
Europe	-27.9	-27.0	-0.9	3%
LatAm	-2.9	0.1	-3.0	>-100%

In EURm	Q3 2019	Q3 2018	Change	Change in %
Revenue				
Europe	62.5	53.4	9.1	17%
LatAm	22.0	16.5	5.5	33%
Adjusted EBITDA				
Europe	-5.8	-12.7	6.9	-54%
LatAm	-1.5	-0.3	-1.2	>100%

In the first nine months of 2019, **revenue** in the Europe segment amounted to EUR 197.4m, up 15% y-o-y, representing 75% of Group revenue. In the first nine months of 2019, revenue in the LatAm segment came to EUR 65.1m, up 32% y-o-y, thus contributing 25% to Group revenue. Adjusted for foreign currency effects, revenue in the LatAm segment grew by 35% y-o-y. In both segments, there was an increase in the number of active customers and orders placed, while the average order value per segment remained broadly stable.

The Europe segment generated negative **adjusted EBITDA** of EUR 27.9m after EUR 27.0m in the prior-year period. The adjusted EBITDA margin came in at –14% compared to –16% in the prior-year period. The LatAm segment generated an adjusted EBITDA of EUR –2.9m after EUR 0.1m in the prior-year period. The adjusted EBITDA margin came in at –5% compared to 0% in the prior-year period.

CASH FLOWS

In EURm	9M 2019	9M 2018	Q3 2019	Q3 2018
Cash flow from operating activities	–40.1	–39.8	–0.8	–20.1
thereof from change in net working capital	–6.7	–8.7	7.8	–6.6
Cash flow from investing activities	–18.9	–16.5	–6.0	–6.7
Cash flow from financing activities	–5.8	160.7	–0.9	17.7
Net change in cash and cash equivalents	–64.8	104.4	–7.7	–9.1
Cash and cash equivalents at the beginning of the period	108.6	19.9	51.4	133.3
Effect of exchange rate changes on cash and cash equivalents	–0.1	–0.2	0.0	–0.1
Cash and cash equivalents at the end of the period	43.7	124.1	43.7	124.1

In the first nine months of 2019, the Group's negative cash flow from operating activities amounted to EUR 40.1m compared to EUR 39.8m 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 purchased software and the construction of the warehouses in Halle (Saale) and Brazil.

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

In total, the Group's cash and cash equivalents fell by EUR 64.9m in the first nine months of 2019.

FINANCIAL POSITION

In EURm	September 30, 2019	December 31, 2018	Change	Change in %
Non-current assets	123.6	107.2	16.4	15%
Current assets	104.4	167.9	–63.5	–38%
Total assets	228.0	275.1	–47.1	–17%

In EURm	September 30, 2019	December 31, 2018	Change	Change in %
Equity	92.7	150.2	–57.5	–38%
Non-current liabilities	47.0	34.9	12.1	35%
Current liabilities	88.3	90.0	–1.7	–2%
Total equity and liabilities	228.0	275.1	–47.1	–17%

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 primarily due to property and equipment, and capitalized right-of-use assets and lease liabilities from new leases, mainly for the new warehouse locations in Europe and Brazil, and for additional retail space in the LatAm segment.

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

Equity decreased by EUR 57.5m, mainly due to the operating result.

Overall, total assets decreased by EUR 47.1m from EUR 275.1m to EUR 228.0m.

OVERALL ASSESSMENT

Parallel to a large number of investments and the optimization of business processes, the Group was able to significantly increase its revenues in the first nine months of financial year 2019. This increase was based primarily on improved customer order processing and further investments in the acquisition of new customers. As expected, the main key factors for the negative impact on profitability compared to the prior-year period were higher expenses for the opening and ramp-up of the new warehouse locations in Europe and Brazil and the mega outlets.

FUTURE PERFORMANCE AND OUTLOOK

On its road to profitability, home24 has successfully implemented the milestones outlined at the beginning of 2019. These are already having a positive impact on revenue and will have an increasingly positive effect on profitability going forward.

home24 confirms its guidance of generating revenue growth in 2019 at or slightly above the 2018 growth rate (of 18% at constant currency).

Regarding the improvement of its adjusted EBITDA margin, home24 also confirms its guidance of –6% to –9% for 2019 as a whole. In the remaining quarter, home24 anticipates that efficiencies from investments underway and new initiatives to win customers and reduce costs will pave the way to profitability in terms of adjusted EBITDA. home24 continues to anticipate break-even based on adjusted EBITDA at the end of 2019.

The Group will continue to sustainably pursue its growth strategy and also maintain its focus on continuously improving profitability in order to expand the Group's competitive position. This trade-off will be cautiously managed taking into account the available liquidity position.

CHANGES ON THE MANAGEMENT BOARD OF HOME24 SE AFTER THE REPORTING DATE

Based on a resolution adopted on October 29, 2019, the Supervisory Board of home24 SE appointed Brigitte Wittekind to the Company's Management Board for a term of two years effective January 1, 2020. She succeeds Christoph Cordes, who will step down from the Management Board of home24 SE for personal reasons effective December 31, 2019 in agreement with the Supervisory Board. At the same time, the Supervisory Board reached an agreement with Marc Appelhoff on an early extension of his term of office until December 31, 2022. Marc Appelhoff was also appointed Chairman of the Management Board (CEO) of home24 SE effective January 1, 2020.

Berlin, November 26, 2019

Marc Appelhoff

Christoph Cordes

Johannes Schaback

SELECTED FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

In EURm	9M 2019	9M 2018
Revenue	262.5	221.1
Cost of sales	-147.8	-124.4
Gross profit	114.7	96.7
Selling and distribution costs	-138.1	-112.9
Impairment losses on financial assets	-1.1	-0.7
Administrative expenses	-33.0	-32.9
Other operating income	1.2	1.1
Other operating expenses	-1.4	-0.6
Operating result (EBIT)	-57.7	-49.3
Finance income	0.6	0.6
Finance costs	-3.9	-3.1
Loss before taxes	-61.0	-51.8
Income taxes	0.4	-0.3
Loss for the period	-60.6	-52.1
Loss attributable to:		
Owners of the parent company	-59.0	-51.6
Non-controlling interests	-1.6	-0.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In EURm	September 30, 2019	December 31, 2018
Non-current assets		
Property and equipment	19.0	10.7
Intangible assets	41.6	48.9
Right-of-use assets	49.9	37.6
Financial assets	9.2	9.0
Other non-financial assets	3.9	1.0
Total non-current assets	123.6	107.2
Current assets		
Inventories	39.9	32.6
Advance payments for inventories	1.9	2.4
Trade receivables	11.1	16.7
Other financial assets	2.7	2.2
Other non-financial assets	5.1	5.4
Cash and cash equivalents	43.7	108.6
Total current assets	104.4	167.9
Total assets	228.0	275.1
In EURm	September 30, 2019	December 31, 2018
Equity		
Issued capital	26.4	26.1
Treasury shares	-0.1	-0.1
Capital reserves	125.7	125.4
Other reserves	-4.8	-4.6
Accumulated loss/retained earnings	-40.9	15.5
Equity attributable to the owners of the parent company	106.3	162.3
Non-controlling interests	-13.6	-12.1
Total equity	92.7	150.2
Non-current liabilities		
Borrowings	0.7	0.8
Lease liabilities	43.2	31.1
Other financial liabilities	0.5	0.5
Provisions	2.0	1.4
Deferred tax liabilities	0.6	1.1
Total non-current liabilities	47.0	34.9
Current liabilities		
Borrowings	3.2	2.5
Lease liabilities	10.3	7.7
Trade payables	55.6	56.2
Advance payments received	10.2	14.6
Income tax liabilities	0.1	0.1
Other financial liabilities	3.1	3.6
Other non-financial liabilities	5.4	4.7
Provisions	0.4	0.6
Total current liabilities	88.3	90.0
Total liabilities	135.3	124.9
Total equity and liabilities	228.0	275.1

CONSOLIDATED STATEMENT OF CASH FLOW

In EURm	9M 2019	9M 2018
Cash flow from operating activities		
Loss before taxes	-61.0	-51.8
Depreciation of property and equipment	2.4	1.2
Amortization of intangible assets	13.7	6.3
Depreciation of right-of-use assets	7.6	5.5
Non-cash expenses from share-based payments	3.2	8.0
Other non-cash income and expenses	1.0	0.5
Change in provisions	-0.1	-0.2
Change in net working capital		
Change in inventories and advanced payments for inventories	-7.1	0.5
Change in trade receivables and other assets	2.5	-7.8
Change in trade payables and other payables	2.3	-0.1
Change in advance payments received	-4.4	-1.3
Change in other assets/liabilities	-0.1	-0.4
Income taxes paid, less reimbursements	-0.1	-0.2
Cash flow from operating activities	-40.1	-39.8
Cash flow from investing activities		
Payments to acquire property and equipment	-10.0	-2.0
Payments to acquire intangible assets	-8.8	-12.3
Change in restricted cash and long-term security deposits	-0.2	-2.2
Proceeds from government grants	0.1	0.0
Cash flow from investing activities	-18.9	-16.5
Cash flow from financing activities		
Proceeds from capital increase by shareholders less transaction costs	-0.3	167.1
Cash paid to owners and non-controlling interests	0.0	-0.4
Proceeds from borrowings	0.9	11.7
Repayment of borrowings	-0.3	-12.0
Redemption of lease liabilities	-7.7	-5.7
Proceeds from lease incentives received	1.6	0.0
Cash flow from financing activities	-5.8	160.7
Net change in cash and cash equivalents	-64.8	104.4
Cash and cash equivalents at the beginning of the period	108.6	19.9
Effect of exchange rate changes on cash and cash equivalents	-0.1	-0.2
Cash and cash equivalents at the end of the period	43.7	124.1

FINANCIAL CALENDAR 2019/2020

December 02, 2019	Berenberg European Conference (Pennyhill), Ascot (UK)
February 11, 2020	Trading Update FY 2019
April 07, 2020	Publication annual financial report 2019
May 12, 2020	Publication quarterly financial report (call-date Q1)
June 03, 2020	Annual General Meeting
August 18, 2020	Publication half-yearly financial report
November 10, 2020	Publication quarterly financial report (call-date 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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