

home24 Q3 2020 Trading Update

11 November 2020



Management summary

Order intake increased by 45% in Q3 2020 at constant currency, bringing YTD growth to 41%. Momentum remains high: Q4 2020 order intake to date at above 60% currency-adjusted growth.

Q3 2020 with continued strong currency-adjusted revenue growth of +54% year-over-year to EUR 118 million, with YTD now at +38%.

Continued sustainable profitability improvement of 13%-points in adjusted EBITDA year-over-year in Q3 2020, with adjusted EBITDA margin at 4% in Q3 and 3% YTD. Cash flow was again positive in Q3 2020, and thus also YTD and in last twelve months.

Active Customers increased by 400k to 1.95m within the last two quarters, leapfrogging the development of the past two years and providing solid foundation for future growth.

Key priority during these COVID-19 times remains the health and safety of our customers, employees, and partners - and to proactively manage the supply and operations impact.

We upgraded our guidance for FY 2020 and now plan with:

- Revenue growth (currency-adjusted) in a range of 38% to 42%, and
- Adj. EBITDA margin in a range of 2 to 4%.

Today's agenda

- 1 Q3 Business Update
- 2 Q3 Financials
- 3 Outlook and Q&A



1

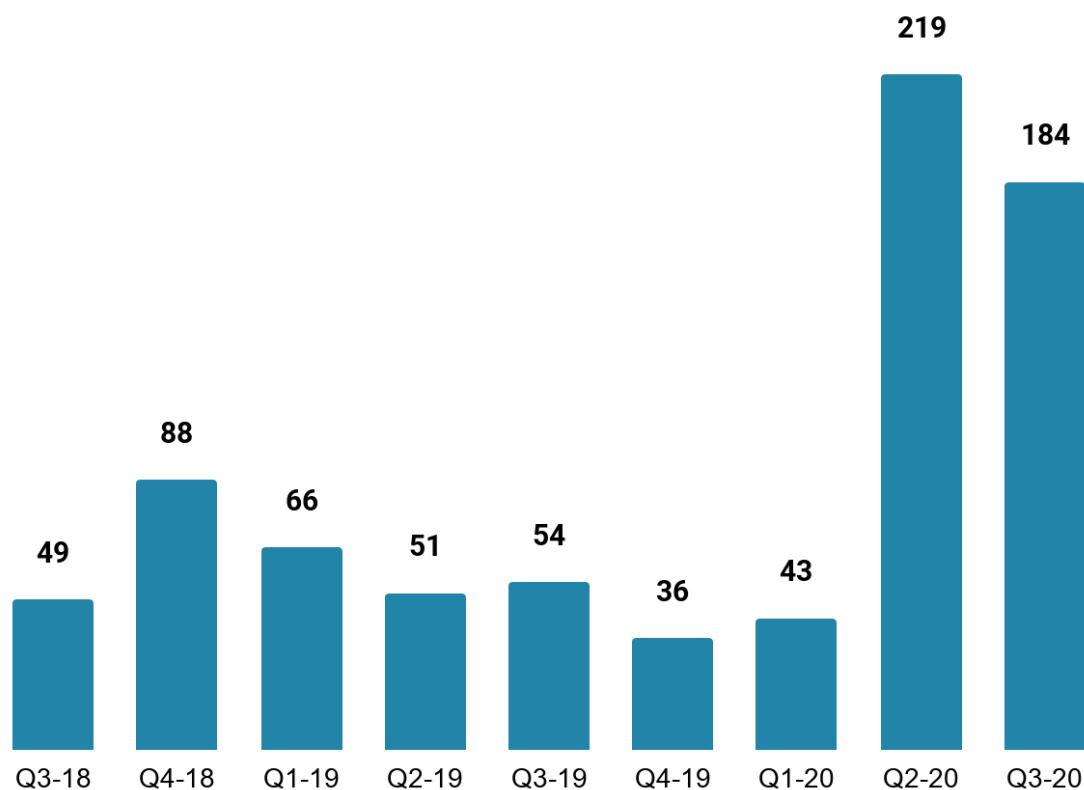
Q3 Business Update



Almost 2m Active Customers (1.95m) as solid foundation for future repeat purchases



Active Customers net additions (Group, in k)

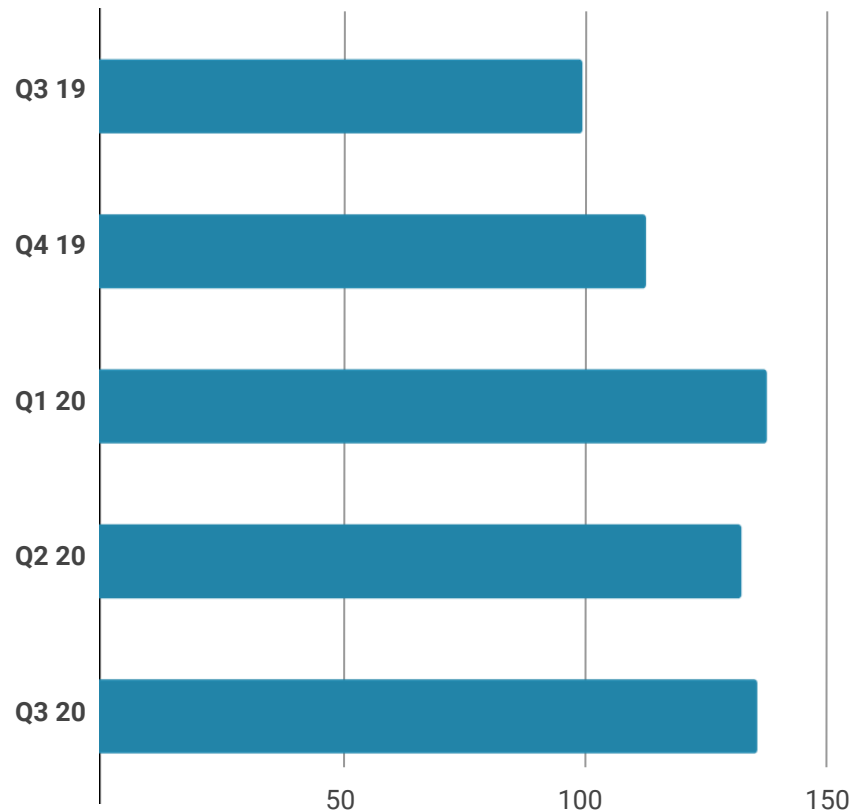


- home24 **increased Active Customers within two quarters by 400k**, leapfrogging the development of the past two years.
- **Growth momentum not primarily driven by repeat** customer activities, showing **additional future potential** as these new customers turn into repeat buyers in the future.
- Continued market **shift from offline to online** combined with home24's mass market approach support **future customer and revenue growth potential** for many years.

Customer satisfaction continuously improved over the last quarters and remained on high level through the pandemic



NPS (EU, indexed to Q3 19)



- **Customer satisfaction as guiding principle** in driving sustainable growth.
- **Pre COVID-19 NPS level sustained throughout the uncertain times**, securing a large base of satisfied customers with **increased potential for future repeat purchases**.
- home24 strategy to deliberately **balance growth vs. profitability expected to pay out** as satisfied 1st time buyers translate into repeat customers.

Supply chain and warehouses pro-actively prepared to digest continuous high demand, and inventory levels recovering

Investments into integrated, automated fulfillment pay off

Integrated end-to-end automated platform



Sourcing

- 500+ supplier network¹
- Seamless ERP integration to drive transparency and speed
- On the ground quality control



Warehousing

- 6 own operated scalable warehouses
- >200,000 sqm of gross WH capacity
- Automated data driven reordering



Delivery

- Self-managed inbound / mid-mile logistics
- Network of 3rd party last mile providers managed by home24
- Own last mile delivery in Brazil

- Significant **investments into automated technology platform** over the last years (e.g ERP automation, warehouse extension) prove to **pay off**.
- **Inventory levels slightly recovered from COVID-19 induced lows:**
 - **EU +25%** vs low point in June,
 - **LatAm +40%** vs. low point in April (in local currency)
 - Still not sufficient to prevent longer delivery times year over year due to strong momentum in industry
- Significant **pressure on supply chain persists** (e.g. raw material shortages, suppliers with full order books, container shortages in Asia).
- Impact on **delivery times proactively managed** but will continue to influence **revenue realization in next months**.

Since reaching profitability milestone in Q4 2019, continuous gradual improvements in order economics achieved



Financial development (Group)

	Q4 19	Q1 20	Q2 20	Q3 20
COGS (in % of Revenue)	54,9%	54,0%	54,1%	53,2%
Fulfillment Cost¹ (in % of Revenue)	18,2%	17,9%	17,5%	17,5%
Marketing Cost (in % of Revenue)	14,5%	18,5%	10,5%	14,3%
G&A² (in % of Revenue)	11,8%	13,1%	10,3%	10,9%
Cash and Cash Equivalents (in EURm)	45,6	43,1	47,4	48,4

¹ Including impairment losses on financial assets

²Q4 19 normalized for EUR 2m one-time tax effect in Brazil

All figures preliminary and unaudited

- **COGS, fulfillment cost and G&A efficiency gradually improved over past 4 quarters.** Proves that we sustainably scale on fully invested platform.
- As we continue to balance growth and profitability, the **marketing cost ratio will be the main fluctuating KPI** going forward - Q1/Q3 will remain investment quarters with higher marketing ratio, Q2/4 harvesting quarters.
- In line with our long term growth strategy we **prepare to best tap into market potential**, without jeopardizing adj. EBITDA break-even.
- As revenue growth translates into additional profit, **potential opens up to pursue growth investments** and establish leading market positioning.

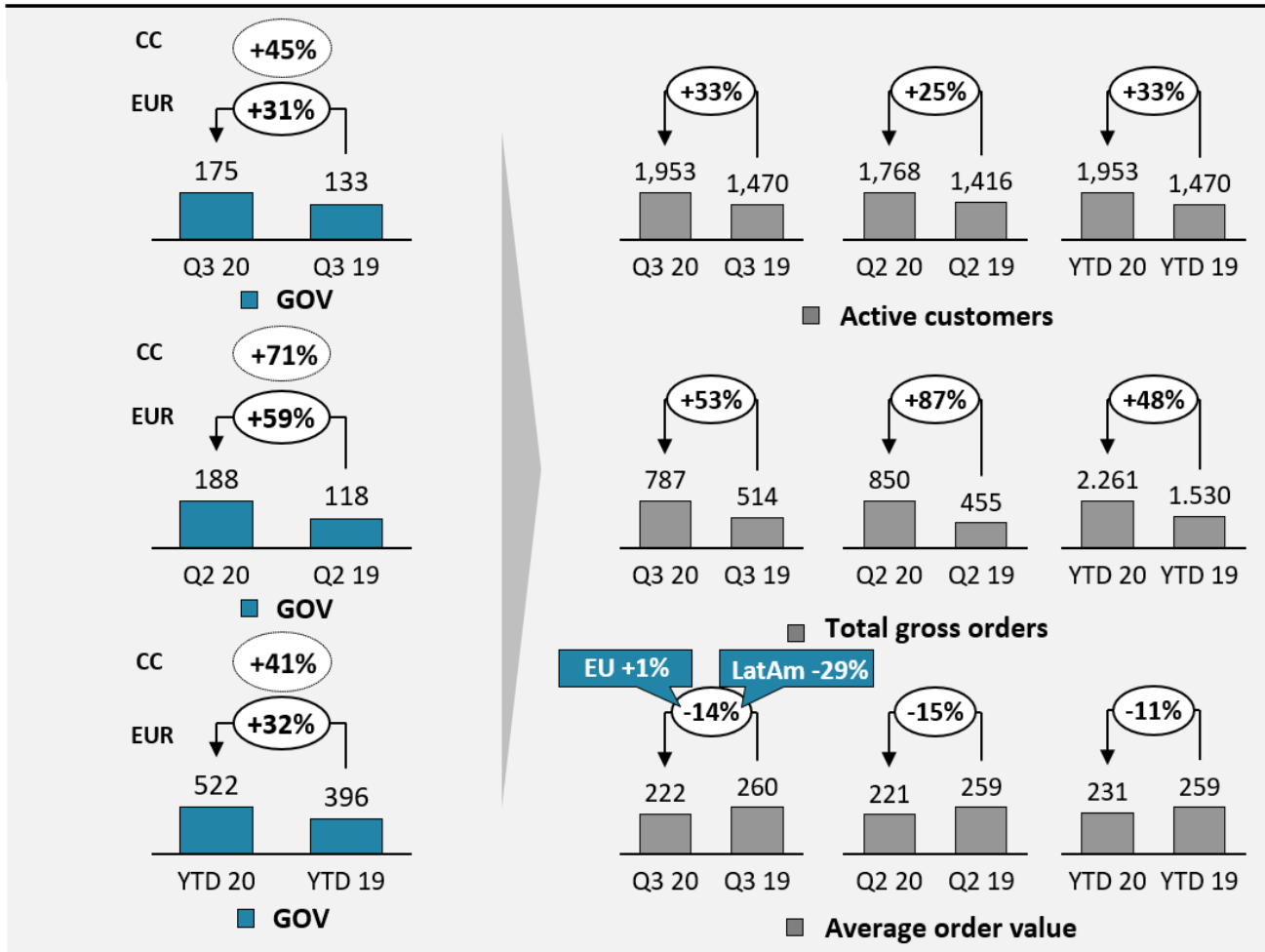
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Q3 Financials



Order intake grew +45% in CC in Q3 bringing YTD growth to +41% with demand remaining on significantly elevated level

GOV in EURm, Active customers and Total gross orders in k, Average order value in EUR



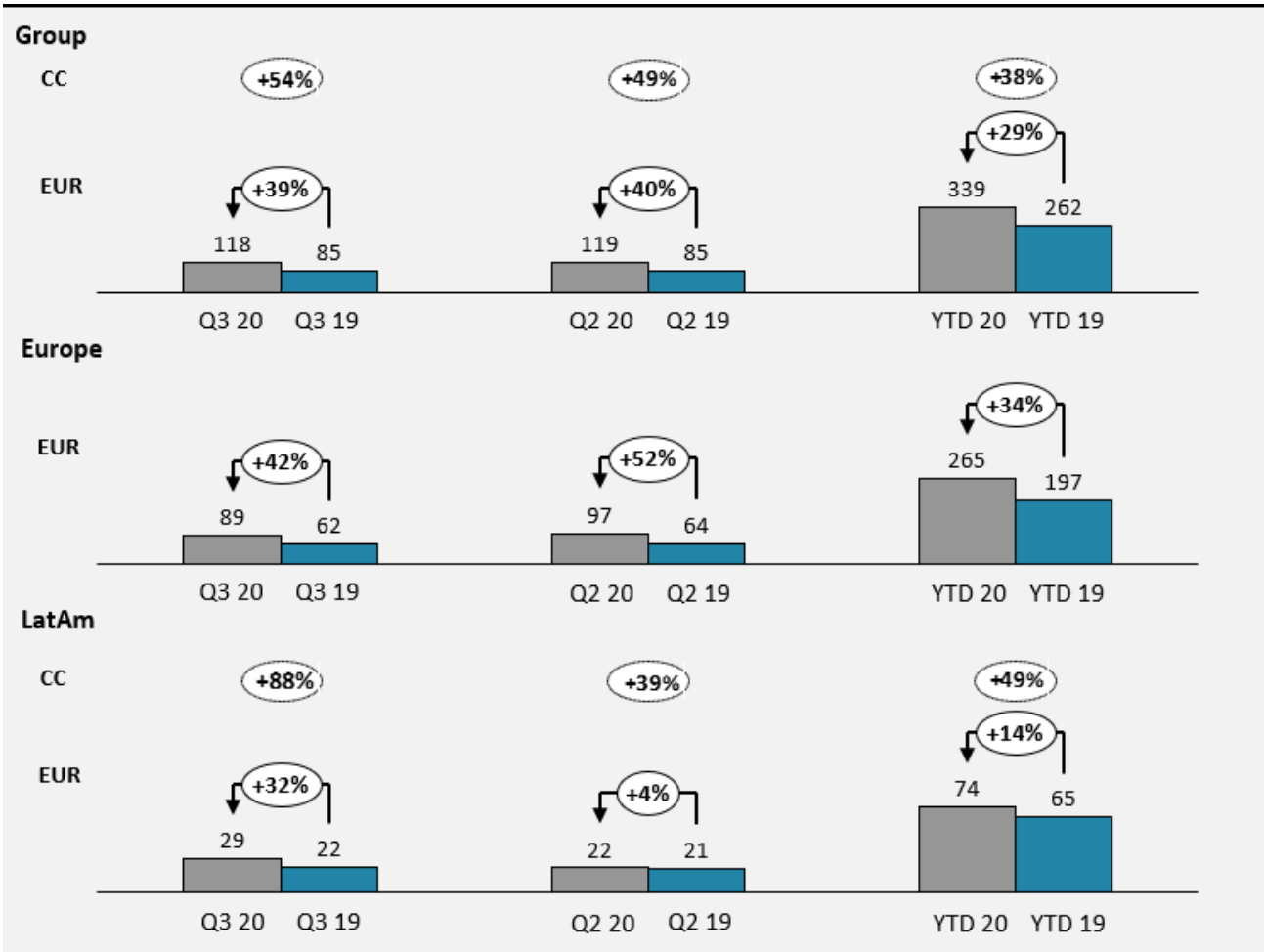
- home24 continues to benefit from positive market environment with **GOV growth rate of +45%**.
- Growth primarily driven by higher number of orders placed and active customer growth.** Stable basket sizes in EU (+1%) and LatAm (+1% in CC).
- Currency impact** from decrease in EUR/BRL (Q3 19: 4.4; Q3 20: 6.3) weighing on **real currency basket size and growth rate.**

All figures preliminary and unaudited

Revenue growth further accelerated to +54% in CC supported by positive spillover effect from Q2 order intake



Revenue in EURm and Growth YoY in %



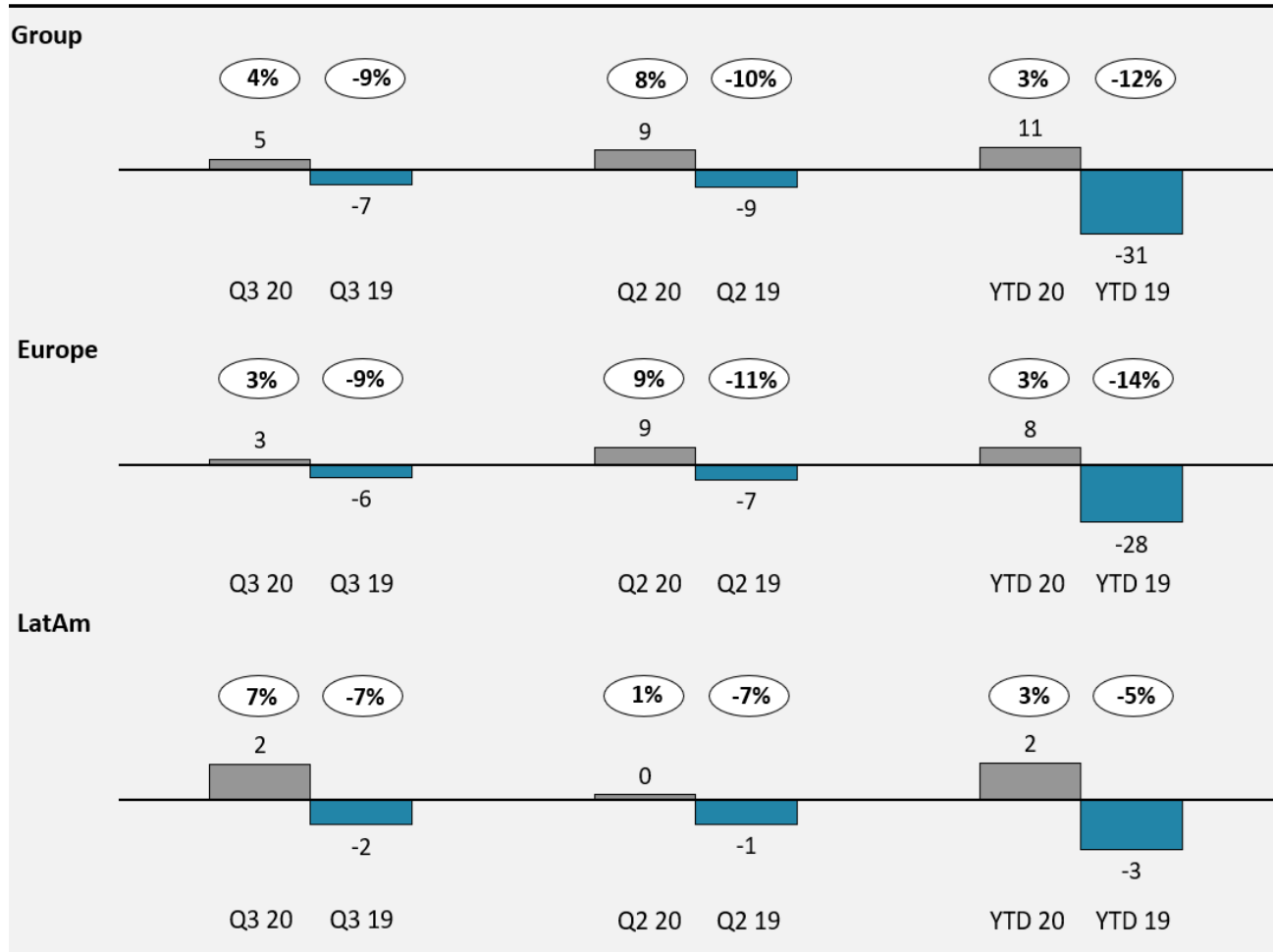
All figures preliminary and unaudited

- Order intake of +45% YoY in Q3 translates into **revenue growth of +54% YoY (in CC)**.
- Order backlog in EU on target level at the end of Q3, whereas in LatAm remains inflated due to supply shortages.
- Q3 growth stronger in LatAm segment** as the impact of the Covid-19 pandemic on demand more pronounced during the southern hemisphere winter.

Q3 adj. EBITDA at EUR 5m, leading to YTD adj. EBITDA rate of +3%, an improvement of 15%-points compared to prior year



Adj. EBITDA in EURm and in % of Revenue

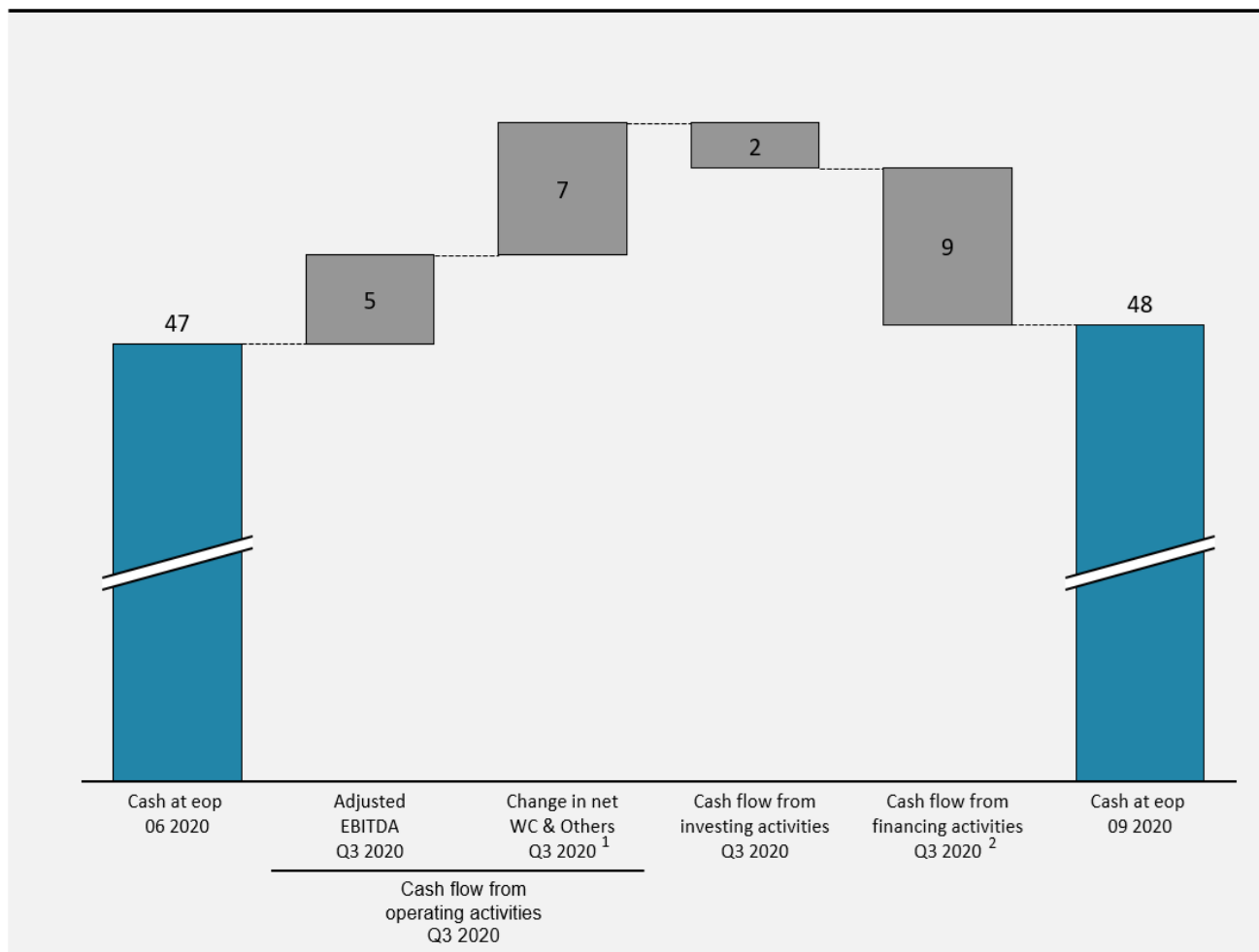


- Another strong quarter with **adj. EBITDA margin of +4%** compared to -9% (Q3 2019) and -19% (Q3 2018).
Reminder: Q1 & Q3 typically less profitable investment quarters.
- Since reaching **core profitability in Q4 2019**, home24 reported EUR 13m adj. EBITDA translating into **+3% adj. EBITDA margin LTM**.
- Both segments with equal development of profitability** (EU and LatAm).

All figures preliminary and unaudited

Cash flow positive quarter for home24 despite repayment of EUR 6m facility in Brazil. Cash flow positive on LTM basis

Cash flow Q3 2020 in EURm



- Favourable trading in last months leads to **further small increase in cash in Q3, despite voluntary repayment of EUR 6m facility** to reduce interest in Brazil.
- **Cash flow positive in LTM, with operating cash improving by EUR 12m in Q3 alone.**
- Cash position broadly stable since Q2 2019, between EUR 43m and EUR 48m.
- We continuously monitor all options to strengthen the cash position, incl. capital measures on the LatAm segment level.

¹ Including e.g. changes in provisions, changes in other assets/liabilities, tax expenses and FX effects
² Adoption of IFRS 16 leads to shift of EUR 2.9m from operating cash flow to financing cash flow
 All figures preliminary and unaudited

3

Outlook & Q&A





- Performance in the **last months of 2020** continues to be closely **linked to** the development of consumer demand and supply chains in the context of the **COVID-19 pandemic**, and therefore fraught with a significant **degree of uncertainty**. Key priority remains the health and safety of our customers, employees, and partners.
- In particular, there is increased **uncertainty** in the **reliability of replenishment lead times**, driven by bottlenecks in production capacities, raw material shortages, and **high utilization rates of logistics and distribution channels** as e-commerce continues to boom in general.
- **Q4 order intake growth with higher momentum than in Q3: constant currency growth in October at +62%** (EU: +67%, LatAm: +46%) **and also start into November above +60%**. Q4 growth reflects a renewed boost in customer demand for online Home & Living especially in Europe, in addition to higher marketing investment.
- Considering the above, home24 is **upgrading its guidance for revenue growth** at constant currency in 2020 **to the range of 38% to 42%** (previously: 25% to 35%).
- The positive order intake will translate into increased profitability, albeit with uncertainty regarding realisation. Accordingly, home24 is **raising the guidance for the adjusted EBITDA margin to 2% to 4%** (previously 1% to 3%).

home24 remains uniquely positioned to exploit the vast Home & Living opportunity, even more than before the COVID pandemic



Market

Huge market opportunity characterized by **low online penetration** with **huge catch-up potential**, accelerated by **consumer behaviour** during the **COVID pandemic**

Value chain

Scalable and automated value chain that delivers **sustainable scale effects**



Customer value proposition

Best value offering and **most relevant selection** brought to life in a **customer centric go-to-market approach**

Data & Technology

Pioneering technologies improve shopping experience and empower **data-driven decisions**



Q&A

Financial calendar – upcoming events

Date	Event
November 12th	Berenberg Madrid Seminar Virtual
November 17 th	Berenberg West Coast Consumer & E-Commerce Conference Virtual
November 30th	Berenberg European Conference Virtual
February 09 th	Trading Update FY 2020
March 31st	Publication Annual Financial Report 2020

Continuous further improvements in unit economics combined with further leveraging of overheads drive profitability

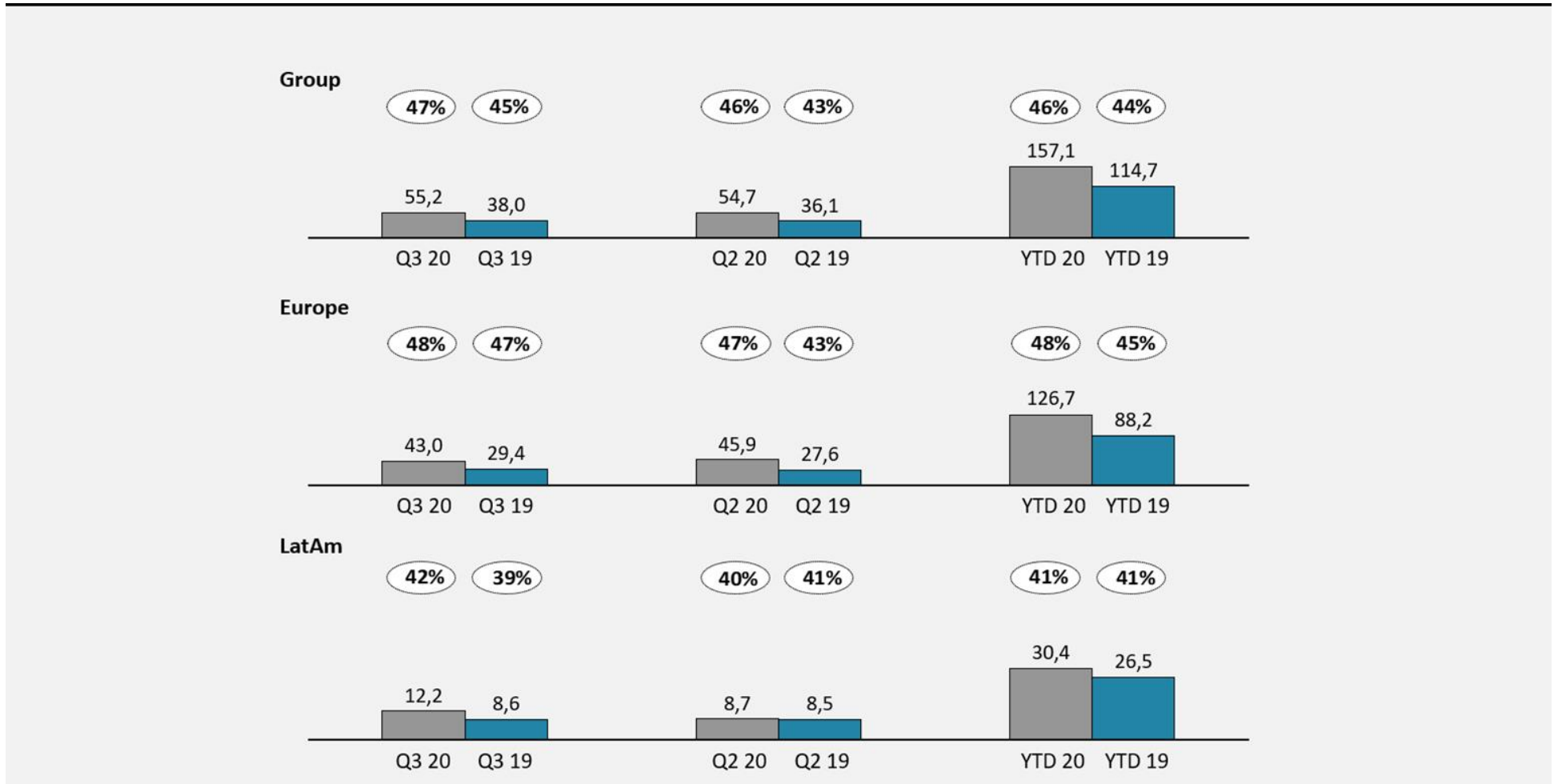
Profit and loss statement - Group, in EURm and in % of Revenue

	ACT Q3-20	ACT Q3-19	ACT Q2-20	ACT Q2-19	ACT YTD-20	ACT YTD-19
Revenue	117.8	84.5	119.1	84.8	339.5	262.5
Revenue growth CC	54%	20%	49%	28%	38%	19%
Cost of sales	62.6	46.5	64.4	48.7	182.4	147.8
Gross profit	55.2	38.0	54.7	36.1	157.1	114.7
Gross profit margin	47%	45%	46%	43%	46%	44%
Fulfillment expenses ¹	20.6	16.5	20.8	16.9	59.8	52.8
Fulfillment expenses ratio	18%	20%	17%	20%	18%	20%
Profit contribution	34.5	21.5	33.9	19.2	97.3	61.9
Profit contribution margin	29%	25%	28%	23%	29%	24%
Marketing expenses	16.8	15.3	12.5	12.4	48.2	49.0
Marketing expenses ratio	14%	18%	10%	15%	14%	19%
G&A	12.9	13.5	12.3	15.3	38.5	43.6
G&A ratio	11%	16%	10%	18%	11%	17%
Adjusted EBITDA	4.9	-7.3	9.2	-8.6	10.6	-30.8
Adjusted EBITDA margin	4%	-9%	8%	-10%	3%	-12%

¹Including impairment losses on financial assets
All figures preliminary and unaudited

Gross profit margin

In EURm and in % of Revenue



Profit contribution margin

In EURm and in % of Revenue



Adjusted EBITDA reconciliation



In EURm

Group	Q3 2020	Q2 2020	YTD 2020
External revenue	117,8	119,1	339,5
Adjusted EBITDA	4,9	9,2	10,6
Share based compensation expenses	0,7	0,7	2,1
EBITDA	4,2	8,5	8,5
Amortization & Depreciation of PP&E and right-of-use assets	5,5	5,6	16,8
EBIT	-1,3	2,9	-8,4
Europe	Q3 2020	Q2 2020	YTD 2020
External revenue	88,9	97,5	265,4
Adjusted EBITDA	2,8	8,9	8,4
Share based compensation expenses	0,6	0,5	1,7
EBITDA	2,2	8,3	6,7
Amortization & Depreciation of PP&E and right-of-use assets	4,4	4,6	13,5
EBIT	-2,2	3,7	-6,8
LatAm	Q3 2020	Q2 2020	YTD 2020
External revenue	29,0	21,6	74,1
Adjusted EBITDA	2,1	0,3	2,2
Share based compensation expenses	0,1	0,1	0,4
EBITDA	2,0	0,1	1,8
Amortization & Depreciation of PP&E and right-of-use assets	1,1	1,0	3,3
EBIT	0,9	-0,9	-1,5

All figures preliminary and unaudited.

KPI definitions

KPI	Definition
Gross order value [in EUR]	Defined as the aggregated gross order value of the orders placed in the respective period, including VAT and without factoring in cancellations and returns as well as subsequent discounts and vouchers
Number of active customers [#]	Defined as the number of customers that have placed at least one non-canceled order in the 12 months prior to the respective date, without factoring in returns
Total gross orders	Defined as the number of orders placed in the relevant period, regardless of cancellations or returns
Average order value [in EUR]	Defined as the aggregated gross order value of the orders placed in the respective period, including VAT, divided by the number of orders, without factoring in cancellations and returns as well as subsequent discounts and vouchers
Growth at constant currency (CC)	Defined as growth using constant BRL/EUR exchange rates from the previous year
Adjusted EBITDA [in EUR]	EBITDA defined as the sum of operating result (EBIT) and depreciation and amortization. Adjusted for share-based compensation expenses and costs incurred in connection with the listing of existing shares and other one-off expenses, mainly service fees for legal and other consulting services associated with the IPO

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