home24

HALF-YEAR REPORT 2018

H1

JANUARY 1, 2018 –
JUNE 30, 2018

AT A GLANCE

H1 2018

Key figures

Non-financial KPIs	Unit	H1 2018	H1 2017	Change
Number of orders	in k	843	700	20%
Average order value	in EUR	271	287	–6%
Number of visits	in k	86,429	74,313	16%
Mobile visit share	in %	61%	57%	4pp
Number of active customers	in k	1,163	966	20%
		06/30/18	12/31/17	Change
Employees	number	1,282	1,279	3

Financial KPIs	Unit	H1 2018	H1 2017	Change
Revenue	in EURm	151.2	132.5	14%
Gross profit margin	in %	44%	44%	0pp
Profit contribution margin	in %	25%	26%	–1pp
Adjusted EBITDA margin	in %	–9%	–9%	0pp
Earnings per share	in EUR	–1.70	–1.29	–32%
Cash flow from operating activities	in EURm	–19.7	–26.7	26%
Cash flow from investing activities	in EURm	–9.8	–7.4	–32%
Cash flow from financing activities	in EURm	143.0	20.6	594%
		06/30/18	12/31/17	Change
Cash and cash equivalents at the end of the period	in EURm	133.3	20.4	553%

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home24

ABOUT US

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 1.2m 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.

INTERIM GROUP MANAGEMENT REPORT

for the six months ended June 30, 2018

1. GENERAL INFORMATION

1.1 Business Model

home24 considers itself the pure-play market leader and go-to destination for home & living online shopping in continental Europe, where it operates in seven countries predominantly under the "home24" brand, and in Brazil, where the Group operates under the "Mobly" brand. The strong market position is evidenced by approximately 1.2m active customers (as of June 30, 2018), and approximately 0.8m orders in the first six month of 2018, with an average order value of EUR 271.

To satisfy different tastes, styles and budgets, home24 has built one of the largest and most relevant online offerings with over 100,000 SKUs of home & living products, including broad assortments of large furniture items (e.g., living & dining furniture, upholstery and bedroom furniture) as well as small furniture items (e.g., lighting products and accessories).

The products are marketed on the home24 platform, which comprises two distinct business models:

- Third-party and white label products: a broad selection of home & living products marketed under third party and white label brands, which the Group generally do not keep in stock; and
- Private label products: bestsellers marketed under own private labels, which the Group sources at highly competitive prices directly from selected manufacturers and other suppliers and often kept in stock

The broad selection of products marketed under third-party and white label brands allows home24 to offer its customers a wide range of relevant mass market products, which is crucial to satisfy the diverse customer base in markets where brands for individual products are of little importance and variety is key, without taking on inventory risk or tying up net working capital, while also providing home24 with essential data on customer preferences and behavior. By marketing bestsellers under the own private labels, home24 can leverage its in-depth knowledge of customers' preferences to minimize inventory risk, improve its gross profit margins and offer the bestsellers at attractive prices and with relatively short delivery times.

1.2 Group Structure

The consolidated financial statements of home24 SE (the "Company") and its subsidiaries (collectively referred to as "home24" or the "Group") are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The principle business activity of the Group is online retail, focusing on the marketing, fulfillment and sale of home & living products in continental Europe and Brazil.

1.3 Strategy and Objectives

The home & living industry appears particularly attractive to a disruptive online offering given that it is still characterized by a high degree of fragmentation, both with respect to suppliers and retailers. Given that there is no dominant online or offline player, customers have little regard for brands, focusing instead on quality and pricing of individual products as well as the effectiveness and convenience of the respective retailer's platform. In addition, the fragmented supply base provides significant bargaining power to any market participant that can achieve a critical size. Furthermore, the online home & living industry benefits from other positive characteristics such as higher average order values and low return rates compared to many other e-commerce verticals.

Through a state of the art, scalable IT platform, including websites, native apps, and also advanced big data tools based on proprietary software, home24 tailors its marketing efforts and continuously updates and improves its product offerings. This allows customers to find and buy their favorite products via all common devices even if they enter generic search terms. The customer's positive experience rests on best value for money products, high-quality customer service and free deliveries and returns within Europe, among other qualities. The Group's processes are dedicated to seamless procurement, storage, packaging, delivery, payment process, through to customer service. Delivery is handled by reliable third-party carriers. In Brazil, home24 has successfully built up own regional delivery networks using third-party carriers.

home24 offers its customers four key value propositions:

Choice: home24 wants to offer customers an unparalleled large and relevant selection of home&living products that fit their unique homes. Therefore, the broad product offering is constantly updated. As a mass market player, the Group focuses on product categories and price levels that are most relevant to a majority of potential customers.

Convenience: home24 seeks to make the home & living shopping as convenient as possible, allowing customers to access the Group's websites and apps from wherever they are and whatever they want. Adding to the high degree of convenience are the Group's comparably short delivery times and high reliability, free delivery and return policies in Europe, engaged customer service and the option to choose the delivery window for product delivery via two-man handling.

Value for Money: home24 aims to offer its customers attractive priced products. To this end, home24 leverages its direct contacts to manufacturers and other suppliers to negotiate attractive discounts and partially pass these on to its customers. home24 is so confident of the attractiveness of its prices that the Group offers its customers in Europe a best price guarantee.

Shopping Experience: home24 seeks to offer a superior shopping experience, reflecting the fact that shopping for home & living products are shopped for based on visuals. To this end, the Group operates seven showrooms in key metropolitan areas in Germany and Austria and constantly invests in premier, high-quality and personalized content on its websites and apps, inspiring the customers and helping them find products and designs they like best.

2. MARKET DEVELOPMENT

The home & living segment is one of the largest consumer markets. Market volumes in the markets where home24 is active, Germany, France, Austria, the Netherlands, Switzerland, Belgium, Italy and Brazil, was at EUR 117.2bn in 2017 (source: Euromonitor). The online share of home & living in home24's target markets is at only 5% comparably low to other sectors such as consumer electronics, household appliances and clothes (source: Euromonitor).

home24 expects that these characteristics signify significant catch-up potential, driven by the fact that favorable demographic developments will further accelerate the shift from offline to online in the home & living market. Between 2007 and 2017, the share of Europeans between the ages of 25 and 64 years who purchased products online increased from 35% to 63% (source: Eurostat), driven by millennials with a high affinity for online shopping coming of age and beginning to spend their increasing income on online purchases.

The unusually warm, dry and sunny weather from April to August 2018 including regional records (Source: German Weather Service) led to noticeably lower demand in continental Europe, and especially in Germany, for the whole furniture market. Despite this development, the Group does not yet see any indications that the size of the online furniture market and the offline to online shift changed significantly compared to 2017. home24 assesses the market potential based on the data available in 2017.

3. ECONOMIC DEVELOPMENT

3.1 Financial Performance of the Group

Simplified Income Statement

in EURm	H1 2018	H1 2017	Change	Change in %
Revenue	151.2	132.5	18.7	14%
Cost of sales	–84.9	–74.6	–10.3	14%
Gross profit	**66.3**	**57.9**	**8.5**	**15%**
Gross profit margin	**44%**	**44%**	**0pp**	
Selling and distribution costs	–74.5	–60.0	–14.5	24%
Administrative expenses	–22.4	–19.9	–2.5	13%
Other operating income	0.7	0.6	0.1	17%
Other operating expenses	–0.5	–0.3	–0.2	67%
Operating result (EBIT)	**–30.4**	**–21.7**	**–8.6**	**40%**

Revenue

In the first half of 2018, Group revenue came in at EUR 151.2m, up 14% y-o-y. Adjusted for foreign currency effects revenue grew 19% y-o-y. All categories and both segments contributed to the revenue growth, which reflects the positive customer response to their shopping experience. The acceleration in revenue growth is primarily due to a rising number of active customers and an increasing number of orders placed, partly offset by a slightly declining average order value of –2% at constant currency during the reporting period. As of June 30, 2018, home24 had a total of 1.2m active customers, compared to 1.0m as of June 30, 2017. The number of orders placed during the first six months of 2018 increased by 20% to 0.8m compared to the prior-year period. In the second quarter of 2018, Group revenue rose to EUR 66.7m, up 3% y-o-y. Adjusted for foreign currency effects revenue grew by 8%. Exceptionally warm weather from April to June 2018 led to a noticeable lower demand for furniture in continental Europe. Additionally, the number of open customer orders increased end of Q2 2018 compared to end of Q2 2017.

Cost of Sales

Cost of sales consists of the purchase price of consumer products and inbound shipping charges. In the first six months of 2018, cost of sales increased by 14% from EUR 74.6m to EUR 84.9m. The increase is in line with the growth in revenue. Revenue less cost of sales result in gross profit. In the first half of 2018, the Group posted a gross profit of EUR 66.3m, which was up by 15% from EUR 57.8m in the first half of 2017. The gross profit margin remained stable at 44% compared to prior-year period. The share of gross profit contributed by large furniture categories such as bedroom, living and dining, and upholstery stabilized at around 90% in the first half of 2018.

Selling and Distribution Costs

In the first six months of 2018, selling and distribution costs amounted to EUR 74.5m, up by 24% compared to EUR 60.0m in the corresponding period in 2017, primarily due to higher marketing expenses.

Selling and distribution costs comprise the following:

in EURm	H1 2018	H1 2017	Change	Change in %
Fulfillment expenses	–28.7	–23.2	–5.5	24%
Marketing expenses	–29.5	–21.9	–7.6	35%
Other selling and distribution costs	–16.3	–14.9	–1.4	9%
Total selling and distribution costs	**–74.5**	**–60.0**	**–14.5**	**24%**
as % of revenue				
Fulfillment expenses ratio	19%	18%	1pp	
Marketing expenses ratio	20%	17%	3pp	

Fulfillment Expenses

Fulfillment expenses consist of expenses from distribution, handling and packaging, warehouse employee benefits, warehouse freelancers, payment and bad debt. Fulfillment expenses rose by 24% from EUR 23.2m in the first six months of 2017 to EUR 28.7m in the first six months of 2018. This implies an increase in fulfillment expenses ratio as percentage of revenue from 18% by 1 percentage point to 19%, caused primarily by a temporarily necessary parallel operation of two ERP systems.

Marketing Expenses

Marketing expenses include performance marketing and above-the-line marketing expenses excluding share-based compensation marketing expenses. After the first six months of 2017, during which the Group invested in the platform for growth, the Group accelerated to invest in online marketing activities and started TV campaigns to strengthen its market position in key markets. In Q2 2018, marketing efficiency was impacted by an external demand shock as a result of the hot weather period and slower processing speed of open orders. In the first half of 2018, marketing expenses therefore increased from EUR 21.9m to EUR 29.5m and marketing expenses ratio as percentage of revenue from 17% to 20% y-o-y.

Other Selling and Distribution Costs

Other selling and distribution costs contain rent or depreciation of right-of-use-assets for leased warehouses and showrooms, marketing share-based compensation expenses, other logistics and marketing expenses, employee benefits and freelancer expenses for central fulfillment and marketing activities including customer service, miscellaneous expenses and other depreciation. In the first half of 2018, other selling and distribution costs increased from 14.9m to 16.3m, mainly driven by marketing share-based expenses for TV campaigns.

Administrative Expenses

Administrative expenses are composed of overhead expenses including employee benefit expenses and employee and management share-based compensation expenses, depreciation and amortization, IT and other overhead costs, as well as costs related to the IPO. In the first six months of 2018, administrative expenses increased by EUR 2.5m, or 13%, to EUR 22.4m compared to EUR 19.9m in the first six months of 2017. The administrative expenses were mainly impacted by higher IT costs and one-off effects related to the IPO in June 2018.

Other Non-GAAP Key Financial Information

in EURm	H1 2018	H1 2017	Change	Change in %
Profit contribution	37.6	34.7	2.9	8%
Profit contribution margin	**25%**	**26%**	**–1pp**	
Adjusted EBITDA	–13.9	–11.9	–2.0	17%
Adjusted EBITDA margin	**–9%**	**–9%**	**0pp**	

Profit Contribution

Profit contribution contains gross profit and fulfillment costs. In the first half of 2018, the Group earned a profit contribution of EUR 37.6m, which was up by 8% from EUR 34.7m in the first six months of 2017. The slight decrease in profit contribution margin from 26% in the prior-year period to 25% was primarily caused by additional warehouse personnel expenses during a temporarily necessary parallel operation of two ERP systems.

Adjusted EBITDA

home24 measures profitability also based on adjusted EBITDA in order to assess the operating performance of the business. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted amounts include share-based compensation expenses for employees and the receipt of media services of EUR 5.8m, as well as incurred costs in connection with the listing of already existing shares and other one-off expenses, mainly service fees for legal and other professional advisers associated with the IPO, in the amount of EUR 1.3m.

In the first two quarters of 2018, the adjusted EBITDA margin of –9% was on par with the corresponding period in 2017. Negative adjusted EBITDA increased from EUR 11.9m to EUR 13.9m, mainly due to higher marketing expenses. The early application of IFRS 16 “Leases” as of January 1, 2018, had a positive impact of EUR 3.7m on adjusted EBITDA. In the second quarter of 2018, the adjusted EBITDA margin of –13% (Q2 2017: –7%) results from an over proportional investment in current and future increasing customer demand and processing open orders temporarily in two ERP systems.

Overall, the Group’s operating result (EBIT) decreased compared to the prior-year period from EUR –21.8m to EUR –30.4m, primarily due to the increase in marketing and fulfillment expenses.

home24’s headcount increased slightly from 1.279 employees as of December 31, 2017, to 1.282 employees as of June 30, 2018.

3.2 Financial Performance of the Segments

Revenue

In the first half of 2018, revenue in the Europe segment amounted to EUR 118.5m, up 12% y-o-y, representing 78% of Group revenue. Despite the unusually warm weather from April to June, which led to noticeably lower demand in continental Europe, and especially in Germany, home24 increased its amount of active customers and the number of orders compared to the corresponding period in 2017.

In the first half of 2018, revenue in the LatAm segment totaled EUR 32.7m, up 21% y-o-y, representing 22% of Group revenue. Adjusted for foreign currency effects revenue grew significantly 46% y-o-y. The 13% decrease in average order value was overcompensated by the 15% increase in the number of active customers and the 18% rise in the number of orders. Adjusted for foreign currency effects, average order value went up by 4%. The LatAm segment has improved its cancellation rate and taken advantage of regional indirect tax incentives, increasing revenues in the first six months of 2018.

Adjusted EBITDA

The Europe segment generated negative adjusted EBITDA of EUR 14.3m after EUR 10.3m in the prior-year period (EUR–4.0m). Adjusted EBITDA margin came in at–12% compared to–10% in the prior-year period. The main drivers for this development were the additional investments in increasing sales and fulfillment infrastructure to continuously accelerate the growth and to scale the business processes and platform. The early application of IFRS 16 “Leases” as of January 1, 2018, had a positive impact of EUR 3.2m on adjusted EBITDA.

As the first region, the LatAm segment reached a positive adjusted EBITDA of EUR 0.4m after EUR –1.6m in the prior-year period (EUR +2.0m). Adjusted EBITDA margin came in at 1% compared to –6% y-o-y. The early application of IFRS 16 “Leases” as of January 1, 2018, had a positive impact of EUR 0.5m on adjusted EBITDA.

Non-financial Performance Indicators

Europe		H1 2018	H1 2017	Change
Number of orders	in k	537	441	22%
Average order value	in EUR	341	356	−4%
Number of visits	in k	56,104	46,626	20%
Number of mobile visits in relation to number of visits	in %	63%	56%	7pp
Number of active customers	in k	729	587	24%

LatAm		H1 2018	H1 2017	Change
Number of orders	in k	306	259	18%
Average order value	in EUR	149	171	−13%
Number of visits	in k	30,326	27,687	10%
Number of mobile visits in relation to number of visits	in %	57%	58%	−1pp
Number of active customers	in k	434	379	15%

3.3. Cash Flows

in EURm	H1 2018	H1 2017	Change	Change in %
Cash flow from operating activities	−19.7	−26.7	7.0	26%
Cash flow from investing activities	−9.8	−7.4	−2.4	−32%
Cash flow from financing activities	143.0	20.6	122.4	594%
Change in cash and cash equivalents	**113.5**	**−13.4**	**126.9**	**>100%**
Cash and cash equivalents at the beginning of the period	19.9	34.0	−14.1	−41%
Effect of exchange rate changes on cash and cash equivalents	−0.1	−0.1	0.0	0%
Cash and cash equivalents at the end of the period	**133.3**	**20.4**	**112.9**	**553%**

In the first six months of 2018, home24 generated a negative cash flow from operating activities of EUR 19.7m compared to EUR 26.7m in the prior-year period. In the prior-year period, the cash flow from operating activities was negatively impacted by an increase in net working capital and the loss from operating activities. In the first half of 2018, improved working capital management and the extended top-line growth led to an improved operating cash flow y-o-y, although due to the operating loss cash flow from operating activities is still negative. In the reporting period, payments from the redemption of leasing obligations totaling EUR 3.9m were no longer disclosed in cash flow from operating activities but in cash flow from financing activities due to the early adoption of IFRS 16 “Leases.”

In the first six months of 2018, home24 invested EUR 7.0m in intangible assets, EUR 2.1m in restricted cash and non-current deposits, and EUR 0.7m in property and equipment. Cash outflows from investing activities continued to relate first and foremost to investments in internally developed software as well as to payments for the acquisition of a new ERP system. The Group plans to continue investing in the IT infrastructure in the coming financial years to ensure the scalability of the systems and to continuously optimize processes. The investment in restricted cash and non-current deposits reflects mainly a cash deposit for the contracted warehouse in Halle (Saale).

The cash flow from financing activities of EUR 143.0m was primarily effected by the IPO. Within the IPO, 6,521,740 newly issued bearer shares were offered with an offering price of EUR 23.00 per offer share, leading to EUR 150.0m in gross cash proceeds (prior to the exercise of the "greenshoe option"). The first day of trading was June 15, 2018. The cash proceeds were reduced by transaction costs related to newly issued shares in the IPO of EUR 2.4m. In addition, in the reporting period, drawings on some of the overdraft facilities in the Group led to a total cash inflow of EUR 4.2m; EUR 4.5m of the overdraft facilities were repaid in the same period. Furthermore, after the IPO, the amount of EUR 7.5m from the shareholder loan, which was drawn for a short period in the second quarter, was repaid. Payments from the redemption of leasing liabilities (EUR 3.9m) were disclosed in cash flow from operating activities prior to the application of IFRS 16 "Leases."

In total, the Group's cash and cash equivalents grew by EUR 113.4m in the first six months of 2018 and came to EUR 133.3m as of the reporting date.

In the reporting period, the revolving loan facility with Deutsche Kontor Privatbank AG (Deutsche Handelsbank) was increased from EUR 3.0m to EUR 4.0m. As of the reporting date, the revolving loan facility was not drawn. The credit line of BRL 6.0m of the Brazilian subsidiary Mobly Comercio Varejista Ltda. with Itau Unibanco S.A. is prolonged on a monthly basis, and the line was drawn in full as of the reporting date. The financing agreement with shareholders, which allowed the Company to draw on amounts of up to EUR 20m, was terminated after the IPO.

Taking into account the liquidity situation of home24, the Management Board is of the opinion that this secures home24's solvency and the ongoing financing of home24's growth plans. These condensed consolidated interim financial statements have therefore been prepared under the going concern assumption.

3.4. Financial Position

in EURm	June 30, 2018	December 31, 2017	Change	Change in %
Assets				
Non-current assets	93.3	56.6	36.7	65%
Current assets	178.9	64.5	114.4	177%
Total assets	**272.2**	**121.1**	**151.1**	**125%**

The assets of the Group changed compared to December 31, 2017, primarily because of the following items:

Intangible assets rose in the first six months of 2018 from EUR 43.5m to EUR 46.2m. Additions totaling EUR 7.9m, primarily for internally generated and acquired software products, were offset by amortization of EUR 4.8m.

Due to the early adoption of IFRS 16 "Leases", the Group recognized right-of-use-assets for the right granted to use the leased asset during the lease term. As of June 30, 2018, the right-of-use-assets amounted to EUR 32.3m.

As of June 30, 2018, non-current financial assets increased by EUR 2.2m from EUR 5.0m to EUR 7.2m mainly due to a cash deposit for the contracted warehouse in Halle (Saale).

Inventory stock grew by EUR 3.2m to EUR 30.0m in the reporting period due to lower sales than originally expected, primarily in the second quarter of the year.

The EUR 1.5m decline in advance payments for inventories to EUR 1.3m corresponds primarily to the seasonally lower amount of orders for inventories at the end of the second quarter.

Cash and cash equivalents grew by EUR 113.4m to EUR 133.3m. Changes in cash and cash equivalents are discussed under section 3.3.

in EURm	June 30, 2018	December 31, 2017	Change	Change in %
Equity and liabilities				
Equity	164.4	47.3	117.1	248%
Non-current liabilities	28.9	3.9	25.0	641%
Current liabilities	78.9	69.9	9.0	13%
Total equity and liabilities	**272.2**	**121.1**	**151.1**	**125%**

Equity and liabilities of the Group changed compared to December 31, 2017, primarily because of the following items:

Total equity increased by EUR 117.1m to EUR 164.4m, mainly due to the capital increase and share premium received in the course of the IPO. The IPO proceeds were partly offset by the loss of the period.

Due to the early adoption of IFRS 16 “Leases”, the Group recognized a liability for the obligations to make lease payments to the lessor during the lease term. Accordingly, non-current lease liabilities increased by EUR 25.5m, and current lease liabilities grew by EUR 7.4m as of June 30, 2018.

Other non-current non-financial liabilities decreased by EUR 0.9m to EUR 0.3m due to the netting of deferred rent subsidies with the right-of-use-assets as required by IFRS 16.

Trade payables increased by EUR 7.2m to EUR 49.5m, primarily due to higher outstanding invoices for project costs and a reclassification of liabilities from cash-settled exit participation for media services from other non-financial liabilities after the IPO.

Advance payments received resulted from contracts with customers that were concluded with the “prepayment” option. They fell by EUR 3.7m to EUR 10.5m, as they correspond to the seasonally lower sales in the second quarter of the year.

Other current non-financial liabilities declined from EUR 5.9m to EUR 3.5m at the end of the reporting period. The reduction of EUR 2.4m was associated with a reclassification of liabilities from cash-settled exit participation for media services to trade payables.

In total, balance sheet total increased by EUR 151.1m from EUR 121.1m to EUR 272.2m.

3.5. Overall Assessment

Following investments in the platform, the Group continued to grow revenue in the first six months of 2018. Highly attractive profit contribution margins based on the strength of its private label business are key driver of home24’s ability to invest profitably in sustainable sales growth. The Company successfully implemented a highly scalable fulfillment software for upcoming growth and further automation. Since mid-April 2018, new orders are exclusively processed in new system.

While revenue in the first quarter of 2018 grew as expected, the exceptionally hot and dry weather in the second quarter of the year, especially in the key market Germany, caused a decline of demand in the market for large furniture, the core business of home24. In addition to the challenges posed by the hot temperatures in continental Europe, the number of open customer orders increased end of Q2 2018 compared to end of Q2 2017. This was caused by the temporarily necessary parallel operation of two ERP systems.

In this difficult market environment, home24 is still in a position to significantly outperform the market. Given the growth of revenue and a simultaneous stable adjusted EBITDA margin, the economic development in the first six months of 2018 remained good.

4. HOME24 SHARE

Since June 15, 2018, the shares in home24 SE have been traded in the Prime Standard segment of the Frankfurt Stock Exchange. The first market price on June 15, 2018, was EUR 28.50 and thus higher than the issue price of EUR 23.00. The share closed the first day in the Xetra system at EUR 29.40.

IPO data

First trading day	June 15, 2018
First price	EUR 28.50
Offering price	EUR 23.00
Offering period	June 4, 2018 – June 13, 2018
Price range	EUR 19.50 – EUR 24.50
Consortium	Joint Global Coordinators **Berenberg** – Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany **Citigroup** – Citigroup Global Markets Limited, London, United Kingdom **Goldman Sachs International** – Goldman Sachs International, London, United Kingdom
Placement volume excluding greenshoe	EUR 150,000,020
Placement volume (shares) excluding greenshoe	6,521,740
Placement volume greenshoe*	EUR 22,500,003
Available greenshoe (shares)	978,261
Exercised greenshoe (shares)*	978,261
Placement volume including greenshoe	EUR 172,500,023
Capital increase (shares)*	7,500,001
Free float	28.9%

* according to capital increase as of July 10, 2018, i.e. after the closing date June 30, 2018

Key share figures

Stock exchange code	H24
WKN	A14KEB
ISIN	DE000A14KEB5
Exchange	Frankfurter Wertpapierbörse (Frankfurt Stock Exchange)
Market segment	Regulated Market (Prime Standard)
Number of shares*	25,976,757
Share capital*	EUR 25,976,757
Type of share	Bearer shares

* according to capital increase as of July 10, 2018, i.e. after the closing date June 30, 2018

5. FUTURE DEVELOPMENT/OUTLOOK

According to the most recent forecast (July 2018) of the European Commission, the gross domestic product in the EU economies is expected to grow 2.1% in 2018. This is a result of a solid and improving labor market in the European Union and a pick-up in global economic activity and trade. In addition, strong demand, high capacity utilization and favorable financing conditions will boost investments. Downside risks relate to the uncertain outcome of the Brexit negotiations, a rising oil price and growing trade tensions with the US, as well as political tensions among EU members and economic challenges within EU member states such as Italy that threaten the stability of the euro system. The gross domestic product for Brazil is expected to grow 1.6% in 2018, according to the latest forecast (June 2018) of the Brazilian central bank.

The home & living sector is one of the most important mass markets for consumers. Mid-term the Group expects market volume in the relevant markets to remain stable. The low online penetration in the home & living market signifies significant catch-up potential, evidenced by the fact that online penetration in home24's target markets is forecast to grow at a CAGR of 15% between 2017 and 2021 (source: KPMG).

The Group will continue to consistently pursue its strategy for growth. Sustainable growth will be the focus of the current financial year, so as to take advantage of economies of scale and build on the Group's competitive position. Due to further investments in growth, absolute profitability will decrease in 2018 compared to the previous year.

Results in the third quarter 2018 are still affected by the lower market demand period until August and the introduction of the new ERP system. home24 confirms its target to grow its revenues at circa twice expected online market growth, both for the full year 2018 and the medium term. The full year 2018 revenue growth significantly depends on the lower demand period being compensated in the period September to December, but may be below previous expectations.

In addition, the Group confirms its medium-term earnings guidance to break even on an adjusted EBITDA basis by the end of 2019, as announced in the context of the IPO.

Furthermore, home24 plans to continue investing in its IT infrastructure and operative business processes.

In terms of the non-financial performance indicators, the Management Board expects the number of visits, number of orders and number of active customers to increase further in the upcoming periods. The average order value and the mobile visit share are not expected to change significantly in the short-term.

6. RISK AND OPPORTUNITY REPORT

Compared to December 31, 2017, the Group's liquidity position has improved significantly as a result of the IPO of home24 SE on June 15, 2018. The risk and opportunity profile did not change significantly in the reporting period compared to the disclosures in the 2017 Group management report. The overall assessment of the Group did still not show any threats to the going concern of the home24 Group due either to individual risks or aggregate risk exposure.

Berlin, September 11, 2018

Dr. Philipp Kreibohm

Marc Appelhoff

Christoph Cordes

Johannes Schaback

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended June 30, 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EURm	Notes	H1 2018	H1 2017	Q2 2018	Q2 2017
Revenue	(8.)	151.2	132.5	66.7	64.9
Cost of sales		–84.9	–74.6	–38.3	–37.0
Gross profit		**66.3**	**57.8**	**28.4**	**28.0**
Selling and distribution costs		–74.5	–60.0	–34.9	–27.7
thereof net impairment losses on financial assets H1 2018: EUR –0.4m (prior year: EUR –0.1m); Q2 2018: EUR –0.2m (prior year: EUR +0.2m)					
Administrative expenses		–22.4	–19.9	–11.2	–10.8
Other operating income		0.7	0.6	0.4	0.4
Other operating expenses		–0.5	–0.3	–0.2	–0.2
Operating result (EBIT)		**–30.4**	**–21.8**	**–17.5**	**–10.3**
Finance income		0.4	0.3	0.2	0.1
Finance costs		–2.5	–1.9	–1.2	–0.9
Finance costs – net		–2.1	–1.5	–1.0	–0.8
Earnings before taxes		**–32.5**	**–23.3**	**–18.5**	**–11.1**
Income taxes		–0.1	0.0	–0.3	–0.1
Loss for the period		**–32.6**	**–23.3**	**–18.8**	**–11.2**
Loss attributable to:					
Owners of the parent company		–32.2	–22.6	–18.5	–10.9
Non-controlling interests		–0.4	–0.7	–0.3	–0.3
		–32.6	**–23.3**	**–18.8**	**–11.2**
Earnings per share (in EUR); undiluted (= diluted)		–1.70	–1.29	–0.95	–0.61
Average number of shares in circulation (in m); undiluted (= diluted)*		19.6	17.6	19.5	17.7

* The average number of shares for all periods has been calculated by taking into account the share split registered in May 2018.

Other comprehensive income					
Items that may subsequently be reclassified to profit or loss:					
Exchange differences on translation of foreign financial statements		0.7	0.3	0.5	0.4
Other comprehensive income/loss for the period, net of tax		**0.7**	**0.3**	**0.5**	**0.4**
Total comprehensive loss for the period		**–31.9**	**–23.0**	**–18.3**	**–10.8**
Loss attributable to:					
Owners of the parent company		–31.6	–22.4	–18.1	–10.6
Non-controlling interests		–0.3	–0.6	–0.2	–0.3
		–31.9	**–23.0**	**–18.3**	**–10.8**

CONSOLIDATED BALANCE SHEET

in EURm	Notes	June 30, 2018	December 31, 2017
Non-current assets			
Property and equipment		7.4	8.1
Intangible assets	(4.)	46.2	43.5
Right-of-use assets	(5.)	32.3	0.0
Financial assets		7.2	5.0
Other non-financial assets		0.2	0.0
Total non-current assets		**93.3**	**56.6**
Current assets			
Inventories		30.0	26.8
Advance payments for inventories		1.3	2.8
Trade receivables		11.2	11.1
Other financial assets		1.0	1.6
Other non-financial assets		2.1	2.3
Cash and cash equivalents		133.3	19.9
Total current assets		**178.9**	**64.5**
Total assets		**272.2**	**121.1**

in EURm	Notes	June 30, 2018	December 31, 2017
Equity	(6.)		
Issued capital		25.0	0.4
Treasury shares		0.0	0.0
Capital reserves		165.9	45.6
Other reserves		–4.8	–5.4
Accumulated profit/loss		–10.0	18.0
Equity attributable to the owners of the parent company		**176.1**	**58.7**
Non-controlling interests		**–11.7**	**–11.4**
Total equity		**164.4**	**47.3**
Non-current liabilities			
Lease liabilities	(7.)	25.5	0.0
Other financial liabilities		0.5	0.5
Other non-financial liabilities		0.3	1.2
Provisions		1.3	0.9
Deferred tax liabilities		1.3	1.3
Total non-current liabilities		**28.9**	**3.9**
Current liabilities			
Borrowings		1.3	1.9
Lease liabilities	(7.)	7.4	0.0
Trade payables		49.5	42.3
Advance payments received		10.5	14.2
Income tax liabilities		0.1	0.1
Other financial liabilities		6.3	4.9
Other non-financial liabilities		3.5	5.9
Provisions		0.3	0.6
Total current liabilities		**78.9**	**69.9**
Total liabilities		**107.8**	**73.9**
Total equity and liabilities		**272.2**	**121.1**

CONSOLIDATED STATEMENT OF CASH FLOW

in EURm	Notes	H1 2018	H1 2017
Cash flow from operating activities			
Earnings before taxes		–32.5	–23.3
Depreciation of property and equipment		0.8	1.0
Amortization of intangible assets		4.8	4.7
Depreciation of right-of-use assets		3.7	0.0
Non-cash expenses from share-based payments		5.8	4.1
Other non-cash income and expenses		0.3	0.0
Change in provisions		–0.2	0.1
Change in working capital			
Change in inventories and advanced payments for inventories		–2.2	–2.8
Change in trade receivables and other receivables		0.1	1.0
Change in trade payables and other payables		3.4	–9.8
Change in advances received		–3.4	–1.7
Change in other assets/liabilities		–0.3	0.2
Income taxes paid, less reimbursements		–0.1	–0.1
Cash flow from operating activities		**–19.7**	**–26.7**
Cash flow from investing activities			
Purchase of property and equipment		–0.7	–0.9
Purchase of intangible assets		–7.0	–6.5
Change in restricted cash and non-current deposits		–2.1	–0.1
Proceeds from government grants		0.0	0.1
Cash flow from investing activities		**–9.8**	**–7.4**
Cash flow from financing activities			
Cash received from capital increase by the shareholders less transaction costs		147.6	20.0
Cash paid to owners and non-controlling interests		–0.4	0.0
Proceeds from borrowings		11.7	2.6
Repayment of debt		–12.0	–2.0
Redemption of leasing liabilities		–3.9	0.0
Cash flow from financing activities		**143.0**	**20.6**
Change in cash and cash equivalents		**113.5**	**–13.4**
Cash and cash equivalents at the beginning of the period		19.9	34.0
Effect of exchange rate changes on cash and cash equivalents		–0.1	–0.1
Cash and cash equivalents at the end of the period	(9.)	**133.3**	**20.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to the owners of the parent company		
in EURm	Notes	Issued capital	Treasury shares	Capital reserves
As of January 1, 2017		**0.4**	**0.0**	**53.0**
Loss for the period				
Other comprehensive income/loss for the period				
Total comprehensive loss for the period		**0.0**	**0.0**	**0.0**
Proceeds from shares issued		0.0		20.0
Effects from the changes in accounting policies recognized directly in equity				
Equity-settled share-based payments				
As of June 30, 2017		**0.4**	**0.0**	**73.0**

		Equity attributable to the owners of the parent company		
in EURm	Notes	Issued capital	Treasury shares	Capital reserves
As of January 1, 2018		**0.4**	**0.0**	**45.6**
Loss for the period				
Other comprehensive income/loss for the period				
Total comprehensive loss for the period		**0.0**	**0.0**	**0.0**
Proceeds from shares issued	(6.)	6.5		143.5
Share split	(6.)	18.0	0.0	–18.0
Share buyback	(6.)		0.0	–0.4
Transaction costs, net of tax	(6.)			–5.3
Equity-settled share-based payments				0.6
As of June 30, 2018		**25.0**	**0.0**	**165.9**

Equity attributable to the owners of the parent company						
Other reserves						
Currency translation reserve	Reserve for changes in accounting policies	Transactions with non-controlling interests	Accumulated profit/loss	Total	Non-controlling interests	Total equity
1.4	**0.0**	**–7.3**	**24.0**	**71.4**	**–10.4**	**61.0**
			–22.6	–22.6	–0.7	–23.3
0.2				0.2	0.1	0.3
0.2	**0.0**	**0.0**	**–22.6**	**–22.4**	**–0.6**	**–23.0**
				20.0		20.0
	0.1			0.1		0.1
			4.1	4.1		4.1
1.5	**0.1**	**–7.3**	**5.4**	**73.1**	**–11.0**	**62.1**

Equity attributable to the owners of the parent company						
Other reserves						
Currency translation reserve	Reserve for changes in accounting policies	Transactions with non-controlling interests	Accumulated profit/loss	Total	Non-controlling interests	Total equity
1.9	**0.1**	**–7.3**	**18.0**	**58.7**	**–11.4**	**47.3**
			–32.2	–32.2	–0.4	–32.6
0.6				0.6	0.1	0.7
0.6	**0.0**	**0.0**	**–32.2**	**–31.7**	**–0.3**	**–31.9**
				150.0		150.0
				0.0		0.0
				–0.4		–0.4
				–5.3		–5.3
			4.2	4.8	0.1	4.8
2.5	**0.1**	**–7.3**	**–10.0**	**176.1**	**–11.7**	**164.4**

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

1. CORPORATE INFORMATION

home24 SE (formerly Home24 AG) is the parent company of the Group with registered office in Berlin, Germany. By resolution of the shareholders' meeting of May 14, 2018, the Company changed its legal form from a stock corporation (Aktiengesellschaft) under German law into a European company (Societas Europaea) and changed its legal name to home24 SE. The change in legal form and legal name was registered in the commercial register on May 16, 2018.

The principal business activity of the Group is in e-commerce, focusing on marketing, sale, and logistics of furniture and home furnishings in Europe and Brazil.

IPO

Shares in home24 SE have been traded on the Frankfurt Stock Exchange (Prime Standard) since June 15, 2018.

The listing was based on an initial public offering of up to 8,846,153 ordinary bearer shares with no par value, each such share with a notional value of EUR 1.00 and with full dividend rights starting on January 1, 2018. The offer comprised up to 7,692,307 newly issued ordinary bearer shares with no par value from the IPO capital increase and up to 1,153,846 ordinary bearer shares with no par value relating to a potential over-allotment.

The shares were offered to investors for purchase in the period from June 4, 2018, to June 13, 2018, in a price range of EUR 19.50 to EUR 24.50. The offer was over-subscribed several times at the upper end of the price range. The offer price was determined on June 13, 2018, at EUR 23.00. At the same time, the specific number of shares to be issued within the scope of the IPO capital increase was set at 6,251,740 and the number of shares available for a potential over-allotment was set at 978,261.

Within the course of the IPO, home24 SE received funds of EUR 147.6m until June 30, 2018 (i.e. before exercise of the greenshoe option), after deduction of transaction costs that are directly offset against equity.

The greenshoe option for an over-allotment of home24 shares granted to the issuing banks was fully exercised, i.e. with respect to 978,261 shares, after the reporting date June 30, 2018.

2. ACCOUNTING PRINCIPLES

Basis of Preparation

The unaudited interim condensed consolidated financial statements as of June 30, 2018, of home24 SE (hereinafter also referred to as the "Company") and its subsidiaries (collectively, the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial reporting, as they apply in the European Union (IAS 34). The terms of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) were also complied with. The interim condensed consolidated financial statements do not include all of the information and disclosures required for consolidated financial statements as of year-end and must therefore be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2017.

The interim condensed consolidated financial statements are presented in euro (EUR). All amounts have been rounded to millions of euros (EURm), unless otherwise indicated. This can result in rounding differences, and the percentages presented may not precisely reflect the figures they refer to.

Changes to Accounting Policies

With the exception of IFRS 16 "Leases" and IFRS 9 "Financial Instruments", the accounting policies and recognition and measurement methods applied in the consolidated financial statements as of December 31, 2017, remain unchanged.

Aside from the explanations below, the first-time application of new accounting standards as of January 1, 2018, did not have a material impact on the interim consolidated financial statements, as was explained in the consolidated financial statements for the year ending December 31, 2017.

IFRS 16 "Leases"

The Company early adopted the new standard IFRS 16 "Leases" in the current financial year. The standard replaces the existing guidelines on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and "SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The differentiation between operating and finance lease agreements, which was previously made by the lessee, does not apply as IFRS 16 takes effect.

The Company adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized directly in equity in other reserves as of January 1, 2018, without any adjustments being made to the comparative figures.

On transition to IFRS 16, the Group elected to apply the practical expedient regarding the definition of a lease and applied IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2018.

According to IFRS 16 “Leases”, the Group assesses at inception of a contract whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset; an asset is typically identified by being explicitly specified in a contract. However, an asset can also be identified by being implicitly specified at the time that the asset is made available for use by the Group. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use;
- the Group has the right to direct the use of the asset. The Group has this right when it has the right to direct how and for what purpose the asset is used throughout the period of use. In cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group has designed the asset in a way that predetermines how and for what purpose it will be used.

At inception of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

If a contract is, or contains, a lease, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or the rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price of a purchase option that the Group is reasonably certain to exercise;
- payments of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset, a change in future lease payments resulting from a change in an index or a rate, or if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., a lease term of twelve months or less) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group leases buildings, mainly for its office space, retail stores (showrooms) and warehouses, as well as vehicles.

On transition to IFRS 16, the Group recognized an additional EUR 34.6m in right-of-use assets, which comprised the lease liability (EUR 35.3m) adjusted for the costs to restore the underlying asset (EUR 0.5m) less any lease incentives (EUR 1.1m).

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 2.0%.

in EURm	12/31/ 2017	Adjust-ment of IFRS 16	1/1/ 2018
Assets			
Property and equipment	8.1	–0.5	7.6
Right-of-use assets	0.0	34.6	34.6
Liabilities*			
Lease liabilities (non-current)	0.0	28.3	28.3
Lease liabilities (current)	0.0	7.0	7.0
Trade payables	42.3	–0.1	42.2
Other financial liabilities (non-current)	1.2	–1.0	0.2
Other financial liabilities (current)	5.9	0.0	5.9

* Disclosure of balance sheet items according the balance sheet structure of June 30, 2018 – refer to section 3

The difference between the operating lease commitments disclosed applying IAS 17 in the reporting period 2017 (EUR 21.2m) and the lease liabilities recognized according to IFRS 16 (EUR 35.3m) is due to renewal options (EUR 15.1m), discounting effects (EUR –2.3m) and other effects (EUR 1.2m), which mainly relate to lease incentives.

The effects from the application of IFRS 16 on consolidated loss for the period and consolidated statement of cash flow in the current financial year are as follows:

in EURm	H1 2018 (IFRS 16 applies)	H1 2018 (IAS 17 applies)	Adjustment effects
Finance costs – net	–2.1	–1.8	–0.3
Loss for the period	–32.6	–32.3	–0.3

in EURm	H1 2018 (IFRS 16 applies)	H1 2018 (IAS 17 applies)	Adjustment effects
Cash flow from operating activities	–19.7	–23.6	3.9
Cash flow from financing activities	143.0	146.9	–3.9

According to IFRS 16, the Group recorded interest expenses for the adjustment of the lease liability (EUR 0.3m) and depreciation expenses for the right-of-use assets (EUR 3.7m) rather than recognizing lease expenses (EUR 3.7m) as previously required by IAS 17. Furthermore, leasing payments (EUR 3.9m) were no longer recognized in cash flow from operating activities but in cash flow from financing activities.

IFRS 9 “Financial Instruments”

The Company applied the new standard IFRS 9 “Financial Instruments” for the first time on January 1, 2018. This standard supersedes the existing guidelines under IAS 39 “Financial Instruments: Recognition and Measurement”.

The transition to the new standard is retrospective, but without any adjustments being made to the comparative figures.

The application of IFRS 9 had no impact on the Group’s accounting and measurement methods in relation to financial liabilities and derivative financial instruments. However, the previous categories for financial assets under IAS 39 – “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables”, and “held to maturity investments” – ceased to apply.

Classification and Measurement
IFRS 9 introduced a standard approach for classifying and measuring financial assets. This is based on contractual cash flow characteristics of the financial asset and the business model for managing the financial asset.

IFRS 9 has the following measurement categories in which financial assets are classified:

- Debt instruments at amortized cost (AC): This category encompasses assets that are held to collect contractual cash flows, whereby the cash flows solely comprise payments of interest and principal on the outstanding capital amount. They are measured at amortized cost under the effective interest rate method. Gains and losses are recognized through profit or loss if the instrument is derecognized or an impairment loss is recognized. As of the reporting date, the Group's non-current financial assets, cash and cash equivalents, trade receivables and other financial assets (with the exception of currency forwards) fall under this category.

- Debt instruments at fair value through other comprehensive income (FVOCI): Assets that are held for both, collecting contractual cash flows and selling financial assets, and whereby the cash flows solely comprise payments of interest and principal on the outstanding capital amount, are measured at fair value through other comprehensive income. Interest income, currency gains/losses from subsequent measurement and impairment losses or reversals of impairment losses are recognized in the income statement. The remaining fair value changes are recognized in other comprehensive income. When the financial asset is derecognized, the accumulated net profits or losses previously recognized in other comprehensive income are reclassified to profit or loss. As of the reporting date, the Group does not hold any financial assets that would be classified within this category.

- Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL): Debt instruments that do not meet the criteria for classification as "at amortized cost" or "FVOCI", derivatives and equity instruments are measured at fair value through profit and loss. Fair value changes to these instruments are recognized through profit or loss. The Group's currency forwards fall under this category.

- Equity instruments designated as measured at FVOCI with gains and losses remaining in other comprehensive income: Equity instruments are usually measured at fair value through profit or loss. However, at initial recognition, a company has the option of recognizing changes in fair values in other comprehensive income. When the instrument is sold, the accumulated profits and losses in other comprehensive income are not reclassified to the income statement, and impairment losses are also not recognized through profit or loss. The Group does not hold any financial assets that would be classified within this category.

The classification of financial assets pursuant to IAS 39 and IFRS 9 is presented as follows:

in EURm	IAS 39 category	Book value 1/1/2018	IFRS 9 category	Book value 1/1/2018
Financial assets*				
Trade receivables	LaR	11.1	AC	11.1
Other financial assets	LaR	6.6	AC	6.6
Derivatives	FVTPL	0.0	FVTPL	0.0
Cash and cash equivalents	LaR	19.9	AC	19.9
Financial liabilities*				
Trade payables	FLAC	42.3	FLAC	42.3
Financial liabilities	FLAC	1.9	FLAC	1.9
Other financial liabilities	FLAC	5.2	FLAC	5.2
Derivatives	FVTPL	0.2	FVTPL	0.2

* Disclosure of balance sheet items according the balance sheet structure of June 30, 2018 – refer to section 3

LaR = loans and receivables
FVTPL = at Fair Value through Profit and Loss
AC = Amortized Costs
FLAC = Financial liability measured at amortized costs

Impairment Losses on Financial Assets

Besides the classification of financial assets, the impairment model for financial assets has also changed. The Group evaluates all financial assets not measured at fair value through profit or loss in accordance with the expected credit loss (ECL) model. The amount of the impairment depends on the allocation of the financial instrument to one of the following stages:

- Stage 1: All financial instruments are allocated to stage 1 at initial recognition. The expected credit loss corresponds to the value that can arise from possible default events within a period of twelve months after the reporting date ("12-month ECL").
- Stage 2: This stage includes financial instruments that have had a significant increase in credit risk since initial recognition. For these assets, risk allowances must take into account the present value of all expected losses over the expected life of the financial instrument ("lifetime ECL").
- Stage 3: This stage includes financial assets that have objective evidence of impairment at the reporting date. For these assets, "lifetime ECL" are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowances).

The Group applies the simplified approach permitted under IFRS 9 for trade receivables. Given that trade receivables are short-term in nature and therefore the financing component is not significant, an impairment is measured from inception at an amount equal to the lifetime expected credit losses. Since the Group already determined such impairments in the past, as standard practice in the industry, no adjustments for impairments on trade receivables were required as of January 1, 2018.

Cash and cash equivalents and other financial assets are also subject to the impairment model of IFRS 9. No material impairment losses were determined here.

3. CHANGES TO THE PRESENTATION OF SELECTED ITEMS IN THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Company made changes to selected items of its consolidated balance sheet and consolidated statement of comprehensive income effective as of the reporting date, June 30, 2018, for the purposes of better presentation and explanation of its financial figures. The changes to the balance sheet as of December 31, 2017, primarily affect the following items:

in EURm	12/31/2017 after adjustment	12/31/2017 prior adjustment	Adjustment effects
Non-current assets			
Other financial assets	0.0	0.1	–0.1
Restricted funds	0.0	4.9	–4.9
Financial assets	5.0	0.0	5.0
Current assets			
Inventories	26.8	29.6	–2.8
Prepayments on inventories	2.8	0.0	2.8
Right to repossess goods from expected returns	0.0	0.4	–0.4
Other non-financial assets	2.3	1.9	0.4
Trade and other financial receivables	0.0	12.8	–12.8
Trade receivables	11.1	0.0	11.1
Other financial assets	1.6	0.0	1.6
Current liabilities			
Financial liabilities (borrowings)	1.9	2.0	–0.1
Trade payables and other financial liabilities	0.0	45.6	–45.6
Trade payables	42.3	0.0	42.3
Other financial liabilities	4.9	0.0	4.9
Refund obligation	0.0	1.5	–1.5

On the **assets** side, other financial assets from paid deposits on rental properties, and restricted funds, are now disclosed under financial assets.

Prepayments on inventories, which were previously included in inventories, are recognized separately on the balance sheet.

Right to repossess goods from expected returns will now be recognized under other non-financial assets.

Trade receivables and other financial receivables will now be recognized separately on the balance sheet. Other receivables (EUR 1.3m) and deposits (EUR 0.4m), which were previously recognized under trade receivables and other financial receivables, are now disclosed as other financial assets. In addition, other financial assets include currency forwards.

On the **equity and liabilities** side, liabilities from currency forwards (EUR 0.2m) have been reclassified from financial liabilities to other financial liabilities. Therefore, under the new presentation form, financial liabilities (or borrowings) solely include liabilities to banks from current overdrafts as of December 31, 2017.

Trade payables and other financial liabilities will now be recognized separately on the balance sheet. Other liabilities (EUR 2.2m) and debtors with credit balances (EUR 1.0m), which were previously recognized under trade payables and other financial liabilities, are now disclosed as other financial liabilities. In addition, other financial liabilities also encompass refund liabilities from expected returns (EUR 1.5m) that were previously recognized separately on the balance sheet.

Different to the prior-year disclosure, primarily payment costs as well as impairment losses and bad debt provisions on receivables are recognized under selling and distribution costs in the **consolidated statement of comprehensive income**. The following table shows the reconciliation of the statement of comprehensive income for the six-month period in 2017 prior to and following the reclassification of the aforementioned costs:

in EURm	H1 2017 after adjustment	H1 2017 prior adjustment	Adjustment effects
Selling and distribution costs	–60.0	–58.4	–1.6
Administrative expenses	–19.9	–21.4	1.5
Other operating expenses	–0.3	–0.4	0.1

4. INTANGIBLE ASSETS

Intangible assets increased by EUR 2.7m to EUR 46.2m. This is mainly attributable to investments of EUR 7.9m in internally generated and acquired software products, while amortization of EUR 4.8m was charged.

5. RIGHT-OF-USE ASSETS

Due to the early adoption of IFRS 16, the Group recognized right-of-use assets for the right granted to use the leased asset during the lease term. As at June 30, 2018, the right-of-use assets amounted to EUR 32.3m.

During the first six months of 2018, the right-of-use assets developed as follows:

in EURm

Balance on January 1, 2018	**34.6**
Addition	1.7
Depreciation charge	–3.7
Currency translation effects	–0.3
Balance on June 30, 2018	**32.3**

6. EQUITY

Total equity increased by EUR 117.1m to EUR 164.4m, mainly due to the capital increase and share premium received in the course of the IPO. The reduction in accumulated profit/loss due to the loss for the period had an opposite effect on total equity.

As of January 1, 2018, the subscribed capital amounted to EUR 429,269 and was fully paid-in. The registered share capital was divided into 429,269 no-par value registered shares. As of January 1, 2018, 400 treasury shares were held. With legal effect as of March 12, 2018, the Company acquired 374 further treasury shares for a purchase price of EUR 0.4m in aggregate.

On May 17, 2018, the Management Board, with the consent of the Supervisory Board, resolved to issue 423 new shares to GMPVC German Media Pool GmbH in order to fulfill the obligations of the Company under an investment agreement with GMPVC German Media Pool GmbH. The issue of new shares against contributions in cash in an amount of EUR 1 per share from the Company's authorized capital 2017 resulted in an increase of the Company's share capital by EUR 423 from EUR 429,269 to EUR 429,692. The capital increase was registered in the commercial register of the local court (Amtsgericht) of Charlottenburg, Berlin, Germany, on May 23, 2018.

On May 18, 2018, the Company's shareholders' meeting resolved to increase the Company's share capital by EUR 18,047,064 from EUR 429,692 to EUR 18,476,756 by transforming an amount of EUR 18,047,064 of the Company's capital reserves into share capital. After the share split, the number of treasury shares held by the Company increased to 33,282. In addition, the Company's shareholders' meeting resolved inter alia to convert the registered shares into bearer shares. The capital increase and the change of the articles of association were registered in the commercial register of the local court (Amtsgericht) of Charlottenburg, Berlin, Germany, on May 23, 2018.

On June 13, 2018, the Company's shareholders' meeting resolved to increase the Company's share capital by EUR 6,521,740 from EUR 18,476,756 to EUR 24,998,496 against contribution in cash for the purpose of the Company's initial public offering (IPO). The consummation of the capital increase was registered in the commercial register of the local court (Amtsgericht) of Charlottenburg, Berlin, Germany, on June 14, 2018.

In the course of the IPO on June 15, 2018, a share premium in the amount of EUR 143.5m was realized and allocated to capital reserves. In connection with the IPO, as of June 30, 2018, home24 incurred transaction costs amounting to EUR 5.3m, which were recognized as a deduction from capital reserves.

7. LEASE LIABILITIES

Due to the early adoption of IFRS 16, the Group recognized liabilities for the obligations to make lease payments to the lessor during the lease term. Accordingly, non-current lease liabilities and current lease liabilities increased by EUR 25.5m and EUR 7.4m, respectively, as of June 30, 2018.

8. REVENUE

The Group generates revenue from the sale of furniture and home furnishings through its web shops. Revenue is generally recognized when the goods have been delivered to the customer. In the first half of 2018, the Group increased its revenues by 14% from EUR 132.5m to EUR 151.2m compared to the prior-year period. Revenues in the Europe segment rose by 12% from EUR 105.5m to EUR 118.5m, and the LatAm segment increased its revenues by 21% from EUR 27.0m to EUR 32.7m.

9. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

Cash and cash equivalents increased by EUR 113.4m to EUR 133.3m.

The increase in cash and cash equivalents is mainly due to the cash inflow from financing activities totaling EUR 143.0m. In the course of the IPO, the Company received gross proceeds of EUR 150.0m in aggregate for the sale of new shares, which was reduced by a cash outflow for transaction costs related to the offering of the new shares of EUR 2.4m.

The amounts of interest paid and received amounted to EUR 1.7m (prior year: EUR 1.4m) and EUR 0.0m (prior year: EUR 0.0m), respectively, in the reporting period.

Cash and cash equivalents according to the statement of cash flows equate to the cash and cash equivalents on the balance sheet and are fully attributable to bank balances and petty cash.

10. SHARE-BASED COMPENSATION

The Company issued share options to the Management Board and employees as part of the Long-Term Incentive Plan 2017 in the first half of 2018. The right to exercise these options is linked to financial indicators, the occurrence of “exit” events and employee performance appraisals. The options may only be exercised four years after they were issued. The vesting period is the period from January 1, 2018 to January 1, 2019. A total of 117,949 options were issued at an issue price of EUR 0.02 and 137,643 options were issued at an issue price of EUR 24.14. In the first six months of 2018, 25,241 options have expired due to withdrawals (all numbers by taking into account the share split performed in the financial year). The plan is treated as equity-settled share-based payments.

The fair value of the options was calculated using a Monte Carlo simulation and the Black-Scholes option pricing model. The following input factors were applied to the models (weighted average):

Expected volatility	38.46%
Value of preferred share*	EUR 24
Expected dividend yield	0
Life of options (years)	3
Risk-free interest rate	–0.39%

* taking into account the share split performed in the financial year

Volatility was derived on the basis of historical share prices of comparable companies.

The share values were derived from transaction prices. The Black-Scholes option pricing model was applied to determine the difference between the fair value of the shares with liquidation preference issued to investors and the fair value of shares and options without liquidation preference or with modified liquidation preference issued to employees. As the liquidation preference only applies in the case of “exit” events occurring (sale of more than 50% of shares to the Company in a single transaction), the probability of such an event occurring was set at 50% in the valuation model. The Finnerty option pricing model was used to calculate a liquidity discount for the lack of marketability of the shares.

The Company’s IPO in June 2018 constituted an “exit” event in accordance with the Company’s various share-based compensation forms, which is a prerequisite for the exercising of the options alongside other conditions.

11. SEGMENT REPORTING

The Group measures profitability based on adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted amounts include share-based compensation expenses and costs related to the IPO. Costs related to the IPO recognized through profit and loss consist of transaction costs that incurred in connection with the listing of already existing shares and other one-off expenses, mainly service fees for legal and other professional advisers.

External revenue contains earnings from the Group's core business, i.e., first and foremost the sale of furniture to end customers. There are no inter-segment sales.

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

in EURm	Europe	LatAm	H1 2018
External revenue	118.5	32.7	151.2
Adjusted EBITDA	–14.3	0.4	–13.9
Share-based compensation expenses			–5.8
Costs related to the IPO			–1.3
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets			–9.3
Finance costs – net			–2.1
Loss before taxes			**–32.5**

in EURm	Europe	LatAm	H1 2017
External revenue	105.5	27.0	132.5
Adjusted EBITDA	–10.3	–1.6	–11.9
Share-based compensation expenses			–4.1
Amortization of intangible assets and depreciation of property and equipment			–5.7
Finance costs – net			–1.5
Loss before taxes			**–23.3**

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

With the exception of derivative financial assets and liabilities from foreign currency forward contracts recognized in other financial assets and other financial liabilities, the Group's financial assets and liabilities are valued at amortized costs. Their fair values largely correspond to the respective carrying amounts due to their short-term nature or because there were no significant changes in the measurement inputs since the fair value was determined upon initial recognition.

Foreign currency forward contracts recognized in other financial assets (EUR 0.0m; December 31, 2017: EUR 0.0m) and financial liabilities (EUR 0.1m; December 31, 2017: EUR 0.2m) are accounted for at fair value through profit and loss. The fair value is derived from observable input factors (level 2 of the valuation hierarchy under IFRS 13).

The fair value of foreign currency forward contracts is calculated on the basis of the forward rates applicable as of the reporting date.

13. TRANSACTIONS WITH RELATED PARTIES

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

Transactions with Rocket Internet SE and Kinnevik AB

Rocket Internet SE, Berlin, Germany, and Kinnevik Online AB, Stockholm, Sweden (through its subsidiary Kinnevik Internet Lux S.à r.l., Luxembourg), are the main shareholders of home24 SE. Both main shareholders have representatives in the Company's Supervisory Board. The home24 Group is included in the consolidated financial statements of Rocket Internet SE as an associated company.

In April/May 2018, GGC EUR S.à r.l., a fully consolidated subsidiary of Rocket Internet SE, and home24 SE concluded a financing agreement, which allowed the Company to draw on amounts of up to EUR 20m in total from the shareholders through the issuance of a loan and securities under certain conditions. During the second quarter of 2018, an aggregate amount of EUR 7.5m was drawn on under the shareholder loan. As of the balance sheet date June 30, 2018, the amount had been fully paid back, and the financing agreement had been terminated after the public listing of the Company. Financing expenses of EUR 0.4m were incurred in relation to the financing agreement during the reporting year.

In addition, the Company purchased services from Rocket Internet SE in the amount of EUR 0.1m in the six months ended June 30, 2018 (prior year: EUR 0.0m).

No reportable transactions existed with Kinnevik Online AB during the reporting period and in the prior-year period.

Transactions with Key Management Personnel
In March 2018, the Company entered into share purchase and transfer agreements with two entities fully owned by current members of the Management Board with respect to the sale and transfer of a total of 374 shares (before share split) in the Company. In exchange for these shares, the Company paid a purchase price of EUR 0.4m in aggregate.

Otherwise, there were no significant income and expenses with related parties during the first half of 2018 or in the prior-year period and no significant outstanding receivables or liabilities with related parties as of the reporting dates.

14. CHANGES IN THE SUPERVISORY BOARD

Christian Scherrer resigned from his office as a member of the Supervisory Board of the Company with legal effect as of the end of the extraordinary general meeting of the Company held on June 13, 2018. For his replacement, the extraordinary general meeting of the Company elected Magnus Agervald as a new Supervisory Board member for a term until the conclusion of the general meeting voting on the formal approval of the board's actions for the financial year ending December 31, 2018.

15. SUBSEQUENT EVENTS

On July 10, 2018, the Management Board and the Supervisory Board of the Company resolved to increase the share capital of the Company by EUR 978,261 from EUR 24,998,496 to EUR 25,976,757 against contribution in cash by utilizing the Authorized Capital 2018. 978,261 new no-par value bearer shares were issued in connection with the capital increase. The purpose of this capital increase was to fulfil the greenshoe option granted to Joh. Berenberg, Gossler&Co. KG, Hamburg, in connection with the IPO of the Company. The capital increase was registered with the commercial register of the Company on July 12, 2018.

As of August 31, 2018, the Management Board employment contract of Dr. Philipp Kreibohm has been extended for one year.

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

Berlin, September 11, 2018

The Management Board

Dr. Philipp Kreibohm Marc Appelhoff

Christoph Cordes Johannes Schaback

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, we affirm that the reporting for the half-year period in the interim condensed consolidated financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the consolidated interim 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 principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year.

Berlin, September 11, 2018

The Management Board

Dr. Philipp Kreibohm

Marc Appelhoff

Christoph Cordes

Johannes Schaback

GLOSSARY

Adjusted EBITDA margin (in %) –
defined as adjusted EBITDA divided by revenue.

Average order value –
defined as gross order value for the relevant period, divided by the number of orders for such period.

Cancellation rate –
defined as gross order value of cancelled orders out of total gross order value.

Gross order value –
defined as the aggregated value of orders placed in the relevant period, including value-added tax, irrespective of cancellations, returns as well as subsequent discounts and vouchers.

Gross profit margin (in %) –
defined as gross profit divided by revenue.

H1 –
defined as period from January 1 till June 30.

Mobile visit share –
defined as a share of the total number of visits via mobile devices, divided by the number of visits.

Number of active customers –
defined as the number of customers having placed at least one not cancelled order during the twelve months prior to the respective date, irrespective of returns.

Number of employees –
defined as employees as of reporting date excluding members of the Management Board, apprentices and trainee.

Number of orders –
defined as the number of orders placed in the relevant period, irrespective of cancellations and returns.

Number of visits –
defined as the number of interactions on a website that are not interrupted by a period of inactivity of 30 minutes, midnight or the change in the campaign source (e.g., different Google keywords – not considering direct traffic).

Open customer orders –
defined as gross order value of customer orders, which has not been delivered to the customer as of reporting date.

Platform –
defined as IT platform including an automatic back-end fulfillment system to optimize end-to-end processes from sourcing, through warehousing, packaging, delivery, payment processing and customer service and an advanced big data analysis tool also based on proprietary software.

Q2 –
defined as period from April 1 till June 30.

SKUs (stock keeping units) –
defined as code numbers for individual products included in home24's product offering.

FINANCIAL CALENDAR 2018

Berenberg&Goldman Sachs German Corporate Conference, Munich (DE)	September 25/26, 2018
Publication quarterly financial report Q3	November 27, 2018
Berenberg European Conference (Pennyhill), Ascot (UK)	December 3, 2018

IMPRINT

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Legal Disclaimer

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