home24 Q1 2020 Trading Update

12 May 2020

Management summary

Strong currency-adjusted revenue growth in Q1 2020 of 14% to EUR 103m compared to Q1 2019, despite 10% reduction in marketing expenses compared to prior year

Significant improvement of adjusted EBITDA margin of 13pp, at -3% compared to -16% in Q1 2019, as one-off effects disappear and post IPO investments continue to pay-off. Reminder: Q1 (and Q3) "investing", Q2 (and Q4) "harvesting" quarter

Positive cash flow from operating activities in Q1 2020 for the second quarter in a row – cash position of EUR 43m at the end of Q1 2020, compared to EUR 46m at year end

One-time effects and measures related to contain the COVID-19 pandemic impacted Q1 2020: e.g. supply chain restrictions, closure of retail stores in Europe and Brazil and volatility in customer demand at the beginning of the lock-down period

Online order intake accelerated since mid-March and benefits from an increase in demand: accelerated YoY GOV growth in April at 88% in EU and 39% in LatAm. Q2 2020 is expected to be profitable on adjusted EBITDA basis

home24 confirms its financial outlook for the FY 2020 with growth rates in the range of 10% to 20% and is aiming for adjusted EBITDA profitability

All figures preliminary and unaudited.

Today's agenda

1 Q1 Financials

2 Covid-19 Update

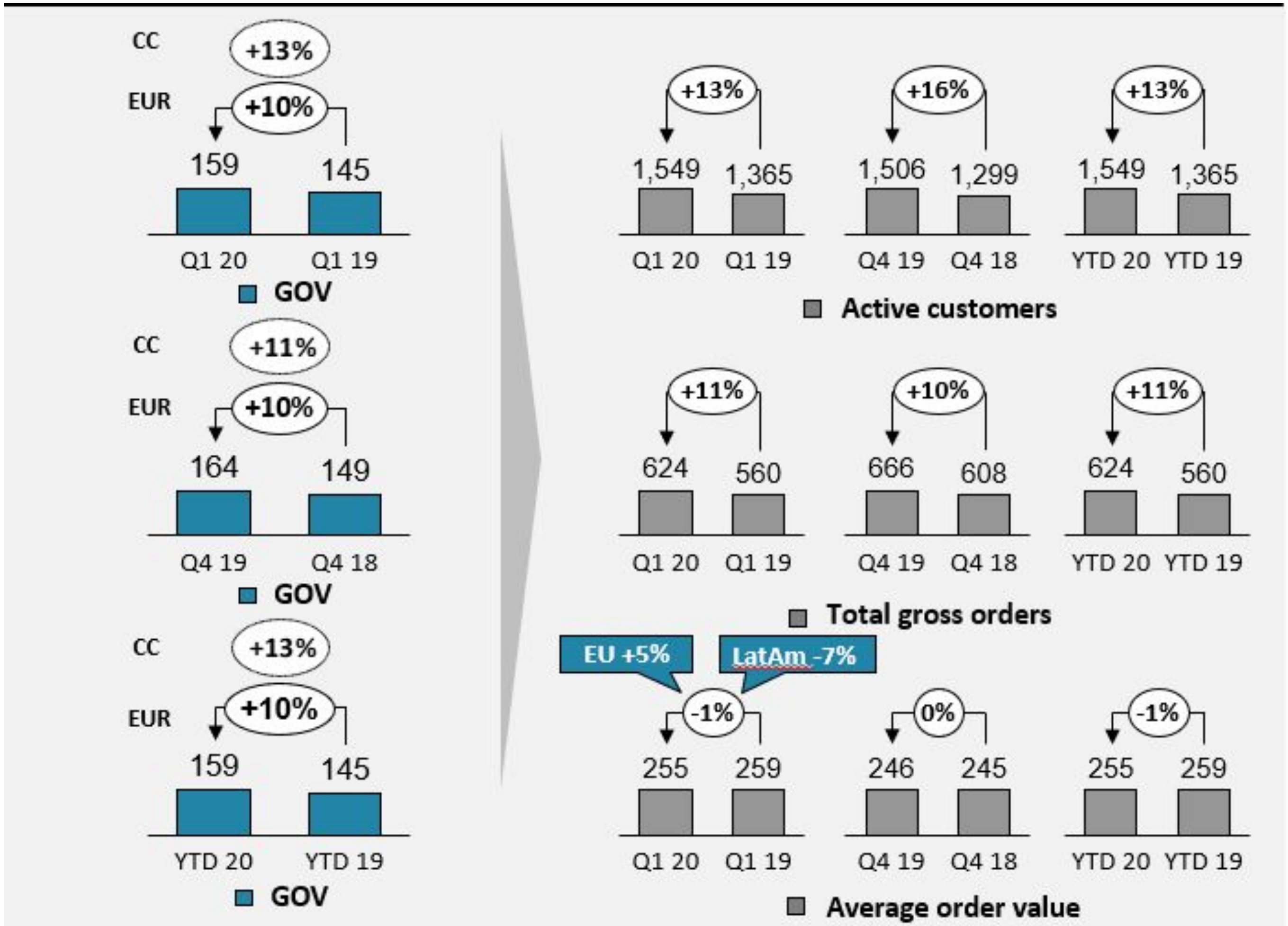
3 Outlook and Q&A

1

Q1 Financials

GOV growth increased to +13% YoY in CC despite Covid-19 impact and profitability focus (-10% marketing spend YoY)

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

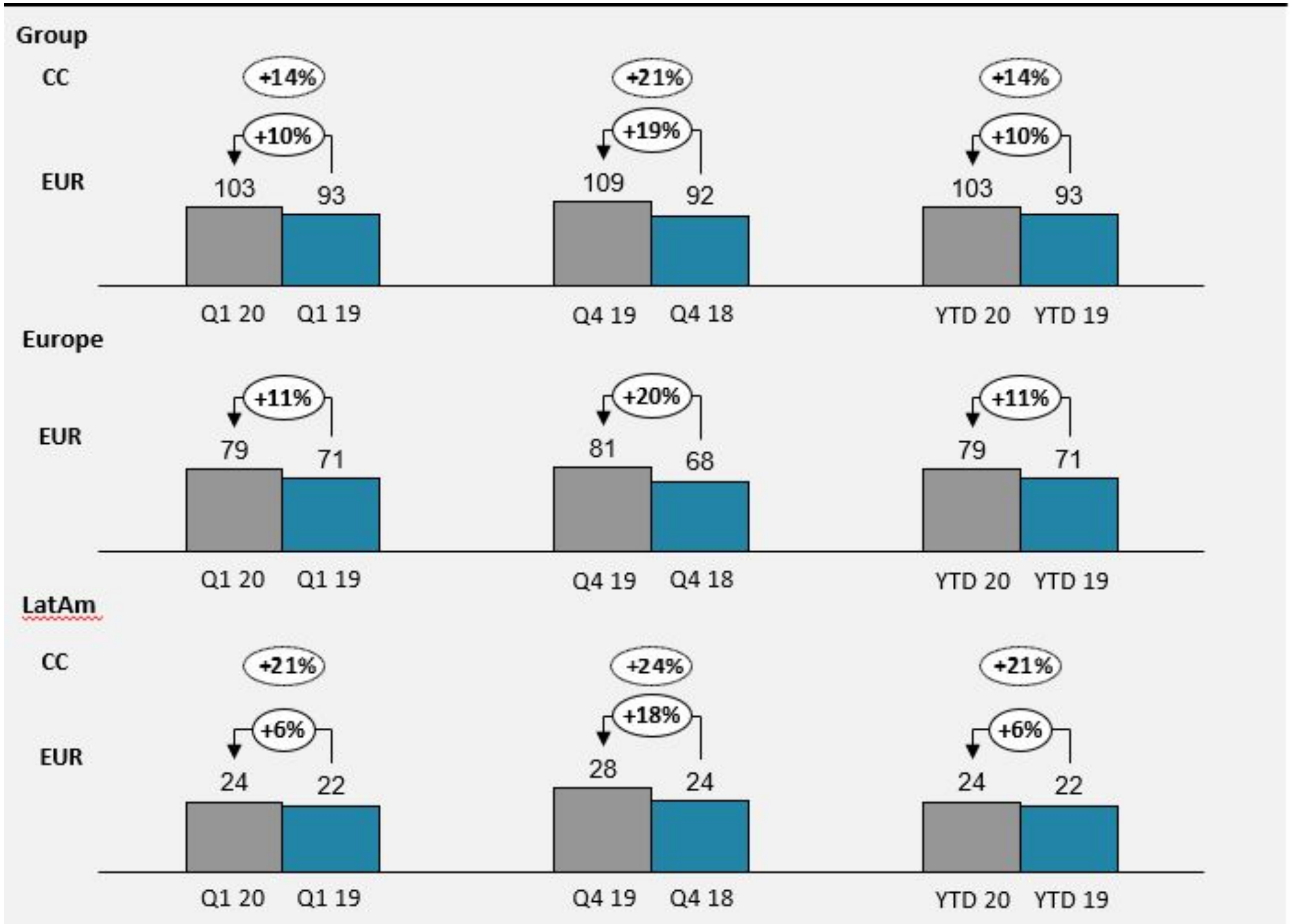


- Despite Covid-19 implications and reduction in marketing expenses, Q1 **GOV growth rates increased** compared to Q4 19 to **+13% YoY in CC.**
- **Growth primarily driven by higher number of active customers** and orders placed, whereas the AOV remained broadly stable.
- **Brazilian currency strongly declined YoY** vs EUR from 4.3 EUR/BRL (Q1 19) to 4.9 EUR/BRL (Q1 20).

All figures preliminary and unaudited

Order intake increase translates into 14% CC revenue growth and EUR 103m revenue in Q1 2020

Revenue in EURm and Growth YoY in %

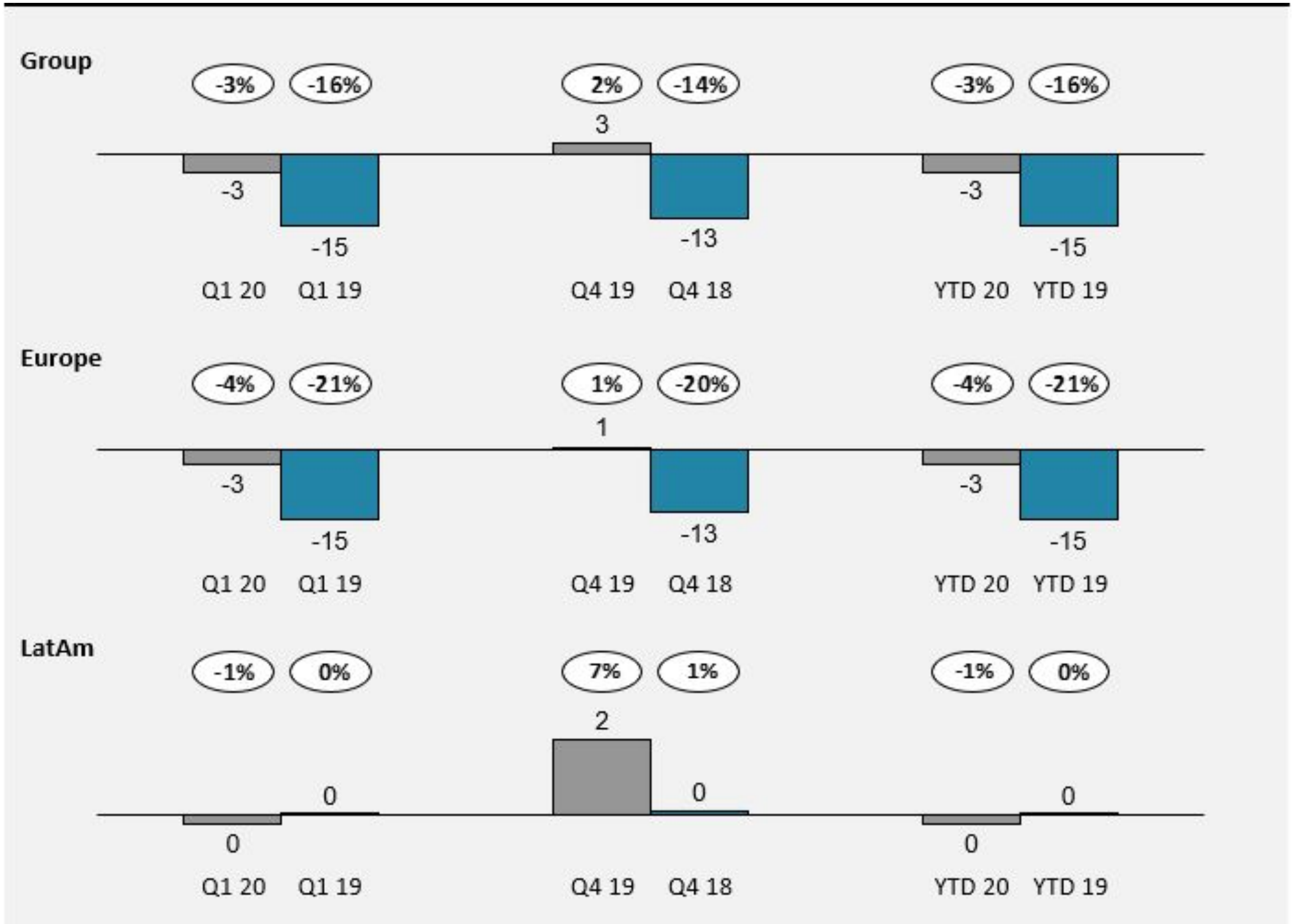


- Order intake of +13% in CC in Q1 YoY translates into **revenue growth of +14% to EUR 103m** (+10% including currency effects).
- Strong growth **despite -10% YoY reduced marketing expenses.**
- Temporary Covid-19 impact with different timing in EU than in LatAm due to timing of shutdown, with EU c. 2-3 weeks ahead of LatAm.

All figures preliminary and unaudited

Positive trend confirmed: second quarter in a row with more than +10pp improvement YoY in adj. EBITDA

Adj. EBITDA in EURm and in % of Revenue

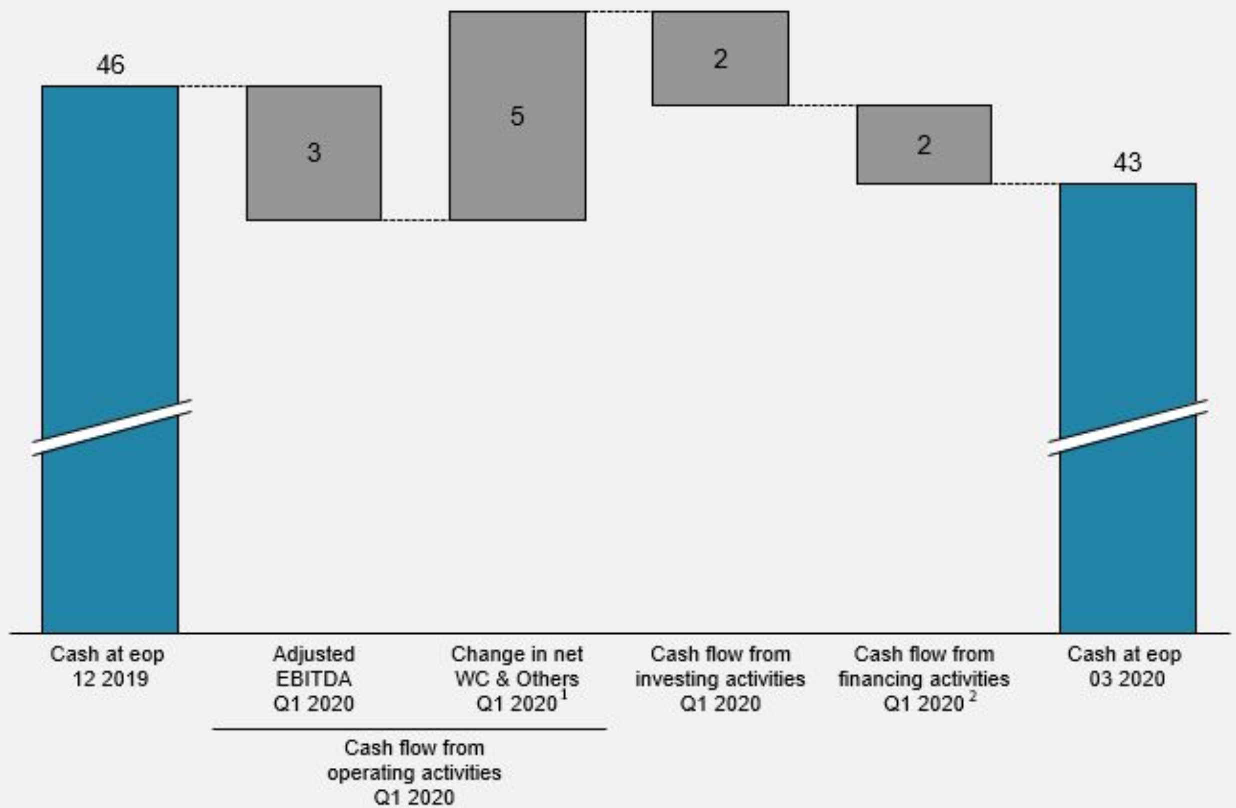


- **Q1 adj. EBITDA significantly improved YoY by +13pp** (EUR +11m), as **one-off effects disappear** and **post IPO investments pay-off**.
- Core profitability further strengthened - **Gross Margin and Fulfillment Costs further improved** compared to already profitable Q4 19.
- As usual for the Group, Q1 and Q3 are "investment quarters" and generally less profitable than full year due to seasonally higher marketing costs in IFRS terms.

All figures preliminary and unaudited

Positive cash flow from operating activities for second quarter in a row and overall only slight reduction in cash and cash equivalents

Cash flow YTD 2020 in EURm



- **Cash level continued to decrease only moderately by EUR 3m** in Q1 20 to a cash level of EUR 43m at the end of Q1.
- **In sum, cash burn reduced to EUR 8m during the last nine month.**
- **Positive operating cash flow in Q1 20** supported by Working Capital development (EUR +3m additional B2C factoring).

[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 2m from operating cash flow to financing cash flow
All figures preliminary and unaudited

2

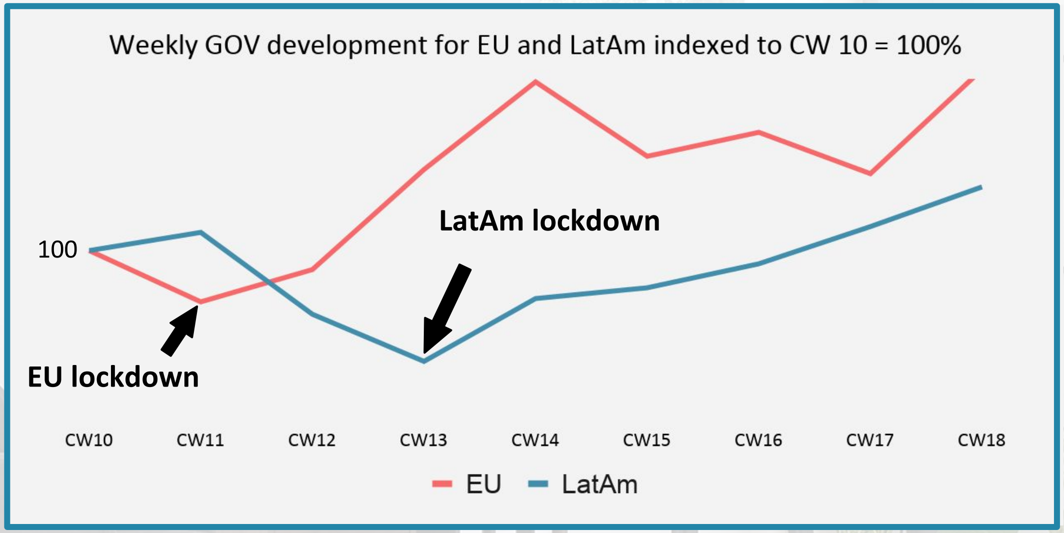
Covid-19 Update

In the current uncertain times our ability to rapidly evolve remains key to deal with shifts in demand and supply

- **Social distancing and health protection** measures strictly implemented
  - **Warehouses** implemented according **measures already in early February**
  - **EU and Brazil offices** remain in **remote** working setup since mid March
  - Teams flexibly embraced the new situation with **no decline in productivity**
  - No travel at the moment apart from regular operations and retail activities
- **Supply chain disruptions** have been varying during the last months
  - Starting in China, but then also moving to Vietnam, Malaysia, Eastern Europe, Brazil and India
  - Apart from India, **the vast majority are operational again**
- **Retail activities** in Europe and Brazil **temporarily closed** for public
  - Over the past 2 weeks **all stores in Europe re-opened**
  - Adherence to restrictions (i.e. m² limit), hygiene and distrancing measures
  - Brazil timing of re-opening unclear to date
- **Quick adaptation and reaction to the changing situation**.
  - Re-inforced **video consultation** in the showrooms
  - **Tele-sales activities** introduced for the physical Outlets
- **Conservative investment strategy** to preserve cash until uncertainty resolves

home24 is well positioned to benefit from the current strong demand, April GOV with very strong growth YoY

Volatility in customer demand at the beginning of the lock-down phase...



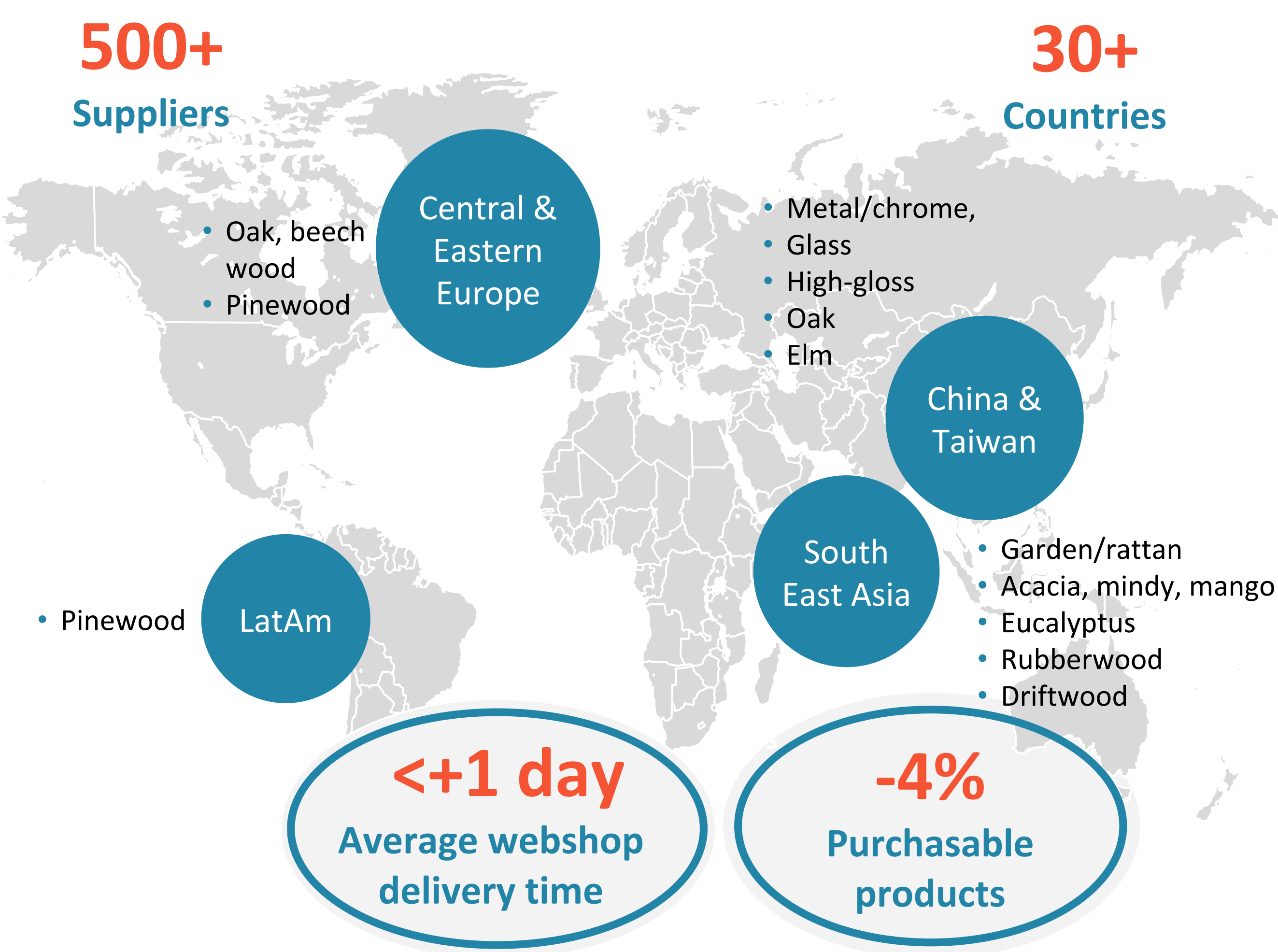
...with very strong current trading in April

+88% EU YoY GOV growth

+39% LatAm YoY GOV growth in CC

- Overall, **home24 benefits from the development** that customers spend more time in their homes and offline stores were closed.
- March has seen **strong volatility in demand**, especially at the beginning of the lock-down period.
- **Comparable trading pattern in EU and LatAm after lock-down**, LatAm with longer uncertainty phase pre lock-down and timing 2-3 weeks later than EU.
- **Positive trading continued throughout April.**

The home 24 two pillar model with our diversified supply base enables us to manage the effects of supply disruptions effectively



- **Temporary delays and disruptions** in production and shipment of products with only **limited effects on overall product availability.**
- Flexibility to shift demand of sold out (private label) products temporarily to available (3rd party) assortment.
- More frequent updates of repurchase algorithm.
- Actively purchasing excess stock from suppliers where available.
- Overall, **average webshop delivery times** and **purchasable assortment remained broadly stable.**

Figures for home24.de April vs. January 2020

Our supply chain remains intact across the various delivery modes, as we swiftly adjust circumstances and adapt services

Warehousing

stable

Delta cost per collie (EU) Apr 20 vs. Nov 19

Delivery

>20%

Delivered revenue (EU) Apr 20 vs. Nov 19

Return Clearance

>60%

Outlet revenue during closure (EU) in % of Jan 20 AVG

- **Warehouses successfully cope with unplanned increase in volumes without loss in efficiency,** demonstrating previous investments into processes and automation pay off.
- April EU outbound **volumes are above November peak** season, also 'surprising' parcel service providers.
- 2MH carriers with **adjusted service level** (delivery to doorstep only, not into the apartment/ house, no assembly service).
- **Return clearance** via mega outlets **pivoted to tele-sales** approach during shutdown weeks, partly compensating closures.

3

Outlook & Q&A

Financial outlook for FY 2020 confirmed

Unit Economics 2019 and Q1 2020

		Q1	Q2	Q3	Q4	Q1
Growth (in CC)[1]	GOV	16%	17%	16%	11%	13%
	Revenue	12%	28%	20%	21%	14%
P&L margins	Cost of sales	56%	57%	55%	55%	54%
	Fulfillment costs[2]	21%	20%	20%	18%	18%
	Marketing costs	23%	15%	18%	14%	19%
	Adj. EBITDA[3]	-16%	-10%	-9%	2%	-3%
Cash flow (in EURm)	Cash flow from investing activities	7	6	6	3	2
	Change in net working capital	-5	-10	8	0	7

- **Continuous improvements in P&L margins** continue in Q1, leading to 13pp improvement in adj. EBITDA:
  - -2pp YoY Cost of sales
  - -3pp YoY Fulfillment costs
  - -4pp YoY Marketing costs
  - -3pp YoY SG&A costs
- **Positive adj. EBITDA** for Q2 expected.
- **Current trading with low customer acquisition costs** increase active customer base for future periods.
- **Guidance unchanged**, also given uncertainty how COVID-19 pandemic evolves: **growth rates in the range of 10% to 20%, adj. EBITDA margin in the range of -2% to +2%.**

[1] Growth shown in year-on-year constant currency.
[2] Including impairment losses on financial assets.
[3] Adjusted to exclude share-based compensation expenses. Figures subject to IFRS 16.
All figures preliminary and unaudited.

Apart from dealing with Covid-19 implications the main 2020 focus remains on strengthening home24's key differentiators

We remain committed to creating the best value and inspiring Home & Living experience to everyday people...

...by offering great value products people love...	...in a convenient and inspirational shopping experience
Broad but relevant, curated assortment empowering customers to choose from a wide range of styles, materials and prices	**Fast, reliable and flexible delivery** times paired with convenient payment methods
Exclusive assortment only available at home24, combined with a broad selection of relevant **third party products**	**Effective & friendly customer service support** and transparent communication whenever needed
With a **great value for money** and product quality aspiration, creating happy homes, and a clear commitment to sustainability	Opportunities to get a **touch and feel** for the product offering online, but also in **showrooms**
	Personalized relevant content that inspires and consults, helping to make a complex purchase decisions easier (ref. no strong consumer brands)

Having reached core profitability, home24 is uniquely positioned to become the preferred online destination and exploit market potential

Market

Huge market opportunity characterized by still **low online penetration** with **huge catch-up potential**

Customer value proposition

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

Value chain

Scalable and **automated value chain** based on latest SAP solutions and proprietary service based tech & data setup

Data & Technology

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

Further Outlook and Q&A

- **Uncertain times will be a reality** for the coming quarters, as customers, suppliers and competitors (esp. offline) adapt to changing circumstances. The temporary increased high online demand is no guarantee for further positive effects in the future.
- Despite likely global recession, **significant growth potential for online penetration remains intact**. Online penetration was still well below 10% pre crisis - but will likely remain higher also after Covid-19 times, as many new customers tap into online with positive experience.
- The **speed of learning and adapting flexibly and fast to new circumstances will be decisive**: advances in data driven decision making and automation will be a source of competitive advantage. We are well positioned to leverage our data and fulfillment platform.
- **Terminal margin profile confirmed**:
  - Gross profit margin to reach 50%+ (in % of revenue)
  - Gross profit margin after fulfilment costs to trend towards low thirties (in % of revenue)
  - Marketing expenses to converge to low teens (in % of revenue)
  - Adj. EBITDA margin to reach low teens (in % of revenue)

Q&A

Financial calendar – upcoming events

Date	Event
May 20th	**Berenberg Conference USA 2020** **Tarrytown, USA**
June 3rd	Annual General Meeting
August 18th	**Publication half-yearly financial report**
November 10th	Publication quarterly financial report (Q3)

Profit and loss statement- Group

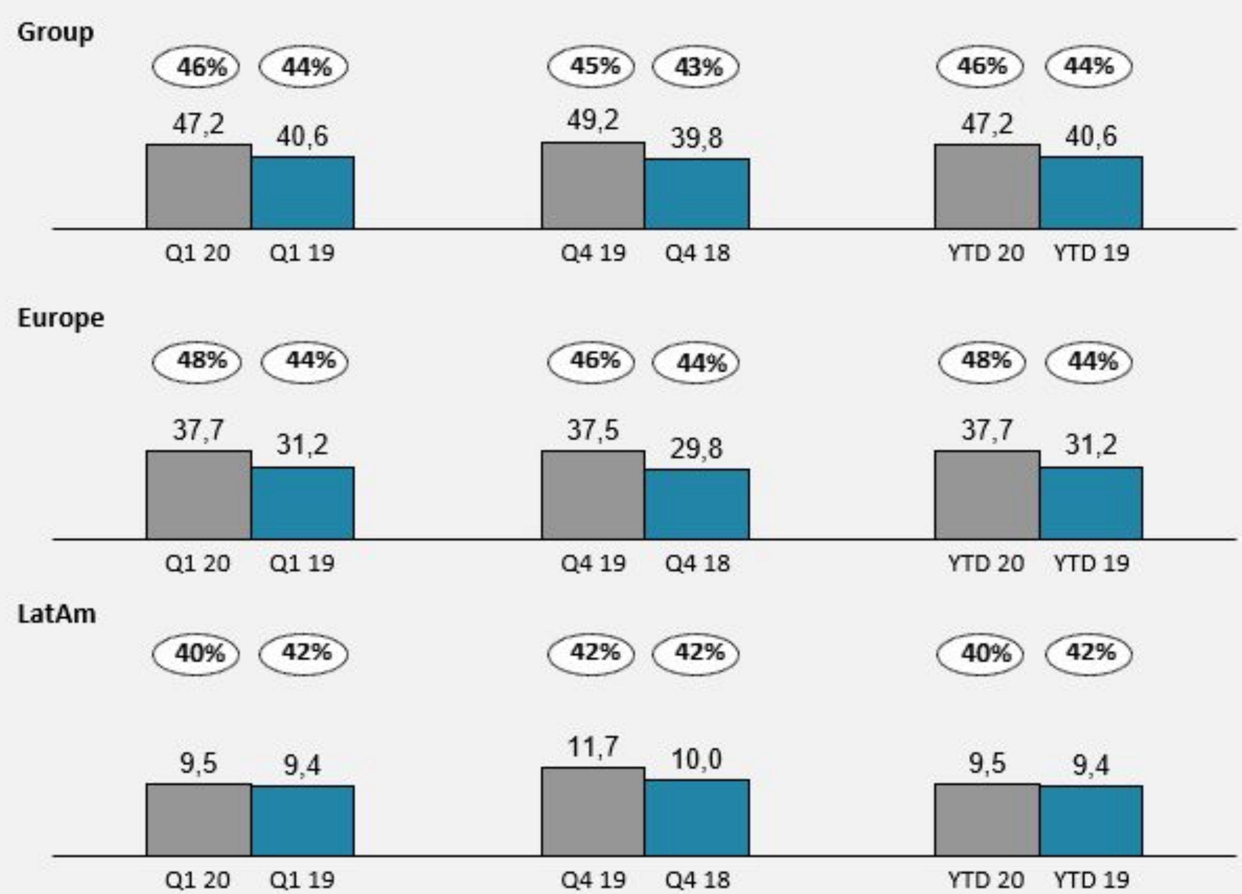
In EURm and in % of Revenue

	Q1-20	Q1-19	Q4-19	Q4-18	FY-19	FY-18
Revenue	102.6	93.2	109.1	91.6	371.6	312.7
Revenue growth CC	14%	12%	21%	19%	20%	18%
Cost of sales	55.4	52.6	60.0	51.8	207.8	176.2
Gross profit	47.2	40.6	49.2	39.8	163.8	136.5
Gross profit margin	46%	44%	45%	43%	44%	44%
Fulfillment expenses[1]	18.3	19.4	19.9	18.5	72.6	61.5
Fulfillment expenses ratio	18%	21%	18%	20%	20%	20%
Profit contribution	28.9	21.2	29.3	21.3	91.2	75.0
Profit contribution margin	28%	23%	27%	23%	25%	24%
Marketing expenses	19.0	21.2	15.8	20.1	64.9	66.1
Marketing expenses ratio	19%	23%	14%	22%	17%	21%
G&A	13.4	14.8	10.8	14.4	54.5	48.9
G&A ratio	13%	16%	10%	16%	15%	16%
Adjusted EBITDA	-3.5	-14.9	2.6	-13.2	-28.1	-40.0
Adjusted EBITDA margin	-3%	-16%	2%	-14%	-8%	-13%

[1] Including impairment losses on financial assets
All figures unaudited

Gross profit margin

In EURm and in % of Revenue



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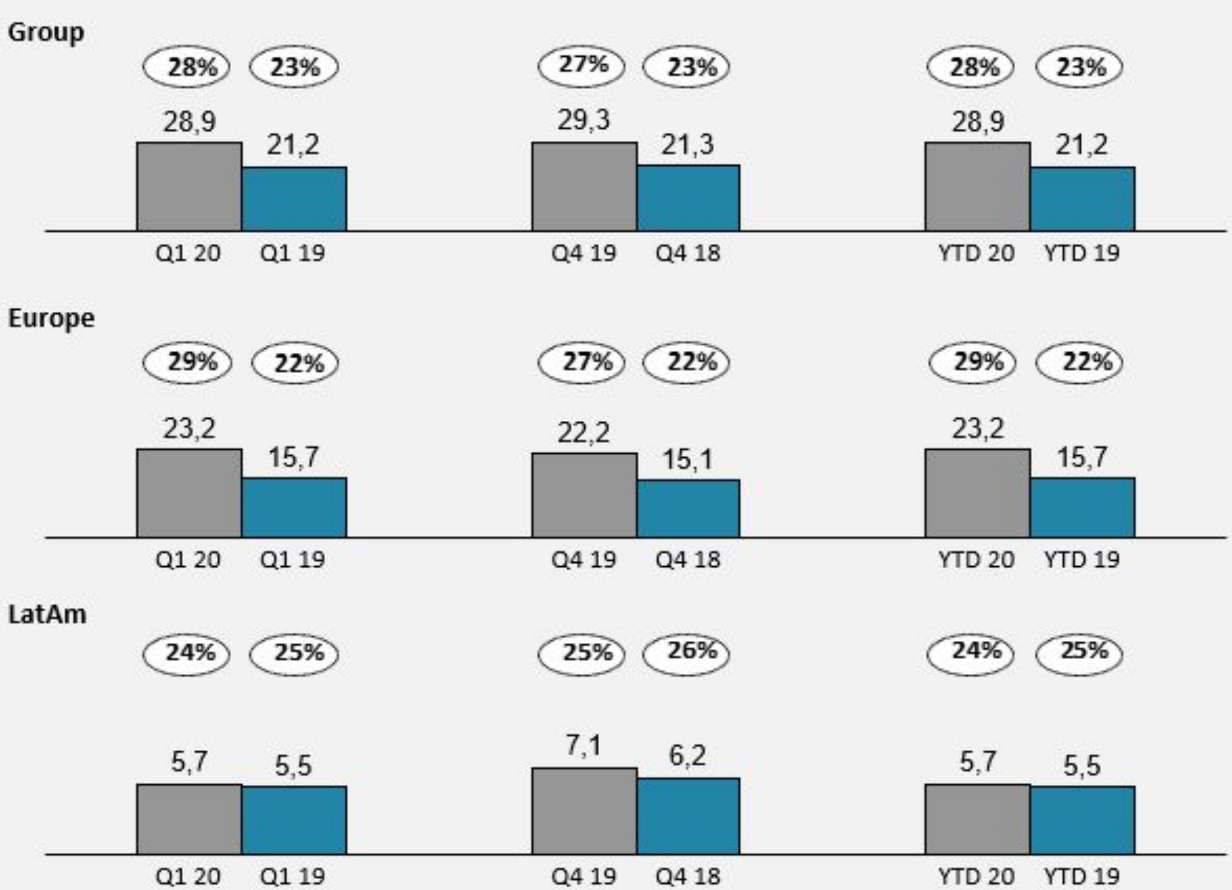
Profit contribution margin

In EURm and in % of Revenue



All figures preliminary and unaudited.

Adjusted EBITDA reconciliation

In EURm

Group	Q1 2020	Q4 2019	YTD 2020
External revenue	102.6	109.1	102.6
Adjusted EBITDA	-3.5	2.6	-3.5
Share based compensation expenses	0.8	0.3	0.8
EBITDA	-4.2	2.4	-4.2
Amortization & Depreciation of PP&E and right-of-use assets	5.7	8.5	5.7
EBIT	-9.9	-6.1	-9.9

Europe	Q1 2020	Q4 2019	YTD 2020
External revenue	79.1	81.0	79.1
Adjusted EBITDA	-3.3	0.5	-3.3
Share based compensation expenses	0.6	-0.1	0.6
EBITDA	-3.9	0.6	-3.9
Amortization & Depreciation of PP&E and right-of-use assets	4.5	7.2	4.5
EBIT	-8.4	-6.6	-8.4

LatAm	Q1 2020	Q4 2019	YTD 2020
External revenue	23.5	28.2	23.5
Adjusted EBITDA	-0.2	2.1	-0.2
Share based compensation expenses	0.1	0.3	0.1
EBITDA	-0.3	1.8	-0.3
Amortization & Depreciation of PP&E and right-of-use assets	1.2	1.2	1.2
EBIT	-1.6	0.5	-1.6

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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