

# home 24



QUARTERLY STATEMENT Q3 2020

# AT A GLANCE

## Q3 2020

### KEY FIGURES

Non-financial KPIs	Unit	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Number of orders	in k	2,260	1,530	48%	787	514	53%
Europe	in k	1,147	871	32%	359	270	33%
LatAm	in k	1,113	659	69%	428	244	75%
Average order value	in EUR	231	260	-11%	222	260	-15%
Europe	in EUR	352	346	2%	366	362	1%
LatAm	in EUR	107	146	-27%	102	144	-29%
Number of active customers (as of September 30)	in k	1,953	1,470	33%	1,953	1,470	33%
Europe	in k	1,028	842	22%	1,028	842	22%
LatAm	in k	925	628	47%	925	628	47%
Employees (as of September 30)	number	1,690	1,519	11%	1,690	1,519	11%

Financial KPIs	Unit	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Revenue	in EURm	339.5	262.5	29%	117.8	84.5	39%
Revenue growth at constant currency	in %	38%	19%	19pp	54%	20%	34pp
Gross profit margin	in %	46%	44%	3pp	47%	45%	2pp
Profit contribution margin	in %	29%	24%	5pp	29%	25%	4pp
Adjusted EBITDA margin	in %	3%	-12%	15pp	4%	-9%	13pp
Earnings per share	in EUR	-0.44	-2.27	-81%	-0.11	-0.66	-83%
Cash flow from operating activities	in EURm	24.0	-40.1	>-100%	12.1	-0.8	>-100%
Cash flow from investing activities	in EURm	-7.3	-18.9	-61%	-2.5	-6.0	-58%
Cash flow from financing activities	in EURm	-13.4	-5.8	>100%	-8.7	-0.9	>100%
Cash and cash equivalents (as of September 30)	in EURm	48.4	43.7	11%	48.4	43.7	11%

home24 is a leading pure-play home&living e-commerce platform in continental Europe and Brazil. With over 100,000 articles – from accessories to lamps to furniture – home24 offers its almost 2 million 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 1,500 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](http://www.home24.com).

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# REPORT ON ECONOMIC POSITION

## AS OF SEPTEMBER 30, 2020

### FINANCIAL PERFORMANCE OF THE GROUP

#### Simplified Income Statement

In EURm	9M 2020	9M 2019	Change	Change in %
Revenue	339.5	262.5	77.0	29%
Cost of sales	-182.4	-147.8	-34.6	23%
<b>Gross profit</b>	<b>157.1</b>	<b>114.7</b>	<b>42.4</b>	<b>37%</b>
<b>Gross profit margin</b>	<b>46%</b>	<b>44%</b>	<b>2pp</b>	
Selling and distribution costs	-133.0	-138.1	5.1	-4%
Impairment losses on financial assets	-2.6	-1.1	-1.5	>100%
Administrative expenses	-29.5	-33.0	3.5	-11%
Other operating income	1.1	1.2	-0.1	-8%
Other operating expenses	-1.4	-1.4	0.0	0%
<b>Operating result (EBIT)</b>	<b>-8.3</b>	<b>-57.7</b>	<b>49.4</b>	<b>-86%</b>
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	16.8	23.7	-6.9	-29%
<b>EBITDA</b>	<b>8.5</b>	<b>-34.0</b>	<b>42.5</b>	<b>&gt;-100%</b>
Share-based payment	2.1	3.2	-1.1	-34%
<b>Adjusted EBITDA</b>	<b>10.6</b>	<b>-30.8</b>	<b>41.4</b>	<b>&gt;-100%</b>
<b>Adjusted EBITDA margin</b>	<b>3%</b>	<b>-12%</b>	<b>15pp</b>	

In the first nine months of financial year 2020, consolidated **revenue** came to EUR 339.5m, up 29% y-o-y. Revenue at constant currency even grew 38% y-o-y. Revenue growth was primarily driven by the higher number of active customers and orders placed. This positive effect was partly offset by a slight decline in the average order value during the reporting period, a relevant portion of which was due to the depreciation of the Brazilian real against the euro. As of September 30, 2020, home24 had a total of 2.0m active customers, compared to 1.5m as of September 30, 2019. The number of orders placed during the first nine months of 2020 increased by 48% to 2.3m compared to the prior-year period. A key factor reflected in the figures for the first nine months of 2020 were favorable customer demand effects in the context of the COVID-19 pandemic. Demand remained at an elevated level in the third quarter as well. This is due both to the fact that consumers continue to spend more time in their homes as a result of the COVID-19 pandemic and to a sustained increase in the proportion of online home&living purchases compared to offline buying.

Revenue less cost of sales results in **gross profit**. In the first nine months of 2020, the Group posted a gross profit of EUR 157.1m, up 37% from EUR 114.7m in the first nine months of 2019. Combined with a disproportionately strong rise in gross profit compared to the increase in revenue, the gross profit margin grew by 2 percentage points to 46% y-o-y.

In the first nine months of 2020, **selling and distribution costs** amounted to EUR 133.0m, down 4% compared to EUR 138.1m in the corresponding period in 2019.

Selling and distribution costs comprise the following:

In EURm	9M 2020	9M 2019	Change	Change in %
Fulfillment expenses	-57.1	-51.7	-5.4	10%
Marketing expenses	-48.3	-49.0	0.7	-1%
Other selling and distribution costs	-27.6	-37.4	9.8	-26%
<b>Total selling and distribution costs</b>	<b>-133.0</b>	<b>-138.1</b>	<b>5.1</b>	<b>-4%</b>
As % of revenue				
Fulfillment expenses ratio	-17%	-20%	3pp	
Marketing expenses ratio	-14%	-19%	5pp	

The positive trend is driven in equal measure by a declining fulfillment expenses ratio (-3 percentage points) and a lower marketing expenses ratio (-5 percentage points). It is therefore particularly noteworthy that the currency-adjusted revenue increase of 38% was achieved despite incurring lower marketing expenses in absolute terms (EUR -0.7m). The change in other selling and distribution costs was mainly attributable to the discontinuation in amortization of trademark rights and customer lists in the previous year of EUR 7.8m.

In the first nine months of 2020, **administrative expenses** decreased by 11% y-o-y to EUR 29.5m, driven, among others, by lower personnel costs. In the first nine months of 2020, the adjusted EBITDA margin of 3% was 15 percentage points higher than the prior-year figure. As a result, after breaking even based on adjusted EBITDA for the first time in the fourth quarter of 2019, the Group again ended the first nine months of 2020 in the black. **Adjusted EBITDA** rose from EUR -30.8m to EUR 10.6m, due in particular to the positive outcomes of investments made in the previous quarters as well as the beneficial demand effects caused by the COVID-19 pandemic. The adjusted amounts include share-based-payment expenses for employees and in the previous year also EUR 0.3m for media services provided to the company.

**Profit contribution** as a key performance indicator comprises gross profit, fulfillment costs and impairment losses on financial assets. In the first nine months of financial year 2020, the Group generated a profit contribution of EUR 97.3m and a profit contribution margin of 29%, an improvement of 5 percentage points compared to the prior-year period.

## FINANCIAL PERFORMANCE OF THE SEGMENTS

In EURm	9M 2020	9M 2019	Change	Change in %
<b>Revenue</b>				
Europe	265.4	197.4	68.0	34%
LatAm	74.1	65.1	9.0	14%
<b>Adjusted EBITDA</b>				
Europe	8.4	-27.9	36.3	>-100%
LatAm	2.2	-2.9	5.1	>-100%

In the first nine months of 2020, **revenue** in the Europe segment amounted to EUR 265.4m, up 34% y-o-y, representing 78% of Group revenue. In the first nine months of 2020, revenue in the LatAm segment came to EUR 74.1m, up 14% y-o-y, thus contributing 22% to Group revenue. Revenue at constant currency in the LatAm segment grew by 65% y-o-y. In both segments, there was an increase in the number of active customers and orders placed, while the average order value per segment remained virtually stable on a currency-adjusted basis.

The Europe segment generated **adjusted EBITDA** of EUR 8.4m after EUR -27.9m in the prior-year period. The adjusted EBITDA margin came in at +3% compared to -14% in the prior-year period. The LatAm segment generated adjusted EBITDA of EUR 2.2m after EUR -2.9m in the prior-year period. The adjusted EBITDA margin came in at 3% compared to -5% in the prior-year period.

## CASH FLOWS

In EURm	9M 2020	9M 2019
Cash flow from operating activities	24.0	-40.1
thereof from change in net working capital	17.4	-6.7
Cash flow from investing activities	-7.3	-18.9
Cash flow from financing activities	-13.4	-5.8
<b>Net change in cash and cash equivalents</b>	<b>3.3</b>	<b>-64.8</b>
Cash and cash equivalents at the beginning of the period	45.6	108.6
Effects of exchange rate changes on cash and cash equivalents	-0.5	-0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>48.4</b>	<b>43.7</b>

In the first nine months of 2020, the Group's cash flow from operating activities amounted to EUR 24.0m compared to EUR -40.1m in the prior-year period. A high level of additional liquidity was generated from internal financing capacity as a result of negative net working capital combined with strong growth in the operating business. The positive effect of the change in net working capital is due in particular to the changes in contract liabilities on outstanding customer orders and trade payables and similar liabilities.

Cash outflows from investing activities continue to relate primarily to investments in internally generated and purchased software (EUR 5.3m), whereas the previous year's figure also was impacted by the construction of the warehouse in Halle (Saale).

The cash flow from financing activities concerns primarily repayments of lease liabilities (EUR 7.3m). In addition, existing bank loans in the net amount of EUR 6.1 million were repaid in Brazil in the reporting period.

In total, the Group's cash and cash equivalents rose by EUR 2.8m in the first nine months of 2020, despite the repayment of bank loans.

## FINANCIAL POSITION

In EURm	September 30, 2020	December 31, 2019	Change	Change in %
Non-current assets	93.3	120.5	-27.2	-23%
Current assets	112.3	109.7	2.6	2%
<b>Total assets</b>	<b>205.6</b>	<b>230.2</b>	<b>-24.6</b>	<b>-11%</b>

In EURm	September 30, 2020	December 31, 2019	Change	Change in %
Equity	75.2	85.9	-10.7	-12%
Non-current liabilities	25.8	45.1	-19.3	-43%
Current liabilities	104.6	99.2	5.4	5%
<b>Total equity and liabilities</b>	<b>205.6</b>	<b>230.2</b>	<b>-24.6</b>	<b>-11%</b>

The assets and equity and liabilities of the Group changed compared to December 31, 2019, primarily because of the following balance sheet items:

The decrease in non-current assets is mainly due to lower right-of-use assets resulting from the remeasurement of lease liabilities, and depreciation of property and equipment and capitalized right-of-use assets and amortization of intangible assets.

Current assets rose in line with the increase in cash and cash equivalents.

Equity decreased by EUR 10.7m, mainly due to the loss for the period.

The decrease in capitalized right-of-use assets on the assets side is mirrored by an equivalent decrease in non-current lease liabilities and therefore in non-current liabilities overall as a result of the repayment and remeasurement of lease liabilities.

The increase in current liabilities is mainly due to higher contract liabilities.

Overall, total assets decreased by EUR 24.6m from EUR 230.2m to EUR 205.6m.

## OVERALL ASSESSMENT

After a successful fourth quarter of 2019 in which home24 broke even based on adjusted EBITDA for the first time, the Group's revenue growth and earnings both improved further in the first nine months of 2020. Accordingly, the investments made in the past quarters are paying off and enable the company to scale its business efficiently. This positive performance was also evident in available cash and cash equivalents, which rose in the first nine months of financial year 2020 compared to the end of the previous financial year, despite the repayment of bank loans.

## FUTURE PERFORMANCE AND OUTLOOK

The financial results in the remainder of financial year 2020 continue to be closely linked to the development of customer demand and supply chains in the context of the COVID-19 pandemic. After demand stabilized at a high level in the third quarter despite an increasing normalization of public life, the fourth quarter – the most important quarter for the full-year results – continues to be fraught with a high degree of uncertainty. In addition to the demand side, management sees increased uncertainty as regards the reliability of procurement times, particularly as a result of bottlenecks in production and raw materials supply, and high utilization of distribution channels.

Nevertheless, home24 is raising its guidance for revenue growth at constant currency in 2020 to a range of +38% to +42% (at the start of the year: +10% to +20%, most recently: +25% to +35%). Despite ongoing uncertainty, home24 is updating its guidance based on strong order intake growth of +62% recorded in October (Europe segment: +67%, LatAm segment: +46% at constant currency), which in addition to higher marketing investments also reflects a renewed boost to the positive momentum seen in online home&living demand.

Management assumes that the positive order intake will to some extent result in greater profitability, as past platform investments continue to pay off and no disproportionate investments are made in stepping up new customer acquisition. Accordingly, home24 is also raising the guidance for the adjusted EBITDA margin to +2% to +4% (at the start of the year: –2% to +2%, most recently +1% to +3%).

Regardless of the COVID-19 pandemic and its effects on customer demand, home24 will continue to consistently pursue its growth strategy aimed at leveraging the large untapped potential of the online home&living sector. Having achieved profitability at adjusted EBITDA level as well as a positive free cash flow, management will now increasingly focus on accelerating profitable growth to steadily expand the Group's competitive position.

Berlin, November 11, 2020



Marc Appelhoff



Brigitte Wittekind



Johannes Schaback

# SELECTED FINANCIAL INFORMATION

## CONSOLIDATED INCOME STATEMENT

In EURm	9M 2020	9M 2019
Revenue	339.5	262.5
Cost of sales	-182.4	-147.8
<b>Gross profit</b>	<b>157.1</b>	<b>114.7</b>
Selling and distribution costs	-133.0	-138.1
Impairment losses on financial assets	-2.6	-1.1
Administrative expenses	-29.5	-33.0
Other operating income	1.1	1.2
Other operating expenses	-1.4	-1.4
<b>Operating result (EBIT)</b>	<b>-8.3</b>	<b>-57.7</b>
Finance income	0.4	0.6
Finance costs	-4.2	-3.9
<b>Loss before taxes</b>	<b>-12.1</b>	<b>-61.0</b>
Income taxes	-0.1	0.4
<b>Loss for the period</b>	<b>-12.2</b>	<b>-60.6</b>
<b>Loss attributable to:</b>		
Owners of the parent company	-11.5	-59.0
Non-controlling interests	-0.7	-1.6

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In EURm	September 30, 2020	December 31, 2019
<b>Non-current assets</b>		
Property and equipment	17.0	19.8
Intangible assets	37.0	38.9
Right-of-use assets	29.7	47.6
Financial assets	9.2	9.2
Other non-financial assets	0.4	5.0
<b>Total non-current assets</b>	<b>93.3</b>	<b>120.5</b>
<b>Current assets</b>		
Inventories	36.2	38.7
Advance payments on inventories	2.1	2.0
Trade receivables	14.8	13.1
Other financial assets	2.0	3.2
Other non-financial assets	8.8	7.1
Cash and cash equivalents	48.4	45.6
<b>Total current assets</b>	<b>112.3</b>	<b>109.7</b>
<b>Total assets</b>	<b>205.6</b>	<b>230.2</b>
<b>In EURm</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>
<b>Equity</b>		
Subscribed capital	26.4	26.4
Treasury shares	0.0	-0.1
Capital reserves	79.9	79.9
Other reserves	-5.2	-4.7
Accumulated losses	-11.5	-1.9
<b>Equity attributable to the owners of the parent company</b>	<b>89.6</b>	<b>99.6</b>
Non-controlling interests	-14.4	-13.7
<b>Total equity</b>	<b>75.2</b>	<b>85.9</b>
<b>Non-current liabilities</b>		
Borrowings	0.7	1.3
Lease liabilities	21.9	40.7
Other financial liabilities	0.5	0.5
Other non-financial liabilities	0.1	0.0
Provisions	2.0	2.1
Deferred tax liabilities	0.6	0.5
<b>Total non-current liabilities</b>	<b>25.8</b>	<b>45.1</b>
<b>Current liabilities</b>		
Borrowings	0.6	8.8
Lease liabilities	12.2	10.9
Trade payables and similar liabilities	56.3	55.3
Contract liabilities	21.6	12.2
Income tax liabilities	0.1	0.1
Other financial liabilities	7.2	5.2
Other non-financial liabilities	6.2	6.2
Provisions	0.4	0.5
<b>Total current liabilities</b>	<b>104.6</b>	<b>99.2</b>
<b>Total liabilities</b>	<b>130.4</b>	<b>144.3</b>
<b>Total equity and liabilities</b>	<b>205.6</b>	<b>230.2</b>

# CONSOLIDATED STATEMENT OF CASH FLOW

In EURm	9M 2020	9M 2019
<b>Cash flow from operating activities</b>		
Loss before taxes	-12.1	-61.0
Depreciation of property and equipment	2.9	2.4
Amortization of intangible assets	6.0	13.7
Depreciation of right-of-use assets	7.9	7.6
Non-cash expenses from share-based payments	2.1	3.2
Other non-cash income and expenses	0.0	1.0
Change in provisions	0.0	-0.1
<b>Change in net working capital</b>		
Change in inventories and advanced payments on inventories	-1.0	-7.1
Change in trade receivables and other assets	-3.5	2.5
Change in trade payables and other payables	11.1	2.3
Change in contract liabilities	10.8	-4.4
Change in other assets/liabilities	-0.2	-0.1
Income taxes paid, less reimbursements	0.0	-0.1
<b>Cash flow from operating activities</b>	<b>24.0</b>	<b>-40.1</b>
<b>Cash flow from investing activities</b>		
Payments to acquire property and equipment	-2.0	-10.0
Payments to acquire intangible assets	-5.3	-8.8
Change in restricted cash and long-term security deposits	0.0	-0.2
Proceeds from government grants	0.0	0.1
<b>Cash flow from investing activities</b>	<b>-7.3</b>	<b>-18.9</b>
<b>Cash flow from financing activities</b>		
Proceeds from capital increases by shareholders less transaction costs	0.0	-0.3
Proceeds from borrowings	5.8	0.9
Repayment of borrowings	-11.9	-0.3
Redemption of lease liabilities	-7.3	-7.7
Proceeds from lease incentives	0.0	1.6
<b>Cash flow from financing activities</b>	<b>-13.4</b>	<b>-5.8</b>
<b>Net change in cash and cash equivalents</b>	<b>3.3</b>	<b>-64.8</b>
Cash and cash equivalents at the beginning of the period	45.6	108.6
Effect of exchange rate changes on cash and cash equivalents	-0.5	-0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>48.4</b>	<b>43.7</b>

# FINANCIAL CALENDAR 2021

<b>February 09, 2021</b>	Trading Update FY 2020
<b>March 31, 2021</b>	Publication Annual Financial Report 2020
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## IMPRINT

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This quarterly statement has been translated into English. It is available for download in both languages at [www.home24.com](http://www.home24.com). If there are variances, the German version has priority over the English translation.



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