



# home24 Q3 2021 Earnings Presentation

November 10th 2021

# Management Summary Q3 2021

## Growth trajectory intact, continuing to take market share



### Order Intake

- **Further YoY GOV growth in Q3 +6% LFL<sup>1</sup>** on top of strong 2020 levels
  - EU: ~+10% LFL<sup>1</sup>
  - LatAm: -7%



### Revenue

- **YTD<sup>2</sup> revenue growth of +40%**
- **EUR 616m L12M<sup>3</sup> IFRS revenue**
- **Q3 2021: +17% YoY on top of strong 2020**, bringing two-year growth vs. 2019 to 79%
  - EU: +22% (vs. 42% PY)
  - LatAm: +4% (vs. 88% PY)



### Profitability

- **YTD<sup>2</sup> Adj. EBITDA of EUR 2m in line with guidance** confirming reinvestment of additional profit into further growth potential
- Q3 typical investment quarter



### Cashflow

- **Group cash position of EUR 130m remains strong** to take further advantage of the market opportunity in future quarters
- **Deliberate investments taken into inventory** to compensate for volatile conditions



### Outlook

- 2021 guidance specified:
  - Revenue growth at 28% to 32% (in CC)
  - Adj. EBITDA margin at 0% to +2%
- Well on track to reach EUR 1bn in annualized revenue by end of 2023

All figures preliminary and unaudited

Note: Group & LatAm growth numbers displayed in constant currency

1. Like for Like calculation considers structurally lower cancellation rates due to new order creation logic as of May 2021 in EU

2. Refers to the period of 9 months ending in September 2021

3. Refers to the period of 12 months ending in September 2021

**home24 at a glance**





## Our mission:

to be the online destination in  
Home & Living for everyday people

## Huge addressable market with low online penetration

### Global

Home & Living market<sup>1</sup>

> €560bn

### home24 footprint<sup>2</sup>

Home & Living market

> €110bn

### home24 footprint<sup>2</sup>

Online Home & Living market

> €11bn

24

€0.5bn<sup>3</sup>  
(~4-5% mkt. share)

All figures preliminary and unaudited

Source: Euromonitor International.

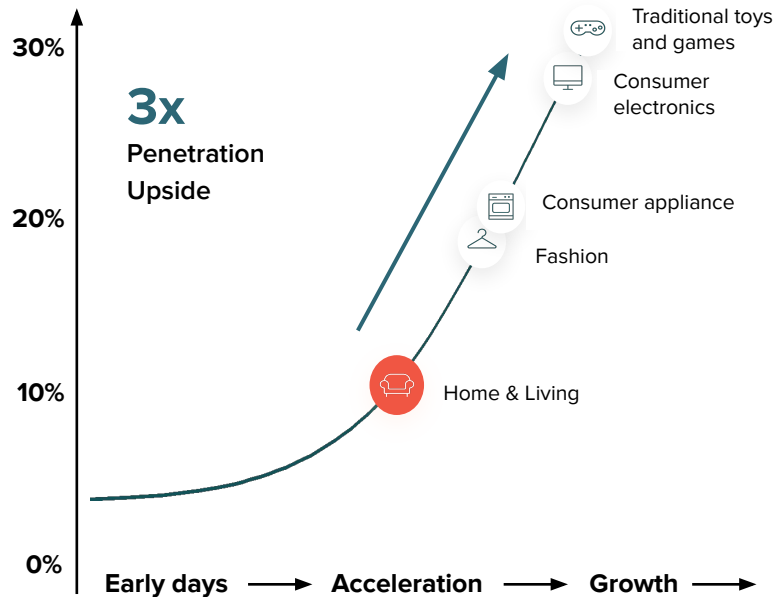
1. Home & Living market defined as Euromonitor Passport: Home and Garden categories "homewares" and "home furnishings" (2019).

2. home24 markets consist of Germany, France, Italy, the Netherlands, Belgium, Austria, Switzerland and Brazil.

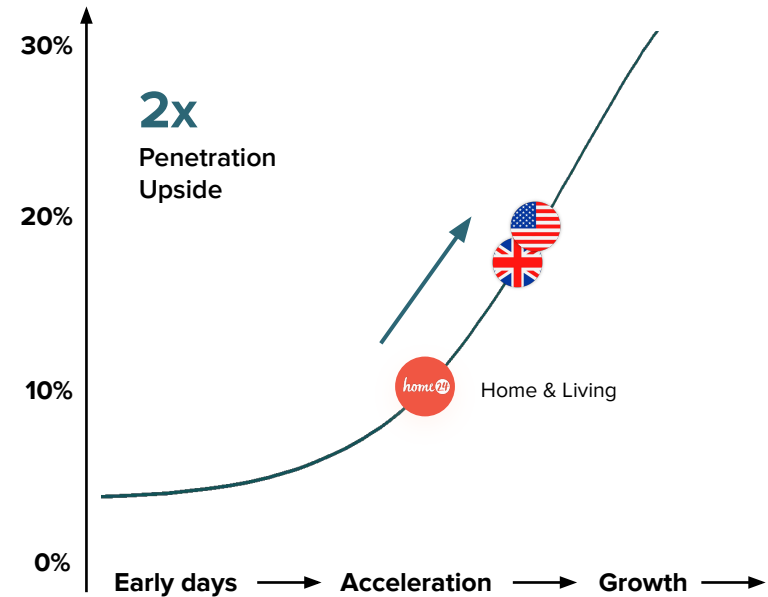
3. home24 revenue 2020

# Demographics, changes in consumer habits and technology boost online penetration further

## Online penetration by industry in home24 markets<sup>1</sup>



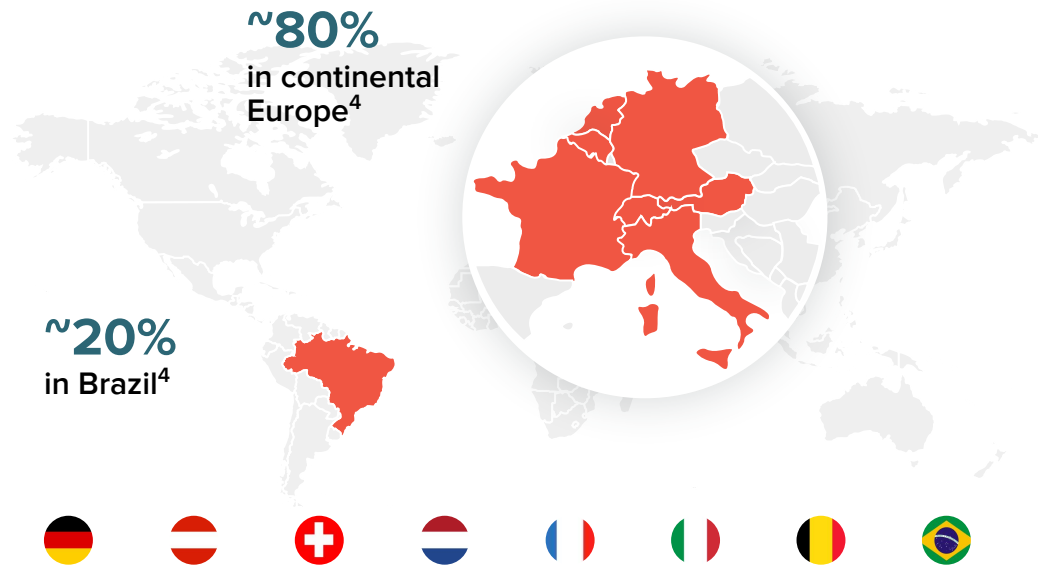
## Home & Living online penetration by geography



Source: Euromonitor International (2019); Management Estimates

1. Consists of home24's target markets Germany, France, Italy, the Netherlands, Austria, Belgium, Switzerland and Brazil.

# We are a leading pure-play Home & Living e-commerce platform in continental Europe and Brazil



**€616m**

(L12M<sup>1</sup>)  
IFRS revenue

**>43%**

L9Y revenue  
CAGR

**c.€360**

Average order  
value<sup>2</sup>

**44%**

Gross margin  
(L12M<sup>1</sup>)

First order  
profitability

Positive  
Adj. EBITDA<sup>3</sup> &  
Cashflow (L12M<sup>1</sup>)

**€130m**

Cash and cash  
equivalents (Q3 21)

**~7%**

Return rates

All figures preliminary and unaudited

1. Refers to the period of 12 months ending in September 2021

2. Including VAT, for Europe only.

3. Adjusted for share-based compensation & IPO expenses.

4. Share of Group revenue.

# Home & Living mass market has category specific challenges which we have mastered, creating significant barriers to entry

- 1 Products with **high basket size / AOV** and without established consumer brands in mass market
- 2 **Identify and source relevant assortment** in a market with no brands and abundant product variety
- 3 Inventory management: make **bulky and high value items** available at short delivery times and still remain working capital neutral
- 4 Scalable online demand largely in **short tail generic search without brands**
- 5 Extremely **complex logistics** and delivery for multi-component and heavy/bulky products



has cracked the code

# We have built the best-in-class platform to drive profitable growth



## 2019 PATH TO PROFITABILITY

### FY 2019

+20% YoY  
revenue growth<sup>1</sup>

Q4 adj. EBITDA break even



Post IPO investments into logistics, brand, return clearance, ERP system etc. pay off



## 2020 PROFITABLE GROWTH

### FY 2020

+42% YoY  
revenue growth<sup>1</sup>

+3% adj. EBITDA margin



Sustainably scalable, profitable growth



Accelerated shift in consumer behaviour



## 2021 MARKET SHARE GAIN

### Guidance 2021

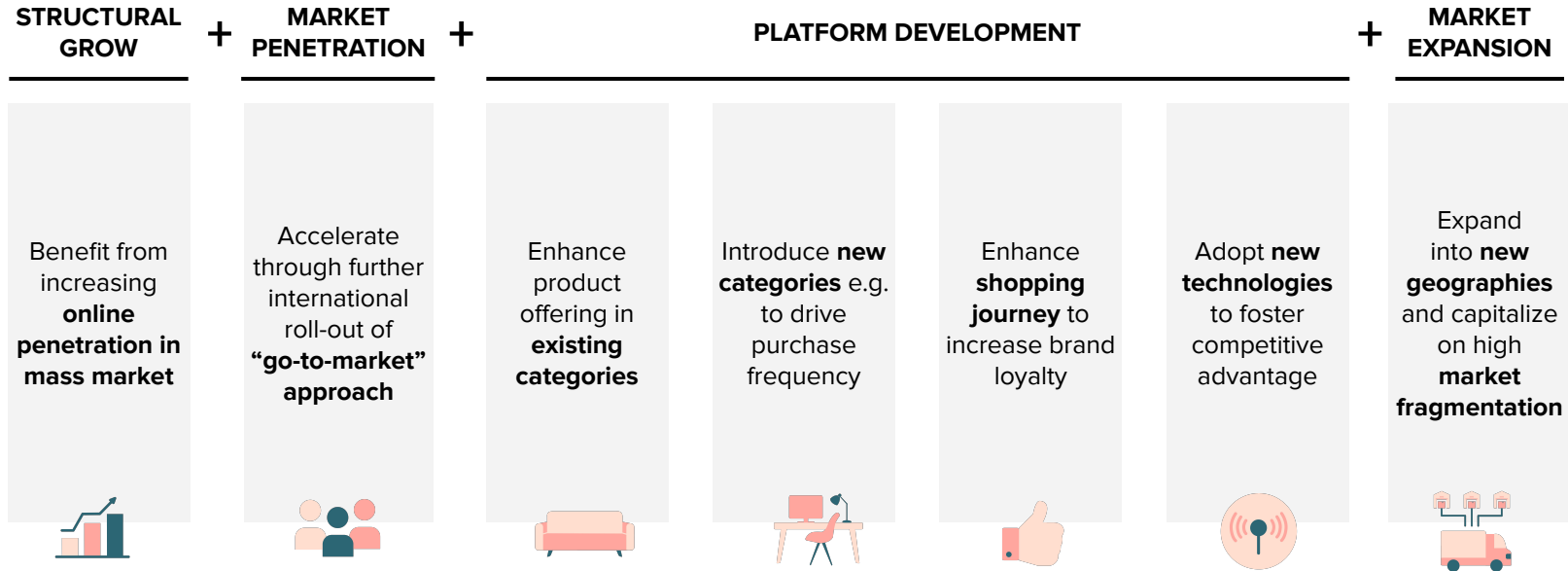
+28-32% YoY  
revenue growth<sup>1</sup>

+0-2% adj. EBITDA margin



Backed by strong Balance Sheet accelerated investments in growth to grab market opportunity; continue high double digit growth even on back of strong 2020 comp

# home24 has multi-dimensional drivers for sustainable long-term growth



# We are uniquely positioned to explore the massive growth opportunity in Home & Living e-commerce

## Market

Huge mass market opportunity characterized by low online penetration in home24 markets with huge catch-up potential, accelerated by persistent consumer behaviour even in times of re-opening of offline shopping



## Customer value proposition

We carefully select our assortment to deliver our customers 'happy homes'. Best value offering through private labels and most relevant selection brought to life in a customer centric go-to-market approach



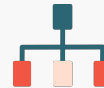
## Value chain

Scalable and automated value chain that delivers sustainable scale effects. Value-added services to deliver best customer satisfaction



## Data & technology

Pioneering technologies improve shopping experience and empower data-driven decisions

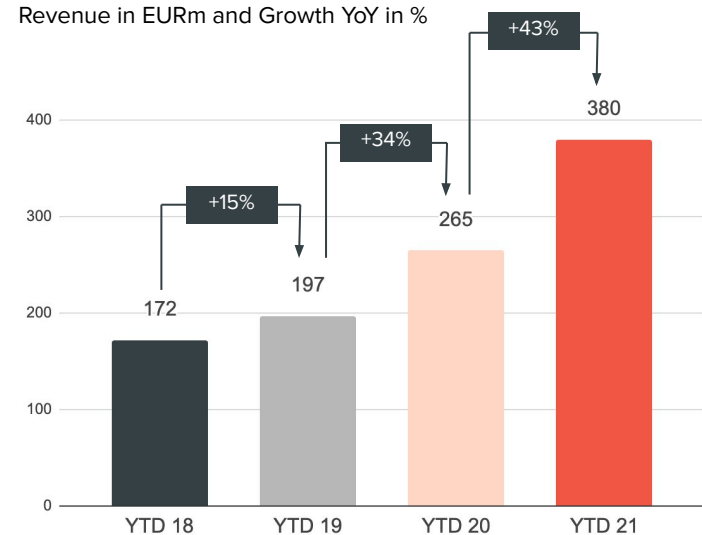


# **Q3 2021 Business Update - Focus on Europe**

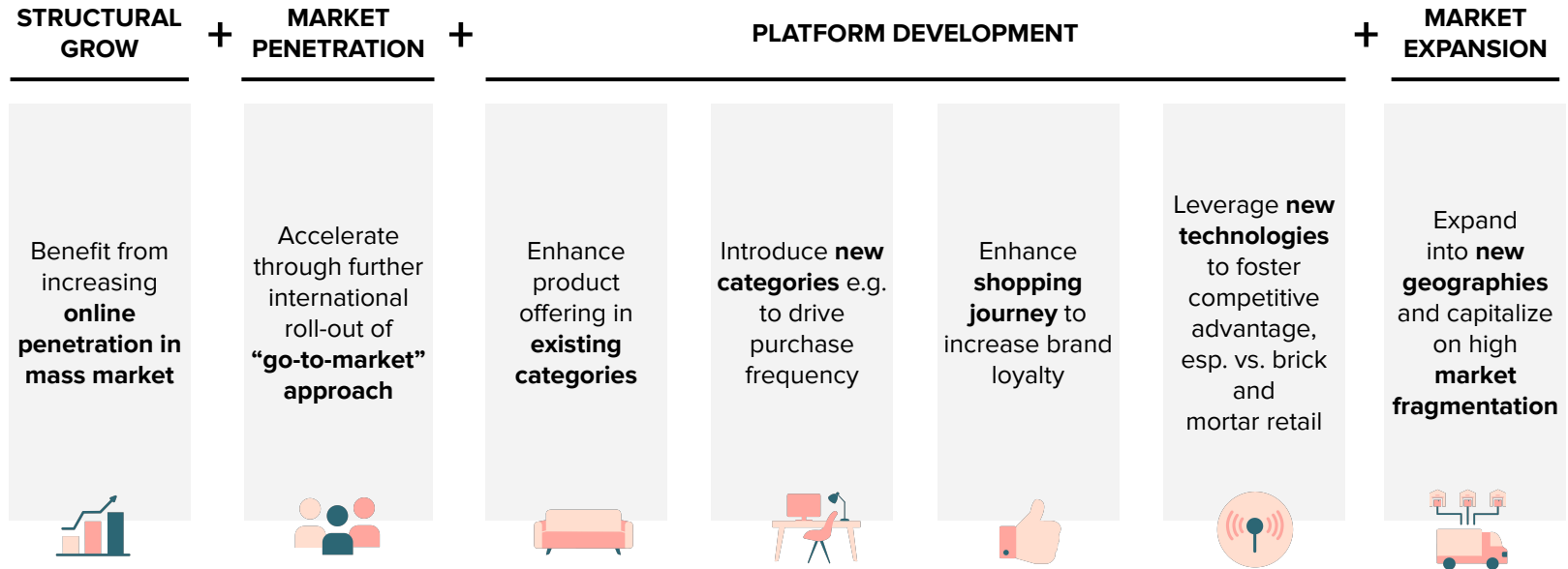
## Q3 2021 complements home24's remarkable topline development in 2021

Focus on Europe

- YTD1 revenue growth in Europe now 43%
- Strong market position, gaining share
- Europe alone L12M revenue run rate of EUR >500m



## Revisit: We continuously invest into long term growth drivers



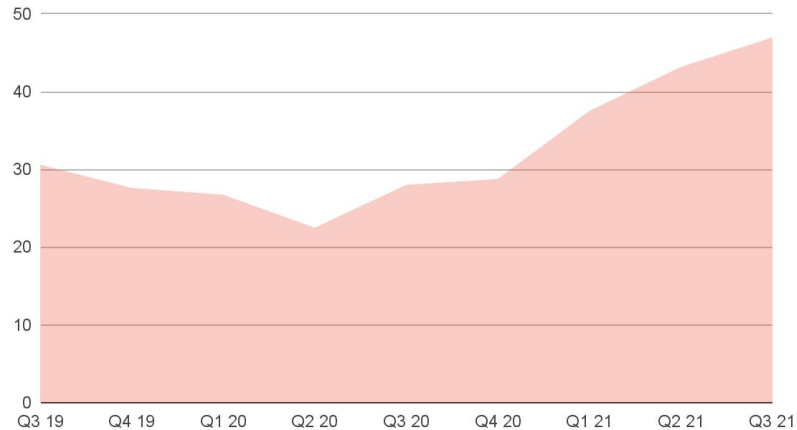
## Deliberate, temporary investments into elevated inventory levels & short delivery times

~EUR 18m higher inventory level in 2021

Key benefits:

- High product availability
- Short and reliable delivery times
- Lower influence of global supply chain fluctuations
- Higher customer satisfaction
- Well prepared for upcoming peak season in Q4 and Q1

Inventory in EURm



# Investment in customer loyalty by extending the product offering in new and existing categories

Assortment increase YoY by more than 30k SKUs on home24.de (net of deactivations)



## Key Benefits:

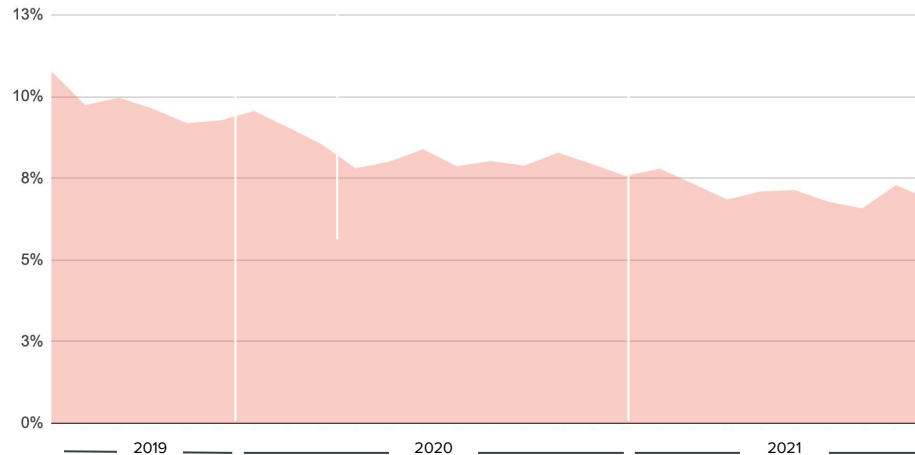
- Completing offering so that customers can furnish entire rooms
- Merchandising can present more consistently
- Focus on repeat driving categories
- Increase in customer engagement and loyalty over time
- Investment into future growth as new addition fuel next year growth



## Continuous investment into shopping fulfillment experience, measured in successful reduction of return rates

Return rates reduced to ~7% despite continuous free cancellations and returns

Return Rate (%) per Month (Jul '19 – Sep '21)



- Proves that long term company focus on customer satisfaction is paying off
- Proves benefits of curated assortment selection and private label business, where we control supply chain
- Despite customer value proposition of free cancellations and returns
- Continuous reduction of already low return rates compared to e-commerce

# Investment into unique delivery services

Own last mile delivery share in Germany at above 20% in Q3 2021



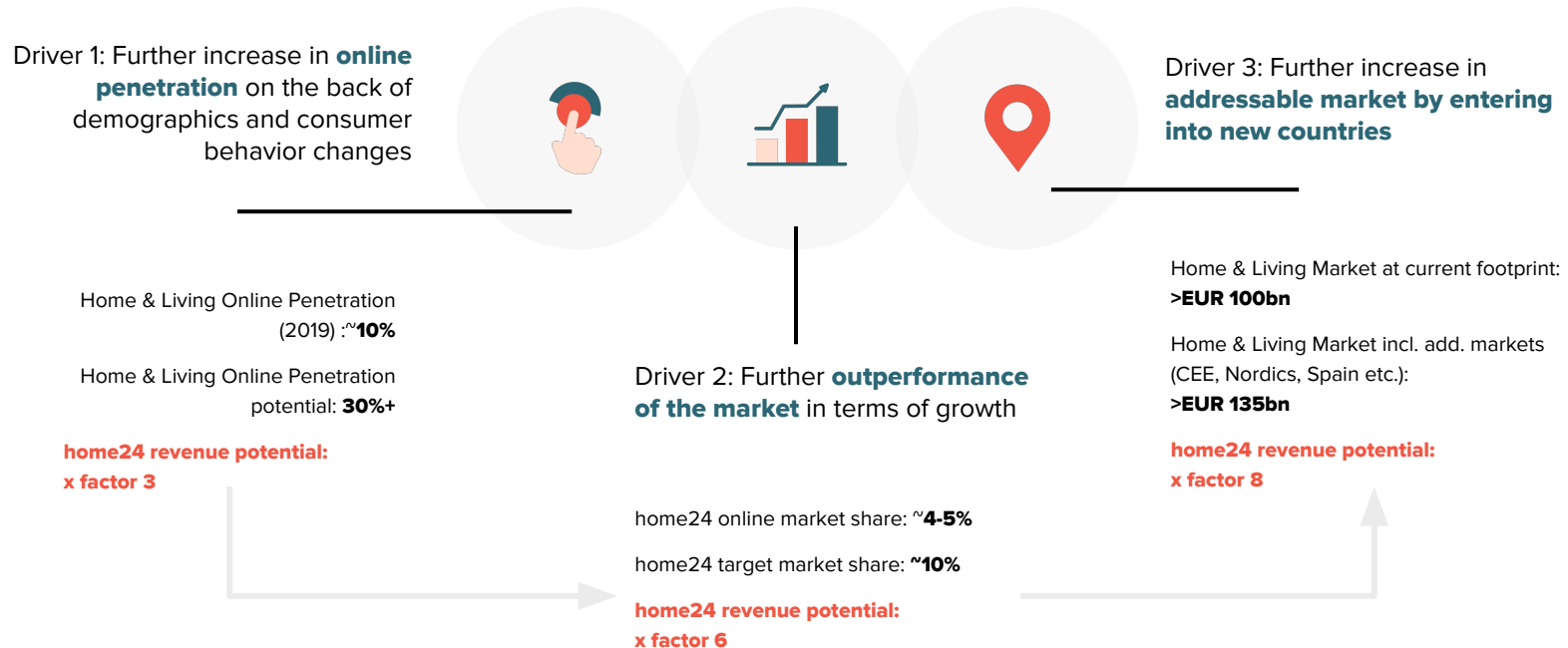
## Key Benefits:

- Higher customer satisfaction & positive branding effect
- Higher delivery reliability & less transport damages
- Testing of additional services
- Independent of third party capacities as we grow



# home24 Group is still at the beginning of a decade+ growth opportunity - well on track to reach €1bn annualized revenue by the end of 2023

## Focus on Group



# **Q3 2021 Financial Update**



# Further YoY GOV growth in Q3 signals robust online demand even above strong PY levels

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

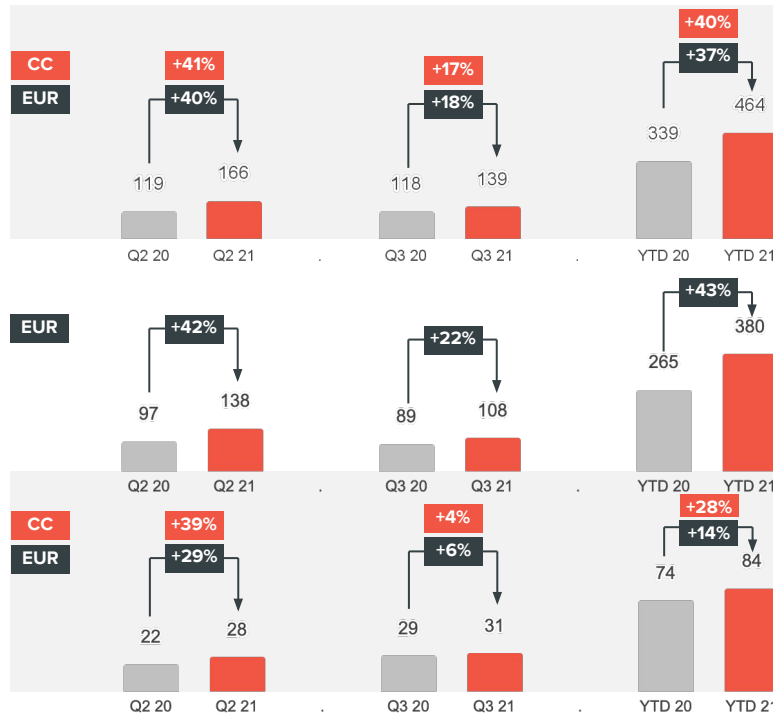
Group	Q3-21		Europe	Q3-21		LatAm	Q3-21
GOV	177.5		GOV	135.6		GOV	41.9
GOV Growth CC	0% (6% LfL) <sup>1</sup>		GOV Growth CC	3% (10% LfL) <sup>1</sup>		GOV Growth CC	-7%
Total Gross Orders	689		Total Gross Orders	354		Total Gross Orders	335
Total Gross Orders Growth	-12%		Total Gross Orders Growth	-1%		Total Gross Orders Growth	-22%
Average Order Value	257		Average Order Value	382		Average Order Value	125
Average Order Value Growth	16%		Average Order Value Growth	4%		Average Order Value Growth	23%
Active Customers	2,357		Active Customers	1,421		Active Customers	936
Active Customers Growth	21%		Active Customers Growth	38%		Active Customers Growth	1%

All figures preliminary and unaudited

1. Like for Like calculation considers structurally lower cancellation rates due to new order creation logic in our webshop as of May 2021. "Like for like" therefore a better proxy for the expected revenue growth

# YTD<sup>1</sup> Revenue growth even exceeds last years growth rate, supported by continuous strong growth performance in Q3

Revenue in EURm and Growth YoY in %



## Group

YTD<sup>1</sup> further growth acceleration in 2021 to +40% vs. +38% in 2020

## Europe

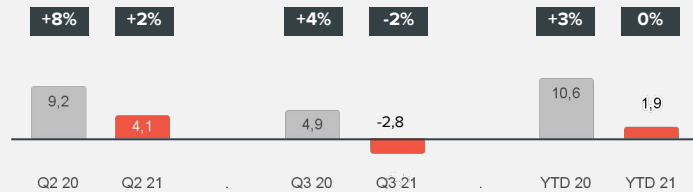
Continuous strong customer demand in Q3 paired with faster revenue realization

## Latin America

Solid Q3 on high PY comparable. 2Y growth rate close to 100%

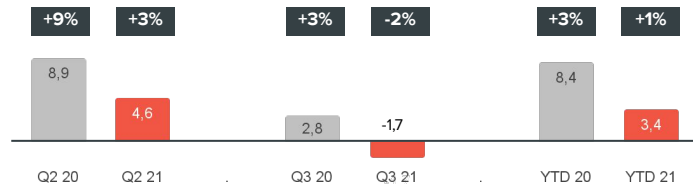
# Adj. EBITDA margin remains in line with guidance confirming reinvestment of additional profit into further growth potential

Adj. EBITDA in EURm and in % of Revenue



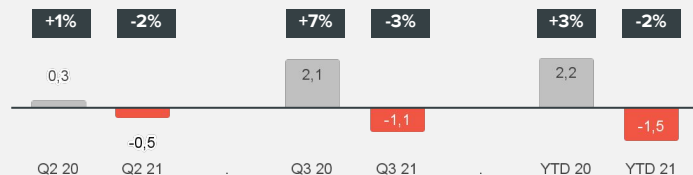
## Group

Structurally lower EBITDA margin in Q3 (as in Q1 vs. Q2 & Q4).  
YTD<sup>1</sup> still well in line with guidance range



## Europe

Structural profitability intact underlining ability to invest into further growth



## Latin America

Profitability affected by post IPO investments, such as the new warehouse, but also due to pressure on Gross Margins

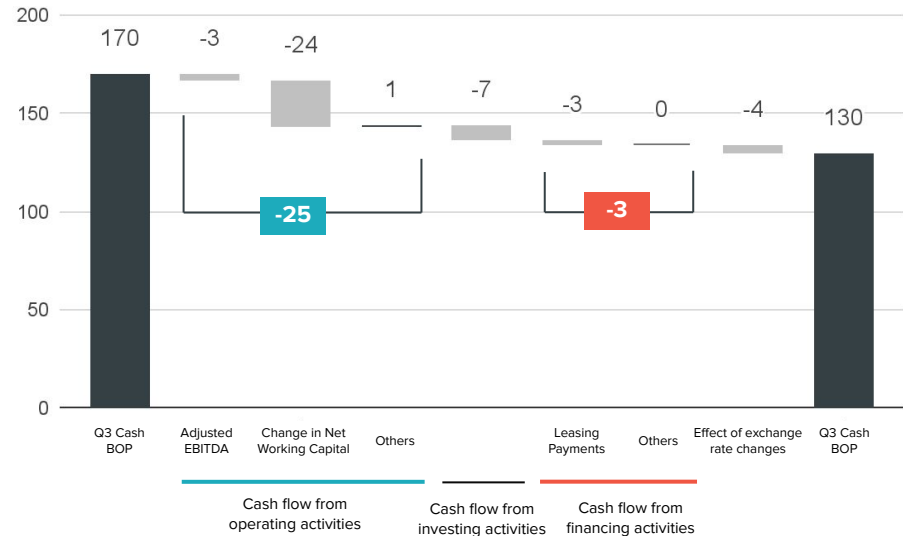
# Group cash position of EUR 130m remains strong to take further advantage of the market opportunity in future quarters

## Group cash flow in EURm

**Cash outflow in Q3 mainly related to Working Capital** investments, **Capex** and **FX** effects

**Working Capital increase in Europe EUR 15m related to temporary effects** of i) inventory increase combined with a ii) further decrease of customer prepayments resulting from shorter delivery times

**Working Capital increase in Latam** still results mainly from an increase in trade receivables from installment purchases, as a result of the improved level of capital following the IPO in February 2021. The rationale is to **save interest expenses** as long as cash levels are comfortable. This **can be revised anytime freeing up the cash again**



# Outlook and Q&A





## Outlook

### home24 confirms outlook:

- Revenue growth range for FY 2021 narrowed: currency-adjusted sales growth in the range of 28 % to 32 %, compared to 20 % to 40 % at the beginning of the year.
- Unchanged adjusted EBITDA margin range of 0% to +2% for the full year 2021.
- Beyond 2021, we remain focused on best exploiting the decade+ growth opportunity towards EUR 1bn in annualized revenue by the end of 2023, without jeopardizing profitability.

**Q&A**



# Summary of the financial performance - Group

In EURm and % of Revenue

	Q2-20	Q2-21	Q3-20	Q3-21	YTD <sup>2</sup> -20	YTD <sup>2</sup> -21
Revenue	119.1	166.1	117.8	138.6	339.5	463.7
<b>Revenue growth CC</b>	<b>49%</b>	<b>41%</b>	<b>54%</b>	<b>17%</b>	<b>38%</b>	<b>40%</b>
Cost of sales	64.4	95.0	62.6	80.1	182.4	261.7
Gross profit	54.7	71.1	55.2	58.5	157.1	202.0
<b>Gross profit margin</b>	<b>46%</b>	<b>43%</b>	<b>47%</b>	<b>42%</b>	<b>46%</b>	<b>44%</b>
Fulfillment expenses <sup>1</sup>	20.8	27.3	20.6	24.0	59.8	77.9
Fulfillment expenses ratio	17%	16%	18%	17%	18%	17%
Profit contribution	33.9	43.8	34.5	34.5	97.3	124.2
Profit contribution margin	28%	26%	29%	25%	29%	27%
Marketing expenses	12.5	23.5	16.8	21.0	48.2	74.6
Marketing expenses ratio	10%	14%	14%	15%	14%	16%
Adjusted EBITDA	9.2	4.1	4.9	-2.8	10.6	1.9
<b>Adjusted EBITDA margin</b>	<b>8%</b>	<b>2%</b>	<b>4%</b>	<b>-2%</b>	<b>3%</b>	<b>0%</b>

All figures preliminary and unaudited

1. Including impairment losses on financial asset

2. Refers to the period of 9 months ending in September

# Summary of the financial performance - Europe

In EURm and % of Revenue

	Q2-20	Q2-21	Q3-20	Q3-21	YTD <sup>2</sup> -20	YTD <sup>2</sup> -21
Revenue	97.5	138.3	88.9	108.0	265.4	379.5
<b>Revenue growth</b>	<b>52%</b>	<b>42%</b>	<b>42%</b>	<b>22%</b>	<b>34%</b>	<b>43%</b>
Cost of sales	51.5	77.6	45.9	61.5	138.8	210.8
Gross profit	45.9	60.6	43.0	46.5	126.7	168.7
<b>Gross profit margin</b>	<b>47%</b>	<b>44%</b>	<b>48%</b>	<b>43%</b>	<b>48%</b>	<b>44%</b>
Fulfillment expenses <sup>1</sup>	16.8	23.5	16.0	19.9	47.3	66.2
Fulfillment expenses ratio	17%	17%	18%	18%	18%	17%
Profit contribution	29.2	37.1	27.0	26.6	79.3	102.5
Profit contribution margin	30%	27%	30%	25%	30%	27%
Marketing expenses	10.5	20.1	14.3	17.1	41.7	64.1
Marketing expenses ratio	11%	15%	16%	16%	16%	17%
Adjusted EBITDA	8.9	4.6	2.8	-1.7	8.4	3.4
<b>Adjusted EBITDA margin</b>	<b>9%</b>	<b>3%</b>	<b>3%</b>	<b>-2%</b>	<b>3%</b>	<b>1%</b>

All figures preliminary and unaudited

1. Including impairment losses on financial asset

2. Refers to the period of 9 months ending in September

# Summary of the financial performance - LatAm

In EURm and % of Revenue

	Q2-20	Q2-21	Q3-20	Q3-21	YTD <sup>2</sup> -20	YTD <sup>2</sup> -21
Revenue	21.6	27.8	29.0	30.7	74.1	84.3
<b>Revenue growth CC</b>	<b>39%</b>	<b>39%</b>	<b>88%</b>	<b>4%</b>	<b>49%</b>	<b>28%</b>
Cost of sales	12.9	17.3	16.7	18.6	43.7	50.9
Gross profit	8.7	10.5	12.2	12.1	30.4	33.4
<b>Gross profit margin</b>	<b>40%</b>	<b>38%</b>	<b>42%</b>	<b>39%</b>	<b>41%</b>	<b>40%</b>
Fulfillment expenses <sup>1</sup>	4.0	3.8	4.7	4.1	12.5	11.6
Fulfillment expenses ratio	19%	14%	16%	13%	17%	14%
Profit contribution	4.7	6.7	7.5	8.0	18.0	21.8
Profit contribution margin	22%	24%	26%	26%	24%	26%
Marketing expenses	2.0	3.4	2.5	3.9	6.5	10.5
Marketing expenses ratio	9%	12%	9%	13%	9%	12%
Adjusted EBITDA	0.3	-0.5	2.1	-1.1	2.2	-1.5
<b>Adjusted EBITDA margin</b>	<b>1%</b>	<b>-2%</b>	<b>7%</b>	<b>-3%</b>	<b>3%</b>	<b>-2%</b>

All figures preliminary and unaudited

1. Including impairment losses on financial asset

2. Refers to the period of 9 months ending in September

# Cashflow breakdown by segments

In EURm

Group	Q3-21
<b>Cash BOP</b>	<b>169.7</b>
Adjusted EBITDA	-2.8
Change in Net Working Capital	-23.7
Others	1.0
<b>Cash Flow from operating activities</b>	<b>-25.5</b>
<b>Cash Flow from investing activities</b>	<b>-6.9</b>
Leasing payments	-2.8
Other	-0.5
<b>Cash Flow from financing activities</b>	<b>-3.3</b>
Effect of exchange rate changes on cash and cash equivalents	-3.9
<b>Cash EOP</b>	<b>130.1</b>



Europe	Q3-21
<b>Cash BOP</b>	<b>96.4</b>
Adjusted EBITDA	-1.7
Change in Net Working Capital	-15.2
Others	0.3
<b>Cash Flow from operating activities</b>	<b>-16.7</b>
<b>Cash Flow from investing activities</b>	<b>-1.4</b>
Leasing payments	-2.3
Other	0.0
<b>Cash Flow from financing activities</b>	<b>-2.3</b>
Effect of exchange rate changes on cash and cash equivalents	0.0
<b>Cash EOP</b>	<b>76.0</b>

LatAm	Q3-21
<b>Cash BOP</b>	<b>73.3</b>
Adjusted EBITDA	-1.1
Change in Net Working Capital	-8.5
Others	0.7
<b>Cash Flow from operating activities</b>	<b>-8.8</b>
<b>Cash Flow from investing activities</b>	<b>-5.2</b>
Leasing payments	-0.5
Other	-0.7
<b>Cash Flow from financing activities</b>	<b>-1.3</b>
Effect of exchange rate changes on cash and cash equivalents	-3.9
<b>Cash EOP</b>	<b>54.1</b>

# Financial calendar

## Upcoming events

DATE	EVENT
December 6th	Berenberg European Conference
December 8th	GBC Münchener Kapitalmarkt Konferenz
February 15th	Trading Update FY 2021
March 31st	Publication annual financial report

## 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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