Annual Report 2022

At a Glance

Non-financial KPIs	Unit	2022	2021	Change	Q4 2022	Q4 2021	Change
Gross merchandise value	in EURm	838.7	882.2	-5%	246.5	214.9	15%
Gross merchandise value, online	in EURm	694.6	839.1	-17%	190.4	202.1	-6%
Gross merchandise value, offline	in EURm	144.1	43.1	>100%	56.1	12.8	>100%
Gross merchandise value growth at constant currency	in %	-8%	15%	-23pp	12%	-13%	25pp
Number of orders, online	in k	2,645	3,120	-15%	815	752	8%
Average order value, online	in EUR	263	269	-2%	234	269	-13%
Number of active customer, onlines (as of December 31)	in k	1,992	2,213	-10%	1,992	2,213	-10%
Employees (as of December 31)	Number	3,020	2,084	45%	3,020	2,084	45%

Financial KPIs	Unit	2022	2021	Change	Q4 2022	Q4 2021	Change
Revenue	in EURm	601.0	615.5	-2%	172.9	151.7	14%
Revenue growth at constant currency	in %	-5%	27%	-32pp	10%	-1%	11pp
Gross profit margin	in %	46%	43%	3pp	50%	43%	7pp
Profit contribution margin	in %	32%	27%	5pp	37%	26%	11pp
Adjusted EBITDA margin	in %	3%	0%	3pp	10%	0%	10pp
Earnings per share	in EUR	-1.31	-1.05	25%	-0,09	-0.31	-71%
Cash flow from operating activities	in EURm	24.0	-63.1	>-100%	33.2	11.0	>100%
thereof from change in net working capital	in EURm	12.6	-62.8	>-100%	18.0	10.5	71%
Cash flow from investing activities	in EURm	-49.3	-20.0	>100%	-4.6	-7.1	-35%
Cash flow from financing activities	in EURm	-10.5	110.4	>-100%	10.5	-2.4	>-100%
Cash and cash equivalents at the end of the period	in EURm	99.5	131.1	-24%	99.5	131.1	-24%

home24 is a leading pure-play home & living e-commerce platform in continental Europe and Brazil. With over 250,000 home & living products in Europe and more than 200,000 articles in Latin America – from accessories to lamps to furniture – home24 offers its currently just under 2.0 million customers the right product for every taste, style and budget.

On its platform, home24 combines a broad, carefully curated range of relevant third-party brands with a large number of private labels, making it a furniture manufacturer and retailer in one. In Germany, the Company also sells more than 100,000 other products via its own marketplace.

home24 is headquartered in Berlin and employs almost 3,000 people worldwide. The Company operates in seven European markets (Germany, France, Austria, the Netherlands, Switzerland, Belgium and Italy) and in Brazil under the “Mobly” brand. Since April 1, 2022, the BUTLERS home accessories brand has been part of the Group, with its approximately 100 branches in the DACH region and more than 25 franchise branches in the rest of Europe.

601.0

REVENUE IN EURm

46%

GROSS PROFIT MARGIN

3%

ADJUSTED EBITDA MARGIN

1,992,414

NUMBER OF ACTIVE CUSTOMERS

3,020

EMPLOYEES

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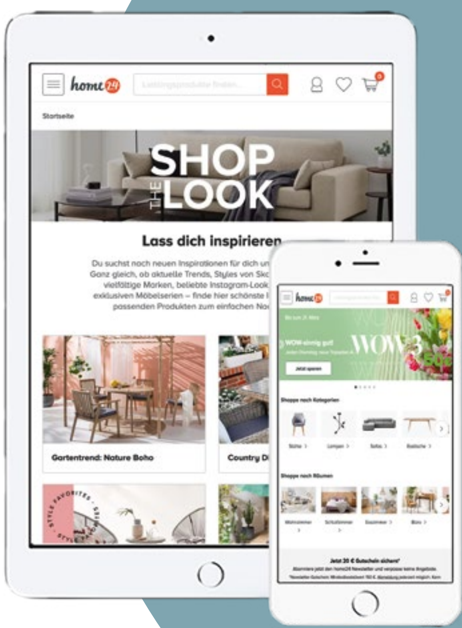


Letter to Our Shareholders

Dear Shareholders, Dear Readers,

Rarely in its history has home24 had to deal with the kind of external upheaval it faced over the past financial year. Once again, we began the new year with high hopes of stable economic development, with an easing of the pandemic, normalization in supply chains and confident mood among consumers all expected to characterize the home & living market in 2022.

Russia's attack on Ukraine in February brought these hopes to an abrupt end. The economy, including in Western Europe, has not yet managed to overcome the consequences of this conflict. One immediate impact was the surge in energy prices, which in turn stoked inflation. Consumer sentiment in Germany, analyzed on a monthly basis, fell to its lowest level since records began in early 1991, and the associated reluctance to spend on all discretionary goods also affected the home & living market.

Amid this exceptionally challenging environment, home24 reacted quickly to change its strategic direction at the start of the year, shifting its focus to profitability based on adjusted EBITDA as a key performance indicator. As a result, we achieved the forecast we issued at the start of the year by generating an EBITDA margin of 3% despite the difficult market environment. We also met the revenue guidance we refined to a range of –7% to +3% in the middle of last year.

At the same time, we pushed ahead with our acquisition of lifestyle brand Butlers, which we completed in April 2022. Since then, we have been combining our private label expertise with the best from the online and offline business. More and more Butlers branches are selling selected home24 items, which can also be ordered in store.

The Management Board of home24 SE, from left to right: Marc Appelhoff, Philipp Steinhäuser, Brigitte Wittekind

Joint campaigns, a shared loyalty program and the opening of the first dedicated home24xButlers shops in Berlin and Göttingen marked further integration milestones during the past financial year. The acquisition has been a financial success, as Butlers has helped to increase revenues and strengthen profitability since its first-time consolidation in April 2022.

The launch of the home24 marketplace last summer heralded another important step in the Company's strategic growth. Third-party providers can use the home24 platform to reach an enormous customer base for their own account, using their own logistics. This also allows us to expand our product range and offer our customers even more choice without having to stock the corresponding products ourselves. After getting off to a successful start in Germany, the model has since been rolled out in Austria, Switzerland and France.

One of the issues that presented us with real challenges in 2022 was sentiment in the capital markets which, fueled by crisis scenarios and interest rate hikes, turned markedly against growth companies. This was also reflected in the significant volatility in our share price. Against this backdrop, we conducted very serious negotiations with the XXXLutz Group to combine our strengths and bolster our continuing efforts to become an online market leader. These discussions led to a Business Combination Agreement and a subsequent takeover bid. The share price offered by the XXXLutz Group was attractive given the market environment, as demonstrated not least by the fact that more than 92% of all shares were tendered as part of the offer. As there are still regulatory approvals outstanding at the time this Annual Report goes to press, the transaction has not yet completed. We are confident that this new arrangement represents the ideal solution for customers, employees and other stakeholders.

At the end of another eventful year, we would like to express our sincere thanks to our entire team. The home24 team has once again worked hard to prove ourselves in challenging times, and our success ultimately attracted the attention of a strategic market leader who wants to travel with us on this journey in the future. home24 will retain its independence and character under its new parent company and, with a financially robust owner, can continue to pursue its vision of becoming the go-to destination in the home & living market.

Berlin, March 29, 2022

Marc Appelhoff | Brigitte Wittekind | Philipp Steinhäuser

Non-financial Report

1. home24 Company Profile

1.1. About us

home24 SE (hereinafter also referred to as the "Company") is a European stock corporation with its registered office in Berlin, Germany. The Company has several subsidiaries that primarily operate under the "home24" and "Butlers" brands in Europe and under the "Mobly" brand in Brazil (hereinafter also referred to as the "Group", "we" or "us"). The Company can directly or indirectly control the financial strategy and business policy of these subsidiaries.

With its broad range of products, the Group considers itself to be one of the leading e-commerce companies in the home & living sector in continental Europe and Brazil. The Group grew further in 2022 with the acquisition of Butlers Holding, while the Company also launched a marketplace to complete its product portfolio. Our core online business is complemented by bricks-and-mortar retail in showrooms and branches across the DACH region and in Brazil as well as several franchise locations in other European countries. We also operate outlets in Germany and in Brazil that give a new lease of life to returned items of furniture and fixtures. In addition to the showrooms, branches and outlets, the Group operates its own logistics centers and smaller distribution centers for deliveries made by our own delivery fleet.

As of December 31, 2022, the Group had a total of 3,020 employees (2021: 2,084), with the increase in employees primarily attributable to the Butlers acquisition.

1.2. Our Responsibilities

1.2.1. Sustainability Strategy and definition of Material Topics

We consider ourselves to be a responsible company that aims to achieve commercial success in line with social objectives and environmental protection considerations. We are committed to these goals along our value chain and are always looking for sustainable solutions to manage the impact of our business activities. We seek to handle resources responsibly and contribute to addressing economic, environmental and social challenges as part of our everyday business. Our image as a responsible company has been an integral part of our six corporate values since 2021 ("We act sustainably").

Responsibility for sustainability lies with the Company's Management Board. The board is involved in all important sustainability topics and takes environmental and social factors into account when making commercial decisions. The sustainability strategy and the initiatives derived from it are managed and coordinated by the Sustainability team, which reports to the GRC (Governance, Risk and Compliance) department. home24 understands GRC's tasks to involve achieving targets reliably, sustainably and responsibly (governance), assessing uncertainties along the way (risk management) and acting with integrity (compliance). The GRC department began reporting directly to the Company's CFO during the 2022 financial year and reports regularly to the Management Board. The GRC team develops Group-wide policies and directives to embed, among other things, the Company's strategic approach to sustainability in all business units. The specialist departments and/or the Sustainability team are responsible for implementing the sustainability activities, with the Sustainability team defining cross-departmental targets and initiatives. Building up sustainability expertise within the specialist departments and prioritizing sustainability targets and measures is a continuous process and one that is being steadily refined.

During the 2022 financial year, we formalized the process for identifying sustainability topics that are relevant to our business. Workshops were held with the Company's management and an employee survey was conducted as part of our materiality analysis, which encompasses three pillars:

"impact of business activities", "impact on business activities", and "stakeholder relevance". We also included potential sustainability opportunities and risks and existing legislation in our analysis.

In 2022, our analysis reconfirmed the existing areas of human resources management, supply chain management, climate change mitigation and compliance as key areas of action. The individual sub-topics allocated to these four areas are reprioritized in accordance with the materiality analysis. During the 2022 financial year, we placed particular emphasis on pushing ahead with the following topics: employee satisfaction, health and occupational safety, diversity and equal opportunity, returns management, environmental and social standards along the supply chain, carbon emissions and energy management, and compliance.

Our non-financial report is based on the requirements of Section 289b (1) and (3) and Section 315b (1) and (3) of the German Commercial Code (HGB). All reported information relates to the Group unless explicitly stated otherwise. The table below shows how our material sustainability topics align with the non-financial matters defined by law.

A number of non-financial key performance indicators relating to the material topics are provided in this report. For the 2022 reporting year, home24 specified further non-financial KPIs pursuant to Section 289c (3) No. 5 of the German Commercial Code (HGB), to achieve quantification of progress on non-financial matters.

In 2022, our sustainability activities again were assessed by the Institutional Shareholder Services group of companies (ISS) in the categories of environment, social, and governance (ESG). The assessment of sustainability performance is based on around 100 selected sector-specific criteria. To ensure comparability within the industry, companies are assigned a ranking from one to ten after assessment, with companies ranked first showing the best relative performance within the industry in question. During the 2022 financial year, our efforts in sustainability placed us in the top 30% of our industry. Nevertheless, we still see plenty of potential to further strengthen our commitment to sustainability and continuously develop our business.

We are actively looking to make contact with other businesses and organizations to learn from each other on the path to greater sustainability. Examples include actively participating in the Leaders for Climate Action (LFCA) network and the German Logistics Association's (BVL) working group on sustainability, where we consult with our network partners about best-practice approaches to sustainability in logistics, the calculation of carbon footprints and sustainable transformation processes.

Material Sustainability Topics

Aspects acc. to Section 289c HGB	Employee matters	Environmental matters	Social matters/Respect for human rights	Anti-corruption and bribery matters
Topics and sub-topics	**Human resources management** ▪ 2.2 Employee Satisfaction ▪ 2.3.1 Development Opportunities ▪ 2.3.2 Training Program ▪ 2.4 Health and Occupational Safety ▪ 2.5 Diversity and Equal Opportunity	**Supply Chain Management** ▪ 3.2.1 Environmental and Social Standards ▪ 3.2.2 Product Compliance and Quality ▪ 3.2.3 Packaging Management ▪ 3.2.4 Product Lifecycle and Dealing with Returns **Climate change mitigation** ▪ 4.1 Carbon Emissions and Energy Management ▪ 4.2 Disclosure Requirements from the EU Taxonomy	**Supply Chain Management** ▪ 3.2.1 Environmental and Social Standards **Compliance** ▪ 5.1 Compliance Management System ▪ 5.3 Data Protection	**Compliance** ▪ 5.2 Combating Corruption

1.2.2. Corporate Governance
Good corporate governance is a fundamental prerequisite for effectively embedding sustainability initiatives within an organization. For us, corporate governance encompasses all processes and controls involved in managing the Company as well as the reliable achievement of targets. This also involves defining values and guidelines. The Management Board and Supervisory Board of home24 SE carry out their work in accordance with the German Corporate Governance Code (GCGC), which contains principles, recommendations and suggestions for corporate governance and control. Any deviations from the GCGC's recommendations are set out in our Declaration of Conformity. Since the start of the 2022 financial year, the GRC department has reported to the Management Board and Supervisory Board on the progress of the Company's sustainability activities in addition to regular GRC topics.

More details on corporate governance can be found in the section entitled "Corporate Governance Report." Information on Management Board remuneration can be found in the Remuneration Report.

1.2.3. Risk Management
The GRC department is also tasked with the risk management of the Group. home24 conducts a risk assessment for all identified risks. Corporate social responsibility is an element of risk management that aims to identify and manage risks arising from non-financial matters. In this context, we consider social risks along the supply chain as well as environmental risks associated with the product portfolio.

As a purchasing company, the Group, in line with the UN Guiding Principles on Business and Human Rights, not only bears responsibility for its own employees but also for workers employed in our suppliers' production facilities. As a result, we have taken various steps to counter identified sustainability risks both in our own business unit and along our supply chain. These steps include the following:

- ensuring fair working conditions for our own employees, e.g. by establishing an occupational safety committee, carrying out workplace inspections, etc.
- ensuring fair working conditions and minimum social standards along the supply chain by placing strict requirements on our suppliers, e.g. by enforcing the Supplier Code of Conduct, by carrying out selective factory audits, concluding framework agreements, etc.
- reducing our environmental impact, e.g. by continuing to switch to renewable energy sources, contractually obliging suppliers to comply with applicable environmental protection legislation and international regulations, enforcing the Supplier Code of Conduct, maintaining an ongoing dialog with our suppliers, carrying out selective factory audits for potential suppliers as part of the regular onboarding process, and conducting product tests to manage applicable thresholds.

By making our Supplier Code of Conduct more stringent for all new suppliers, we were able to implement an important prerequisite for meeting our obligations in accordance with the German Supply Chain Due Diligence Act (LkSG) in the 2022 financial year. As in previous years, we have again set ourselves some ambitious targets for improving our supplier audits in 2023.

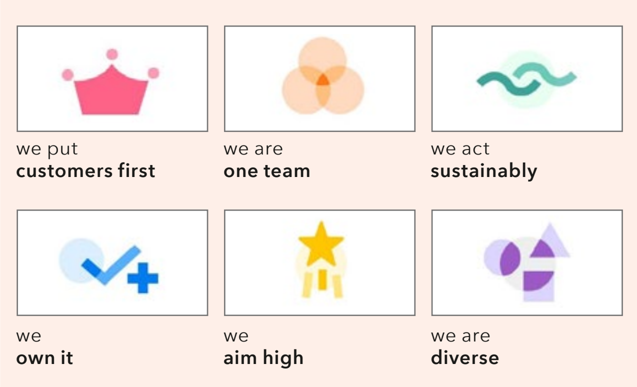
As an online retailer, home24 also takes data protection, particularly the protection of customer data, seriously. Information on the data protection measures we have introduced can be found in section 5.3 Data Protection.

Due to our effective risk prevention measures, in financial year 2022 we were again unable to identify any material risks associated with our business activities and our business relationships and products that are likely to have serious negative impacts on aspects such as environmental, social and employee matters, upholding human rights, and combating corruption and bribery. Further information on the topic of opportunities and risks can be found in section 3 of the Combined Management Report.

1.2.4. Our Values
We took various steps to embed the values newly defined in the 2021 financial year more firmly in our corporate culture during the year under review. Actively involving our employees in our corporate development is a key element of our strategy. We place considerable emphasis on listening to and taking on board the ideas and creativity of our employees when discussing our corporate values with the teams. Overall, we see corporate values and leadership principles not so much as a rigid construct but rather as guidelines.

Our Values as an Important part of Our Strategy

Last updated: 2021



During the 2022 financial year, the Company introduced a range of initiatives to make our defined corporate values tangible for our employees. Among other things, we once again offered "Experience Days" in the 2022 financial year, giving employees the opportunity to take part in talks and exercises on various topics in order to gain a better interdisciplinary understanding of our corporate strategy. These "Experience Days" also included visits to our outlet and showroom. In 2023, we are planning to expand the concept of "Experience Days" to include visits to our logistics centers and by opening up these events to more of our employees.

To ensure we can continue developing a shared understanding of our corporate values with our new subsidiary Butlers, we surveyed home24 and Butlers employees on the topic of corporate culture before transparently communicating the results of this survey to all employees to facilitate an open dialog.

We also want to provide new employees with an optimum level of support during the integration and familiarization phase. As part of their onboarding events, our employees receive important information about our company culture directly from the Management Board or local management and get to know the management team and different departments. To ensure that we can practice our corporate values as part of our everyday business, these values form part of the regular feedback process for our executives.

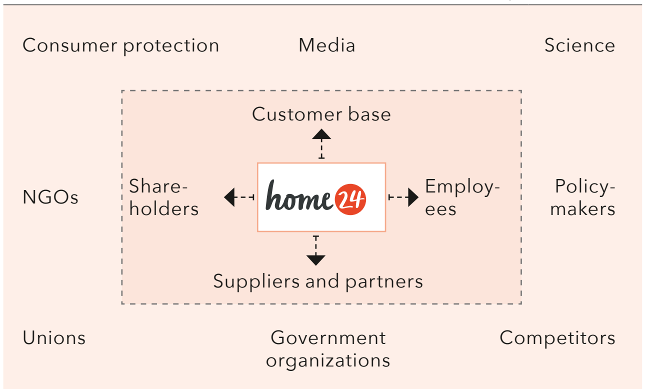
Our jointly defined corporate values and principles are anchored in the Company's Code of Conduct and other guidelines on specific topics. The Code of Conduct provides an essential frame of reference for employees at every level of the Company's hierarchy to act in accordance with our values. Our Code of Conduct also declares our commitment to legal conformity, honesty, respect, integrity and fairness - ethical principles that are crucial to the continued existence of home24. As a result, we expect all of our employees to abide by our Code of Conduct and report any violations to our Compliance department without exception. We updated our Code of Conduct to reflect our corporate values during the 2022 financial year and made it publicly accessible to our stakeholders on our website.

1.3. Our Stakeholders

We define stakeholders as individuals, groups or organizations who are able to directly or indirectly influence our business activities, or be influenced by these activities themselves. Our key stakeholders include our customers, our employees, our suppliers and partners, and our shareholders. In a broader sense, the stakeholder concept also covers the media, policymakers and associations, the research community, competitors, government organizations and NGOs, consumer protection groups, and unions.

Stakeholders whose Activities Influence home24

Last updated: 2021



As a global business, we have numerous interfaces with environmental protection, social responsibility and social development. As a result, we regularly update the list of our most important stakeholders and assess the relevance of our interactions with the various groups.

We see direct and personal interaction with our stakeholders as giving us the opportunity to better understand needs and requirements, and to confidence in the Group.

Employee Age Structure

in %	2022	2021
Under 30	44	46
Between 30 and 50	48	51
Over 50	8	3

2. Our Employees

2.1. home24 in Numbers

By year end 2022, the Group had 3,020 employees in 153 locations and five countries. The following is an overview of how our employee structure developed in 2022 and 2021:

Employees by Region

	2022	2021
Europe segment	2,213	997
LatAm segment	807	1,087

Employees by Gender

	2022	2021
female	1,703	823
male	1,315	1,261
diverse	2	n/a

The rise in the total number of employees in the Europe segment (as of December 31, 2022) can mostly be attributed to the acquisition of the Butlers Group. We are pleased that the Group's workforce has increased, especially the proportion of female employees (2021: 40%, 2022: 56%). Another change implemented in the financial year 2022 was the introduction of a neutral gender-diverse category for all our new employees. We therefore assume that the total percentage of gender-diverse persons in our company is actually higher.

In the reporting year 2022, the lion's share of our employees was in the 30 to 50 years age group (approx. 48%). The percentage of employees aged 50 and over has risen slightly between 2021 and 2022. In the reporting year, the average age of the workforce was 33 years (2021: 32 years). The average job tenure was 3 years and 1 month, an increase on the preceding year (2021: 2 years and 0 months). In our stores and logistics business, we have to recruit seasonal workers to help us during busy seasons. Therefore, we also consider the average job tenure in our central functions in the Europe segment as a key indicator of staff loyalty. In 2022 the average job tenure in the central functions was 5 years and 3 months. We consider the job tenure of our core workforce as an indicator that our company culture and opportunities for learning and growth make our workplace attractive. Furthermore, a large number of our central functions staff in the Europe segment is employed on a permanent basis (2022: 86%).

In 2022 we welcomed 1,929 new employees (2021: 1,209) to the Group (new employees in the Europe and LatAm segments, and new staff members because of the Butlers acquisition). Our new employees included 1,286 females, 641 males, and 2 gender-diverse persons. Of the new employees, 86% joined the Europe segment (mainly Butlers) and 14% joined the LatAm segment.

As of December 31, 2022, 1,871 employees worked full-time and 1,149 part-time, including 958 women, 190 men and 1 gender-diverse person (2021: 1,805 full-time, 279 part-time). When compared to the total number of employees, around 38% of the workforce worked part-time in 2022 (2021: 13%). To some extent, the increase in part-time employees is due to the chain-store model of the Butlers Group in which a considerable number of staff are employed on a part-time basis. The 38% share of part-time employees also reflects our willingness to offer flexible working hours.

The following table provides an overview of the parental leave taken in 2022 and 2021:

Parental leave at home24

in %	2022	2021
Parental leave, female employees	3	5
Parental leave, male employees	1	2

2.2. Employee Satisfaction

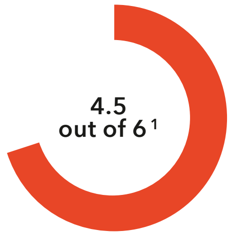
The dedication, knowledge, and passion demonstrated by our employees are key to our company's success. We therefore aim to continuously grow as an employer and offer fair conditions and attractive benefits to our employees. In this process, we want to integrate our new Butlers Group employees even more into our existing structures.

We value transparent communication with our employees. To foster communication with and between each other, the Company established a new Intranet in 2022 to share relevant information with employees and allow them to connect. The Management Board publishes a weekly summary on our Intranet for employees to stay up to date with the latest topics. Furthermore, all employees in the Europe segment are informed about current developments, strategic topics, internal projects, and other important initiatives in so-called townhall meetings. To fully reach all our employees, we introduced a hybrid format for our townhall meetings in financial year 2022. The Management Board also personally answers questions from employees on current topic in "Ask anything" sessions. Our subsidiary in Brazil also holds similar events.

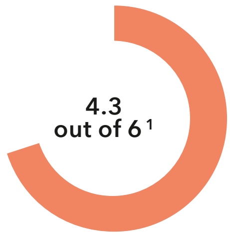
The Company carries out anonymous surveys every quarter to better understand the needs of our employees, measure their satisfaction, and target the right improvements. These "Mood Checks" offer employees the opportunity to give feedback and share their thoughts and ideas. Our Brazilian subsidiary has conducted similar surveys among its employees. The survey results are analyzed by our HR business partners, made available to managers in advance, and communicated with all our staff in townhall meetings.

Mood Checks 2022 Results

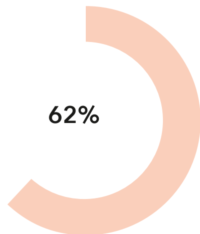
Our employees understand home24's corporate strategy.



Our employees understand home24's corporate values.



... is the average rate of participation in our Mood Checks.



The results presented here show the average answers of the Company's employees across all quarters (2022).

[1] Average agreement with the statement "I understand home24's corporate strategy (values)" on a scale from 0 (completely disagree) to 6 (completely agree).

In 2022, our employees were once again offered a wide choice of benefits and programs aimed at improving their well-being and increasing employee satisfaction across the Company.

Numerous Benefits and Programs at home24

Last updated 2022

Benefits for employees		
Modern office	Ergonomic workplace equipment	In-house fitness studio
Remote work and working from EU countries	Work-life balance	Health insurance and pension cover
Subsidized public transport tickets	Bike leasing offer	Events
Beverages and fruit	Discounts	Broad range of learning and training opportunities

Our head office moved to a new state-of-the-art building in financial year 2022. This setting is ideal for collaborative work and invites employees to build social connections. Apart from an ergonomic design, our staff benefits from communal spaces and a fully equipped gym. Company employees are also granted the opportunity to work remotely from any EU country for a limited duration. We also aim to be flexible with regard to the support given to workers with children. Our actions to improve work-life balance include parental leave and part-time work, flexible working hours, and opportunities for remote work and sabbaticals. Additionally, parents are entitled to ten paid sick days if their child is sick (15 days per year at our subsidiary Mobly). The new Group headquarters feature a "parents room" with a changing table and playroom for children. Furthermore, the Company offers its employees free healthcare services (see chapter 2.4 Health and Occupational Safety) and a Company Pension Plan. To support the adoption of sustainable transport solutions by our employees, we subsidize their use of public transit and offer a broad bike leasing offer. The new headquarters has a bike garage equipped with charging stations for e-bikes, showers and changing rooms. Further benefits include a range of company events, free beverages, and fruit and vegetables in our offices, as well as vouchers and discounts redeemable at home24 and other businesses.

In financial year 2022, the Company also agreed to increase the number of paid vacation days for employees. From the 2023 calendar year, everyone will receive 30 days of annual leave across the Group.

Diversified learning and development opportunities complete our employee benefits package. We continue to expand our programs in this area, investing both in skills and capacity building as well as the personal development of our employees.

2.3. Employee Development

2.3.1. Development Opportunities

Our company value "We aim high" expresses that all our employees and thus the entire company continue to grow and develop. The Learning & Development unit is therefore an important pillar of our HR strategy. Our training opportunities are arranged into three areas: The development of *role-specific* qualifications, learning *non-role-specific* skills, e.g., developing personal, subject-matter and methodological skills, and empowering and *developing our managers*.

In the reporting year, our Learning & Development unit continued to grow our home24 Academy. The home24 Academy helps us to build strategies for learning and professional development in the Europe segment. For selected topics, we work with a network of external trainers, who augment our internal team with course content and modules. Last but not least, our "Learn from an Expert" courses also provide a forum for interdepartmental knowledge sharing, dialog and learning: Employees offer insights into their work and pass on their specialized know-how, which staff working in other departments can make good use of. Our training programs are available in person and online.

The main focus in 2022 was to align existing opportunities with the needs of our employees. Drawing on existing generic role profiles, we develop individual step-by-step learning and development plans to promote *role-specific* qualifications. Different skill expectations are assigned to these roles, allowing us to recommend an effective learning program. Routine performance appraisals also help us to identify an individual's goals and potential for personal development.

One important part of this development process is the optional 360° feedback session, which not only gives employees the chance to provide supervisors with a personal appraisal but also to receive feedback from their supervisors and request the same from other members of staff. Accordingly, we take a needs-based approach to professional development and deliberately set no limits in terms of the time or learning budget needed.

Our training programs for acquiring and developing *non-role-specific* skills include training in communication and feedback, project and self-management, and the launch of our Train the Trainer course. The purpose of the latter is to train internal moderators and trainers so that workers can apply the acquired skills in our company. Finally, we offer language courses via our digital learning platform to improve communication within our multicultural teams. In 2022, 162 employees took part in language learning.

In terms of *management staff development*, our modular LEADING@home24 program forms the cornerstone of our work here. This program is tailored in particular to the needs of new managers who are still learning the ropes. Alongside basic leadership skills, the six one-day modules also teach trainees about our values and leadership guidelines as well as key HR processes. In 2022, a total of 38 managers participated in LEADING@home24. They were divided into four training groups, with two held in German and two in English. For senior management especially, we broadened our personal development offering again in 2022 with the help of certified coaches – 23 managers took up the offer to participate in this program.

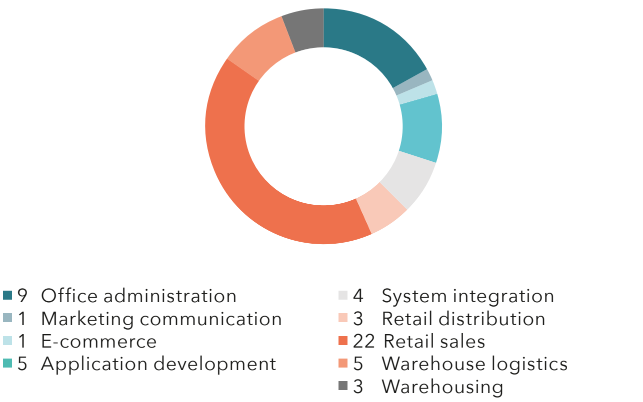
Our Brazilian subsidiary also expanded its portfolio of training and educational courses in 2022. Inspired by the home24 training model, Mobly launched a training and development academy in 2022. A variety of training programs are also available for management. Depending on their roles, staff at Mobly are allotted a budget of up to BRL 4,000 for individual training, which they can utilize to suit their own needs and interests. Directors may also apply for a dedicated budget to spend on the development of their own team of employees. In financial year 2022, Mobly extended its Master of Business Administration scholarships.

2.3.2. Training Program

We continued to offer traineeships for various positions in our Europe segment in financial year 2022, with 53 trainees participating in the program in financial year 2022.

Training Programs at home24

Number of Trainees by Professional Group — Last updated: 2022



Out of the six trainees who completed their traineeship in financial year 2022, we were able to offer four a role. These former trainees are now permanent team members.

We will continue to implement this important cornerstone of development for our employees in 2023. To fortify the Group's traineeship program, we continue to support our employees so that they are eligible to qualify as a trainer. We not only encourage our employees to sign up for the required courses of study but also provide them with financial resources to do so.

2.4. Health and Occupational Safety

As a responsible employer, it is a matter of course for us to look after the health and well-being is a given from our perspective. To promote the health of our employees, we installed a gym with unlimited access in our Group headquarters. In 2022, the Company also supplemented its efforts by collaborating with the German health insurer DAK to organize three workplace inspections at our headquarters. During the inspection, employees were personally consulted and given advice on ergonomics and the impact of work on their physical health. Analyzing our services helps us to take further action to reduce the impact of work on physical health, increase the diversity of health-promotion activities at home24 and strengthen our overall health management system.

Our subsidiary Mobly has a particular focus on improving health insurance provision for workers beyond the minimum standards in Brazil. Mobly employees can switch to a better health insurance plan at no cost. It includes national coverage and reimbursement schemes, subsidized medication, and access to a medical network offering telephone consultations and other services.

Our health management system also focuses on the psychological health of our workers. We've joined forces with an external partner in February 2022 to offer our employees fast and easy access to qualified psychologists and stress management and resilience training. This program allows us to support our workers by providing preventative and acute mental health care. Through an online platform, our employees have unlimited access to easy-to-book appointments for video consultations with psychologists. The platform also makes information and resources on mental health available.

To raise mental health awareness among managers, the Company offered a mental health first-aid course in financial year 2022, which was attended by 20 managers. Since 2021, our subsidiary Mobly has been providing convenient access to a network of online psychologists as well as talks and workshops on topics such as meditation, stretching, and stress and anxiety management.

External occupational safety experts and physicians provide the Company with support and advice on the topic of occupational safety. In the Europe segment, each company holds occupational safety committee meetings at least once every quarter. At these meetings, employee health and safety actions are decided on the basis of risk assessments. The management of each company or their representatives, and usually, at least two other safety officers, participate in these meetings. Safety officers are employees who have received OSH training, and who assist the Company in implementing the various measures for preventing workplace accidents and occupational illnesses. Additionally, the topic of occupational safety is implemented in suitable training at our locations. The high number of participants taking part in our first aid and fire safety training, which are a fixed component of our occupational safety protocols, has meant that our home24 outlet stores, the Company's logistics centers, and the Group headquarters exceeded the quota for trained first-aiders and fire safety assistants by 5% per location in 2022. If workplace accidents do occur despite the stringent safety codes in place, these are analyzed to ensure that actions can be derived in order to prevent similar kinds of accidents.

During financial year 2022, we amended the safety protocols established during the COVID-19 pandemic in line with current legislation. We go beyond the minimum legal requirements by continuing to routinely offer our employees free face masks and rapid point-of-care (PoC) antigen tests. Additionally, 88 Company employees took the opportunity to get a COVID-19 booster shot, while 62 employees opted for our free flu vaccine.

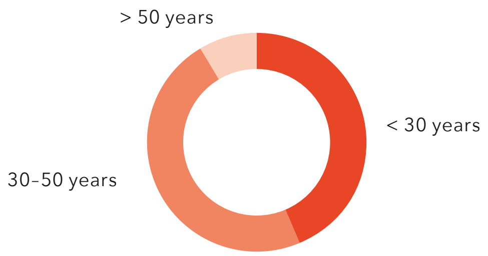
2.5. Diversity and Equal Opportunities

Increasing diversity means that we are creating a workplace in which all our employees treat each other with respect and without prejudice, where they can realize their own potential. We consider it our responsibility to promote diversity, equal opportunities and belonging for all our employees, notwithstanding their age, gender, nationality, identity or religion, skin color, sexual orientation or disability.

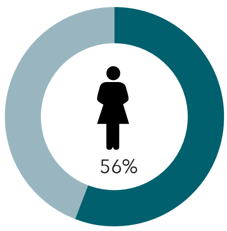
Group-wide, home24 employs 3,020 people from a variety of cultures and religions, social classes and generations.

Diversity among Employees in the Group

Last updated: 2022

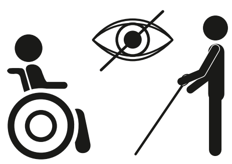


Average age of employees:
approx. 33 years



Proportion of women

80 different nationalities



approx. 0.5% of employees with severe disabilities

One particular focus area in our efforts to promote diversity and equal opportunities is gender diversity. When recruiting employees and filling leadership roles, we strive to give due consideration to female candidates without straying from our overriding principle that an individual should be recommended, nominated, hired or promoted solely because they are the best professional for the role in question. We already achieved our target of appointing women to fill at least 25% of the positions on the Supervisory Board and the Management Board by 30 May 2023. During the 2022 financial year, women filled 33% of posts on the Management Board and 25% of posts on the Supervisory Board. At the same time, the Company's Management Board set a target of at least 30% (by 30 May 2023) for the proportion of women in the top two levels of management below the Management Board, in accordance with Section 76 (4) of the German Stock Corporation Act (AktG). By the end of the 2022 financial year, the proportion of women at the top level of management (equal to Senior Vice President) at the Company was 0%. At the second level of management (equal to Vice President), 13% of these positions were held by women (previous year: 20%). At our subsidiary Mobly, 25% of positions in the top management level below the Management Board were held by women during the 2022 reporting year (2021: 17%). The proportion of women was 19% across all management levels at Mobly (2021: 32%).

We introduced a raft of actions in 2022 to ensure equal opportunity in recruitment and promotion and to increase the number of females at the management level in the long term. Company managers receive interview training on the topic of equality and anti-discrimination in the selection of candidates. Promotions and recruitment from director level (third management level below the Management Board) are selected at home24 SE by a dedicated promotion and recruitment committee which considers diversity, among other criteria. In financial year 2022, we were thus able to increase the percentage of females at the third level of management (director level) to 39% (previous year: 29%). We have already made advances in gender equality, as our junior managers are increasingly female.

To promote not only gender equality but also equal opportunity in relation to other aspects of diversity (e.g., age, nationality, identity, etc.), the Company organized an "Unconscious Bias" training in 2022. 54 managers participated in this event. One of the key aspects of the training involved increasing awareness to recognize unconscious bias, especially in recruitment and promotion processes. Other measures in our Diversity Strategy focus on strengthening our LGBTQIA+ community, such as by attending the "PROUT AT WORK" conference. PROUT AT WORK is a foundation that assists German businesses with LGBTQIA+ diversity in the workplace. By participating in this conference, we became inspired in our own work and were able to have a lively discussion with other businesses. Our subsidiary Mobly also advertised vacant positions in financial year 2022 via the company Anda Direito, which explicitly focuses on the LGBTQIA+ community. Mobly supports transgender equality, and organized two talks on sexual identity in 2022.

The Company's Diversity Committee promotes internal diversity communications and awareness. In 2022, the Diversity Committee held a short, informal talk in our townhall meeting on International Women's Day and organized a fundraising campaign for a women's refuge center in Berlin. Furthermore, the Diversity Committee was involved in the design of our new Group headquarters to ensure important issues were considered such as accessibility, needs unique to parents, or requirements for the exercise of religious practices.

We also pledged to promote diversity in our company value "We are diverse", which is anchored in the Company's Code of Conduct. home24 employees are bound by the Code of Conduct. It stipulates that nobody can be discriminated against on the grounds of age, gender, nationality, religion, skin color, sexual orientation, disability, or other personal characteristics. Employees who wish to report such incidents have the opportunity to contact the Company's whistleblower hotline, or to get in touch with their Human Resources department, the Management Board, or the relevant senior management team directly. We have also put together an anti-discrimination team who can be contacted by affected employees and will handle all reported incidents in confidence.

In 2022, no reports of statements of a discriminatory character were received in the Europe segment and three reports in the LatAm segment. All suspected cases of discrimination are investigated. Actual cases of discrimination are dealt with by liaising with the affected individuals, with relevant teams and the Human Resources department becoming involved as required. In 2022, we were able to raise awareness about the effects of overt critical expressions. We also use such reports as an opportunity to promote the targeted development of preventive measures against discrimination within our company.

3. Our Supply Chain

3.1. Overview of the home24 Supply Chain

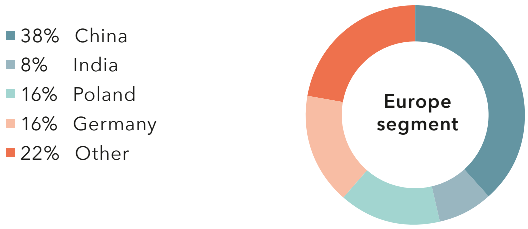
Our supply chain for the core business is divided into three stages.

Last updated: 2022

In the first phase, the items we offer are purchased. home24 does not carry out its own production activities; instead, it engages third parties to manufacture its products or buys finished products. The purposes of our requirements for our suppliers is to ensure that social and environmental standards are observed (see chapter 3.2.1. Environmental and Social Standards and 3.2.2. Product Compliance and Quality). In the Europe segment, we primarily source our products from Germany, Eastern Europe and Asia. Our Brazilian subsidiary works predominantly with local manufacturers and a small number of Asian suppliers.

Product Origin by Country

in %   Last updated: 2022



In financial year 2022, we were able to gain 54 new suppliers for our core business in the Europe segment. We focused on local partnerships in particular: 65% of new suppliers in the Europe segment are German companies. In the LatAm segment, we also concluded contracts with 48 new suppliers, of which 96% are local (Brazilian) companies.

In the second stage, our products are delivered directly to consumers or transported to our warehouses. We have five logistic centers in Germany and five warehouses in Brazil. Once they arrive at the logistics centers, products are either directly transshipped and then transported to our freight forwarder's distribution centers or stored and delivered to the customer at a later date. To maintain the most efficient and least wasteful logistics possible, we only stock high -demand items. In addition to our logistic centers, we operate smaller transshipment centers which help us to optimize transport routes for deliveries with our own fleet. In the distribution stage, we also tackle the management of our product packaging (see chapter 3.2.3. Packaging Management).

The third stage is product use and returns management. In addition to implementing customer-focused measures aimed at extending the lifecycle of our products, we operate 10 outlets in Germany and Brazil which give returned products a new lease of life. This model helps us to use resources in a responsible way overall (see chapter 3.2.4. Product Lifecycle and Returns).

3.2. Supply Chain Sustainability

3.2.1. Environmental and Social Standards

One of the key components of the framework agreements used by our European entities is a Supplier Code of Conduct which defines the minimum environmental and social standards expected from our suppliers and their subcontractors. The basic contractual obligations for our suppliers include a ban on forced and child labor, compliance with working hours, breaks and vacation time, fair pay, ensuring the health and safety of workers, and freedom of association. Our subsidiary Mobly has also laid down minimum social standards in its Code of Ethics. The Group does not tolerate any kind of corruption, bribery, discrimination or other human rights violations. Furthermore, all our suppliers are obliged to comply with applicable environmental laws and international regulations. When accepting a contract, all our new suppliers are required to adhere to our Code of Conduct. Additionally, the Supplier Code of Conduct entitles the Company to perform unannounced audits, thereby ensuring compliance with the code and that it is being applied appropriately and effectively. We also reserve the right to end a business relationship if there is a breach of international principles, action is not taken to remedy these violations, or repeated or systematic breaches are found.

In addition to committing our suppliers to comply with the Code of Conduct and applicable legislation, new suppliers from Asia are reviewed for their sustainable suitability as suppliers by our team in Shenzhen, China, ("factory audits") based on different criteria before they can establish a business relationship with home24 SE. In addition to product quality, and technological and financial stipulations, these criteria also include general business aspects such as the company's organization, employee expertise, the impression of management, production, etc. In 2020, social criteria such as decent working conditions and social responsibility were added to this catalogue.

The factory visits conducted as part of the audit provide an impression of the prevailing working conditions, which are recorded and addressed together with the supplier in the event of recognizable irregularities. If these irregularities are serious or cannot be remedied, the Company will refrain from establishing a business relationship with the supplier in question.

Our subsidiary in Brazil uses services of a purchasing office and the Company's network in Asia for imports from Asia. Before establishing a business relationship with new partners, the Brazilian team also carries out a range of background checks from public sources on topics such as child labor, corruption and money laundering.

The careful selection of suppliers, individual factory audits, and compliance with the Supplier Code of Conduct are our priorities and were a point of departure in the past financial year, helping us to fulfill our obligations under the German Supply Chain Due Diligence Act. In financial year 2023, we will also expand our measures to ensure compliance with human rights standards and environmental protection to continue to meet the requirements of the Supply Chain Due Diligence Act.

3.2.2. Product Compliance and Quality

In the purchasing stage, we deal with the origin and quality of product materials, in addition to manufacturing conditions. The first step is to satisfy our obligation to exercise due care. We intend to create sustainability standards beyond the minimum legal requirements, allowing us to gradually improve the sustainability of our product assortment.

In our case, for example, due care concerns the traceability of the wood products we distribute, especially wood that has been imported from non-EU members. To ensure the legal origins of processed wood, we comply with all our obligations to exercise due care laid down in CITES, FLEGT or EUTR etc. This includes aspects such as the collection of evidence about the origin of the wood, documents concerning the legality of the logging, an analysis of the risk of the wood's illegality, as well as the implementation of mitigating measures (such as conducting tests that enable identification of the wood species). Our team in Brazil ensures that all our wood product suppliers use certified wood or are registered with IBAMA, Brazil's environmental watchdog agency.

Furthermore, imported goods may only be sold in Brazil if they hold the necessary INMETRO certificate from Brazil's National Institute of Metrology, Standardization and Industrial Quality. The purchasing team at Mobly demands certifications for all imported products to guarantee compliance with minimum product quality standards.

To fulfill its responsibility as a purchasing company, the Company also obliges its suppliers to comply with the strict requirements of the Product Compliance Guide. Acceptable thresholds for chemicals and legal requirements for due diligence are set forth in this document.

Additionally, we have implemented various quality controls to test our products and safeguard their quality. Our colleagues in Shenzhen, China, help us to select Asian suppliers, perform important quality controls in factories, including individual audits, and satisfy our obligation to exercise due care. Load tests, odor testing, drop tests, serial checks and other quality controls (e.g., color, sample, components, scope, structure, functionality) are performed at intervals in the warehouse and on the premises of our suppliers. To ensure product safety, inspections are also carried out on packaging labels (e.g. warning labels) and assembly instructions. Taking into consideration complaints statistics, we arrange for additional checks or tests as necessary relating to quality events, safeguarding the quality of our products.

We identify products that meet both statutory requirements and specific sustainability standards by placing the relevant quality seals on the product detail pages. We consider sustainability standards for our products an essential portfolio-wide topic. In other words, we wish to increase the number of sustainable products across our entire collection rather than be limited to one dedicated sustainability range. This is especially true for our private label assortment.

No fines were imposed on the Group in 2022 due to non-compliance with laws and regulations with regard to the provision and use of products or product safety and responsibility. Furthermore, no significant fines or non-monetary sanctions were imposed due to non-compliance with environmental legislation and regulations in 2022. There were also no cases brought forward by way of dispute settlement procedures.

3.2.3. Packaging Management

We aim to reduce waste along the entire supply chain and to dispose of it safely without impacting the environment. The majority of our waste originates from product packaging in the second stage of our supply chain (logistics and distribution). The main types of waste in our logistic centers and outlet stores are used paper (especially cardboard boxes for shipping) and plastic packaging. We also have waste wood and bulky waste from damaged goods.

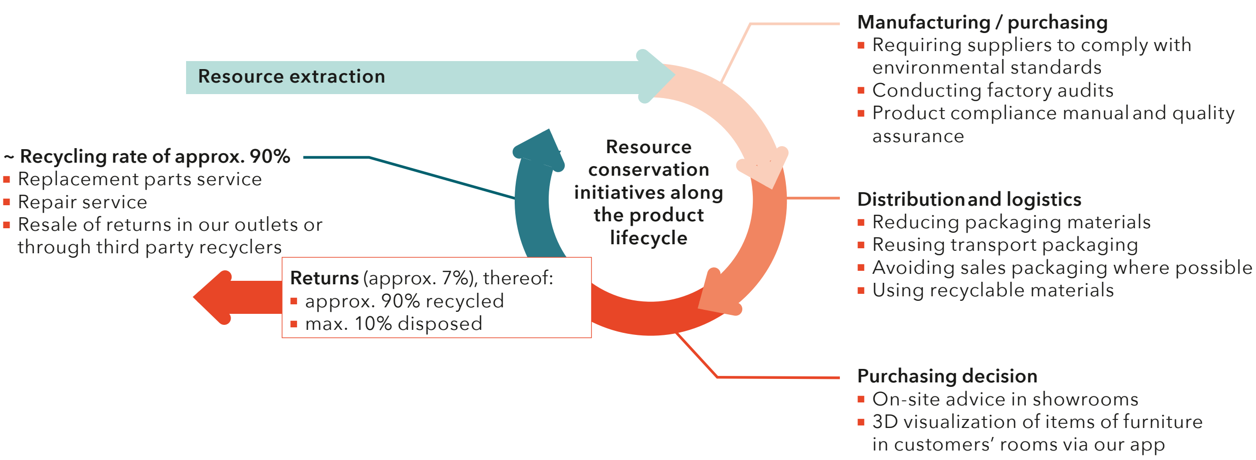
Our approach to using packaging materials is based on our customer focus. To reduce damage to products – and thus reduce avoidable waste – reliable packaging is essential from the perspective of sustainable resource use. The sheer volume of packaging materials needed also increases in proportion to order volumes. In general, we address the large levels of packaging waste typical for the e-commerce industry by not repacking goods received from our suppliers. Butlers branded decorative items are purchased from suppliers in bulky shipping packaging. For the most part, these items are not packaged individually, leading to a significant reduction in packaging waste. Butlers décor is generally sold to consumers without any packaging and only features a tag or label with its price and product information. Sales packaging is only used if necessary due to the nature of the product or if we believe it offers the customer considerable added value. Furthermore, suppliers to our European companies must comply with the obligation to use recycled packaging or packaging capable of being recycled by third parties.

3.2.4. Product Lifecycle and Returns Management

To supplement our packaging measures to ensure the quality and protection of our products, we want to extend the product lifecycle through sustainable returns and complaints management. Returns and complaints only arise if products do not meet consumer expectations, for example in case, or as a result of defects or shipping damage. The Group has launched an effective system for complaints and returns management with a view to reducing and preventing defects and returns. We aim for long-term customer satisfaction that conserves resources.

Upstream and Downstream Initiatives to Prevent Complaints and Returns[1]

Last update: 2022



[1] The initiatives presented here largely relate to home24 SE, and parts of them have already been implemented across the Group. The 10% maximum share of discarded returns relates to home24 SE.

Our initiatives to prevent returns from the point a purchasing decision is made begins by providing our customers with the best possible support to help them make the right purchasing decision. Customers can get a feel for the quality and functionality of our products in-store or by visiting our showrooms. Our customers can also seek advice in person to clear up any unanswered questions. This helps them to straighten out any misunderstandings or confusion in regard to the product. They also have an opportunity to ask questions about products not on display in the showroom.

Our online shop and our app also offer customers the opportunity to find the right product. To take this a step further, we have invested in a 3D-visualizer for our home24 app to allow our customers to view high-demand products in their own settings. We also continue to improve the product information available on our online shop. This includes providing information about the sustainability of our products to increase our customers' awareness of responsible consumption.

The above model not only helps to reduce or avoid uncertainty prior to purchasing and/or customers making the wrong decisions, but it also contributes to our "Happy Homes" mission, creating the basis for long-term product use.

Not only do we offer rigorous help with purchase decisions, but quality control in our logistics centers helps to create a longer product lifecycle. As mentioned above, these quality checks include sample product testing to identify defects in the manufacturing process or individual packaging checks to minimize shipping damage (see chapter 3.2.2. Product Compliance and Quality and 3.2.3. Packaging Management). Furthermore, we analyze the messages that we receive from our customers about product defects so that we can notify our suppliers of issues and remove goods from our assortment if they do not satisfy our quality promise. Such action reduces the number of returns owing to defective products in the manufacturing process or shipping damage as a result of poor packaging.

Despite these measures, product defects and unavoidable damage can still occur. In such cases, we are determined to reduce the quantity that ends up as waste. For articles exhibiting only minor defects, the Company selectively offers replacement parts as well as a repair service and other measures depending on the defect. These services can be requested via Customer Support, and they help to reduce the impact on the environment by repairing damaged goods instead of scrapping them and avoiding additional shipping for returns. Thanks to the measures implemented, we continued to have a low number of returns in financial year 2022 (approx. 7%).

As we are aware that returns are not entirely preventable in the e-commerce industry, we have made outlets part of our business model. Returned furniture and home décor get a new lease of life in our outlet stores. Transit routes for returns are analyzed before these items go to a certain outlet store and/or outlet warehouse. We always strive to maintain short transport routes to reduce our environmental impact.

Our teams examine any relevant returns and if only minor defects are found, they are repaired before being exhibited in our outlet stores. Customers can check our dedicated website and social media for daily updates on inventory available in our outlet stores. If damaged products cannot be repaired, they are sold to third-party recycling companies where possible. Through the measures introduced to reduce waste from returned goods and the principle of using resources responsibly, we have been able to maximize the proportion of returns of the Company that are reused to more than 90%. The disposal of a small quantity of unavoidable waste is coordinated in our logistic centers and outlet stores by the managers of each location. Further waste reduction measures will be implemented where possible.

By strengthening our outlet model, we can use resources responsibly while also increasing awareness for sustainable consumption among our customers by offering them B and C goods.

4. Climate change mitigation

4.1. Carbon Emissions and Energy Management

Greenhouse gas emissions are generated along our entire value chain by storing and packaging furniture, as well as transports (distribution and logistics; deliveries to customers), energy consumption in our office and retail space, central functions (including the services we use, such as consulting and financial services) and the hosting of our website.

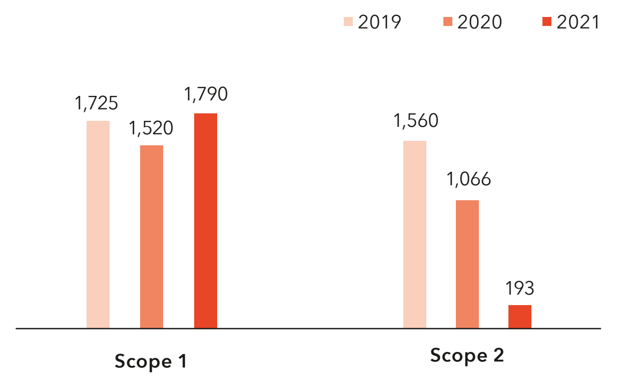
Relevant Business Activities for Calculating our Carbon Footprint

Last updated: 2022

Supply chain	**Purchasing** Procurement from suppliers	**Distribution & logistics** External services vs. own delivery	**Customers** Product use and returns
Supporting value creation	**Buildings** Power, heating, water, waste	**Central functions** Commutes, working from home, consulting and other services, travel	**Website** Server use, online shopping

CO_2 Emissions

in tCO_2e



As the number of actual carbon-neutral solutions available is still limited, it is up to us to keep our emissions as low as possible. Each year, we measure the Company's carbon footprint and analyze the results to identify the greatest carbon reduction potentials and develop effective emission reduction initiatives.

In 2022, we measured the ecological footprint of the Company's business activities for 2021 based on our consumption data. Our measurements included all of the Company's sites in Europe in 2021. Since 2019, we have calculated our carbon emissions in accordance with the requirements of the Greenhouse Gas (GHG) Protocol, a standard that distinguishes between three categories of carbon emissions (Scope I, II and III).

Scope I and II:
Scope I and II emissions include the energy consumption of our buildings (power and heating) as well as the fuel consumption of our company cars and the fleet we use for our own deliveries. We recorded a year-on-year increase in Scope I emissions and a significant reduction in Scope II emissions.

This rise in our Scope I emissions is primarily attributable to the expansion of our vehicle fleet. While our own deliveries represent a growing proportion of our overall transport volumes, the share of deliveries made by external service providers is declining. As a result, some of the emissions previously recorded in Scope III (logistics emissions of transport provided by external service providers) have shifted into Scope I (own deliveries). This means that while expanding our vehicle fleet has increased our Scope I emissions, it has not caused our overall emissions to rise. We also managed to break the link between the rise in Scope I emissions and the growth of our vehicle fleet by starting to convert our fleet of company cars to plug-in hybrid vehicles. The Group acquired additional plug-in hybrid vehicles in 2022, which means that more than 60% of our company cars are now electrified.

The reduction in our Scope II emissions is due to improvements in the area of energy management. For example, our energy-saving measures include switching to LED lighting in our showrooms and outlets as well as introducing an efficient heating concept. Investments in renewable energy are another key component of our climate and mitigation strategy. As early as 2018, we began increasing the share of renewable energy in our electricity consumption by switching to green electricity tariffs. In 2021 (the most recent year of our carbon measurement), we purchased green electricity at all of the Company's sites where we conclude our own electricity supply agreements, with the exception of one showroom in Austria.

This represents 95% of our energy consumption at the locations we manage across Europe. We also purchased green gas at one of our outlets in 2021.

This progress brought us closer to our target of reducing our Scope I and II emissions by 75% by 2024 (reference year: 2019), with Scope I and II emissions reduced by around 40% since 2019.

Scope III:
When recording Scope III emissions, we include emissions from other business activities such as those from the waste generated by our sites, our water consumption, business trips and emissions generated by our employees' commutes and home office activities, as well as emissions from the packaging materials we buy and other purchasing activities (such as office supplies but also services). Emissions generated by operating and using servers for our website are also recorded in Scope III.

We have implemented the following effective measures to reduce our Scope III emissions:

- Separating and reducing waste at our sites
- Reusing returns or passing on damaged goods to third-party sellers (see chapter 3.2.4. Product Lifecycle and Dealing with Returns)
- Packaging optimization initiatives (see chapter 3.2.3. Packaging Management)
- Adjusting our travel policy (e.g. avoiding business and first-class flights)
- Providing a bike leasing option and subsidized public transport tickets for employees (see chapter 2.2. Employee Satisfaction)
- Purchasing climate-friendly food for the office (e.g. regional fruit, milk alternatives, Fairtrade coffee)
- Sharing sustainable logistics solutions (BVL's working group on sustainability, see chapter 1.2.1. Sustainability Strategy and Definitions Material Topics)

Outlook:
Recording our carbon emissions helps us to better understand the environmental impact of our business activities. We used our calculated carbon footprint to identify the main CO_2 drivers within our business activities and implement initiatives aimed at reducing emissions. The progress we have made so far has already allowed us to reduce our Scope I and II emissions by 40% compared to the 2019 base year. We will keep looking for low-carbon solutions in the future to reduce our footprint across all three emissions categories in the long term.

In 2022, we also offset our Scope I and II emissions and the emissions from our website use by investing in certified projects. We used these offsets to support projects in our manufacturing countries. For us, offsetting unavoidable emissions is an important addition to our climate strategy, as the projects we support help to prevent emissions elsewhere or take existing carbon emissions out of the atmosphere.

Finally, we are also working to broaden the internal exchange of knowledge to ensure that our emission reduction initiatives are effective across the entire Group.

4.2 Disclosure Requirements from the EU Taxonomy

The European Commission has set itself the target of redirecting capital flows into sustainable investments. To do this, it has introduced a standardized classification system called the EU Taxonomy (Regulation (EU) 2020/852 in conjunction with Article 10 of Delegated Regulation (EU) 2021/2139).

The specific aim of the EU Taxonomy is to measure the contribution of businesses to limiting carbon emissions in the EU in line with the Paris Agreement in order to reduce carbon emissions in the long term. The Taxonomy was developed based on selected business activities typical for businesses in those industry sectors that are responsible for about 80% of EU carbon emissions. The EU Taxonomy Regulation requires companies to disclose details of proportional turnover, capital expenditure (CapEx), and operating expenses (OpEx) relating to the environmental objectives of "Climate change mitigation" and "Climate change adaptation". The European Commission has not yet formulated any conclusive screening criteria for additional environmental and social objectives in line with the EU Taxonomy.

Our Approach:
With the help of the EU Taxonomy Compass and Annexes I and II of the delegated acts on climate change mitigation and adaptation, we identified the listed activities and reviewed them with regard to their applicability to our business model. Like almost all service/retail sector companies, the Group does not do business in any of the sectors mentioned explicitly. Accordingly, the EU Taxonomy is applicable only indirectly. We based on our review on the activities that are typical for the forest management, manufacturing, energy, transport, construction and real estate sectors (e.g. right-of-use assets in relation to leased office, warehouse and sales spaces) as well as information and communications (e.g. IT/data processing).

As part of our analysis, we identified business activities that contribute to the environmental objective of "Climate change mitigation". Activities that contribute to the environmental objective of "Climate change adaptation", such as protection against flooding, could not be identified.

At the level of relevant business activities, we analyzed what proportion of our CapEx (property and equipment, intangible assets and right-of-use assets), OpEx (focusing primarily on repairs and maintenance) and turnover were associated with the environmental objective of "Climate change mitigation" (taxonomy eligibility). Significant taxonomy-eligible CapEx and turnover are generated by "construction and real estate", and "transport" activities.

Taxonomy-eligible CapEx, OpEx and revenue (turnover) relating to the "Climate change mitigation" environmental objective:

	CapEx	OpEx	Revenue
Taxonomy relevance	Significant CapEx from capitalized right-of-use assets and additions relating to property and vehicles, and from the installation of EV charging stations	No significant taxonomy-relevant amounts	Significant turnover from the delivery of goods by the Company's own vehicles
Taxonomy eligibility	EUR 112,585 thousand, of which 70% (EUR 78,847 thousand) due to first-time recognition of Butlers	Insignificant taxonomy-eligible OpEx is recognized as part of non-taxonomy-relevant OpEx	EUR 5,473k

We then reviewed the alignment of taxonomy-eligible CapEx from construction and real estate business activities and taxonomy-eligible turnover from transport activities:

1. Meeting technical screening criteria (including the screening of energy certificates and the proof of the energy efficiency of leased buildings)

2. Confirming that no other environmental objectives are being significantly harmed

3. Respecting human rights (i.e. by meeting minimum human rights standards)

Where they exist, the same regulations have been applied to activities in non-EU member states. Some of the buildings leased by Butlers in the past are protected as monuments and thus do not meet the standards set out in the technical screening criteria. As a result, we were forced to classify buildings that cannot provide proof of taxonomy alignment such as energy certificates and buildings protected as monuments as taxonomy-non-aligned.

Overall, we were able to record taxonomy-aligned CapEx of EUR 32,409 thousand in the 2022 financial year by leasing energy-efficient buildings and properties that meet all other technical screening criteria as set out in the EU Taxonomy Directive, and by installing charging stations for electrical vehicles. Of our taxonomy-eligible CapEx, around 29% is taxonomy-aligned and contributes significantly to the environmental objective of "Climate change mitigation".

The taxonomy alignment of turnover from the delivery of goods depends on whether the Company's own delivery vehicles meet technical screening criteria. As we do not yet use zero-emission vehicles to make deliveries, this turnover must be classified as taxonomy-non-aligned.

As CapEx, OpEx and turnover are only allocated to one business activity and are exclusively allocated to the environmental objective of "Climate change mitigation", this avoids double counting.

Our Result:
Capex figures are taken from asset accounting. Total CapEx is therefore the same as the one reported in the Notes to the Consolidated Financial Statements.

CapEx

				Substantial contribution criteria					
Economic activities (1)	**Code(s) (2)**	**Absolute CapEx (3)**	**Proportion of CapEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Bio-diversity and eco-systems (10)**
		in EURk	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	3	0%	100%	0%	0%	0%	0%	0%
Acquisition and ownership of buildings	7.7	32,406	17%	100%	0%	0%	0%	0%	0%
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		32,409	17%	100%	0%	0%	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Installation, maintenance and repair of energy efficiency equipment	7.3	60	0%						
Acquisition and ownership of buildings	7.7	80,117	41%						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		80,177	41%						
Total (A.1+A.2)		**112,585**	**58%**						
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities (B)		80,773	42%						
Total (A+B)		**193,358**	**100%**						

DNSH criteria ("Does Not Significantly Harm")

Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Bio-diversity and eco-systems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year N (18)	Taxonomy-aligned proportion of CapEx, year N-1 (19)	Category (enabling activity) (20)	Category (transi-tional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
Y	Y	Y	Y	Y	Y	Y	0%	–		
Y	Y	Y	Y	Y	Y	Y	17%			
							17%	–		
							–	–		
							41%			
							41%	–		
							58%	**-**		

Turnover

Total turnover corresponds to the amount shown in the Notes to the Consolidated Financial Statements in accordance with IAS 1.82 a.

				Substantial contribution criteria					
Economic activities (1)	**Code(s) (2)**	**Absolute revenue (3)**	**Proportion of revenue (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Bio-diversity and eco-systems (10)**
		in EURk	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Freight transport services by road	6.6	–	0%	0%	0%	0%	0%	0%	0%
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	0%	0%	0%	0%	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Freight transport services by road	6.6	5,473	1%						
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5,473	1%						
Total (A.1+A.2)		**5,473**	**1%**						
B. Taxonomy-non-eligible activities									
Revenue of Taxonomy-non-eligible activities (B)		595,544	99%						
Total (A+B)		**601,017**	**100%**						

DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation (11)	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and eco-systems (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of revenue, year N (18)**	**Taxonomy-aligned proportion of revenue, year N-1 (19)**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
							0%			
							0%			
							1%			
							1%			
							1%			

5. Compliance and Integrity

5.1. Compliance Management System

Compliance management at home24 includes measures to ensure compliance with statutory requirements as well as internal company policies and codes of conduct. Our compliance management system is based on an analysis of potential risks that may arise from legal requirements, structures and processes, a specific market situation, or in particular regions. The GRC department is responsible for refining the compliance management system and reports to the Management Board, which bears overall responsibility in this area. As compliance affects the entire value chain, it is regarded as an overarching topic. With this in mind, the GRC team works closely with the regional compliance managers and specialist departments.

The GRC department regularly reports to the Management Board on the further expansion of the compliance management system.

In addition to providing comprehensive support on key compliance issues such as anti-corruption, data protection, data security and capital markets, the Company's compliance work primarily focused on the following issues during the 2022 financial year:

- continuously improving the compliance management system, e.g. expanding the Company's website to include a comprehensive understanding of compliance at home24;
- updating and refining the Supplier Code of Conduct and the Code of Conduct for employees to reflect the corporate values newly created in the 2021 financial year;
- supporting the further development of other compliance issues within the Group in the following ways:
  - complying with sustainability legislation, including making preparations for implementing the Supply Chain Due Diligence Act (LkSG) and the Corporate Sustainability Reporting Directive (CSRD) as well as the EU Taxonomy;
  - further developing specific product compliance issues including take-back, reporting and documentation obligations for product-related requirements;
  - conducting event-related preliminary investigations based on information and preparing for the implementation of the German Whistleblower Protection Act (Hinweisgeberschutzgesetz).

The GRC department also provides the relevant departments with advice and coordination support for compliance issues such as occupational safety, equal treatment, information security, supplier compliance and environmental protection. The relevant specialist department is responsible for the content of these issues. This ensures that the understanding of compliance corresponds to the understanding of home24's values across all business units.

No fines or non-monetary sanctions were imposed in 2022 due to non-compliance with social and economic legislation and/or regulations.

5.2. Combating Corruption

The Management Board of home24 SE is committed to a zero-tolerance policy when it comes to corruption and bribery. Our anti-corruption policy, the new Code of Conduct and compulsory training sessions continually increase awareness of compliance with the corresponding requirements. Among other things, the policies provide guidance on issues such as dealing with gifts and benefits.

We are committed to consistently following up any indications of legal violations to clarify the facts of each case. In addition, any information received is treated confidentially and the individual providing the information is protected by all possible means against any disadvantages resulting from such a report. The legitimate interests of any individual affected by a report are also respected when clarifying the facts of a report.

We explain our reporting process and how to deal with suspected cases to all employees as part of the onboarding process, on the Intranet, in the anti-corruption policy and on our Company's website. Incidents and information can be reported in English and German by using the local whistleblower hotline (via online complaint form, telephone or email), including anonymously where required. Of course, employees can also contact their line manager or the Company's GRC department directly.

The GRC team advises on relevant measures to prevent cases of corruption, e.g. by raising awareness among employees and/or carrying out training sessions, and informs the Group's Management Board and/or Supervisory Board.

The Company received one report via email in 2022. This report was investigated internally and could not be confirmed.

5.3. Data Protection

The protection and security of personal data is high on our list of priorities. Data protection is based on applicable laws and regulations, particularly the EU General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG).

The Company's Management Board and/or relevant managers at the subsidiaries are responsible for data protection and information security. They are supported by home24 SE's Legal and GRC departments when defining data protection requirements, creating documentation and setting up data protection-compliant processes. home24 SE has appointed an external data protection expert in order to benefit from external data protection expertise and quickly incorporate the latest rulings found in case law and literature.

Personal data of our customers and the employees of home24 SE is only collected, processed or used to the extent permitted by law or if consent has been given. Clear information and data protection guidelines also apply to collaborations and business relations. We address complaints in a timely manner. In order to protect our digital systems from manipulation, we systematically search for potential weaknesses and quickly close any loopholes.

In 2022, we continually updated our data protection related documentation, while compulsory online training sessions, assorted communication initiatives and awareness-raising activities ensured a greater awareness surrounding the issue. We have also been working an ILM (Information Lifecycle Management) implementation project since 2021 to further enhance and automate the current deletion and locking processes in SAP and adjacent systems.

In light of the stricter data protection requirements implemented with the introduction of a new Data Protection Act in Brazil in 2020, our subsidiary Mobly implemented various measures to ensure that it conforms with appropriate legislation in the future. This included the use of several IT tools to ensure data protection, a platform for managing all customer consent, data flow mapping, website adjustments, privacy policy updates and the establishment of an interdisciplinary data protection team.

There were five outstanding complaints against the Company concerning breaches of customer data privacy in 2022 (two originated in 2018, two in 2020 and one in 2021). The Company took additional steps to ensure that customer data continues to be protected in the future, including improving and automating relevant processes as well as training and raising awareness among employees.

Report of the Supervisory Board of home24 SEE

The following report outlines the activities of the Supervisory Board of home24 SE during the 2022 financial year and reports on the audit of the Annual and Consolidated Financial Statements in accordance with Section 171 (2) of the German Stock Corporation Act (AktG).

Composition of the Supervisory Board

In the 2022 financial year, the Supervisory Board consisted of Lothar Lanz (Chairman), Dr. Philipp Kreibohm (Deputy Chairman), Verena Mohaupt and Nicholas C. Denissen. The current Supervisory Board members' term of office ends of with the conclusion of the 2023 General Meeting that passes a resolution concerning the ratification of their acts for the financial year ending on December 31, 2022.

The current members of the Supervisory Board have been members of the Company's Supervisory Board since the following dates:

- Verena Mohaupt since May 13, 2015
- Lothar Lanz since July 22, 2015
- Dr. Philipp Kreibohm since June 17, 2021
- Nicholas C. Denissen since June 17, 2021.

Activities of the Supervisory Board

During the year under review, the Supervisory Board performed the duties required of it by law and by the Articles of Association of home24 SE. The Supervisory Board worked continuously with and regularly advised the Management Board, and monitored the management of the Company. The Management Board directly involved the Supervisory Board in all fundamental company decisions at all times. The strategic direction of the Group was closely coordinated by the Management Board and Supervisory Board.

During the reporting period, the Supervisory Board held a total of five meetings (on February 10, March 30, May 9, August 11, and November 10), some of which took place as video conferences due to the COVID-19 pandemic and for sustainability reasons to avoid travel emissions. Supervisory Board member Verena Mohaupt was unable to participate in the meeting on August 11, 2022. Otherwise, all Supervisory Board members took part in all of the ordinary meetings.

At its meetings, the Supervisory Board dealt in detail with the economic position and operational and strategic development of the Company and its business units. In 2022, the Supervisory Board also passed numerous resolutions by written circular and during conference calls. The Supervisory Board also dealt intensively with the strategic direction, operating activities and compliance issues of the Company in this respect.

Discussions in the regular plenary sessions held by the Supervisory Board of home24 SE focused on the development of revenue and earnings, cash flows and investments as well as employment trends within home24 SE, its subsidiaries and locations. The strategic orientation towards profitable growth for the Group played a particularly significant role in this regard. The Supervisory Board also regularly discussed the macroeconomic situation with the Management Board, including surging inflation, a slump in the consumer confidence index and the impact this has on the Company.

The Supervisory Board also regularly took note of the Group's risk position and risk management system, deviations from plans and targets and measures taken to counteract these deviations. The Supervisory Board voted on the reports and draft resolutions of the Management Board after in-depth discussion and consultation where required to do so in accordance with statutory provisions and those in the Articles of Association as well as the provisions of the Rules of Procedure of the Supervisory Board.

Between meetings, the Management Board informed the Supervisory Board regularly, promptly and comprehensively both in writing and orally about all key issues and events of material significance for assessing the situation, development and management of the Company. For this purpose, the Management Board and Supervisory Board also held regular conference calls between meetings, at which the Management Board reported on current business trends, the position of the Group, short-term planning and strategic development. The Management Board extensively discussed key business transactions for home24 SE and its subsidiaries with the Supervisory Board based on detailed reports. The Management Board submitted all transactions requiring approval for resolution in a timely manner and explained them to the Supervisory Board. Mr. Lanz, in his role as Chairman of the Supervisory Board, and the other Supervisory Board members also remained in regular close personal contact with the Management Board, particularly its Chairman Marc Appelhoff, and discussed matters of strategy, business development, risk exposure, risk management and corporate compliance.

In particular, the Supervisory Board was included in the Company's negotiations with XXXLutz KG concerning a potential public takeover bid and the conclusion of a Business Combination Agreement between the companies involved, and was kept regularly and comprehensively informed about the status of these negotiations. The matters requiring approval in this process were submitted to the Supervisory Board by the Management Board, explained in detail in each case and approved by the Supervisory Board. The Supervisory Board's work also focused on preparing, reviewing and refining the remuneration system for the Management Board, which was submitted to the Annual General Meeting for approval on June 14, 2022. The General Meeting approved the relevant remuneration system by a large majority. The Supervisory Board also successfully extended the Management Board contracts of the current Management Board members, all of which would have expired at the end of 2022, for several years to ensure that the management of the Company remains stable in terms of its composition over the coming years.

Supervisory Board Committees

During financial year 2022, the Supervisory Board committees as specified in its Rules of Procedure (Audit Committee, Nomination Committee and Remuneration Committee) were in place.

In accordance with its Rules of Procedure, the Supervisory Board transferred certain powers to the committees as set out in statutory provisions. Where duties are not transferred to them to be dealt with conclusively, the committees undertake preparatory work on the issues and resolutions that concern them to be dealt with at plenary meetings. After committee meetings, the chairs of each committee regularly reported on the work of the committees at the Supervisory Board's plenary meetings.

In the 2022 financial year, the committees were composed as follows:

Audit Committee	Nomination Committee	Remuneration Committee
Verena Mohaupt[1]	Lothar Lanz[1]	Verena Mohaupt[1]
Lothar Lanz	Verena Mohaupt	Lothar Lanz
Nicholas C. Denissen	Dr. Philipp Kreibohm	Nicholas C. Denissen

[1] Chair

The Audit Committee held a total of five meetings during the year under review (February 10, March 30, May 9, August 11 and November 10). Like the meetings of the Supervisory Board, the meetings of the Audit Committee were held as video conferences for the same reasons. Supervisory Board member Verena Mohaupt was unable to participate in the meeting on August 11, 2022. Otherwise, all committee members took part in all of the ordinary meetings.

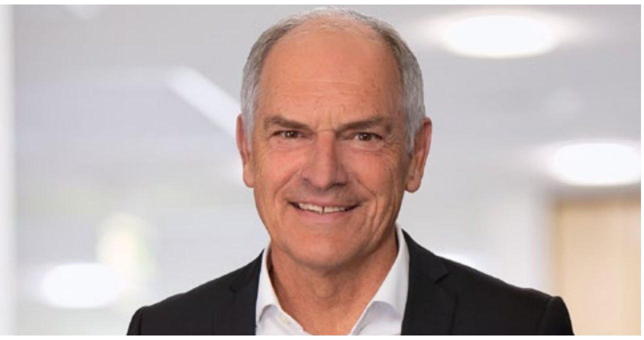
Audit of the Annual and Consolidated Financial Statements

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin, were appointed as auditors of the Annual and Consolidated Financial Statements for the 2022 financial year by the Annual General Meeting on June 14, 2022.

The auditors audited the Annual Financial Statements for 2022 and the Consolidated Financial Statements for 2022 as well as the Company's Combined Management Report and issued an unqualified auditors' report.

The Annual and Consolidated Financial Statements and Combined Management Report for home24 SE and the Group for the 2022 financial year were reviewed and discussed at the virtual Audit Committee meeting held via video conference on March 29, 2023. Chief Executive Officer Marc Appelhoff and Chief Financial Officer Philipp Steinhäuser presented the Financial Statements of home24 SE and the home24 Group at this meeting. The auditors responsible for auditing the Annual Financial Statements, Ingo Röders and Arash Nasirifar, took part in the Audit Committee meetings, reported on the main findings of their audit, and discussed its scope and focal points.

The Supervisory Board of home24 SE



Lothar Lanz (Chairman)

Dr. Philipp Kreibohm (Deputy Chairman)

Verena Mohaupt

Nicholas C. Denissen

The audit reports were then discussed at the Supervisory Board's plenary meeting held virtually via video conference on March 29, 2023; the audit reports were available to all Supervisory Board members. At this meeting, Audit Committee Chairwoman Verena Mohaupt reported on the Audit Committee's previous meeting. The Financial Statements and the Combined Management Report were discussed by the Supervisory Board.

The Supervisory Board approved the findings of the Audit Committee's audit. No objections were raised as a result of the reviews carried out by the Audit Committee and the Supervisory Board. The Supervisory Board approved the Annual and Consolidated Financial Statements for the 2022 financial year in accordance with the recommendation of the Audit Committee, and the Annual Financial Statements of the Company for the 2022 financial year were thus adopted.

Berlin, March 29, 2023

For the Supervisory Board

Kind regards,

LOTHAR LANZ
Chairman of the Supervisory Board

Corporate Governance Report

The Management Board and Supervisory Board report on the Company's corporate governance by submitting the Corporate Governance Statement below in accordance with Sections 289f and 315d HGB. The Corporate Governance Statement and the takeover-related disclosures in accordance with Sections 289a (1) and 315a (1) HGB are also part of the Combined Management Report [1]. Both the Management Board and Supervisory Board place a strong emphasis on good corporate governance and are thus guided by the recommendations of the German Corporate Governance Code (hereinafter referred to as the "DCGK").

The Management Board and the Supervisory Board of home24 SE (the "Company") declare that the Company complies and intends to comply in the future with the recommendations of the German Corporate Governance Code in its version of April 28, 2022 published on June 27, 2022, in the official section of the Federal Gazette (Bundesanzeiger) (hereinafter the "DCGK"), with the following exceptions:

- **Recommendations concerning the composition of the Supervisory Board**

  The revised recommendation in C.1 DCGK stipulates that the competence profile of the Supervisory Board shall also comprise expertise regarding sustainability issues relevant to the Company. The Supervisory Board had already drawn up a competence profile under the previously applicable DCGK which took full account of the recommendations of the DCGK at that time. In view of the still ongoing joint takeover bid of RAS Beteiligungs GmbH, LSW GmbH and SGW- Immo-GmbH and in view of the declared objective of the bidding consortium to determine the majority in the Supervisory Board in the future, the Supervisory Board has decided not to prepare a revised competence profile in 2022 in order to be able to adequately address the concerns of the presumably future majority shareholder after the conclusion of the bidding process. Irrespective of this, the Supervisory Board in its current composition fulfills the competence requirements of the current DCGK even without a formally resolved new competence profile.

- **Recommendations concerning the Supervisory Board procedures**

  The recommendation in D.6 stipulates that the Supervisory Board shall meet on a regular basis without the Management Board.

  In the past, the members of the Supervisory Board have also regularly exchanged information and consulted without the Management Board. However, the official meetings have taken place in the presence of the Management Board, as both the Supervisory Board and the Management Board value the greatest possible transparency and trusting cooperation in all matters. In the future, and in view of recommendation D.6 DCGK, the Supervisory Board is considering holding meetings without the participation of the Management Board, at least in part, where this appears appropriate.

  The recommendations in D.10 stipulate inter alia that the Audit Committee shall consult with external auditors on a regular basis also without the Management Board. In the past, the Chairperson of the Audit Committee has already been in close contact with the auditor and has regularly consulted with the auditor and exchanged information on the progress of the audit, as also provided for in D.10. The Chairperson reported to the Audit Committee on the results of these consultations and exchanges both in and outside of meetings. In the view of the Audit Committee, this procedure has proved successful. If there is a special reason, the Audit Committee also considers consultations with the auditor in committee to be appropriate.

- **Recommendations concerning the remuneration in section G.I DCGK**

  The recommendations concerning the remuneration of the Management Board in section G.I of the DCGK are closely related to the changes of the German Stock Corporation Act (Aktiengesetz) resulting from the German Act implementing the Second Shareholders' Rights Directive ("ARUG II"). The Company has made use of the transitional provisions provided therein.

[1] The Corporate Governance Statement in accordance with Sections 289f and 315d HGB forms an unaudited part of the Combined Management Report.

The Annual General Meeting of the Company has approved on 14 June 2022 a new renumeration system for the Management Board presented by the Supervisory Board with a majority of 99.8% of the votes cast. In revising the remuneration system, the Supervisory Board took into account not only the requirements of the law and the DCGK, but also the criticism and suggestions of shareholders and shareholder associations regarding the remuneration system adopted in 2021, and has been advised by an independent remuneration consultant. In principle, this new remuneration system implements the recommendations in section G.I DCGK. However, the new remuneration system may not fully comply with recommendations of G.7 DCGK and G.9 DCGK. According to the remuneration system, the Supervisory Board sets certain ambitious performance criteria for the annual variable remuneration of the Management Board members at the beginning of each financial year, which are based on operational and on strategic targets. After the end of the financial year, the Supervisory Board determines the amount of the individual variable remuneration to be granted depending on target achievement. In addition, there is a long-term variable compensation under the Company's LTIP, which rewards the long-term success of the Company and the long-term performance of the share price, and thus also sustainable growth in the interests of the shareholders. For this purpose, the Supervisory Board sets correspondingly demanding targets at the beginning of each relevant multi-year performance period, which are based equally on the Company's targets for all Management Board members. With regard to the long-term LTIP compensation component, the Supervisory Board does not consider it appropriate to set performance criteria for each upcoming financial year, as the vesting of the LTIP performance shares is based on the LTIP conditions and the performance of the LTIP performance shares is linked to the long-term performance of the Company's shares without additional short-term targets influencing the value of the compensation under the LTIP.

1. Declaration of Conformity in Accordance with Section 161 German Stock Corporation Act (AktG)

In December 2022, the Management Board and the Supervisory Board issued the following annual Declaration of Conformity in accordance with Section 161 German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board of home24 SE (the "Company") declare that the Company complies and intends to comply in the future with the recommendations of the German Corporate Governance Code in its version of April 28, 2022 published on June 27, 2022, in the official section of the Federal Gazette (Bundesanzeiger) (hereinafter the "DCGK"), with the following exceptions.

2. Remuneration of Members of Governing Bodies

In accordance with Section 289f (2) (1a) HGB, the remuneration report for the preceding financial year and the auditor's report in accordance with Section 162 AktG, the applicable remuneration system in accordance with Section 87a (1) and (2) Sentence 1 AktG and the most recent resolution in accordance with Section 113 (3) AktG have been published on the parent company's website at https://www.home24.com/websites/homevierundzwanzig/German/1400/corporate-governance.html#compensation-management.

3. Corporate governance

The Company's corporate governance is primarily determined by statutory requirements, the recommendations of the GCGC and internal Company guidelines. Good corporate governance in the sense of equipping management for long-term, sustainable commercial success is a key concern for the Management Board and Supervisory Board.

Ensuring that all employees and management work together as a team and are committed to satisfying customers is a decisive factor in lasting business success. The existing catalog of corporate values was fundamentally revised in a participatory process in financial year 2021 and published internally by home24. These values provide a foundation for all commercial decisions and day-to-day interaction between all employees and management. Building on this, the Code of Conduct applicable to all employees and executives was revised and updated during the 2022 financial year.

The corporate values are publicly available in the Code of Conduct on the Company's website at https://www.home24.com/websites/homevierundzwanzig/German/1300/compliance-und-integritaet.html.

In addition to the corporate values, management has also jointly drawn up leadership principles. These principles have been communicated within the Company to ensure that all employees can see as transparently as possible what home24 means by good leadership. Mutual respect, trust and team spirit are at the core of these leadership principles.

The Company continued to respond dynamically to the particular challenges posed by the COVID-19 pandemic in financial year 2022, working hard to meet the diverse needs of employees as much as possible, such as the desire to return to the office or, conversely, the desire to continue working remotely. At the same time, in 2022 the Company made the decision to commit its employees to working in the office at least as a team on certain days in order to boost team spirit while taking into account the opinions of its employees. This (partial) return to the office was accomplished while paying careful attention to various interests and constantly monitoring the infection situation.

The Company has also introduced a compliance management system that includes measures to comply with statutory requirements as well as internal company guidelines and codes of conduct. The compliance management system is based on an analysis of potential risks that may arise from legal requirements, structures and processes, a specific market situation, or in particular regions. Incidents can be reported internally via the compliance systems (online complaint form, telephone or email). Employees are informed of the system on the intranet, in the anti-corruption policy, and as part of the onboarding process. They can also contact their line manager or the Governance, Risk and Compliance (GRC) unit directly.

The Group's risk management system regulates the recording, assessment, documentation and reporting of all risks (compliance, financial, operating and strategic risks) across the Company. The Governance, Risk and Compliance (GRC) unit is responsible for compliance and risk management within the Group with independent reporting lines to the Management Board and Supervisory Board of the Company. In the 2022 financial year, the GRC unit twice annually reported to the Management Board and the Audit Committee of the Supervisory Board on the home24 Group's general risk situation.

4. Working Practices and Composition of the Management Board, Supervisory Board and Their Committees

As a European stock corporation (Societas Europaea – SE) with its registered seat in Berlin in accordance with the German Stock Corporation Act (AktG), the SE Act and the SE Regulation, the Company has a two-tier governance system consisting of the Management Board and Supervisory Board. Both corporate bodies collaborate closely and based on mutual trust in the best interests of the Company.

4.1. Working Practices of the Management Board

The Management Board has direct responsibility for managing the Company in its best interests, with the aim of creating sustainable added value in accordance with statutory provisions, the Company's Articles of Association and the Rules of Procedure for the Management Board. The Management Board develops the Company's strategic direction, agrees it with the Supervisory Board and ensures its implementation. The Management Board also ensures compliance with legal provisions and internal Company guidelines and works to ensure that these provisions and guidelines are observed across the Group (compliance). The Management Board ensures appropriate risk management and risk control in the Company. The Management Board regularly provides the Supervisory Board with timely and comprehensive information about all issues of relevance to the Company concerning strategy, planning, business development, risk position, risk management and compliance.

The cooperation and responsibilities of Management Board members are set out in detail in the Rules of Procedure for the Management Board. Every member of the Management Board is fully responsible for their assigned business area within the framework of Management Board resolutions. The schedule of responsibilities as of December 31, 2022 was defined as follows:

Marc Appelhoff (Chairman)	Responsible for Marketing (including Performance Marketing, Corporate Communications, Branding and Showrooms), Pricing, all technology-related matters (including Infor-mation Technology, Data, IT Security, Data Protection, ERP and the Digital Shopping Experience)
Brigitte Wittekind	Responsible for Operations (warehouses, inbound & outbound logistics), product, quality & safety, commercial (including assortment, procurement and marketplace), customer service, outlets
Philipp Steinhäuser	Responsible for Finance (including Investor Relations, Accounting and Taxes), International (Mobly), Legal (including Governance, Risk and Compliance Management), Internal Control System, Human Resources

Irrespective of this schedule of responsibilities, members of the Management Board are jointly accountable for overall management. They work closely together and keep each other informed of important measures and events in their business areas. The entire Management Board jointly decides on all matters in which the Management Board is required to make a decision by law, the Articles of Association, or the Rules of Procedure, particularly with regard to company strategy and essential business policy issues. The Management Board has not set up any committees. According to the Rules of Procedure, Management Board meetings should be held regularly. They must be held when required to ensure the wellbeing of the Company.

The Chairman of the Management Board and its other members maintain regular contact with the Supervisory Board, especially its Chairman, inform the Supervisory Board and its Chairman about the course of business and the situation of the Company and its subsidiaries, and discuss strategy, planning, business development, risk positioning, risk management, and compliance with the Supervisory Board and its Chairman. The Management Board informs the Supervisory Board and/or its Chairman immediately about important events and business matters that may significantly impact any assessments of the Company's situation and development as well as its management. Furthermore, the Management Board provides the Supervisory Board with comprehensive information and obtains the appropriate approvals for certain transactions of fundamental importance for which the Articles of Association or the Management Board's Rules of Procedure require the approval of the Supervisory Board or one of its committees.

Members of the Management Board are subject to an extensive non-competition clause and ban on secondary employment during their membership of the Management Board. The Supervisory Board decides on exceptions to this rule. Each Management Board member must disclose conflicts of interest to the Chairman of the Supervisory Board and to the Chairman of the Management Board without undue delay and must inform the other members of the Management Board accordingly.

A collective D&O insurance policy has been taken out for members of the Management Board. For details, see the disclosures in the remuneration report.

4.2. Composition of the Management Board

The Management Board consists of one or more members in accordance with the provisions of the Articles of Association. The Supervisory Board determines the number of Management Board members, the required qualifications and the appointment of suitable candidates to individual positions. The Supervisory Board appoints members of the Management Board for a maximum term of office of five years. The Supervisory Board can appoint a Chairman of the Supervisory Board as well as a Deputy Chairman. In financial year 2022, the Management Board had the following members:

Marc Appelhoff (Chairman)
Brigitte Wittekind
Philipp Steinhäuser

On May 30, 2018, the Supervisory Board set a target of 25% for the proportion of women on the Management Board in accordance with Section 111 (5) AktG, with the aim of reaching this target within five years (by May 30, 2023). This target was reached during financial year 2022 as the proportion of women on the Management Board was 33.33%.

Diversity should continue to be taken into account when making future changes to the Management Board, as diversity in management bodies can contribute to company success. Nevertheless, the Supervisory Board will continue to predominantly select Management Board members based on their professional and personal suitability regardless of their gender or origin, for example. Although the age of an individual is also generally irrelevant when assessing their professional suitability for a position, the Supervisory Board has set an age limit of 66 years for members of the Company's Management Board.

4.3. Working Practices of the Supervisory Board

The Supervisory Board regularly advises and monitors the Management Board in its management of the Company. In particular, this monitoring and advice also encompasses sustainability issues. As stated in point [reference to Report of the Supervisory Board], the Supervisory Board is involved in decisions of fundamental importance for the Company and works closely with the Company's other governing bodies, particularly the Management Board. The Supervisory Board appoints and dismisses the members of the Management Board. It also works with the Management Board to ensure long-term succession planning by maintaining a dialog about potential internal and external candidates that could hold management positions within the Company. The Supervisory Board constantly monitors the proper functioning of the Management Board and considers any necessary long-term changes to the Board and its composition.

The rights and obligations of the Supervisory Board are specifically based on statutory provisions, the Articles of Association, and the Rules of Procedure for the Supervisory Board. The Supervisory Board carries out its work in both plenary meetings as well as in committees whose chairs provide the entire Supervisory Board with reports on their committees' activities.

According to the Rules of Procedure of the Supervisory Board, the Supervisory Board must hold at least one meeting per quarter. Additional meetings must be convened as necessary. The Supervisory Board may also pass resolutions outside of its meetings, particularly by written circular. The Supervisory Board assesses, at regular intervals, how effective the Supervisory Board as a whole and its committees fulfill their tasks and whether or not a self-evaluation should be carried out. This self-evaluation focuses on both the qualitative criteria established by the Supervisory Board and, in particular, procedures within the Supervisory Board, as well as the timely and sufficient supply of information to the Supervisory Board.

Supervisory Board members are obliged to act in the best interests of the Company and must disclose their conflicts of interest without undue delay to the Chairman of the Supervisory Board, particularly those that may arise as a result of an advisory or governing body role with customers, suppliers, lenders, borrowers, or other third parties.

A collective D&O insurance policy has been taken out for members of the Supervisory Board.

4.4. Composition of the Supervisory Board

The Supervisory Board is not subject to employee representation. The Supervisory Board appoints a Chairman and Deputy Chairman from among its members. In the event that a Supervisory Board member has significant and non-temporary conflicts of interest, the affected Supervisory Board member shall resign from his or her post.

In financial year 2022, the Supervisory Board had the following members:

Lothar Lanz[1]	
Verena Mohaupt[2]	
Dr. Philipp Kreibohm[2]	
Nicholas C. Denissen[2]	

[1] Chairman of the Supervisory Board and independent member as defined by section C.6 (2) GCGC
[2] Independent member as defined by section C.6 (2) GCGC

On May 30, 2018, the Supervisory Board adopted a resolution to increase the proportion of women on the Supervisory Board to 25% within five years (by May 30, 2023). This quota was achieved in financial year 2022.

In resolutions adopted on May 30, 2018, the Supervisory Board set targets for its composition and defined a profile of skills. The profile of skills was last adapted by resolution of the Supervisory Board on June 17, 2021.

According to the currently applicable profile of skills, members of the Supervisory Board must collectively possess the knowledge, skills and professional expertise required to successfully perform their duties, and taken together must be familiar with sector in which the Company operates ("professional qualification").

Each member of the Supervisory Board ensures that they have sufficient time available to carry out their duties ("availability"). Diversity should be taken into account when selecting Supervisory Board members. In addition, at least one member of the Supervisory Board should possess international experience, and at least two Supervisory Board members should not have any board function, advisory role, or representation obligations towards the Company's major tenants, lenders or other business partners ("no conflicts of interest"). At least three members of the Supervisory Board must be independent ("independence"). At least one member of the Supervisory Board must have accounting or auditing expertise (Section 100 (5) AktG). Generally speaking, Supervisory Board members must not have any board function or advisory role with the Company's major competitors and must not have any personal ties to any of the Company's major competitors ("Independence from competitors"). A Supervisory Board member who is not a member of any Management Board of a listed company shall not accept more than five Supervisory Board posts at non-group listed companies or comparable functions, with an appointment as Chairman of the Supervisory Board being counted twice. Members of the Supervisory Board are also required not to exceed a "maximum number of posts". In addition to their Supervisory Board post with the Company, members of the Supervisory Board who are members of the Management Board of a listed company should not generally hold any more than one further Supervisory Board post with listed companies or in Supervisory Board committees of companies that make similar requirements outside of the Group in which they carry out their Management Board activities, and should not hold the chairmanship of the Supervisory Board either at the Company or at another listed company outside of the Group in which they carry out their Management Board activities. Generally speaking, only candidates who are not older than 75 years at the time of their selection should be proposed for selection as a member of the Supervisory Board.

In the opinion of the Supervisory Board, its current composition satisfies the profile of skills and – where its composition goes beyond the internally determined profile of skills – the requirements of the GCGC updated during the 2022 financial year, as established by the following skills matrix:

	Lothar Lanz	Verena Mohaupt	Dr. Philipp Kreibohm	Nicholas C. Denissen
Professional qualification	✓	✓	✓	✓
Availability	✓	✓	✓	✓
International experience				✓
No conflicts of interest	✓	✓	✓	✓
Independence	✓	✓	✓	✓
Financial reporting expertise	✓	✓		✓
Auditing expertise	✓	✓		✓
Sustainability expertise		✓		
Independence from competitors	✓	✓	✓	✓
Compliance with maximum number of posts	✓	✓	✓	✓
Compliance with age limit	✓	✓	✓	✓

4.5. Working Practices and Composition of the Committees of the Supervisory Board

During the 2022 financial year, the Supervisory Board set up committees as specified in its Rules of Procedure (Audit, Nomination and Remuneration Committees). The committee Chairs report regularly to the Supervisory Board on the work of their committees.

Audit Committee
In accordance with the Rules of Procedure of the Supervisory Board, the Audit Committee consists of three members. The Chair of the Audit Committee must have specific knowledge and experience in applying accounting principles and internal control procedures, and must be familiar with audits.

Neither the Chair of the Supervisory Board nor former members of the Company's Management Board shall be appointed as Chair of the Audit Committee, who shall also be independent as defined by the GCGC.

The Audit Committee consisted of the following members during the 2022 financial year:

Verena Mohaupt[1]	
Lothar Lanz	
Nicholas C. Denissen	

[1] Chair

The Chairwoman of the Audit Committee is independent and is not a former member of the Company's Management Board. She and the committee members Lothar Lanz and Nicholas C. Denissen also have particular expertise and experience in the application of accounting principles and internal control procedures and are familiar with audits. Both committee members can draw on knowledge and experience gained from many years in positions of responsibility within the financial sector, during which time they dealt extensively with relevant issues. The prerequisites of Section 100 (5) AktG therefore are fulfilled.

The primary focus of the Audit Committee is to review the accounting, monitor the effectiveness of the internal risk management system and the internal control system, and to deal with auditing and compliance matters.

It also passes resolutions on placing the audit assignment with the auditor, identifying focal points for the audit and the remuneration of the auditor. In addition, the Audit Committee monitors the audit, particularly the independence required of the auditor and the additional services rendered by the auditor. The Audit Committee regularly assesses the quality of the audit of the Financial Statements.

The Audit Committee held a total of five meetings during the year under review (February 10, March 30, May 9, August 11 and November 10), which took place as video conferences. Supervisory Board member Verena Mohaupt was unable to participate in the meeting on August 11, 2022. Otherwise, all committee members took part in all of the ordinary meetings.

The Audit Committee also prepares the Supervisory Board's resolutions concerning the Annual and Consolidated Financial Statements. For this purpose, the Audit Committee focuses strongly on the Annual and Consolidated Financial Statements, and the Combined Management Report. The Audit Committee regularly exchanges information with the auditor, especially with regard to the audit report and its findings and makes recommendations to the Supervisory Board.

Nomination Committee
In financial year 2022, the Nomination Committee had the following members:

Lothar Lanz[1]	
Verena Mohaupt	
Dr. Philipp Kreibohm	

[1] Chair

The Nomination Committee submits suitable candidates to the Supervisory Board for its proposals to the General Meeting.

Remuneration Committee
The Remuneration Committee consists of the following members:

Verena Mohaupt[1]	
Lothar Lanz	
Nicholas C. Denissen	

[1] Chair

In particular, it reviews all aspects of remuneration and employment terms for the Management Board and makes recommendations and drafts resolutions for the Supervisory Board on this basis. The Remuneration Committee can also arrange for the remuneration policies and the remuneration paid to management to be independently reviewed. It also prepares information about Management Board remuneration for the General Meeting. In addition, the Remuneration Committee reviews the remuneration and employment terms of senior managers and is authorized to issue the Management Board with recommendations in this regard. The Remuneration Committee helps the Supervisory Board to ensure that the Company complies with all relevant reporting obligations connected with the remuneration of the Management Board and senior management.

5. Targets for Women at Management Level

The Management Board also takes diversity into account when filling leadership roles and, in particular, strives to give due consideration to female candidates without straying from its overriding principle that an individual should be recommended, nominated, employed, or promoted solely because they are the best person for the role in question, both professionally and personally. On May 30, 2018, the Management Board set a target of 30% for the proportion of women in the top two levels of management below the Management Board in accordance with Section 76 (4) AktG, with the aim of reaching this target in five years (by May 30, 2023). By the end of financial year 2022, the proportion of women was 0% at the top level of management (e.g. at Senior Vice President level) and 13% at the second level of management (e.g. at Vice President level).

6. General Meeting and Shareholders

As at December 31, 2022, the share capital of the Company was divided into 33,580,083 no-par value bearer shares. All of the shares are ordinary shares without preferential rights, which means that every share entitles its holder to one vote. The Company's shareholders exercise their rights within the framework of the opportunities provided by law and the Articles of Association before or during the Company's General Meeting and by exercising their voting rights. Every shareholder is entitled to participate in the General Meeting, address the meeting in relation to items on the agenda, ask relevant questions and propose motions.

The Management Board presents the Annual and Consolidated Financial Statements and the Combined Management Report of the Company and the Group at the General Meeting. The General Meeting decides on the appropriation of profits as well as the discharge of the Management Board and Supervisory Board, and appoints the Company's Supervisory Board members and auditor. The General Meeting also decides on the content of the Articles of Association.

In accordance with the provisions of the Articles of Association, resolutions of the General Meeting are passed by a simple majority of votes cast and, if a capital majority is required, by a simple majority of the capital represented when passing the resolution, unless a higher majority is required by binding legal requirements.

The Company's Annual General Meeting is held within the first six months of the financial year and is generally convened by the Management Board. When convening the General Meeting, the Management Board decides whether the meeting will take place at the Company's headquarters, at the registered office of a German stock exchange, or in a German city with more than 100,000 residents.

The next Annual General Meeting will take place on June 30, 2023, in Berlin. The corresponding agenda and the reports and documents required for the General Meeting will be published on the Company's website. The General Meeting will again be held as a virtual event without the physical presence of shareholders or their proxies.

7. Reportable Own-account Transactions by Management

Members of the Management Board and Supervisory Board as well as all parties closely linked to these individuals are obliged to notify the Company of own-account transactions in shares or related financial instruments in accordance with Article 19 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse (Market Abuse Regulation) where these transactions exceed EUR 20,000 per year. These notifications must be made immediately but no later than within three business days after the date of the transaction. The Company publishes all of these notifications at https://www.home24.com/websites/homevierundzwanzig/English/4500/news.html.

8. Further Information for the Capital Markets

All key dates for shareholders, investors and analysts are published at the start of the year for the duration of the applicable financial year in the Company's financial calendar at https://www.home24.com/websites/homevierundzwanzig/English/4550/financial-calendar.html.

The Company provides the capital markets – particularly shareholders, analysts and journalists – with information based on standardized criteria. The information is transparent and consistent for all capital markets participants.

The Company discloses insider information, voting rights notifications, and own-account transactions by management in accordance with statutory provisions. All disclosures required by statute, as well as press releases and presentations from press and analyst conferences, are published immediately on the Company's website at https://www.home24.com/websites/homevierundzwanzig/English/4500/news.html.

9. Takeover-related Disclosures in Accordance with Sections 289a (1) and 315a (1) HGB, and Explanatory Report [1]

The disclosures required in accordance with Sections 289a (1) and 315a (1) HGB[1] are listed and explained below.

9.1. Composition of Subscribed Capital

Information on the composition of subscribed capital can be found in note 5.17. of the Notes to the Consolidated Financial Statements.

9.2. Restrictions Affecting Voting Rights or the Transfer of Shares

As at the end of financial year 2022, home24 SE held a total of 2,735 of its own shares, from which the Company does not derive any rights in accordance with Section 71b AktG.

9.3. Equity Interests in the Company that Exceed 10% of Voting Rights [1]

Based on the notification of voting rights pursuant to Section 33 WpHG available as of December 31, 2022, the following equity interests in the Company exceeded 10% of voting rights were held as of that date:

- RAS Beteiligungs GmbH 23.42%
- 683 Capital Management LLC 18.09%

[1] The takeover-related disclosures required pursuant to Sections 289a (1) and 315a (1) HGB are part of the Combined Management Report and, together with the Declaration of Conformity, form part of the Corporate Governance Report.

The notifications of voting rights published by the Company are available at https://www.home24.com/websites/homevierundzwanzig/English/4500/news.html.

9.4. Statutory Provisions, Provisions of the Articles of Association Governing the Appointment and Dismissal of Members of the Management Board, and Amendments to the Articles of Associationg

The Management Board consists of several persons in accordance with Article 7 (1) of the Articles of Association. The Supervisory Board determines the number of Management Board members. The Supervisory Board appoints members of the Management Board on the basis of Article 9 (1), Article 39 (2), and Article 46 of the SE Regulation, Sections 84 and 85 AktG, and Article 7 (3) of the Articles of Association for a term of office lasting no longer than five years; reappointments are permitted. The Supervisory Board is entitled to revoke the appointment of a Management Board member for good cause (see Article 9 (1), Article 39 (2) of the SE Regulation, and Section 84 AktG).

The General Meeting decides on changes to the Articles of Association. Unless a higher majority is required by binding legal requirements or the Articles of Association, resolutions of the General Meeting are passed by a simple majority of votes cast in accordance with Article 20 of the Articles of Association and, if a capital majority is required, by a simple majority of the capital represented when passing the resolution. The majority requirement set out in Section 103 (1) Clause 2 AktG is unaffected by this provision.

According to Article 11 (5) of the Articles of Association, the Supervisory Board is authorized to decide on changes and additions to the Articles of Association relating only to the wording. The Supervisory Board is also authorized to amend the wording of the Articles of Association accordingly after carrying out capital increases from Authorized Capital and/or Conditional Capital or after the expiry of the corresponding authorization, option, or conversion period (Article 4 (3), (4), (7) and (8) of the Articles of Association).

9.5. Authority of the Management Board to Issue and Buy Back Shares

The Management Board is authorized to increase the share capital of the Company with the approval of the Supervisory Board on one or more occasions by a total of up to EUR 70,864 until May 17, 2023 by issuing up to 70,864 no-par value bearer shares against contributions in cash (Authorized Capital 2015/II). The subscription rights of shareholders are disapplied. Authorized Capital 2015/II is used to fulfill purchase rights (option rights) granted or promised by the Company to its current or former directors before it became a stock corporation during the period between October 1, 2011, up to and including December 31, 2014; shares from Authorized Capital 2015/II may only be issued for this purpose. The issue amount is EUR 1.00 per share for up to 43 new shares, and EUR 36.86 per share for up to a further 70,821 new shares. The Management Board is authorized to specify the additional content of the rights embodied in the shares and the conditions of the share issue with the approval of the Supervisory Board. The issuance of shares to members of the Company's Management Board also requires the approval of the Supervisory Board.

The Management Board is authorized to increase the share capital of the Company with the approval of the Supervisory Board on one or more occasions by a total of up to EUR 21,769 until May 17, 2023 by issuing up to 21,769 no-par value bearer shares against contributions in kind (Authorized Capital 2015/III). The subscription rights of shareholders are disapplied. Authorized Capital 2015/III is exclusively used to issue new no-par value shares for the purposes of fulfilling present or future pecuniary claims of directors and employees of the Company or its affiliated companies arising from the "virtual" stock option programs in 2010 and 2013/2014 (collectively referred to as the Virtual Option Program); shares from Authorized Capital 2015/III may only be issued for this purpose. The issue amount is EUR 1.00 per share for up to 21,769 new shares. Contributions for the new shares are made by recovering the pecuniary claims that the option holders have against the Company as a result of the Virtual Option Program. The Management Board is authorized to specify the additional content of the rights embodied in the shares and the conditions of the share issue with the approval of the Supervisory Board. The issuance of shares to members of the Company's Management Board also requires the approval of the Supervisory Board.

The share capital of the Company is conditionally increased by up to EUR 2,899,752.00 by issuing up to 2,899,752 no-par value bearer shares (Conditional Capital 2019). Conditional Capital 2019 is exclusively used to service the subscription rights issued to subscription rights holders on the basis of the authorization given by the General Meeting on March 10, 2017, amended by resolutions of the General Meetings on July 28, 2017 and May 24, 2018, June 19, 2019, June 3, 2020 and June 14, 2022 as part of the 2019 LTIP (or its previous name, LTIP 2017). The new shares are issued at the lowest issue amount of EUR 1.00 per share. Contributions for the new shares are made by recovering remuneration claims of the subscription rights holders arising from the performance shares granted to them as a contribution in kind. This conditional capital increase is only carried out to the extent that performance shares have been issued in accordance with the resolution of the General Meeting on March 10, 2017, amended by resolutions of the General Meetings on July 28, 2017, May 24, 2018, June 19, 2019, June 3, 2020 and June 14, 2022, the subscription rights holders exercise their rights in accordance with the agreement, and the Company fulfills the subscription rights neither with its own shares nor by cash payment. The new shares participate in profits from the start of the financial year in which the share issue takes place; however, the new shares participate in profits from the start of the financial year preceding the one in which they are issued in the event that the General Meeting does not pass a resolution on the appropriation of profits for the financial year preceding the one in which the new shares are issued.

The share capital of the Company is conditionally increased by up to EUR 10,774,773 by issuing up to 10,774,773 new no-par value bearer shares (ordinary shares) (Conditional Capital 2020). The Conditional Capital 2020 is used when exercising conversion or option rights and/or for fulfilling conversion or option obligations to grant shares to the holders and/or creditors of convertible bonds, bonds with warrants, profit participation rights, and/or income bonds (or combinations of these instruments) (hereinafter jointly referred to as Bonds) that have been issued due to the authorization resolution adopted by the Shareholders' Meeting on June 3, 2020. These new shares are issued at the conversion or option price determined in accordance with the authorization resolution adopted by the General Meeting on June 3, 2020. The conditional capital increase is only implemented to the extent that the holders and/or creditors of Bonds issued and/or guaranteed until June 2, 2025 by the Company or by another company that is dependent on the Company or in its direct or indirect majority ownership based on the authorization resolution exercise their conversion or option rights and/or fulfill conversion or option obligations arising from such Bonds or, insofar as the Company issues shares in the Company in place of payment of the amount of cash due, and insofar as the conversion or option rights and/or conversion or option rights are not serviced by the Company's own shares, shares from authorized capital or other methods of performance. The new shares participate in profit from the start of the financial year in which they are issued, as well as all subsequent financial years. The Management Board is also authorized, with the approval of the Supervisory Board, to specify further details concerning the implementation of the conditional capital increase.

As a result of a resolution adopted by the General Meeting on June 14, 2022, the Management Board is authorized – with the approval of the Supervisory Board by June 13, 2027 and in accordance with the principle of equal treatment (Article 9 (1) Letter c) ii) of the SE Regulation in conjunction with Section 53a AktG) – to acquire the Company's own shares up to a total of 10% of the Company's existing share capital on the date the resolution is passed or the Company's existing share capital at the time the authorization is exercised, whichever is lower. Shares acquired based on this authorization may not at any time exceed 10% of the Company's share capital when taken together with the Company's own shares that it has already acquired and still holds or that are attributable to it in accordance with Article 5 of the SE Regulation in conjunction with Sections 71a et seq. AktG. This authorization can be exercised by the Company on one or more occasions, as a whole or in partial amounts, or in pursuit of one or more purposes, but can also be exercised on behalf of the Company or its subsidiaries by one of its subsidiaries or third parties. The Company may not use this authorization for the purposes of trading in its own shares.

The Management Board is authorized by a resolution adopted by the General Meeting on June 14, 2022 to use the Company's own shares that it already holds (treasury shares) as well as those acquired based on the aforementioned authorization in the additional ways outlined in detail in the authorization, in addition to a sale via the stock exchange or via an offer to all shareholders. In doing so, the subscription rights of the shareholders are disapplied in certain circumstances specified in the authorization.

9.6. Material Agreements Entered into by the Company Providing for a Change of Control upon a Takeover Bid

home24 SE collaborates with MIRAKL SAS, which provides a software solution for operating a marketplace model. The contract with the service provider contains a special termination right for MIRAKL SAS in the event that a competitor takes control of home24 SE.

The Company has an agreement with Varengold Bank AG for a revolving credit facility of up to EUR 7,500,000. home24 SE has primarily assigned receivables from customers to secure this credit facility. Varengold Bank AG is entitled to terminate the agreement if a person or company assumes control of home24 SE, either solely or by acting in concert with other persons or companies.

The agreements on the use of Google Online Marketing products also contain provisions according to which a change of control needs to be reported and constitutes a right of termination. In addition, the agreements with the providers on credit card payments include obligations to disclose information in the event of a change of ownership at home24 SE.

The new Management Board service agreements include change-of-control clauses which but provide the Supervisory Board with the possibility to renegotiate the remuneration received by the Management Board members if a shareholder acquires a 50% majority stake in the Company and/or the Company is delisted.

9.7. Compensation Arrangements Agreed by the Company with the Members of the Management Board or Employees in the Event of a Takeover Bid

No compensation arrangements of this kind are in place.

Remuneration Report

1. Remuneration Report

The following remuneration report according to Section 162 German Stock Corporation Act (AktG) outlines and explains the remuneration of current and former Management Board and Supervisory Board members of home24 SE in financial year 2022.

1.1. Review of Financial Year 2022

1.1.1. Business Performance and Share Price

In a challenging market environment, home24 made progress towards its profitability targets despite the decline in revenue (-5% at constant currency) and deterioration in consumer sentiment. Among other factors, the successful integration of Butlers and the launch and roll-out of the home24 marketplace meant that an adjusted EBITDA margin of 2.5% was achieved at the end of the year. This fell within the guidance announced at the start of the year.

1.1.2. New Management Board Remuneration System

The Company's Annual General Meeting held on June 14, 2022 approved the revised Management Board remuneration system proposed by the Supervisory Board with 99.80% of the votes cast. The new Management Board remuneration system applies for all Management Board service agreements concluded since June 14, 2022 and was accordingly applied when the Management Board service agreements for all three Management Board members were extended in October 2022 (see 1.1.3).

The General Meeting of home24 SE had most recently passed a resolution approving the remuneration system for the Company's Management Board on June 17, 2021. At that time, the Management Board remuneration system put forward was approved with 68.39% of the votes cast. A total of 31.61% of the shareholders or shareholders' representatives cast votes against approving the Management Board remuneration system. The approval in 2021 of the Management Board remuneration system was legally valid as the legally non-binding resolution on the approval of the remuneration system requires a simple majority of the votes cast pursuant to Section 120a (1) AktG. However, the Supervisory Board strives for a significantly higher percentage of votes in favor of this important topic in order to ensure the best possible alignment between the interests of the shareholders and management. In light of this, a new revised Management Board remuneration system reflecting the changes requested by investors was presented to the Annual General Meeting on June 14, 2022. In particular, the new Management Board remuneration system includes the following key changes by comparison with the Management Board remuneration system approved by the Annual General Meeting on June 17, 2021:

- The structure of the total target remuneration has been revised slightly. Fixed remuneration now makes up 17-39% of the total target remuneration (previously: 15-35%). Short-term variable remuneration accounts for 4-18% of the total target remuneration (previously: 3-10%), while at 50-76% (previously: 60-80%) long-term variable remuneration constitutes a slightly reduced share but nonetheless the largest part of the total target remuneration.
- Performance targets have been specified for future service agreements in relation to short-term variable remuneration (STI). In addition, a target amount of 100% will apply for the bonus, which will be paid out on the basis of achievement of 0-150% of this target amount.
- Performance targets have also been specified in respect of long-term variable remuneration (LTI) and must be achieved within a performance period of not less than three years. The number of performance shares to be granted to a Management Board member will be calculated on the basis of an assumed 100% level of target achievement. Upon expiry of the performance period, the final number of performance shares will be determined according to the level of target achievement, which may be 0-150% and may result in an adjustment in the number of performance shares provisionally granted at the start of the performance period.
- For future service agreements, total remuneration for an individual Management Board member will be reduced from a maximum of EUR 15m per year to a maximum of EUR 10m per year for the Management Board Chairman and EUR 7m per year for an ordinary Management Board member.
- For all variable remuneration components, the future service agreements of Management Board members are to include provisions granting the Supervisory Board the right at its reasonable discretion to withhold ("malus") or claw back variable remuneration components in certain cases, either in whole or in part.

1.1.3. Extension of Management Board Appointments
The term of office of all of the Management Board members expired on December 31, 2022. The Supervisory Board and the Management Board initiated negotiations regarding an extension of the Management Board members' contracts early on, in order to ensure the Company's stable management over the next few years.

On October 4, 2022, the Management Board contracts for all three Management Board members were extended for a number of years:

- Marc Appelhoff (Chairman of the Management Board) until December 31, 2026,
- Brigitte Wittekind until December 31, 2025 and
- Philipp Steinhäuser until December 31, 2024.

New Management Board service agreements were signed with all three Management Board members, subject to the provisions of the Management Board remuneration system which had been approved by a large majority at the Annual General Meeting held on June 14, 2022. However, in a few cases the Supervisory Board considered that it was necessary to temporarily deviate from the Management Board remuneration system in the interests of the Company, pursuant to Section 87a (2) Sentence of the German Stock Corporation Act (AktG):

- Structure of Total Target Remuneration

Under the Management Board remuneration system, fixed remuneration accounts for 17-39% of the total target remuneration and fringe benefits for 1-7%. Short-term variable remuneration amounts to 4-18% of the total target remuneration, while at 50-76% long-term variable remuneration represents by far the largest share of the total target remuneration.

These figures in the Management Board remuneration system do not take account of the unforeseen performance of the home24 share price at the start of 2022. Like other e-commerce and technology stocks, it suffered a sharp decline which mainly reflected the macroeconomic upheavals triggered by the war in Ukraine. As a result of the very low price of around EUR 3 in the period prior to the conclusion of the Management Board service agreements, the market value of the performance shares from the LTIP 2019, calculated according to Black-Scholes, was correspondingly low. However, in the view of the Supervisory Board the share price in the weeks prior to the signing of the Management Board employment contacts did not appropriately reflect the Company's fair value. Its share price was to some extent distorted and influenced by the general situation on the stock markets.

The Supervisory Board therefore agreed with the Management Board members that the LTI component of the total target remuneration is to be smaller than stipulated in the Management Board remuneration system (38.6% for Marc Appelhoff and 36.1% for Brigitte Wittekind and Philipp Steinhäuser). The Supervisory Board considered that it was in the Company's best interests to deviate from the Management Board remuneration system in this respect, since it would otherwise have been necessary to award each of the Management Board members a very large number of performance shares under the LTIP 2019. Once the Company's share price returns to normal following the current economic crisis, these LTIP tranches would have a potentially major leverage effect. This might mean that the Contingent Capital 2019 resolved by the Company's Annual General Meeting would not be sufficient in order to settle the Management Board members' respective remuneration claims by means of new shares in the Company and thus give rise to a significant cash liability for the Company. In addition, the settlement of the LTIP performance shares would result in a significant dilution of the shareholders, which would be unjustified in the opinion of the Supervisory Board. The Supervisory Board is therefore of the view that this deviation from the remuneration system was in the best interests of the Company and its shareholders, in order to keep this potential dilution and potential cash liability within reasonable limits.

In the event that the Supervisory Board's assumption that the Company's share price will return to normal over the next few months is not borne out, the Supervisory Board intends to propose a new remuneration system to the next Annual General Meeting which will reflect the new structure of the total target remuneration.

Moreover, long-term variable remuneration continues to account for a considerable proportion of the total target remuneration. In particular, it significantly exceeds short-term variable remuneration. The Supervisory Board is thus continuing to adhere to the basic principle of the Management Board sharing in the Company's long-term development to a considerable extent.

- Introduction of Change-of-Control Clauses

At the time of conclusion of the Management Board service agreements, it was uncertain how the XXXLutz Group's envisaged takeover of the Company would develop. At that moment in time, it was possible that XXXLutz might become a majority shareholder and strategic partner of the Company via the companies submitting bids, without any change in the Company's current corporate structure. In this case, the current statutory and corporate governance requirements for listed companies would continue to apply.

However, the Supervisory Board also considered it possible that, following the successful completion of its takeover, XXXLutz would in the foreseeable future delist the Company, with a potential subsequent squeeze-out of the minority shareholders.

The Supervisory Board also saw the possibility of the Company being converted into a limited-liability company (Gesellschaft mit beschränkter Haftung) upon completion of the structural measures, in order to reduce the level of complexity and the related costs. This might give rise to a need to adjust the Management Board's remuneration structure in line with these changed circumstances. The Supervisory Board therefore considered the possibility of eliminating this uncertainty by extending the Management Board's term of office by one year only. However, the Supervisory Board also considered that it was obliged to safeguard the continuity of the Management Board, irrespective of the development of XXXLutz's public takeover plans. The Supervisory Board did not consider it appropriate to await the completion of the takeover bid. For this reason, the Supervisory Board resolved that the new Management Board service agreements should include change-of-control clauses. These are not envisaged in the Management Board remuneration system, but provide the Supervisory Board with the possibility to renegotiate the remuneration received by the Management Board members if a shareholder acquires a 50% majority stake in the Company and/or the Company is delisted. If these negotiations are not successful, the Supervisory Board will unilaterally specify the new remuneration (unilateral right of determination). If an individual Management Board member is not satisfied with their specified remuneration, they are entitled to terminate their Management Board employment contract and will in this case receive a settlement amounting to 9/12 of their basic annual salary.

The Supervisory Board considered it to be in the best interests of the Company to deviate from the Management Board remuneration system by introducing the above-described change-of-control clause. This enabled the Company to conclude multi-year service agreements with the Management Board members in order to ensure continuity for the Management Board. At the same time, this ensured that the Company maintained the necessary flexibility in order to be able to react to a change in circumstances, depending on the outcome of XXXLutz's takeover plans.

1.2. Principles of the Current Management Board Remuneration System

The remuneration system for members of the Management Board helps to advance the business strategy and further the Company's long-term development. It is clearly and understandably structured, and complies with the provisions of Section 87a AktG and, for the most part, the recommendations of the German Corporate Governance Code (GCGC). The incentives provided by the remuneration motivate the members of the Management Board to work towards the Company's long-term success. The Management Board remuneration system thus serves the interests of the shareholders as well as the employees, customers, and other stakeholders. At the same time, the remuneration of the Management Board, which is competitive and in line with market standards, is intended to ensure that the Company can continue to compete in Germany and internationally for the best candidates for its Management Board.

The remuneration of the Company's Management Board members is composed of fixed and variable components. The fixed, non-performance-related remuneration comprises the annual fixed cash remuneration plus market-standard fringe benefits. The variable remuneration is made up of a short-term component (bonus) and a long-term component (LTIP).

The Supervisory Board determines the annual total target remuneration of a Management Board member in advance, ensuring that this reasonably reflects the duties and performance of the Management Board member as well as the business situation, and the Company's success and outlook. Moreover, the Supervisory Board is responsible for ensuring that the total target remuneration is in line with the market. The long-term variable remuneration makes up by far the largest share of the total target remuneration.

Composition of total target remuneration according to the Management Board remuneration system approved on June 17, 2021:

Total target remuneration

Fixed (non-performance-related)	Variable (performance-related)	
Basic salary + fringe benefits	Bonus (short-term)	LTIP (long-term)
Cash remuneration		Share-based payment

Composition of total target remuneration according to the Management Board remuneration system approved on June 14, 2022:

	Remuneration component	Percentage of the total target remuneration
Fixed remuneration	Fixed base salary	17-39%
	Fringe benefits	1-7%
Variable remuneration	Short-term variable remuneration (STI)	4-18%
	Long-term variable remuneration (LTI)	50-76%

As reported in 1.1.2., the remuneration system approved by the Annual General Meeting on June 17, 2021 has undergone several changes. Since these changes only apply for Management Board service agreements concluded after June 14, 2022, they are not relevant for this remuneration report.

Information on the applicable remuneration system along with additional information is available on the Company's website at: https://www.home24.com/websites/homevierundzwanzig/English/4400/corporate-governance.html.

1.3. Application of the Management Board Remuneration System in Financial Year 2022

The following section describes the application of the remuneration system in financial year 2022 for each individual remuneration component.

1.3.1. Fixed Remuneration

The fixed non-performance-related cash remuneration, the amount of which is based on the area of responsibility and experience of the relevant Management Board member, is paid in twelve monthly installments. During the reporting period, the annual fixed remuneration amounted to EUR 250,000 for Management Board Chairman Marc Appelhoff and Management Board member Brigitte Wittekind and to EUR 200,000 for Management Board member Philipp Steinhäuser.

In accordance with the provisions of the remuneration system, Management Board members also received market-standard fringe benefits, including in particular allowances for health insurance and monthly gross amounts representing the employer's contribution to statutory pension and unemployment insurance as well as free D&O and accident/disability insurance. In financial year 2022, the costs of the D&O insurance assumed by the Company totaled EUR 130 thousand (2021: EUR 93 thousand). Management Board members also received additional fringe benefits of EUR 39 thousand (2021: EUR 42 thousand).

The overall fixed remuneration granted in financial year 2022 is in compliance with the provisions of the applicable remuneration system approved by the General Meeting on June 17, 2021. This ensures that the Company can continue to compete in Germany and internationally for the best candidates for its Management Board.

1.3.2. Short-Term Variable Remuneration

The short-term variable remuneration consists of an annual bonus, the maximum amount of which is governed by each individual Management Board employment contract. The maximum achievable bonus for the 2022 financial year was EUR 50,000 for Management Board members Marc Appelhoff and Philipp Steinhäuser, and EUR 100,000 for Brigitte Wittekind. The Supervisory Board decided on the specific amount of the bonus earned by each member for the financial year in view of the achievement of their individual targets set at the beginning of each financial year within the three-month period following the end of financial year 2022. However, the annual bonus is credited to the remuneration owed for financial year 2022 within the meaning of Section 162 AktG, because the underlying duties of the Management Board have already been performed in full.

1. Performance Criteria for the Annual Bonus 2022

In line with the provisions of the applicable remuneration system approved by the General Meeting on June 17, 2021, the Supervisory Board set ambitious performance targets at the start of financial year 2022 for the annual bonus contractually owed to Management Board members that were aligned with the Company's strategic, in addition to operational, goals. In addition to financial performance targets, these also included non-financial performance criteria.

The specific performance criteria were selected by the Supervisory Board taking into account business conditions, particularly the joint 2022 budget adopted for home24 and the Butlers Group and the improvement in non-financial aspects targeted for 2022.

This is why financial targets have been set with regard to revenue performance, profitability based on adjusted EBITDA, and cash position as of the end of 2022. Depending on the degree to which the financial targets are met, the Management Board could earn up to 80% of the maximum bonus achievable for 2022. The Supervisory Board also determined that it will take particular account of aspects relating to improving sustainability and customer satisfaction when assessing the achievement of non-financial targets. Depending on the degree to which the non-financial targets are met, the Management Board could earn up to 20% of the maximum bonus achievable for 2022. The exact presentation of the agreed targets, as well as their degree of achievement, are shown below under 2, whereby the bonus payout is limited to a maximum of 80% of the maximum bonus granted based on the achievement of financial targets.

Since the performance criteria for the annual bonus were specified by the Supervisory Board in line with the corporate strategy, the incentive structure uses short-term variable remuneration to promote implementation of the corporate strategy and the sustainable growth of the Company.

2. Application of the Performance Criteria

After the end of financial year 2022, the Supervisory Board determined the degrees of target achievement based on the results achieved, as outlined clearly in the overview below. The Supervisory Board chose to view the Management Board as a team and determined target achievement for all three Management Board members as a unit.

When exercising its discretion to determine the achievement of the non-financial targets, the Supervisory Board primarily considered CSR reporting, e.g. the reduction in Scope I and II carbon emissions, and the further improvement in an ESG rating obtained from an external rating firm.

	Assessment criteria	Target achievement
Financial targets (weighting: 80%)	If revenue growth falls below 23%, no bonus is paid.	
Revenue growth of the home24 Group[1] at constant currency	If revenue growth comes in at 33%, a bonus of 26.7% is paid.	0%
	If revenue growth is at least 43%, a bonus of 53.4% is paid.	
	If adjusted EBITDA falls below 1.5% no bonus is paid.	
Profitability based on adjusted EBITDA[2]	If adjusted EBITDA is at least 6.5%, a bonus of 26.7% is paid.	5.1%
	If the cash position amounts to EUR 48.3m or less at year-end, no bonus is paid.	
Cash position at year-end[3]	If the cash position amounts to at least 88.6m, a bonus of 26.7% is paid.	
	If the cash position amounts to at least 98.3m, a bonus of 53.4% is paid.	24.7%
Non-financial targets (weighting: 20%)	Consideration of sustainability/GRC aspects at the discretion of the Supervisory Board	
Sustainability	Consideration of customer-related, operational KPIs such as NPS, out-of-stock rate, delivery time compliance at the discretion of the Supervisory Board	20%
Customer satisfaction	Consideration of customer-related, operational KPIs such as NPS, out-of-stock rate, delivery time compliance at the discretion of the Supervisory Board	

1 If revenue growth is between 23% and 43%, the amount is pro-rated on a linear basis.
2 If adjusted EBITDA comes in at between 1.5% and 6.5%, the amount is pro-rated on a linear basis.
3 If the cash position amounts to between EUR 48.3m and EUR 98.3m, the amount is pro-rated on a linear basis.

For financial year 2022, the following annual bonus (which will be paid out in the second quarter of 2023) was calculated based on the target achievement determined:

Management Board member	Amount paid out (in EURk)
Marc Appelhoff	25
Brigitte Wittekind	50
Philipp Steinhäuser	25

1.3.3. Long-Term Variable Remuneration

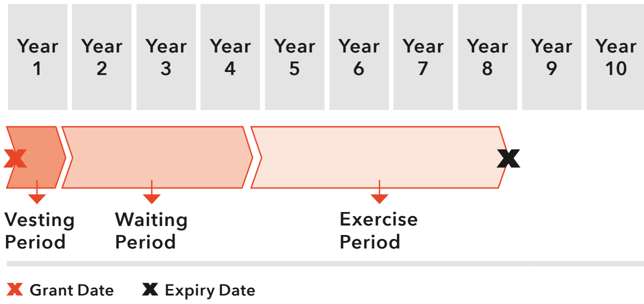
No company pension arrangements have been agreed with the Management Board members.

The Management Board receives performance shares under the Company's LTIP as long-term, share-based variable remuneration.

1. Description of the LTIP

The LTIP enables the Management Board to participate in increases in the Company's equity value by receiving performance shares that are linked to the increase in value of the Company's shares. The performance shares are structured as options. Beneficiaries receive the difference in value between the share price at the exercise date and the base price determined upon issue of the performance shares. The difference in value is settled in the form of either Company shares or cash at the discretion of the Company. As a rule, the shares vest twelve months after the effective date. According to the currently applicable LTIP terms, the performance shares can generally be exercised after a four-year waiting period, as long as they are vested and the average revenue growth rate (adjusted for non-recurring effects) for the home24 Group in the four years following granting of the performance shares is not less than 10% (waiting period). The performance shares may be exercised within four years of the expiration of the waiting period (exercise period):

Last updated: 2021



To the extent that the Company settles claims from the exercise of performance shares in the form of shares, beneficiaries are not subject to any rules regarding how long they are required to hold these corresponding shares.

2. Inclusion of the Management Board in the LTIP in 2022

The members of the Management Board received the following performance shares for their activities in financial year 2022 with economic effect as of January 1, 2022:

Management Board member	Number	Grant Date [1]	Base price (in EUR)
Marc Appelhoff	103,438	1/31/2022	15.91
Brigitte Wittekind	85,500	1/31/2022	15.91
Philipp Steinhäuser	72,000	1/31/2022	15.91

[1] Grant date as defined in the LTIP terms and conditions, start of the four-year waiting period

The number of performance shares to be granted in each contract year and the method for determining the base price for the annual tranches is agreed in the underlying multi-year service agreements for the Management Board members Marc Appelhoff and Philipp Steinhäuser.

As contractually agreed, the Supervisory Board based the base price for the performance shares granted to the Management Board in financial year 2022 on the average closing price of home24 shares in XETRA trading in the third quarter of 2021.

The Management Board is especially incentivized to work toward the sustainable, long-term success of the Company by the prospect of long-term, share-based variable remuneration with performance shares, which make up a vast majority of its members' total remuneration.

3. Exercise of LTIP Performance Shares in Financial Year 2022
In financial year 2022, Management Board members Brigitte Wittekind and Philipp Steinhäuser each exercised performance shares from the LTIP that were granted to them in 2018 at a base price of EUR 0.02. Neither Brigitte Wittekind nor Philipp Steinhäuser were members of the Company's Management Board at the time the corresponding performance shares were granted, which means they do not constitute Management Board remuneration.

In return for assigning their remuneration claims from the LTIP to the Company, the claims arising from the performance shares exercised were settled by granting each Management Board member new shares of the Company from Conditional Capital 2019 as follows:

Governing body member	Position	Claim from exercised performance shares (in EURk)	Number of shares granted for settlement	Date
Brigitte Wittekind	Management Board member	29	9,579	07/15/2022
Philipp Steinhäuser	Management Board member	14	4,760	07/14/2022

The currently serving Management Board members have not sold the shares of the Company granted to them during the reporting period and therefore as shareholders of the Company are incentivized to work toward a sustained increase in the Company's value.

1.3.4. Compliance with Remuneration Caps

The total remuneration for an individual Management Board member is capped at EUR 15m per year by the Management Board service agreements. This arrangement is in compliance with the remuneration approved by the General Meeting on June 17, 2021. However, due to the overall remuneration structure with a majority made up of long-term, variable remuneration, which is linked to the Company's share price performance, this maximum threshold can only be reached if the Company's valuation multiplies during an LTIP tranche period. The possible cap on an amount exceeding this maximum threshold is exercised when the claims arising from the LTIP performance shares issued for the relevant year are settled after the waiting period is over. In financial year 2022, the Company kept the Management Board's remuneration within the maximum threshold.

1.3.5. Clawback

After payment of the annual bonus, the Management Board members are generally free to do as they choose with the amount granted. However, since November 11, 2020, the remuneration system has provided the Supervisory Board with the option of requesting full or partial repayment within three years after payment of the annual bonus, if it turns out that the bonus amount was unknowingly calculated by the Supervisory Board on the basis of incorrect information (clawback). In the reporting period, all Management Board service agreements did not yet include this clawback clause.

The new Management Board remuneration system approved by the Annual General Meeting on June 14, 2022 envisaged more extensive requirements relating to clawback clauses. These requirements were taken into consideration when the new Management Board service agreements were signed with the Management Board members in October 2022.

No variable remuneration components were clawed back from Management Board members in financial year 2022.

1.3.6. Other

1. Benefits upon Contract Termination
No contractual commitments are stipulated for the event of the early termination of Management Board activity. If a Management Board member becomes permanently unable to work, that Management Board member's employment contract expires at the end of the calendar quarter in which the permanent inability to work is determined.

2. Post-Contractual Non-Compete Obligation
The Management Board service agreements each include a post-contractual non-compete obligation, which stipulates that Management Board members are prohibited from working for one of the Company's competitors for a period of six months after the Management Board employment contract ends.

3. Third-Party Benefits
In financial year 2022, no Management Board member was awarded or granted benefits from a third party for their Management Board activities.

4. Remuneration for Supervisory Board Activities
The Management Board members were neither awarded nor granted any remuneration in financial year 2022 for service on the supervisory boards of companies whether part of the Group or not.

1.4. Remuneration of the Supervisory Board in Financial Year 2022

The remuneration of Supervisory Board members of the Company is governed by Article 14 of the Articles of Association, according to which Supervisory Board members have the right to claim fixed remuneration payable after a given financial year. The amount of remuneration paid to the members of the Supervisory Board is determined according to each member's duties on the Supervisory Board and its committees. Ordinary members of the Supervisory Board receive fixed annual remuneration of EUR 30 thousand. By way of derogation, the Chair of the Supervisory Board receives fixed annual remuneration of EUR 90 thousand, while the Deputy Chair of the Supervisory Board receives such remuneration totaling EUR 45 thousand. The Chairman of the Audit Committee receives additional fixed annual remuneration of EUR 30 thousand, while members of the Audit Committee also receive such additional remuneration totaling EUR 10 thousand each. Members serving on the Supervisory Board or one of its committees for a fraction of a financial year receive pro-rated remuneration.

Supervisory Board members are covered by the Company's D&O insurance. The Company also reimburses Supervisory Board members for the reasonable expenses they incur when carrying out their Supervisory Board mandate as well as the VAT payable on their remuneration and expenses.

In financial year 2022, the Supervisory Board remuneration system was applied in accordance with the provisions of Article 14 of the Articles of Association. The Supervisory Board members did not receive any additional remuneration or benefits for services they provided individually, particularly consulting and brokerage services, in the reporting period. The members of the Supervisory Board also received neither loans nor advances, nor were any contingent liabilities assumed in their favor.

1.5. Remuneration Amounts

1.5.1. Management Board

The following table lists the fixed and variable remuneration components granted and owed to the current Management Board members in the financial year ended, including the respective relative share in accordance with Section 162 AktG. This includes the fixed remuneration paid out in the financial year, the fringe benefits accruing in the financial year, the annual bonus for financial year 2022, and the performance shares granted to the current Management Board members Brigitte Wittekind and Philipp Steinhäuser in 2018 and exercised in financial year 2022. For information on the performance shares awarded to the Management Board in financial year 2022, see the disclosures under **2. Inclusion of the Management Board in the LTIP in 2022.**

	Marc Appelhoff Chairman of the Management Board / CEO since January 1, 2020				Brigitte Wittekind Ordinary Management Board member since January 1, 2020				Philipp Steinhäuser Ordinary Management Board member since January 1, 2021			
	2022		2021		2022		2021		2022		2021	
	EURk	in %	EURk	in %	EURk	in %	EURk	in %	EURk	in %	EURk	in %
Non-performance-related benefits												
Fixed remuneration	250	87%	250	14%	250	73%	250	73%	200	79%	200	74%
Fringe benefits	13	5%	13	1%	12	4%	12	4%	13	5%	13	5%
Total non-performance-related benefits	**263**	**91%**	**263**	**14%**	**262**	**77%**	**262**	**77%**	**213**	**85%**	**213**	**79%**
One-year variable remuneration	25	9%	25	1%	50	15%	25	7%	25	10%	25	9%
Multi-year variable remuneration	0	0%	1,549	84%	29	9%	54	16%	14	6%	33	12%
Total performance-related benefits	**25**	**9%**	**1,574**	**86%**	**79**	**23%**	**79**	**23%**	**39**	**15%**	**58**	**21%**
Pension expense	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total Remuneration	**288**	**100%**	**1,837**	**100%**	**341**	**100%**	**341**	**100%**	**252**	**100%**	**271**	**100%**

No remuneration was granted or owed to former Management Board members during the past financial year.

1.5.2. Supervisory Board

The remuneration of the Supervisory Board does not include variable remuneration components. The following table shows the fixed remuneration granted and owed to current and former members of the Supervisory Board in the financial year ended in accordance with Section 162 AktG.

	2022			2021		
in EURk	**Basic remuneration**	**Additional remuneration for committee work**	**Total**	**Basic remuneration**	**Additional remuneration for committee work**	**Total**
Lothar Lanz	90	10	100	90	10	100
Dr. Philipp Kreibohm (since June 17, 2021)	45	0	45	24	0	24
Verena Mohaupt	30	30	60	30	30	60
Nicholas C. Denissen (since June 17, June 2021)	30	10	40	16	5	21
Franco Danesi (until June 17, June 2021)	0	0	0	14	5	19
Magnus Agervald (until June 17, June 2021)	0	0	0	21	0	21
Total	**195**	**50**	**245**	**195**	**50**	**245**

1.6. Changes in Remuneration and Earnings Over Time

The following comparison presents the annual changes in the remuneration of current and former Management and Supervisory Board members granted and owed, the Group's earnings performance, and the remuneration of employees stated as FTEs. The latter is based on the average wages and salaries of all employees of the home24 Group in Germany. In accordance with the transitional rule in Section 26j (2) Sentence 2 EGAktG, the comparison only covers financial years 2022, 2021 and 2020.

Remuneration granted and owed (in EURk)	2022	2021	Change	
			abs.	in %
Current Management Board members				
Marc Appelhoff	288	1,837	-1,549	-84%
Brigitte Wittekind	340	341	-1	0%
Philipp Steinhäuser	252	271	-19	-7%
Former Management Board members				
Dr. Philipp Kreibohm [1]	0	346	-346	-100%
Christoph Cordes	0	1,161	-1,161	-100%
Johannes Schaback	0	72	-72	-100%
Employees remuneration on a full-time equivalent basis [1] (in EURk)	40	38	2	4%
Group earnings (in EURm)				
Loss for the period	-49.7	-35.4	-12.1	-34%
Adjusted EBITDA	15.2	1.4	13.8	>100%

[1] For information on their remuneration as a member of the Supervisory Board, please refer to 1.5.2.

1.7. Outlook for Financial Year 2023

The Company's Annual General Meeting will take place on June 30, 2022. In accordance with Section 120a (4) Sentence 1 AktG, this remuneration report will be presented to the Annual General Meeting for approval.

Since the antitrust authorities have not yet cleared the XXXLutz Group's takeover bid for all of the outstanding shares of home24 SE at the time of publication of these annual financial statements, it is not possible to provide any specific comments on additional implications relating to remuneration.

Report of the independent auditor

on the audit of the remuneration report pursuant to Sec. 162 (3) AktG

To home24 SE

Opinion

We have audited the formal aspects of the remuneration report of home24 SE, Berlin, for the fiscal year from 1 January 2022 to 31 December 2022 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG ["Aktiengesetz": German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870). Our responsibilities under this provision and standard are further described in the "Responsibilities of the auditor" section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO ["Wirtschaftsprüferordnung": German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

Responsibilities of the management board and supervisory board

The management board and supervisory board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Consideration of misrepresentations

In connection with our audit, our responsibility is to read the remuneration report considering the knowledge obtained in the audit of the financial statements and, in doing so, remain alert for indications of whether the remuneration report contains misrepresentations in relation to the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Berlin, 29 March 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders	Nasirifar
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Combined Management Report

1. General Information

1.1. Business Model

home24 considers itself a platform 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. Since April 2022, the BUTLERS lifestyle brand has been part of the Group, with its circa100 stores in the DACH region and further stores in the rest of Europe.

In order to serve different tastes, styles and budgets, home24 offers its customers more than 250,000 stock-keeping units (SKUs) of home & living products in Europe and more than 200,000 SKUs in Latin America. The broad range of products comprises large items of furniture (such as living and dining room furniture, upholstered furniture and bedroom furniture), accessories and lamps.

The business combination with the Butlers Group significantly strengthened home24's offering of private label products. At the same time, the marketplace launched in the second quarter of 2022 made more third-party and white label products available on the home24 platform. Overall, home24 sources its products from a wide variety of suppliers worldwide.

Although home24 continues to focus its sales efforts on the online shopping segment, the Butlers acquisition also enabled the Company to expand the offline presence it already has in its showrooms and outlets. The aim is to use a broader online and offline customer approach to promote the benefits of the home24 platform to a wider audience.

1.2. Group Structure

home24 SE was founded in 2009 in Berlin, Germany. The Consolidated Financial Statements of home24 SE (the "Company") and its subsidiaries (collectively also referred to as "home24" or the "Group") are prepared in accordance with International Financial Reporting Standards (IFRSs), 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.

The Group's two most important entities are home24 SE, registered in Berlin, Germany, and Mobly Comércio Varejista Ltda., registered in São Paulo, Brazil.

The Management Board controls all activities at Group level, subdivided into the Europe and Latin America (LatAm) segments, with reporting of financial figures and non-financial key performance indicators playing a central role.

The non-financial key performance indicators have been adjusted and expanded to reflect the structural additions to the Company's business model triggered by the business combination with the Butlers Group. Going forward, the number of orders, average order value and number of active customers will only be reported for the online part of the business. Due to the introduction of the marketplace in Europe, gross order value has been replaced by the gross merchandise value key indicator and is reported both for the business as a whole as well as separately for both the online and offline areas of the business model. The other key performance indicators most relevant for managing the Group (revenue growth at constant currency, adjusted EBIDTA margin, cash flow from investing activities, cash flow from changes in net working capital, number of orders, number of active customers and average order value) remain unchanged.

The position of the Group in the Europe segment essentially corresponds to that of home24 SE. Since April 1, 2022, the Europe reporting segment includes the Butlers business unit in addition to the activities of home24 SE already recorded here.

2. Report on Economic Position

2.1. Market Development

While in a difficult overall year 2022 the world's economies generally posted robust performances, with rising gross domestic product levels (such as Germany: +1.8% and Brazil: +2.8%, source: Statista), the trend for the home &living market was considerably more challenging. Due to rising inflation rates in particular (inflation rate in Germany: 7.9%, source: Statista), consumers were more reluctant to make purchasing decisions and postponed non-essential investments. Consumer sentiment only improved slightly towards the end of the year, but is still at a very low level on a multi-year basis (source: German Retail Federation Consumption Barometer).

In overall terms, eCommerce revenue in the home&living market declined globally by around –12% year-on-year (source: Statista). At the same time, the shift away from retail stores to online shopping continued. Accordingly, the proportion of online transactions continued to steadily increase in financial year 2022 (source: Statista). The global trends are similarly reflected in the markets of relevance for home24.

2.2. Business Development

Amid a challenging market environment, home24 made progress towards its profitability targets despite the decline in revenue (–5% at constant currency) and responded quickly to deteriorating consumer sentiment. Although the Company adjusted order quantities to ensure high inventory levels, it was not under any significant pressure to sell off this stock. On the contrary, margins were steadily increased over the course of the year, while reducing fixed cost positions. The successful integration of Butlers and the launch and roll-out of the home24 marketplace were further factors which helped to achieve an adjusted EBITDA margin of 2.5% at the end of the year, which was in line with the guidance announced at the start of the year.

2.3. Research and Development

The Group develops core elements of its internal software in-house. By adopting this approach, the Group wants to ensure that the software as best as possible satisfies rapid growth and scaling requirements, and the individual challenges posed by the online furniture sector. If the criteria for capitalization were met, development costs were capitalized in the financial year ended. Accordingly, investments in internally generated intangible assets totaled EUR 8.8m (2021: EUR 7.7m). Amortization of internally generated intangible assets totaled EUR 10.1m (2021: EUR 5.8m).

2.4. Financial Position, Cash Flows and Financial Performance

In financial year 2022, in a challenging market environment home24 focused on achieving its profitability targets while de-prioritizing its growth targets in view of the deterioration in consumer sentiment. This is reflected in the development of the financial position, cash flows and financial performance of the Group.

2.4.1. Financial Performance

Simplified Income Statement

In EURm	2022	2021		Change
Revenue	601.0	615.5	-14.5	-2%
Cost of sales	-321.8	-348.9	27.1	-8%
Gross profit	**279.3**	**266.6**	**12.7**	**5%**
Gross profit margin	**46%**	**43%**	**3pp**	
Selling and distribution costs	-261.5	-248.5	-13.0	5%
Impairment losses on financial assets	-1.7	-2.7	1.0	-37%
Administrative expenses	-67.4	-53.2	-14.2	27%
Other operating income	7.0	4.8	2.2	46%
Other operating expenses	-2.4	-2.3	-0.1	4%
Operating result (EBIT)	**-46.7**	**-35.3**	**-11.4**	**32%**

Non-financial KPIs

	Unit	2022	2021	Change in %
Gross merchandise value	in EURm	838.7	882.2	-5%
Gross merchandise value, online	in EURm	694.6	839.1	-17%
Gross merchandise value, offline	in EURm	144.1	43.1	>100%
Number of orders, online	in k	2,645	3,120	-15%
Average order value, online	in EUR	263	269	-2%
Number of active customers, online (as of December 31)	in k	1,992	2,213	-10%

Revenue

The decrease in online revenue was largely offset by growth in offline business. The acquisition of Butlers was the key factor driving offline growth. The gross merchandise value declined by 5% year-on-year, but growth rates were positive in the second half of the financial year. In addition to offline business growth, the marketplace's successful performance was a further factor contributing to year-on-year gross merchandise volume growth of more than 15% in the fourth quarter of 2022. As the marketplace's business consists of commission revenues, this positive order intake trend is not fully reflected in revenues but is instead evident in the operating result. These effects – which partly offset one another – were already anticipated in the guidance provided in the Half-yearly Report.

As of December 31, 2022, home24 had a total of 2.0m active customers, compared to 2.2m as of December 31, 2021. This decrease correlates with the trend for the number of orders placed, which fell by 15% y-o-y in financial year 2022. The average (online) order value was EUR 263 in financial year 2022 and at –2% only slightly lower than the previous year's value of EUR 269. This decline was within the range predicted by management in the Combined Management Report.

Overall, home24's business reflects the overall economic situation which is characterized by weak consumer sentiment. The revenue targets indicated in the Combined Management Report 2021 were adjusted downward at the time of publication of the Half-yearly Financial Report 2022. The original revenue growth target of +2% to +17% at constant currency was lowered to –7% to +3% at constant currency in view of the updated consumer sentiment picture. With a –5% decline at constant currency, the actual revenue trend is in line with the updated guidance. The prior-year guidance that the non-financial performance indicators number of orders (–15%), gross merchandise volume (–5%) and number of active customers (–10%) would develop in line with revenue at constant currency (–5%) came true. Offline revenue at constant currency fell more sharply than total revenue at constant currency because of the additional share of offline activities as a result of the acquisition of the Butlers Group.

Cost of Sales

Cost of sales mainly consists of the purchase price of consumer products plus inbound shipping and handling charges. In 2022, the cost of sales decreased by 8% from EUR 348.9m to EUR 321.8m. The gross profit corresponds to revenue less the cost of sales. In financial year 2022, the Group posted a gross profit of EUR 279.3m, up by 5% from EUR 266.6m in the previous year. At 46%, the gross profit margin is significantly higher than the previous year's figure of 43%. This increase resulted from the higher margins provided by the Butlers business acquired by the Company, the introduction of shipping charges for customers and the successful integration of the marketplace business. The cost of sales reported for the year under review includes depreciation of EUR 3.3m on the portion of the purchase price for the Butlers Group which has been allocated to inventories as part of the purchase price allocation. This amount is deducted in the adjusted EBITDA figure. After adjustment for this effect, the gross profit would amount to EUR 282.5m, with a gross profit margin of 47%.

Selling and Distribution Costs

In 2022, selling and distribution costs amounted to EUR 261.5m, up by 5% compared to EUR 248.5m in 2021.

Selling and distribution costs comprise the following:

In EURm	2022	2021		Change
Fulfillment expenses	-88.1	-100.9	12.8	-13%
Marketing expenses	-84.4	-97.7	13.3	-14%
Other selling and distribution costs	-89.0	-49.9	-39.1	78%
Total selling and distribution costs	**-261.5**	**-248.5**	**-13.0**	**5%**
as % of revenue				
Fulfillment expenses ratio	-15%	-16%	2pp	
Marketing expenses ratio	-14%	-16%	2pp	

Fulfillment Expenses

Fulfillment expenses consist of expenses from distribution, handling and packaging, warehouse and logistics employee benefits, warehouse freelancers and payment processing. Fulfillment expenses declined by 13% in financial year 2022 from EUR 100.9m to EUR 88.1m. As a result, the fulfillment expenses ratio as a percentage of revenue improved slightly by 2 percentage points to 15%, partly due to increased use of the Company's own delivery infrastructure.

Marketing Expenses

Marketing expenses mainly include performance marketing costs and TV marketing expenses. In absolute terms, marketing expenses were reduced from EUR 97.7m to EUR 84.4m during the financial year under review. This reflects the Company's current corporate strategy, with greater cost awareness and a strong focus on positive profit contributions. As a result, the marketing expenses ratio as a percentage of revenue declined from 16% to 14% in financial year 2022, reflecting the successful implementation of the Company's new strategy.

Other Selling and Distribution Costs

Other selling and distribution costs mainly contain rent and ancillary costs or depreciation of right-of-use-assets for leased warehouses, retail space, employee benefits and freelancer expenses for central fulfillment, retail and marketing activities including customer service, and other sales and distributions-related expenses and depreciation. In financial year 2022, other selling and distribution costs increased from EUR 49.9m to EUR 89.0m, above all due to higher staff costs and depreciation of capitalized right-of-use assets from the Butlers business.

Administrative Expenses

Administrative expenses are primarily composed of overhead expenses including employee benefit expenses and employee share-based payment expenses, depreciation and amortization, IT and other overhead costs. In financial year 2022, administrative expenses rose from EUR 53.2m to EUR 67.4m. This increase is mainly attributable to the administrative expenses for the newly integrated Butlers companies.

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. These adjustments include the portion of the purchase price allocation for Butlers which was allocated to Butlers' inventories, share-based payment expenses, expenses arising in connection with home24's planned acquisition by the Lutz Group as well as expenses related of the acquisition of the Butlers Group. The adjusted EBITDA margin reflects the ratio of adjusted EBITDA to revenue.

In EURm	2022	2021		Change
Operating result (EBIT)	**-46.7**	**-35.3**	**-11.4**	**32%**
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	55.5	27.3	28.1	>100%
Depreciation on the portion of the purchase price of the Butlers Group allocated to inventories	3.3	0.0	3.3	n/a
Share-based payment	1.8	8.6	-6.9	-80%
Expenses relating to the planned acquisition by the XXXLutz Group	1.0	0.0	1.0	n/a
Expenses relating to the acquisition of the Butlers Group	0.2	0.6	-0.4	-67%
Costs related to the IPO of Mobly S.A.	0.0	0.2	-0.2	-100%
Adjusted EBITDA	**15.2**	**1.4**	**13.8**	**>100%**
Adjusted EBITDA margin	**3%**	**0%**	**3pp**	

Overall, the Group's operating result (EBIT) decreased from EUR -35.3m in the previous year to EUR -46.7m. The adjusted EBITDA margin increased year-on-year to EUR 15.2m. At 3% of revenue, despite the declining revenue volume this is within the target range indicated in the guidance provided in the 2021 Combined Management Report for financial year 2022. The increase in amortization of intangible assets and depreciation of property and equipment and right-of-use assets is largely associated with the Butlers business and the depreciation of the right-of-use assets for Butlers' retail stores.

Other Financial Key Performance Indicator

Profit contribution comprises gross profit less fulfillment costs and impairment losses on financial assets. The profit contribution margin reflects the ratio of profit contribution to revenue.

In EURm	2022	2021		Change
Gross profit	279.3	266.6	12.7	5%
Fulfillment expenses	-88.1	-100.9	12.8	-13%
Impairment losses on financial assets	-1.7	-2.7	1.0	-37%
Profit Contribution	**189.5**	**163.0**	**26.5**	**16%**
Profit contribution margin	32%	26%	5pp	

The y-o-y increase of 5 percentage points in the profit contribution margin was due in particular to the higher gross profit margin.

2.4.2. Financial Performance of the Segments

Financial Performance, Europe

In EURm	2022	2021		Change
Revenue	480.9	501.4	-20.5	-4%
Cost of sales	-250.0	-280.3	30.3	-11%
Gross profit	**230.9**	**221.1**	**9.8**	**4%**
Gross profit margin	**48%**	**44%**	**5pp**	
Fulfillment expenses	-73.5	-85.6	12.1	-14%
Fulfillment expenses ratio	-15%	-17%	2pp	
Profit contribution	155.8	133.0	22.8	17%
Profit contribution margin	32%	27%	6pp	
Marketing expenses	-71.2	-83.8	12.6	-15%
Marketing expenses ratio	-15%	-17%	2pp	
Adjusted EBITDA	**18.0**	**2.6**	**15.4**	**>100%**
Adjusted EBITDA margin	**4%**	**1%**	**3pp**	

Financial Performance, LatAm

In EURm	2022	2021		Change
Revenue	120.3	114.2	6.1	5%
Cost of sales	-71.7	-68.6	-3.1	5%
Gross profit	**48.6**	**45.6**	**3.0**	**7%**
Gross profit margin	**40%**	**40%**	**0pp**	
Fulfillment expenses	-14.6	-15.3	0.7	-5%
Fulfillment expenses ratio	-12%	-13%	1pp	
Profit contribution	34.0	30.0	4.0	13%
Profit contribution margin	28%	26%	2pp	
Marketing expenses	-13.2	-13.8	0.6	-4%
Marketing expenses ratio	-11%	-12%	1pp	
Adjusted EBITDA	**-2.8**	**-1.2**	**-1.6**	**>100%**
Adjusted EBITDA margin	**-2%**	**-1%**	**-1pp**	

Non-financial Key Performance Indicators, Europe

Europe	Unit	2022	2021		Change
Gross merchandise value	in EURm	676.7	723.9	-47.2	-7%
Gross merchandise value, online	in EURm	578.5	706.0	-127.5	-18%
Gross merchandise value, offline	in EURm	98.2	17.9	80.3	>100%
Number of orders, online	in k	1,900	2,001	-101	-5%
Average order value, online	in EUR	305	353	-48	-14%
Number of active customers, online	in k	1,422	1,383	39	3%

Non-financial Key Performance Indicators, LatAm

LatAm	Unit	2022	2021		Change
Gross merchandise value	in EURm	161.9	158.3	3.6	2%
Gross merchandise value, online	in EURm	116.1	133.0	-16.9	-13%
Gross merchandise value, offline	in EURm	45.9	25.2	20.7	82%
Number of orders, offline	in k	746	1.119	-373	-33%
Average order value	in EUR	156	119	37	31%
Number of active customers, online	in k	571	830	-259	-31%

Revenue

In financial year 2022, revenue in the Europe segment came to EUR 480.9m (-4%), representing 80% of Group revenue. The number of orders (-5%) and the average order value (-14%) both decreased. However, the number of active customers increased by 3%. This trend reflects the successful performance and integration of the marketplace as well as the Butlers product range on the home24 platform. Marketplace and Butlers products have lower selling prices on average and thus weigh on the average online order value, but are generating new online customers and increasing the number of active customers. The successful integration of Butlers' offline business is reflected in the higher offline gross merchandise volume and compensates for much of the decrease in online business.

In financial year 2022, revenue in the LatAm segment rose by +5% y-o-y to EUR 120.3m, representing 20% of Group revenue. However, at constant currency effects revenue fell by a significant -11% y-o-y. This development mainly reflected a strong decrease in the number of online orders (-33%) and a corresponding decline in the number of active customers (-31%). These effects were largely offset by an increase in the average online order value. However, only a part of this increase is due to higher prices. The approx. 12% stronger Brazilian real (as of the reporting date) year-on-year has had a favorable effect. Overall, the decline in online revenue in LatAm was partly offset by stronger offline business (+82%).

Adjusted EBITDA

The Europe segment generated positive adjusted EBITDA of EUR 18.0m in the current financial year after EUR 2.6m in the previous year. The adjusted EBITDA margin came in at 4% compared to 1% in the previous year. This development is primarily due to the positive trend for the gross profit margin. In the Europe segment, this increased significantly thanks to the integration of the Butlers business, the introduction of the marketplace model and the introduction of delivery charges for customers. The increase in the cost structure due to the acquisition of Butlers slightly offset this trend.

The LatAm segment reported slightly negative adjusted EBITDA of EUR –2.8m in financial year 2022 after EUR –1.2m in the previous year. The adjusted EBITDA margin came in at –2% compared to –1% in the previous year. This is mainly attributable to the lower revenue at constant currency and the cost structure for expanding offline business in LatAm.

2.4.3. Cash Flows

In EURm	2022	2021	Change
Cash flow from operating activities	24.0	–63.1	87.1
thereof change in net working capital	12.6	–62.8	75.4
Cash flow from investing activities	–49.3	–20.0	–29.3
Cash flow from financing activities	–10.5	110.4	–120.9
Net change in cash and cash equivalents	**-35.8**	**27.3**	**-63.1**
Cash and cash equivalents at the beginning of the period	131.1	103.1	28.0
Effects of exchange rate changes on cash and cash equivalents	4.2	0.7	3.5
Cash and cash equivalents at the end of the period	**99.5**	**131.1**	**-31.6**

The Group's cash flow from operating activities amounted to EUR 24.0m in financial year 2022 compared with EUR –63.1m in the previous year, a change of EUR 87.1m within the space of a year. In addition to the operating profit, the positive cash flow from operating activities has been buoyed by the improvement in net working capital. Inventory levels – adjusted for the purchased inventories of the Butlers Group – were reduced as planned, despite the decline in revenue, since purchasing planning was revised over the course of the year in line with the lower level of demand. The expectation of a decline in net working capital set out in the 2021 Combined Management Report has thus been borne out.

In line with prior-year guidance, cash outflows from investing activities have increased due to the payments made to date for the acquisition of the Butlers Group (EUR 25.8m). Prior to the actual purchase in the first quarter of 2022, a loan of EUR 2.7m was disbursed to the Butlers Group. This served to safeguard and fund its purchasing activities for its 2022 Christmas business season. In total, the Group invested a further EUR 10.8m in property and equipment in the current financial year. Significant investment was also made in intangible assets (EUR 9.8m).

As predicted in the 2021 Combined Management Report, cash flow from financing activities is negative, due to a strong rise in payments made for the redemption of lease liabilities. The sharp increase is attributable to the Butlers acquisition and the associated takeover of Butlers' retail stores. Overall in the reporting year, EUR 27.1m was paid for lease liabilities. The 10% capital increase subscribed by the XXXLutz Group in October 2022 had a positive effect. The Group received a net proceeds of EUR 22.8m from capital increases.

The Group's cash and cash equivalents fell by EUR 31.6m in financial year 2022 to stand at EUR 99.5m as of the reporting date. This was mainly due to the payments made to date for the acquisition of the Butlers Group.

The Group considers the available liquidity to be sufficient to finance its ongoing growth plans. These Consolidated Financial Statements have been prepared on a going-concern basis.

2.4.4. Cash Flows of the Segments

Cash Flows, Europe

In EURm	2022	2021	Change
Cash flow from operating activities	15.8	-11.7	27.5
thereof change in net working capital	1.1	-14.2	15.3
Cash flow from investing activities	-40.4	9.7	-50.1
Cash flow from financing activities	-5.9	-9.3	3.4
Net change in cash and cash equivalents	**-30.5**	**-11.3**	**-19.2**
Cash and cash equivalents at the beginning of the period	88.1	99.4	-11.3
Cash and cash equivalents at the end of the period	**57.6**	**88.1**	**-30.5**

Cash Flows, LatAm

In EURm	2022	2021	Change
Cash flow from operating activities	8.3	-51.6	59.9
thereof change in net working capital	11.5	-48.7	60.2
Cash flow from investing activities	-9.0	-13.4	4.4
Cash flow from financing activities	-4.6	103.6	-108.2
Net change in cash and cash equivalents	**-5.3**	**38.6**	**-43.9**
Cash and cash equivalents at the beginning of the period	43.0	3.7	39.3
Effects of exchange rate changes on cash and cash equivalents	4.2	0.7	3.5
Cash and cash equivalents at the end of the period	**41.9**	**43.0**	**-1.1**

Of the EUR 99.5m in cash and cash equivalents reported in the Group as of the end of the financial year, EUR 57.6m relates to the Europe segment and EUR 41.9m to the LatAm segment.

Positive cash flow from operating activities was realized in both segments. In the LatAm segment, this is mainly attributable to an improvement in net working capital. The main driver in the Europe segment is the positive EBITDA trend.

Cash flow from investing activities was negative in both of the Group's segments. In the LatAm segment, this was mainly due to the payments made for investments in property and equipment (EUR 5.2m) and intangible assets (EUR 4.1m). In the Europe segment, the key factor (EUR 28.6m) was the cash outflow as a result of the acquisition of the Butlers Group.

In the LatAm segment, cash flow from financing activities was shaped by cash outflows due to the redemption of lease liabilities (EUR 5.4m). In the Europe segment, the payments made for lease liabilities (EUR 21.7m) and the repayment of loans (EUR 7.2m) were offset by the capital increases in the year under review (EUR 22.8m – see the comments on equity in section 2.4.5.).

2.4.5. Financial Position

In EURm	December 31, 2022	December 31, 2021		Change
Non-current assets	297.1	136.5	160.6	>100%
Current assets	233.7	253.7	-20.0	-8%
Total assets	**530.8**	**390.2**	**140.5**	**36%**

In EURm	December 31, 2022	December 31, 2021		Change
Equity	216.1	220.4	-4.3	-2%
Non-current liabilities	164.3	55.6	108.6	>100%
Current liabilities	150.4	114.2	36.2	32%
Total equity and liabilities	**530.8**	**390.2**	**140.5**	**36%**

The change in the Group's assets and equity and liabilities compared to December 31, 2021 is mainly attributable to the business combination between home24 and the Butlers Group on April 1, 2022.

The EUR 92.9m increase in non-current assets mainly was due to higher right-of-use assets. Most of these increased right-of-use assets resulted from the business combination with the Butlers Group, which operates retail outlets across the DACH region. The remaining rise in right-of-use assets is based on the right of use of the new home24 Group headquarters in Berlin.

Intangible assets rose by EUR 49.6m. The increase primarily relates to the recognition of the Butlers brand as part of the purchase price allocation as well as acquired goodwill.

The EUR 16.1m increase in non-current financial assets to EUR 24.8m in financial year 2022 was primarily due to a EUR 5.4m rise in receivables from collateral provided. This relates to payments of disputed tax liabilities that were deposited as collateral in connection with legal proceedings in the LatAm segment.

Non-current non-financial assets rose from EUR 2.0m to EUR 4.3m in financial year 2022. Of this amount, EUR 2.4m was primarily due to VAT receivables in Brazil which will be offsettable against VAT liabilities in the future.

Stock availability has risen by EUR 19.3m to EUR 80.0m in the current financial year as a result of the acquisition of the Butlers Group. On April 1, 2022, Butlers contributed inventories with a value of EUR 32.4m to the Group.

Trade receivables declined by EUR 9.0m to EUR 28.2m in the reporting period. This decrease reflects lower online revenue and the early payments on outstanding receivables due to payments made by installments via PayPal, amounting to approx. EUR 5.0m, in the LatAm segment.

Cash and cash equivalents fell by EUR 31.6m to EUR 99.5m. Changes in cash and cash equivalents are discussed under section 2.4.3.

Equity decreased by a total of EUR 4.3m, falling to EUR 216.1 m. The capital increases had an offsetting effect on the net loss for the financial year of EUR 49.7m. As part of its takeover bid, in October 2022 the XXXLutz Group subscribed for a capital increase of approx. 10%. home24 as a result received cash and cash equivalents of EUR 22.8m. A further capital increase was implemented for the purpose of the acquisition of the Butlers Group (EUR 8.2m).

The EUR 108.6m increase in non-current liabilities to EUR 164.3m was largely driven by the rise in non-current lease liabilities. These have increased by EUR 70.4m overall, mainly due to the acquisition of the Butlers Group and the signing of a lease agreement for the Group's headquarters in Berlin.

In addition, EUR 14.1m of the outstanding EUR 22.3m purchase price for the acquisition of the Butlers Group is not due until 2024 or later and has been reported as a non-current borrowing. To preserve favorable conditions, a credit line with Varengold Bank in the amount of EUR 7.5m (previous year: EUR 0.0m) was utilized in the past financial year.

Deferred tax liabilities rose by EUR 11.1 m to EUR 12.1 m. This effect is mainly attributable to the consolidation of the Butlers Group.

Current liabilities increased in the reporting year by EUR 36.2m to EUR 150.4m. Once again, the acquisition of the Butlers Group is the main factor here. Lease liabilities rose by EUR 21.3m. A further EUR 8.2m of this increase is attributable to the portion of the Butler purchase price which is due in 2023.

Compared with December 31, 2021, total assets increased by EUR 140.5m to EUR 530.8m.

2.4.6. Financial and Non-Financial Key Performance Indicators

home24 uses different financial and non-financial key performance indicators to manage the Group.

Key criteria for assessing operating performance are the sustained increase in revenue at constant currency, adjusted EBITDA margin, cash flow from investing activities and cash flow from changes in working capital.

In addition to these financial key performance indicators, the Management Board also measures non-financial key performance indicators for the purposes of managing the Group. The focus is now on the number of orders, the number of active customers and the average order value. Gross merchandise value was added as a further non-financial performance indicator in financial year 2021.

The number of orders is an important driver of growth for the Group and is monitored independently of the value of the goods. In the financial year ended, a total of 2.6m orders were placed (2021: 3.1m).

home24 also measures its success based on the number of active customers. Active customers are all customers who have placed at least one order in the twelve months preceding the reporting date. In financial year 2022, there were 2.0m active customers (previous year: 2.2m).

The average order value includes the value added tax charged in the country in question. The average order value affects the Group's revenue and fell in financial year 2022 from EUR 269 to EUR 263. This decrease is largely attributable to a change in the product mix in Europe. Following the introduction of its marketplace and the successful integration of Butlers' product portfolio, home24 now offers a broad selection of home accessories which provide high margins but have lower order values.

Gross merchandise value is defined as the aggregated gross merchandise value of the orders received in the respective period, including VAT and without factoring in cancellations and returns as well as subsequent discounts and vouchers. In the financial year under review, the gross merchandise value amounted to EUR 838.7m (2021: EUR 882.2m).

2.5. Overall Assessment

In a difficult market environment, home24 had a successful financial year 2022 and achieved an operating profit on the back of more or less stable revenue year-on-year. At around EUR 24.0m, operating cash flow was also clearly positive. This is a fantastic achievement on the part of all of home24's employees, which means that the Company can look to the future with confidence.

At the time of publication of its figures for the first six months of the year, due to the very difficult market situation the Group adjusted its targets communicated in the prior-year financial statements for revenue growth at constant currency from between +2% and +17% to between –7% and +3%. With a revenue trend of –5% at constant currency, the Company achieved its updated target. A positive development is that at +3% for financial year 2022, the adjusted EBITDA margin fell within the range of +1% to +5% communicated in the 2021 Annual Report.

3. Report on Risks and Opportunities

3.1. Overview of Report on Risks and Opportunities

In the following, home24 presents the development and maintenance of an effective risk management system (RMS) and internal control system (ICS) for the Group.

During the 2022 financial year, home24 carried out the process defined internally in its risk management policy for recording, assessing and communicating identified risks for the entire Group. The risks, responsibilities and countermeasures were compiled in a risk register. The Group's Internal Audit department helps the Management Board to monitor the various business units and corporate units within the Group.

In a first step, the objectives and structure of the RMS and ICS are outlined. This is followed by an overview of the assessment methodology, reporting and material key risks and opportunities that arise in the course of the Group's business activities.

Risk Management and Internal Control System Objectives
home24 can only ensure lasting success by identifying the risks and opportunities arising from its business activities at an early stage, assessing them accurately and implementing effective and efficient measures. The RMS and ICS help the Group to recognize potential risks at an early stage and take suitable countermeasures to avert the threat of damage to home24.

The aim of the RMS is to create the necessary transparency with regard to risks and establish a common understanding of risks within home24. The aim of home24's ICS relevant for the financial reporting process is to ensure proper and effective accounting and financial reporting.

Assessing the probability of occurrence and the impacts of future events and developments is subject to uncertainty. home24 is aware that an RMS cannot anticipate every potential risk and that even an optimally designed and implemented ICS cannot fully prevent improper activity.

The key characteristics of the RMS and ICS are outlined below in accordance with Section 315 (4) of the German Commercial Code (HGB).

Risk Management and Internal Control System Structure
Group-wide standards for dealing with risks form the basis of a successful RMS/ICS. The Governance, Risk and Compliance (GRC) department responsible for this area continuously develops and implements RMS/ICS instruments, policies and methods that are based on the internationally recognized framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). With its standardized procedures for identifying, assessing, monitoring, documenting and the associated reporting of risks and measures, the COSO framework supports decision-making by providing consistent, comparable and transparent information.

To mitigate the emergence of risks, no transactions that violate the Code of Conduct and other relevant Group-wide guidelines may be carried out. Risk management principles are applied in this context.

The RMS and ICS are continuously being improved.

3.2. Assessment Methodology, Management and Reporting

Assessment Methodology
The identification and assessment of risks is an integral part of corporate management and is performed by the risk owners on an ongoing basis. home24 has established a biannual process in which risks are comprehensively evaluated and documented by the risk owners with support from the GRC department. Any significant changes in risks identified that occur outside of the regular process are reported on an ad-hoc basis.

The regular biannual process identifies risks or, in the case of existing risks, reassesses them as part of internal risk surveys carried out by the affected areas (risk owners). These risks are then assessed on quantitative or qualitative scales based on their probability of occurrence and their potential impact on the Group's business activities. The risk assessment reporting period is twelve months from the assessment date. The GRC department supports and monitors this process and documents the results.

The effects resulting from the risks are categorized as shown below.

Five Categories for Financial Impact on Adjusted EBITDA

Impact	Quantitative assessment (preferred)	Qualitative assessment (alternative)	
		Criminal relevance	Impact on reputation
severe	> EUR 15m	▪ Severe violations of the law ▪ Severe legal consequences for the liability of top management ▪ Severe impact on operations	▪ Broad, international coverage in the media ▪ Long-term reputation loss of the company ▪ Strong negative impact on financial position, cash flows and financial performance (e.g. loss of sales)
significant	> EUR 6m	▪ Material violations of the law/criminal proceedings ▪ Material consequences for individual managers ▪ Material impact on operations	▪ Negative coverage in the media with medium-term reach ▪ Medium-term reputation damage ▪ Difficult to achieve corrections, long-term PR measures required
medium	> EUR 3m	▪ Significant violation of rules of procedure/ laws/contractual obligations ▪ Significant penalties ▪ Consequences under labor law	▪ Negative coverage in the media with minor reach ▪ Corrections achieved through medi-um-term PR measures
low	> EUR 303k	▪ Violation of internal rules/laws/ agreements without strong impact ("trivial") ▪ Minor penalties ▪ Limited disciplinary action for individuals	▪ Short-term negative impact on reputation/image ▪ Posts in blogs/on Facebook/on Twitter etc. ▪ No further coverage by other media
immaterial	< EUR 303k	▪ No criminal prosecution	▪ Very short-term negative impact on reputation/image

The probability of occurrence is classified as follows:

Five Categories for Probability of Occurrence

Probability of occurrence	Assessment
almost certain	75% –100%
likely	50% –74.9%
possible	25% –49.9%
unlikely	5% –24.9%
rarely	0% –4.9%

Based on the combination of probability of occurrence and impact, risks are classified as low, moderate, high, very high and extreme.

Five Levels for Risk Assessment

Impact/ probability of occurrence	rarely	unlikely	possible	likely	almost certain
severe					**EX-TREME**
significant				**VERY HIGH**	
medium			**HIGH**		
low		**MODER-ATE**			
immate-rial	**LOW**				

Each gross risk is assigned relevant countermeasures and control measures as well as responsibilities. All risks are reassessed on a gross basis after taking into account the countermeasures and control measures implemented (net risk = gross risk less countermeasures). Net risks are divided into the same five classes as gross risks (see above).

Managing Risks
Risk owners are responsible for defining and implementing effective measures to mitigate risks and leverage opportunities within their areas of responsibility. The risk owners use different strategies depending on the nature, characteristics and assessment of the identified risks, paying particular attention to the costs and effectiveness of the measures being considered to mitigate them. Possible risk strategies include acceptance, prevention, mitigation and transfer to third parties.

Internal Control System
An effective internal control system (ICS) is crucial for successfully managing risk within business processes. The aim of the ICS at home24 is to ensure secure and efficient business processes and reliable financial reporting. It goes beyond the controls set out in the accounting process. home24's ICS therefore includes principles, procedures and controls that ensure an efficient and effective process.

The relevant controls, including their description and type, how often they are carried out and the individuals responsible for carrying them out, are formally documented in risk control matrices for material business processes and take into account significant risks.

Various monitoring activities and controls within the financial reporting process ensure the Group's compliance with legal requirements for preparing the consolidated financial statements. home24's group consolidation system is based on standard software and ensures a uniform approach to minimize the risk of misstatements in accounting and external reporting. The effects of new or changed financial reporting standards, laws and other regulations on the financial statements are continually analyzed. The Group accounting policy contains a description of applicable accounting methods. The process of preparing the Consolidated Financial Statements is carried out using consolidation software. The preparation of the financial statements is also supported by a formalized process that includes the relevant activities, schedule and associated responsibilities.

A function and role concept ensures the segregation of duties between departments and within processes. Regulations on transactions requiring approval are in place.

General IT controls monitor system access and changes that could have an effect on accounting.

To make sure the ICS is appropriate and effective, it is regularly optimized as part of ongoing monitoring and improvement processes, the results of which are reported to the Management Board and Audit Committee each quarter. From the 2022 financial year onwards, an annual self-assessment and confirmation of the accuracy and completeness of the control documentation for the Group's main business processes has been obtained from the responsible parties.

home24 continuously develops its requirements for the internal control system and adapts the control landscape to reflect changing processes.

Reporting
home24's reporting focuses on material key risks or risks threatening the continued existence of the Group (known as going-concern risks). The risk assessment in this report reflects the net risk assessment. The continued existence of the Group as a going concern is threatened if the potential financial impact of a risk exceeds the calculated risk-bearing capacity threshold.

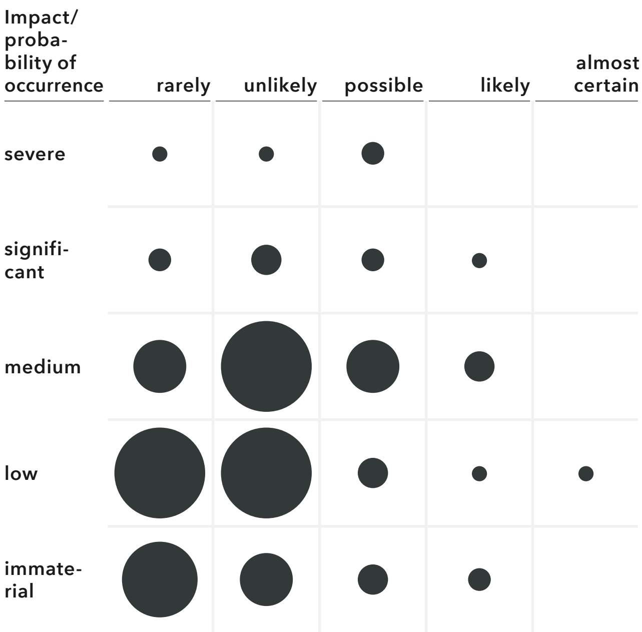
Material key risks are those that could have a significant adverse impact on the business, financial situation, liquidity, operating results, and development of home24, either alone or in conjunction with other risks and uncertainties. With this in mind, the maximum risk that home24 can bear without threatening its continued existence as a going concern is calculated annually as part of a risk-bearing capacity concept. A material key risk is one that exceeds the critical combination of a probability of occurrence in excess of 50% and potential losses of EUR 3m.

The Management Board and the Audit Committee of the Supervisory Board are regularly informed about significant control weaknesses. During the 2022 financial year, the GRC department reported on the Group's risk situation to the Management Board and the Supervisory Board's Audit Committee four times as part of the regular reporting process.

3.3. Risks

The material key risks recorded in accordance with the aforementioned system are summarized below.

Distribution of the Number of Net Risks in the Risk Matrix



At present, no going-concern risks exist that could threaten the continued existence of home24. The table shows material key risks based on the potential probability of occurrence and impact.

Overview of the Development of Key Risks

	2022		2021	
Key Risks	Impact	Probability	Impact	Probability
Legal requirements relating to the protection of personal information	medium	likely	medium	likely
Cyber security	significant	likely	significant	likely

In the 2022 financial year, the number of material key risks decreased compared to the previous financial year.

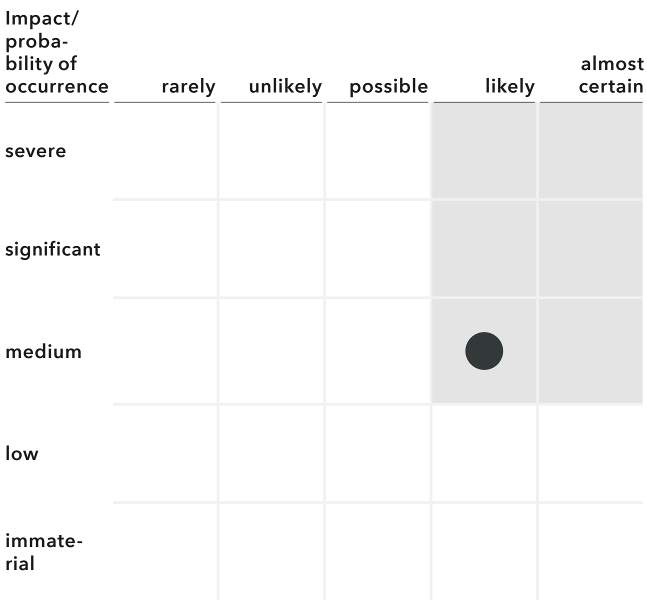
Unforeseeable risks to the business performance of home24 remain, including a persistently volatile market environment characterized by rising inflation rates and the war in Ukraine as well as the global macroeconomic environment, most notably the decline in the consumer confidence index. This volatility was reflected in home24's risk management in the first half of 2022. In the second half of the year, however, the initiatives introduced by home24 enabled the Group to reduce the number of material key risks compared to the information provided in the 2021 Annual Report. Nevertheless, there is uncertainty that is being closely monitored by the Group so that it can continuously introduce measures and react promptly to developments.

The material key risks outlined below generally relate to the Europe segment and the LatAm segment. If the risk only relates to one segment, this is explicitly stated.

Additional risks arising for home24 as a result of the Butlers acquisition were incorporated into the Group-wide risk assessment for the first time in the first half of 2022.

To improve the presentation, the disclosures on financial risks (credit risk, currency and interest rate risk as well as liquidity risk) required under IFRSs are not presented separately in the report on risks and opportunities but in the Notes to the Consolidated Financial Statements, under note 6.

Legal Requirements Relating to the Protection of Personal Information

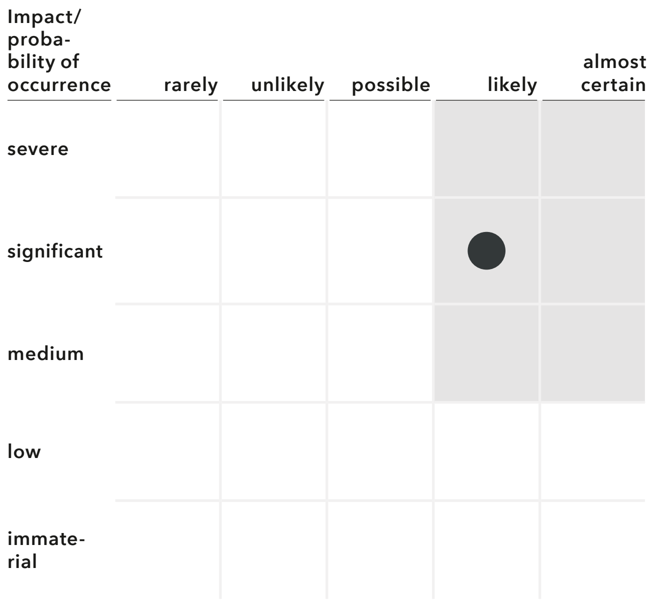


As an e-commerce company, home24 collects and processes personal data in order to process orders, receive payments, communicate with customers, manage marketing activities, carry out payroll activities, etc. In this context, home24 is subject to laws and regulations regarding the protection of personal data. For home24 SE, this particularly includes the EU General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG).

To limit possible damages arising from non-compliance with data protection requirements, the Company appointed an external data protection officer. Employees in the Legal department continuously work to raise awareness of this issue, monitor and communicate legal requirements, update and develop other relevant documents and support specialist departments, together with the individual responsible for IT security and/or the Human Resources department, when implementing these requirements. Members of staff also conduct mandatory online training.

Due to existing organizational and technical challenges as well as ongoing developments, the Group believes that its assessment of the risk associated with legal requirements to protect personal information should remain unchanged. home24 assesses data protection risks on an ongoing basis, as data and the use thereof are vital to the success of its business. That is why we always work hard to improve our data protection processes, and invest in improving systems designed to ensure compliance with data protection requirements.

Cyber Security



Cyber security risks associated with external and internal attacks and/or internal control weaknesses could manipulate or deactivate the webshop, relevant fulfillment IT systems and applications, payment systems and other internal IT systems and applications. These risks include ransomware attacks, DDOS attacks, data loss caused by security breaches and operational disruptions as well as inaccurate notifications caused by breaches of integrity.

To counter cyber security threats, the Company started to improve the implementation of its IT security requirements back in 2019. The Company continued to work on enhancing cyber security during the 2022 financial year. The increasing interconnection of IT systems with the outside world in particular also involves the risk of attacks on the Company's IT infrastructure. The systems adopted as part of the Butlers acquisition exhibit additional risk points. With this in mind, during financial year 2022 the Company once again appointed an external service provider to identify potential vulnerabilities and counteract any associated cyber security risks. Additional measures will be derived and implemented from this vulnerability analysis to ensure that this risk is continuously addressed.

Those responsible for IT security at home24 also continually monitor relevant risk areas, maintain processes and controls, and implement technological solutions with the aim of ensuring the security of data and operations.

Although initiatives have continuously been undertaken with a view to reducing IT security risks, for example in relation to authentication and monitoring, the risk assessment remains unchanged compared with the previous year due in part to the significantly higher number of employees working from home, the Butlers acquisition and the associated risks.

In addition, the following risks ceased to apply compared to the 2020 and 2021 financial years as they no longer had a material impact and are therefore no longer reported:

- Pandemic effects in specific business units
- Predictability of inventory levels

3.4. Opportunities

The home & living segment is one of the largest consumer markets. At the same time, online penetration in the home & living sector in the markets served by home24 is lower than in other regions such as the USA and UK. The COVID-19 pandemic provided a further boost to the structural shift toward the increased use of online home & living shopping. The Company's Management Board is confident that there is further potential for catch-up effects in the coming years, with generally attractive market growth rates.

This is supported by the favorable demographic trend, which the Group believes will continue to drive the shift from offline to online shopping in the home & living segment going forward. The Group assumes that the increasing number of Internet users buying products online is attributable mainly to Millennials and later generations, who are generally very Internet-savvy and particularly keen on online retail. These are spending more and more of their growing income in the online home & living segment.

By fundamentally investing in its systems and processes in recent years, home24 has created a basis that enables the profitable scaling of business volumes. The Group has also invested and continues to invest in reinforcing its unique selling points within the market, such as the in-house delivery of larger items. End customers could be offered additional services via this in-house delivery service in future, further strengthening home24's competitive position in the home & living market. The recently launched home24 marketplace also offers end customers an additional choice of products and comparability, addressing growing demand in a difficult economic period and enhancing home24's growth potential.

The home & living sector is highly fragmented in terms of both suppliers and retailers. The fragmented supply base puts market participants of critical mass in a strong negotiating position. home24 assumes that, given the weak presence of brands in this market, there is an opportunity for the Group to establish its own successful home & living brand and to supplement and strengthen it further with unique private label collections.

Overall, the steps home24 has taken over the last few quarters and years means the Group is well placed to seize the opportunities available in the market. This positioning could improve even further if the takeover bid submitted by bidders relating to the XXXLutz Group is successfully completed.

3.5. Overall Assessment of Risks and Opportunities

The statements on future developments contained in this Annual Report are based on Management Board estimates and were issued to the best of their knowledge and belief when the Consolidated and Annual Financial Statements of home24 SE were prepared. Nevertheless, the Management Board's assessments are subject to risks and uncertainties. As a result, actual developments can deviate from the assessment if the aforementioned risks and opportunities occur or if the underlying assumptions prove to be inaccurate or incorrect.

The overall assessment for the Group does not currently suggest the existence of any going-concern threats to the Group as a result of individual risks or aggregated risk positions. Furthermore, no significant opportunities were identified that could lead to the Group significantly exceeding its targets.

4. Events after the Reporting Period

In the context of the voluntary public takeover bid from a bidding consortium made up of SGW-Immo-GmbH, LSW GmbH and RAS Beteiligungs GmbH ("XXXLutz Group"), the XXXLutz Group announced that it had secured 92.67% of home24 shares overall by the end of the extended acceptance period.

On February 22, 2022, the Company also submitted an application to revoke the admission of its shares to trading on the Prime Standard of the Frankfurt Stock Exchange. The admission of home24's shares to trading on the regulated market (General Standard) remains unaffected. This revocation is taking place in the context of the takeover bid by the XXXLutz Group.

The bidders around the XXXLutz Group submitted the notification for the clearance procedure under merger control law at the beginning of March and expect the merger control procedure to be completed in the second quarter of 2023.

On March 10, the management of the subsidiary in Brazil (Mobly S.A.) announced that it is in talks with privately owned Brazilian furniture retailer Tok&Stok regarding a possible business combination. At the time of publication, however, there were neither binding agreements nor concrete offers regarding a potential merger.

No other events of particular significance took place between the reporting date (December 31, 2022) and the date on which the publication of the Consolidated Financial Statements and the Group Management Report was approved by the Management Board (March 29, 2023) that could have had a significant impact on the presentation of the Group's financial position, cash flows and financial performance.

5. Future Performance and Outlook

Management expects the environment to remain challenging in financial year 2023 with uncertainty in relation to consumer sentiment and the development of key cost items. The further development of inflation and building loan rates and their implications for consumers' disposable income will be a key factor determining home24's revenue potential in financial year 2023. At the same time, the future picture for commodity prices will impact the cost side – and thus further potential profitability improvements for home24– just as much as the trend for energy, wage and service costs.

As in the previous year, in financial year 2023 home24 will focus its activities on areas which it is able to actively influence itself. These include the ongoing development of combined customer communication activities with Butlers, further expansion of its marketplace business and, in the area of shipping, the national and international rollout of its own delivery capacities. Nonetheless, all of these operational improvements and other growth ambitions are subordinate to the primary goal of increasing profitability.

In the current circumstances, the Company anticipates a revenue trend at constant currency of between -15% and +5% for financial year 2023. The Group is also seeking to generate an adjusted EBITDA margin of +1% to +5% for the 2023 financial year, similar to the previous year.

Since no further M&A activities are currently planned for 2023, the cash outflow from investing activities will significantly decrease year-on-year. Net working capital is expected to decline slightly, assuming that the early payment of outstanding credit card receivables arising from installment purchases in the LatAm segment resumes.

In terms of the Company's non-financial performance indicators, due to the marketplace segment the Management Board expects the year-on-year trend to slightly outperform the revenue trend for the coming year. The gross merchandise value, the number of active customers and the number of orders can be expected to be better than the revenue trend year-on-year. At the same time, the average order value is expected to decrease slightly as a result of the lower average order value in the marketplace segment.

6. Corporate Governance Statement

The Corporate Governance Statement published in accordance with Sections 289f. and 315d of the German Commercial Code (HGB), together with the Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG), is contained in the Corporate Governance Report and at the same time forms an unaudited, integral part of the Combined Management Report. In accordance with Section 161 of the German Stock Corporation Act (AktG), the Declaration of Conformity is available on the parent company's website at https://www.home24.com/download/companies/homevierundzwanzig/Corporate Governance/20211228_home24_declaration_conformity_en.pdf published.

7. Non-Financial Report

The Non-financial Report for the home24 Group is included in this Annual Report in accordance with to Section 315b HGB.

8. Takeover-related Disclosures

The takeover-related disclosures required pursuant to Sections 289a and 315a (1) HGB and the explanatory report for home24 SE and the Group are part of the Combined Management Report and are presented in the Corporate Governance Report.

9. Supplementary Management Reporting on the Annual Financial Statements of home24 SE

The Management Report of home24 SE and the Group Management Report have been combined. The following statements are based on the annual financial statements of home24 SE, which have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) in conjunction with Art. 61 of Council Regulation (EC) No 2157/2001.

9.1. Business Activities

home24 SE is the parent company of the Group. The Company's registered office is located in Berlin, Germany. Its business activities principally comprise the development, care, procurement, marketing and sale of home & living products. Other activities include management of the online shops, customer services, human resources management, IT and financial and risk management. The country-specific home24 websites are part of home24 SE.

As the Group parent, home24 SE is represented by its Management Board, which is responsible for the direction of the Group and the Company's strategy.

The annual financial statements of home24 SE are prepared in accordance with the German Commercial Code (HGB). The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This gives rise to differences in accounting policies. The differences mainly relate to the accounting for internally generated intangible assets, leases and share-based payment.

home24 SE has extensive supply and service relationships with its subsidiaries. Purchased services primarily comprise logistics, sales, quality assurance and customer services. The services home24 SE provides for its subsidiaries mainly concern administrative and IT services and subletting store and warehouse space. Supply relationships concern the sale of return goods from customer orders.

9.2. Financial Position, Cash Flows and Financial Performance

The financial performance of home24 SE is presented in the condensed income statement below, classified by types of expense, and shows a decline in revenue and a corresponding decline of material costs and other operating income. Staff costs are unchanged from the previous year.

Net income/loss for the year is the key control parameter for the single-entity financial statements of home24 SE.

In EURm	2022	2021		Change
Revenue	407.1	515.7	-108.6	-21%
Other operating income	4.3	5.0	-0.7	-14%
Other own work capitalized	0.3	0.5	-0.2	-40%
Cost of materials	-281.7	-365.7	84.0	-23%
Personnel expenses	-27.0	-26.9	-0.1	0%
Depreciation and amortization	-4.6	-3.8	-0.8	21%
Other operating expenses	-103.3	-118.1	14.8	-13%
Operating result (EBIT)	**-4.9**	**6.7**	**-11.6**	**>-100%**
Investment and financial result	-16,2	-35.8	19.6	-55%
Expenses from loss absorption	-17.3	-23.7	6.4	-27%
Loss for the year	**-38.4**	**-52.8**	**14.4**	**-27%**

In the past financial year, due to the significant deterioration in consumer sentiment and the uncertain market situation in the reporting year 2022 revenue declined by EUR –108.6m to EUR 407.1m. This is also reflected in the non-financial performance indicators. The number of orders (–5%) and the average order value (–14%) decreased in 2022 year-on-year. Only the number of active customers increased slightly (+3%) to 1.42m. This was achieved by means of a broader product range. New consumer groups were targeted thanks to the integration of the Butlers product range in the home24 online store and the successful integration of the marketplace business. However, the average order value declined slightly as a result of these new products, by –2% to EUR 263.

The cost of materials decreased by EUR 84.0m to EUR 281.7m in line with the decline in revenue. EUR 65.0m of this decline is attributable to expenses for goods purchased and EUR 18.9m to the cost of services purchased from other companies in the Group. However, in addition being triggered by the fall in revenue the decrease in the cost of materials is also due to an improvement in the cost of materials ratio relative to revenue. This reflects a stronger focus on EBITDA profitability.

Other operating expenses fell by EUR 14.8m to EUR 103.3m in financial year 2022. This is attributable to lower advertising costs in particular, which have declined by EUR 15.3m to EUR 69.7m.

The investment and financial result includes impairment of EUR 15.8m on loans to Jade 1216. GmbH. The write-down was triggered by an expected permanent impairment of the investment in the Brazilian subsidiary Mobly S.A. held via Jade 1216 GmbH. Both subsidiaries are part of the LatAm segment. As in the previous year, the fair value of the equity investment at the reporting date was once again below amortized cost, so that a write-down had to be carried out again. This item also includes EUR 8.7m in write-downs on an equity interest in SPV 4 Furniture Services GmbH.

The cost of absorbing the loss incurred by home24 Outlet GmbH was EUR 17.3m in financial year 2022, up from EUR 23.7m in the previous year.

The forecast of an improvement in the net income/loss for the year set out in the 2021 Combined Management Report was borne out, despite an unexpected write-down of the equity investment in Jade 1216. GmbH. The further loss allowance recognized on the loan to the subsidiary Jade 1216. GmbH had an unexpected adverse impact on the net income/loss for the year in 2022.

The financial position of home24 SE is presented in the following condensed Statement of Financial Position.

In EURm	December 31, 2022	December 31, 2021		Change
Fixed assets	157.0	92.7	64.3	69%
Current assets	108.7	164.0	-55.3	-34%
Prepaid expenses	0.9	1.1	-0.2	-18%
Total assets	**266.6**	**257.8**	**8.8**	**3%**
Equity	152.9	160.2	-7.3	-5%
Provisions	16.4	18.5	-2.1	-11%
Liabilities	97.3	79.1	18.2	23%
Total capital	**266.6**	**257.8**	**8.8**	**3%**

The long-term financial assets included in fixed assets increased by EUR 67.0m to EUR 144.9m. This is due to the acquisition of the Butlers Group on April 1, 2022. The write-down of the loan extended to Jade 1216. GmbH mentioned in the "Financial Performance" section had an offsetting effect.

The decline in current assets is primarily due to a decrease in cash and cash equivalents (EUR –40.0m) on account of the acquisition of the Butlers Group. The change in cash and cash equivalents is explained in more detail later in this section. In addition, receivables from the subsidiary Outlet GmbH have decreased by EUR 7.6m to EUR 6.8m. This is mainly due to the reporting date. There is a profit and loss transfer agreement in place with home24 Outlet GmbH and a tax group for VAT purposes.

Equity decreased by a total of EUR 7.3m. The acquisition of the Butlers Group and the takeover bid of the XXXLutz Group had the effect of boosting equity. The net loss for the year of EUR 38.4m had an offsetting effect. The equity ratio stood at 57% as of December 31, 2022 (December 31, 2021: 62%).

Provisions have decreased, principally due to reduced provisions for outstanding purchase invoices.

The rise in liabilities to EUR 18.2m is mainly attributable to the share of the purchase price from the acquisition of Butlers Group not yet due (EUR 22.3m). In addition, a loan of EUR 7.5m (Dezember 31, 2021: EUR 0.0m) was taken out with Varengold Bank, and trade payables are up by EUR 3.4m as of the reporting date. On the other hand, the liability resulting from a loan to a subsidiary decreased by EUR 9.1m.

In EURm	2022	2021	Change
Cash flow from operating activities	-19.0	-59.3	40.3
thereof change in net working capital	7.6	-10.3	17.9
Cash flow from investing activities	-51.3	47.3	-98.1
Cash flow from financing activities	30.4	0.1	30.3
Net change in cash and cash equivalents	**-40.0**	**-11.9**	**-28.1**
Cash and cash equivalents at the beginning of the period	86.4	98.3	-11.9
Cash and cash equivalents at the end of the period	**46.4**	**86.4**	**-40.0**

In the 2022 financial year, cash flow from operating activities at home24 SE amounted to EUR –19.0m. This year-on-year improvement primarily resulted from an improved EBITDA and a positive change in net working capital. Accounting for EUR 39.8m, the acquisition of the Butlers Group is the main factor shaping cash flow from investing activities. In addition, home24 SE granted subsidiaries new loans of EUR 21.7m. Cash flow from financing activities is influenced by the capital increases implemented in the reporting year. We refer to the comments in section 2.4.5. Financial Position. These resulted in net inflows of EUR 22.8m. The Group also took out a loan totaling EUR 7.5m.

Cash and cash equivalents of EUR 46.4m (December 31, 2021: EUR 86.4m) includes cash on hand and bank deposits as well as time deposits at banks that can be converted into specified cash amounts within no more than three months. Responsibility for the Group's liquidity management lies with home24 SE.

9.3. Report on Risks and Opportunities

The business performance of home24 SE is essentially subject to the same risks and opportunities as that of the Group. home24 SE participates fully in its subsidiaries' risks. The statements on the overall assessment of the risk situation in the Group by the Management Board are therefore also considered a summary of the risk situation of home24 SE. The description of the internal control system relevant for the financial reporting process and the risk management system for home24 SE as required by Section 289 (4) German Commercial Code (HGB) is provided in the Group's risk report.

9.4. Future Performance and Outlook

The majority of the online business in the Europe segment is carried out through home24 SE. Due to the close ties between home24 SE and the Group companies as well as the importance of home24 SE in the Group, please refer to the statements on the development of the markets and revenue relating to the Group. The statements also reflect the expectations for the parent company, home24 SE. In financial year 2023, the net income/loss of home24 SE under the German Commercial Code (HGB) will be above the figure of financial year 2022 due to the negative one-off effect, the write-downs of receivables and equity interests in a subsidiary in 2022, but also because of the improved profitability of ordinary business activities.

Berlin, March 29, 2023

Marc Appelhoff　Brigitte Wittekind　Philipp Steinhäuser

Consolidated Financial Statements

Consolidated Statement of Financial Position

In EURm	Notes	December 31, 2022	December 31, 2021
Non-current assets			
Property and equipment	5.10	32.1	24.8
Intangible assets	5.11	86.2	36.7
Right-of-use assets	5.24	149.8	56.9
Financial assets	5.12/5.26	24.8	16.1
Other non-financial assets	5.13	4.3	2.0
Total non-current assets		**297.1**	**136.5**
Current assets			
Inventories	5.14	80.0	60.8
Advance payments on inventories	5.14	2.8	4.4
Trade receivables	5.15	28.2	37.2
Financial assets	5.12/5.26	3.9	4.0
Other non-financial assets	5.13	19.2	16.2
Cash and cash equivalents	5.16	99.5	131.1
Total current assets		**233.7**	**253.7**
Total assets		**530.8**	**390.2**

In EURm	Notes	December 31, 2022	December 31, 2021
Equity			
Subscribed capital	5.17	33.6	29.3
Treasury shares	5.17	0.0	0.0
Capital reserves	5.17	58.3	70.0
Other reserves		64.3	57.8
Retained earnings/accumulated losses		12.9	13.5
Equity attributable to the owners of the parent company		**169.1**	**170.6**
Non-controlling interests		47.0	49.8
Total equity		**216.1**	**220.4**
Non-current liabilities			
Borrowings	5.20/5.25	21.6	0.0
Lease liabilities	5.24	118.0	47.5
Other financial liabilities	5.18/5.26	4.4	1.2
Other non-financial liabilities	5.19	0.1	0.2
Provisions	5.23	8.1	5.7
Deferred tax liabilities	5.9	12.1	1.0
Total non-current liabilities		**164.3**	**55.6**
Current liabilities			
Borrowings	5.20/5.25	10.1	0.0
Lease liabilities	5.24	37.2	15.9
Trade payables and similar liabilities	5.21/5.26	66.5	67.0
Contract liabilities	5.22	17.4	15.8
Income tax liabilities		2.1	0.1
Other financial liabilities	5.18/5.26	3.3	3.2
Other non-financial liabilities	5.19	12.8	11.4
Provisions	5.23	1.1	0.8
Total current liabilities		**150.4**	**114.2**
Total liabilities		**314.7**	**169.8**
Total equity and liabilities		**530.8**	**390.2**

Consolidated Statement of Comprehensive Income

In EURm	Notes	2022	2021
Revenue	5.1	601.0	615.5
Cost of sales		-321.8	-348.9
Gross profit		**279.3**	**266.6**
Selling and distribution costs		-261.5	-248.5
Impairment losses on financial assets	6.	-1.7	-2.7
Administrative expenses		-67.4	-53.2
Other operating income	5.2	7.0	4.8
Other operating expenses	5.3	-2.4	-2.3
Operating result (EBIT)		**-46.7**	**-35.3**
Finance income	5.4	6.3	5.8
Finance costs	5.4	-9.5	-5.8
Loss before taxes		**-49.9**	**-35.3**
Income taxes	5.9	0.2	-0.1
Loss for the period		**-49.7**	**-35.4**
Loss attributable to:			
Owners of the parent company		-40.4	-30.7
Non-controlling interests		-9.3	-4.7
Earnings per share (in EUR); basic (= diluted)	5.7	-1.31	-1.05
Average number of shares in circulation (in m); basic (= diluted)	5.7	30.9	29.2
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		12.7	1.9
Other comprehensive income/loss for the period, net of tax		**12.7**	**1.9**
Total comprehensive income/loss for the period		**-37.0**	**-33.5**
Loss attributable to:			
Owners of the parent company		-33.9	-29.7
Non-controlling interests		-3.1	-3.8

Consolidated Statement of Cash Flows

In EURm	Notes	2022	2021
Cash flow from operating activities			
Loss before taxes		-49.9	-35.3
Depreciation of property and equipment	5.6	9.1	5.0
Amortization of intangible assets	5.6	14.3	8.7
Depreciation of right-of-use assets	5.24	32.1	13.6
Share-based payment expenses		1.8	8.6
Share based payment expenditures	5.8	0.0	-2.3
Gains/losses on sales of property and equipment		-0.1	0.0
Other non-cash income and expenses		3.4	0.0
Change in provisions		0.2	2.7
Change in net working capital			
Change in inventories and advance payments on inventories		14.3	-21.7
Change in trade receivables and other assets		8.2	-31.6
Change in trade payables and similar liabilities as well as other liabilities		-9.8	1.6
Change in contract liabilities		0.0	-11.1
Change in other assets/liabilities		1.4	-1.1
Income taxes paid, less reimbursements		-0.7	-0.2
Cash flow from operating activities		**24.0**	**-63.1**
Cash flow from investing activities			
Payments to acquire property and equipment	5.10	-10.8	-12.2
Payments to acquire intangible assets	5.11	-9.8	-8.4
Proceeds from sales of property and equipment		0.4	0.7
Proceeds from sales of intangible assets		0.1	0.0
Payments to grant loans		-2.7	0.0
Payments to acquire businesses less cash received	5.25	-25.8	0.0
Change in restricted cash and long-term security deposits and collateral	5.12	-0.7	-0.2
Proceeds from government grants		0.0	0.1
Cash flow from investing activities		**-49.3**	**-20.0**
Cash flow from financing activities			
Proceeds from capital increases by shareholders less transaction costs	5.17	22.8	-0.1
Cash paid to owners and non-controlling interests	5.17	0.0	-0.9
Proceeds from capital increases at Mobly S.A.	5.17	0.0	121.0
Proceeds from the sale of shares in Mobly S.A.	5.17	0.0	24.2
Transaction costs paid in connection with the capital increase and sale of shares in Mobly S.A.	5.17	0.0	-7.2
Taxes paid on the sale of shares in Mobly S.A.	5.17	0.0	-3.9
Proceeds from bank loans	5.25	15.7	0.5
Repayment of bank loans	5.25	-16.5	-11.8
Payments to repay other loans		-11.7	0.0
Proceeds from short-term borrowings	5.25	6.0	0.0
Redemption of lease liabilities	5.24	-27.1	-11.4
Proceeds from subleases	5.24	0.2	0.0
Cash flow from financing activities		**-10.5**	**110.4**
Net change in cash and cash equivalents		**-35.8**	**27.3**
Cash and cash equivalents at the beginning of the period		131.1	103.1
Effects of exchange rate changes on cash and cash equivalents		4.2	0.7
Cash and cash equivalents at the end of the period		**99.5**	**131.1**

Consolidated Statement of Changes in Equity 2021

		Equity attributable to the owners of the parent company										
					Other reserves							
In EURm	Notes	Subscribed capital	Treasury shares	Capital reserves	Currency translation reserve	Reserve for changes in accounting policies	Reserve from capital increase, subsidiary	Transactions with non-controlling interests	Accumulated losses	Total	Non-controlling interests	Total equity
As of January 1, 2021		**29.1**	**0.0**	**122.8**	**2.3**	**0.1**	**0.0**	**–24.3**	**–15.2**	**114.8**	**–0.5**	**114.3**
Loss for the period									–30.7	–30.7	–4.7	–35.4
Other comprehensive income					1.0					1.0	0.9	1.9
Total comprehensive income/loss for the period		**0.0**	**0.0**	**0.0**	**1.0**	**0.0**	**0.0**	**0.0**	**–30.7**	**–29.7**	**–3.8**	**–33.5**
Proceeds from shares issued	5.17	0.2							–0.2	0.0		0.0
Utilization of free capital reserve	5.17			–52.8					52.8	0.0		0.0
Capital increase and sale of shares in Mobly S.A.					–1.1		121.0	–33.1		86.8	57.7	144.5
Transaction costs – capital increase at Mobly S.A.							–3.1			–3.1	–3.0	–6.1
Transaction costs – sale of shares in Mobly S.A.								–1.1		–1.1		–1.1
Taxes – sale of shares in Mobly S.A.								–3.9		–3.9		–3.9
Equity-settled share-based payments	5.8								6.8	6.8	–0.6	6.2
As of December 31, 2021		**29.3**	**0.0**	**70.0**	**2.2**	**0.1**	**117.9**	**–62.4**	**13.5**	**170.6**	**49.8**	**220.4**

Consolidated Statement of Changes in Equity 2022

		Equity attributable to the owners of the parent company										
					Other reserves							
In EURm	Notes	Subscribed capital	Treasury shares	Capital reserves	Currency translation reserve	Reserve for changes in accounting policies	Reserve from capital increase, subsidiary	Transactions with non-controlling interests	Retained earnings/ accumulated losses	Total	Non-controlling interests	Total equity
As of January 1, 2022		**29.3**	**0.0**	**70.0**	**2.2**	**0.1**	**117.9**	**-62.4**	**13.5**	**170.6**	**49.8**	**220.4**
Loss for the period									-40.4	-40.4	-9.3	-49.7
Other comprehensive income					6.5					6.5	6.2	12.7
Total comprehensive income/loss for the period		**0.0**	**0.0**	**0.0**	**6.5**	**0.0**	**0.0**	**0.0**	**-40.4**	**-33.9**	**-3.1**	**-37.0**
Proceeds from shares issued	5.17	0.1							-0.1	0.0		0.0
Utilization of free capital reserve				-38.4					38.4	0.0		0.0
Acquisition of the Butlers Group		1.2		7.0						8.2		8.2
Capital increase – takeover bid		3.0		19.8						22.8		22.8
Transaction costs - takeover bid				-0.1						-0.1		-0.1
Equity-settled share-based payments	5.8								1.4	1.4	0.3	1.7
As of December 31, 2021		**33.6**	**0.0**	**58.3**	**8.6**	**0.1**	**117.9**	**-62.4**	**12.9**	**169.1**	**47.0**	**216.1**

Notes to the Consolidated Financial Statements

1. Corporate Information

home24 SE (the "Company") is a listed European stock corporation and the parent company of the home24 Group ("home24" or the "Group"). Shares in home24 SE were admitted for trading on the Frankfurt Stock Exchange (Prime Standard) on June 15, 2018. The Company's registered address is Otto-Ostrowski-Straße 3, 10249 Berlin, Germany. The Company is entered in the commercial register at the Charlottenburg Local Court (HRB 196337 B).

home24 considers itself a go-to destination for home&living online shopping. The Group also sells its products in its own retail stores. The Group primarily operates under the "home24" and, since April 1, 2022, "Butlers" brands in continental Europe and under the "Mobly" brand in Brazil.

2. Material Accounting Policies

2.1. Basis of Preparation

The Consolidated Financial Statements for the financial year ended December 31, 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) as of the reporting date. The provisions of Section 315e (1) of the German Commercial Code (HGB) have also been taken into account.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

These Consolidated Financial Statements have been prepared on a going-concern basis.

The Consolidated Financial Statements are prepared in euros (EUR), which is the functional currency of home24 SE and the presentation currency of the Group. Unless indicated otherwise, all figures in the Consolidated Financial Statements have been rounded to millions of euros (EURm). This can result in rounding differences and the percentages presented may not precisely reflect the figures they refer to.

Currency Translation

Foreign currency transactions are translated into the Group companies' functional currency using the spot rate prevailing at the dates of the transactions. Monetary assets and liabilities of Group companies denominated in foreign currencies are translated into the functional currency using the closing rate on each reporting date, and any resulting translation differences are recognized in profit or loss. Foreign currency gains and losses that relate to cash and cash equivalents and loans are recognized in the statement of comprehensive income under Finance income and Finance costs. All other foreign currency gains and losses are recognized within other operating income/expenses. Non-monetary items in foreign currencies are translated using historical rates.

The functional currencies of the foreign subsidiaries are determined in accordance with the provisions of IAS 21. Assets and liabilities of foreign operations with functional currencies other than the euro are translated into euros at the closing rate prevailing on the reporting date. Income and expenses from foreign operations, with the exception of share-based payment expenses, are translated into euros at average monthly exchange rates. Share-based payment expenses of foreign subsidiaries are translated at the spot rate prevailing on the date on which the remuneration awards are granted. Foreign exchange differences are recognized in other comprehensive income and shown in the currency translation reserve in equity unless the currency translation difference is attributable to non-controlling interests.

2.2. Principles of Consolidation

Basis of Consolidation

The Consolidated Financial Statements comprise home24 SE and its subsidiaries over which home24 has control as defined in IFRS 10. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the significant activities of the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The subsidiaries' financial statements are prepared to the same closing date as the parent company's financial statements. The financial statements of the companies included in the Consolidated Financial Statements have been prepared based on the uniform accounting policies of the parent company home24 SE.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group entities are eliminated in full on consolidation.

Business Combinations

The Group accounts for business combinations applying the acquisition method. When a newly acquired subsidiary's is consolidated for the first time, all acquired assets and liabilities are recognized at their fair value at the acquisition date. Any positive difference between the purchase costs and the fair value of identifiable net assets is recognized as goodwill. Any negat*ive difference is recognized in the statement of comprehensive income. Incidental acquisition costs are expensed.*

The contingent consideration agreed is recognized at fair value at the acquisition date. A contingent consideration classified as an asset or liability in the form of a financial instrument within the scope of IFRS 9 Financial Instruments is measured at fair value through profit or loss in accordance with IFRS 9. All other contingent consideration not falling within the scope of IFRS 9 is measured at fair value through profit or loss at each reporting date.

Following initial recognition, goodwill is measured at cost less cumulative impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated as of the acquisition date to the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those cash-generating units.

Non-controlling Interests

A change in the equity interest of a subsidiary without loss of control is accounted for as an equity transaction. Any surplus or shortfall in relation to the consideration paid versus the carrying amount of the non-controlling interest is recognized in the parent company's equity in the case of transactions where a non-controlling interest is acquired or sold without a loss of control. The Group has opted to report these effects under the other reserves.

Profits or losses and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group's parent and to non-controlling interests, even if this results in the non-controlling interests having a negative balance.

2.3. Summary of Significant Accounting Policies

Current versus Non-current Classification
The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current if it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current if:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property and Equipment
Property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses, where required. The present value of the expected costs of disposing of or dismantling and removing an asset after its use is included in the cost of the asset if the recognition criteria for a provision are met.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the statement of comprehensive income for the financial year under Other operating income or Other operating expenses.

Property and equipment are depreciated on a straight-line basis i.e., the depreciable amount as the difference between the cost of the asset and its residual value is distributed evenly over its estimated useful life:

	Useful life in years
Operating and office equipment including leasehold improvements	3–20
Hardware	2–8
Vehicles	5

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible Assets

The Group's intangible assets comprise internally generated and acquired software and other licenses as well as goodwill. As a result of the business combination with the Butlers Group in financial year 2022, intangible assets were also carried for the brand, order backlog and franchise agreements.

Internally generated software directly attributable to the design and testing of identifiable and unique software products controlled by the Group is recognized as an intangible asset if the following criteria are met:

- It is technically feasible to complete the software enabling internal use of the sale of the software product;
- The Group intends to complete the software product and is able and willing to use or sell it;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources are available to complete development of the software product; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product mainly include the software development employee cost. Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense will not be recognized as an asset in a subsequent period.

Acquired software and other licenses are recognized at the costs incurred to acquire them and bring them to use.

Goodwill acquired through acquisitions is reported at initial recognition in the amount of the positive difference between the purchase price and the fair value of the acquired identifiable net assets. Following initial recognition, goodwill is measured at cost less cumulative impairment losses.

The cost of intangible assets acquired in a business combination, other than goodwill, is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets, with the exception of goodwill, the brand acquired in financial year 2022 and domain rights, which are shown under acquired software and other licenses, have finite useful lives and are amortized on a straight-line basis over their respective economic lives:

	Useful life in years
Internally developed software	2–7
Acquired software and other licenses	3–7
Other intangible assets	1–4

Amortization of internally developed and acquired software begins when the software is in the condition necessary for it to be capable of operating in the manner intended by management.

Goodwill, the brand, domain rights and intangible assets under development are tested annually (as of December 31) for impairment at cash-generating unit level. An impairment test is also conducted if circumstances indicate that the carrying amount may be impaired.

Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If there are such indications or an annual impairment test is required, the Group estimates the recoverable amount of the relevant asset.

When testing for impairment, the carrying amount of the asset is compared with its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The Group calculates only one of the two amounts if that amount already exceeds the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated as of the acquisition date to the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those cash-generating units.

A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets. If the carrying amount of a cash-generating unit exceeds its recoverable amount, the cash-generating unit is considered impaired and is written down to its recoverable amount. Impairment losses are recognized through profit or loss. An impairment loss recognized for goodwill may not be reversed in subsequent periods.

Further details on impairment of non-financial assets are provided under note 5.11.

Leases – Group as Lessee

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.

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 the estimated costs incurred by the Group for dismantling and removing the underlying asset or restoring the underlying asset to the state required in the lease.

The lease liability is initially measured at the present value of the lease payments payable over the lease term. The lease payments comprise fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or the rate as of the commencement date. The lease payments are discounted using the Group's incremental borrowing rate.

In case of business combinations, the Group as the acquirer measures the lease liability at the present value of the remaining lease payments (as defined by IFRS 16) as if the lease acquired were a new agreement entered into at the acquisition date. The acquirer measures the right-of-use asset at the same amount as the lease liability and adjusts this amount as appropriate, depending on whether the terms of the lease are favourable or unfavourable compared to market conditions.

The Group has entered into several lease contracts that contain extension and termination options. At the commencement date, the Group assesses whether extension and termination options are reasonably certain to be exercised. The Group reassesses whether an extension or termination option is reasonably certain to be exercised upon the occurrence of a significant event or a significant change in circumstances that is within its control.

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 measured at amortized cost using the effective interest method. The lease liability is remeasured in the event of changes in the lease term, changes in the lease payment (for example due to a change in the index or interest rate used), or a change in the assessment of an option to purchase the underlying asset.

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 recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Neither a right-of-use asset nor a lease liability is recognized 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’s leases mainly comprise real estate, primarily for its warehouses, showrooms, retail stores, outlets and office space.

Leases – Group as Lessor
The Group sublets parts of its leased warehouse and retail spaces to third parties.

The accounting for leases with the Group as lessor depends on whether the leases are classified as operating leases or finance leases. The classification is based on the distribution of the risks and rewards incidental to ownership of the underlying asset.

In an operating lease, substantially all the risks and rewards remain with the Group. Lease income is recognized on a straight-line basis over the term of the leases and is reported under other operating income.

In a finance lease, substantially all the risks and rewards are transferred to the lessor. The underlying asset is derecognized from the Group’s fixed assets and presented as a receivable at an amount equal to the net investment in the lease.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity.

Accounting for Other Financial Assets
Classification and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost or fair value through profit or loss.

The Group measures a financial asset at the date of its initial recognition at fair value plus (in the case of a financial asset not at fair value through profit or loss) transaction costs. Transaction costs of financial assets measured at fair value through profit or loss are expensed. Trade receivables are measured at the transaction price determined in accordance with IFRS 15.

How financial assets are classified at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group’s business model for managing its financial assets. For a financial asset to be classified and measured as at amortized cost, the cash flows must consist solely of payments of principal and interest (SPPI) on the principal amount outstanding. Financial assets with cash flows that are not solely payments of principal and interest are classified as at fair value through profit or loss and measured accordingly, irrespective of the business model.

Financial assets with cash flows that are not solely payments of principal and interest are classified as at fair value through profit or loss and measured accordingly, irrespective of the business model.

The Group holds financial assets in the following measurement categories:

- financial assets (debt instruments) measured at amortized cost: This category is the most relevant for the Group and 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 ("held to collect"). They are measured at amortized cost using 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 cash and cash equivalents, trade receivables and financial assets (with the exception of derivative financial instruments) fall under this category.
- financial assets at fair value through profit or loss: Debt instruments that do not meet the criteria for classification as "at amortized cost" or "fair value through other comprehensive income", as well as 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 foreign currency forwards fall under this category.

As of the reporting date, the Group did not hold any financial assets in the following two measurement categories:

- Financial assets measured at fair value through other comprehensive income, with cumulative gains and losses reclassified (debt instruments)
- Financial assets measured at fair value through other comprehensive income, with cumulative gains and losses not reclassified on derecognition (equity instruments)

The Group also recognizes financial assets from security provided in connection with tax disputes. The security gives the Group the right to generate future economic benefits in that it will either receive a cash refund or use the payment to settle the potential tax liability. As the IFRSs provide no specific guidance on accounting for such security, the Group has chosen the following accounting policy bearing in mind IAS 8.10. The asset is recognized at cost, which is equal to the expected future payments, and subsequently measured at amortized cost.

A purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned (regular way purchase or sale) are recognized at the trade date, i.e. at the date that the Group commits itself to purchasing or selling the asset.

Impairment of Financial Assets
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 loss arising from possible default events in the twelve months following the reporting date (twelve-month expected credit loss).
- 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 for which there is objective evidence of impairment at the reporting date. For these assets, "lifetime ECL" is recognized and interest revenue is calculated on the net carrying amount (that is, net of risk allowances).

Given that trade receivables are short-term in nature and therefore the financing component is not significant, the Group applies the simplified approach permitted under IFRS 9. This approach involves measuring an impairment from inception at an amount equal to the lifetime expected credit losses.

Derecognition of Financial Assets

A financial asset is derecognized if one of the following criteria is met:

- The contractual rights to receive the cash flows of the financial asset have expired
- The Group has transferred its contractual rights to receive the cash flows of the financial asset to third parties or assumed a contractual obligation to an immediate payment of the cash flow to a third party under a pass-through arrangement, thereby transferring substantially all risks and rewards of the ownership of the financial asset.

Financial Liabilities

Financial liabilities are measured at fair value at initial recognition. The Group's financial liabilities are subsequently accounted for at amortized cost using the effective interest rate method and at fair value through profit or loss. The first category covers borrowings, trade payables and similar liabilities, and other financial liabilities. The Group's foreign currency forwards and currency swaps fall under the second category.

The Group's liabilities covered by reverse factoring arrangements retained their characteristics relevant for classifying them as trade payables. As a result, these trade payables were not reclassified to financing liabilities. To the extent that the reverse factoring arrangement do not trigger a change in the presentation of the original trade payables, the cash flows from these arrangements are recognized in cash flow from operating activities.

Derecognition of Financial Liabilities

A financial liability is derecognized when the underlying obligation is performed or canceled or expires. If an existing financial liability is exchanged for another financial liability of the same lender with substantially different terms or if the terms of an existing liability are substantially modified, the exchange or modification is accounted for as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are only offset and their net amount recognized in the Statement of Financial Position if the entity has a legally enforceable right to offset and intends to do so.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank deposits, short-term deposits and short-term, highly liquid financial investments that can be converted into fixed amounts of cash within no more than three months and are not exposed to any significant risk of changes in value in the form of interest rate or credit risk.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash as defined above.

Inventories

Inventories are recognized at the lower of cost and net realizable value. The cost of inventories is determined on the basis of the weighted average cost. The cost of inventories includes the cost of purchase, conversion and shipping incurred in bringing the inventories to their present location and condition.

Impairments due to damaged, obsolete and slow-moving items of inventory are recognized if the expected net realizable value is lower than the carrying amount. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When estimating the recoverable sales revenue, home24 factors in experience gained from previous sales of the goods, the level of inventory on the reporting date and the expected demand for the items.

Provisions

Provisions are non-financial liabilities of uncertain timing or amount. They are recognized if the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Among other things, the Group recognizes provisions for the dismantling of installations to warehouses and office buildings or to restore leased assets to the condition required by the lease agreement. at the present value of the estimated future costs to be incurred in dismantling and removing the installations. The restoration obligations are added in the corresponding amount to the installations shown in the Statement of Financial Position or to the capitalized right-of-use assets.

Subscribed Capital

Subscribed capital (no-par value shares) with discretionary dividends is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction (net of tax) from the transaction proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognized as capital reserves in equity.

Treasury Shares

Any treasury shares acquired by the Group are recognized at cost and deducted from equity. The acquisition, disposal, issue or cancellation of treasury shares is recognized through other comprehensive income.

Share-based Payment

The Group operates share-based payment plans that are settled with equity instruments. Under these plans, the Group receives services from Management Board members and employees in return for the Company's or a subsidiary's equity instruments.

The fair value of the share-based payment awards at the time they are granted is recognized as personnel expenses on a straight-line basis over the vesting period and with a corresponding counter entry recognized in equity. The contractual services through which the counterparty will acquire the legal right to exercise the instruments are to be provided during the vesting period. For awards with graded vesting features, each tranche of the instrument is treated as a separate grant by distributing the personnel expenses over the respective tranche's vesting period. Personnel expenses are determined for the number of awards that are expected to vest, taking into account non-market-based factors. The number is estimated at the grant date and at the end of each reporting period. Any changes to estimates are recognized in the Income Statement with a corresponding counter entry in retained earnings/accumulated losses in equity. If the terms and conditions of existing payment awards are modified, the difference between the fair values of the original awards and the modified awards is determined at the date of the modification; any incremental fair value granted is allocated over the remaining vesting period. If the period of service begins before the terms and conditions of a grant are finally agreed or if the terms and conditions are subject to board approval, a provisional fair value measurement is performed and updated when the terms and conditions are finally agreed or no longer subject to board approval.

Revenue

The Group recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue is generally recognized at an amount that reflects the consideration the Group can expect to receive in return for transferring goods or services to customers (less rebates, returns and value added tax). The Group recognizes revenue when the corresponding performance obligation is satisfied by the transfer of the goods or services promised.

The Group generates revenue by selling furniture and home furnishing through its web shops and bricks-and-mortar outlets. The identified performance obligations of the Group comprise the sale of goods including delivery and assembly services, both of which are fulfilled at the time of delivery.

In its sales transactions, home24 is generally acting as a principal, as home24 usually controls the goods before those goods are transferred to the customer. The Group assumes that this is also the case when the goods are delivered directly by the manufacturer to the customer, as home24 has primary delivery responsibility vis-à-vis the customers and is responsible for customer acceptance of the ordered merchandise, the Group retains inventory risk and the price is set only by home24.

In addition, the Group operates marketplaces acting as an agent. Third parties use the marketplace to sell their products via the Group's webshops. The revenue generated over the marketplace is carried in the amount of the commission to be received from the marketplace participants that was expected at the time the sales contract was concluded with the customers.

Right of Returns

The Group generally grants its customers the right to return purchased products. As a result of a right of return, the consideration the Group is entitled to receive is variable and revenue is only recognized to the extent that the product is not expected to be returned. To estimate variable consideration, the Group uses and regularly adjusts country-specific historical data and experience.

The Group recognizes an asset (and a corresponding adjustment to cost of sales) for its right to recover goods from customers for expected returns. The asset is measured at the original carrying amount of the inventories less expected costs to recover the products, including potential decreases in the value of the returned products. The asset is presented under other non-financial assets.

If the customer has already paid the amount receivable for a product that is expected to be returned at a future date, the Group recognizes a refund liability, which is presented under other current financial liabilities.

Significant Financing Component

Customer contracts are settled by prepayment, credit card, invoicing, PayPal and other country-specific payment methods. Among other methods, the Group offers its customers in the German and Brazilian markets payment by installments. These contracts contain a financing component, as the date of receipt of the consideration differs from the timing of transfer of the goods to the customer. Electing to apply the option granted under IFRS 15, the Group does not present the financing component as interest income or expense and presents the total consideration as revenue.

Contract Balances

Trade Receivables

A receivable represents the Group's unconditional right to an amount of consideration (i.e., only the passage of time is required before payment of the consideration is due). The accounting policies for trade receivables and financial assets are explained in this section under „Financial instruments".

Contract Liabilities

A contract liability is recognized if the customer makes the payment or the Group has an unconditional right to a certain amount of consideration, i.e. a receivable, before the Group transfers the goods or services to a customer. A contract liability is the Group's obligation to transfer goods or services to a customer for which it has received or is entitled to receive consideration from the customer. Contract liabilities are recognized as revenue when the Group fulfills its contractual obligations.

Cost of Sales

Cost of sales mainly consists of the purchase price of goods acquired plus inbound shipping and handling charges. Shipping charges and handling charges for incoming goods are included in the inventory and recognized as cost of sales upon sale of products to the customers. Cost of sales also includes loss allowances on inventories.

Government Grants

Government grants are recognized if there is reasonable assurance that the grant will be received and the Company or its subsidiaries comply with the conditions attaching to it. They are reported as deferred income under non-current non-financial liabilities and are recognized in profit or loss on a systematic basis over the useful life of the subsidized asset. If it is uncertain that the conditions under which the grant was received will be satisfied, these grants are shown in their full amount under other financial liabilities.

Income Taxes

Income taxes are recognized in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. Income tax expense/income comprises current tax and deferred tax and is generally recognized in the Statement of Comprehensive Income for the financial year. Income tax expense/income that relates to items recognized outside profit or loss is also recognized outside profit or loss. It is recognized either in other comprehensive income or directly in equity according to where the underlying transaction was recognized.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carryforwards will be utilized.

Deferred tax assets for deductible temporary differences and tax loss carryforwards are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax loss carryforwards can be utilized.

The Company controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal (“outside basis differences”). Deferred tax liabilities are not recognized on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

home24 recognizes uncertain income tax positions if it is probable that the taxation authorities will not accept an uncertain income tax treatment. Uncertainties regarding income tax treatment are continuously analyzed. If an uncertain tax position is assumed, an appropriate provision for risks is made. This risk provisioning also changes as a result of discussions in connection with tax audits or new developments in court rulings. The amount of the risk provision corresponds to the measurement of existing tax uncertainties at the most likely amount or at the expected value. Insofar as uncertain tax liabilities or uncertain tax assets exist, these are shown as current or deferred tax liabilities or assets.

3. Material Estimates and Judgments in Applying Accounting Policies

Management makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are continually reviewed and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimates, in the process of applying the accounting policies. In particular, critical estimates and judgments are made in:

- Determining the fair value of share-based payment and the number of awards expected to vest; see note 5.8.
- Measuring and identifying loss allowances on inventories and trade receivables; see note 5.14 and note 6.
- Determining expected return rates; see note 2.3 Revenue, note 5.13 and note 5.18.
- Measuring impairment losses on non-financial assets and determining the control premium used when carrying out impairment tests; see note 2.3 Impairment of non-financial assets and note 5.11.
- Determining lease terms and the underlying interest rate; see note 5.24
- Presenting reverse factoring agreements in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows; see note 5.21 Trade payables
- Assessing the probability of occurrence and the amount of the outflow of resources when recognizing and measuring provisions and contingent liabilities; see note 9.
- Determining the fair value of the purchase price guarantee from contributions in kind by an existing shareholder in return for the granting of new home24 shares; see note 5.26.

4. New Financial Reporting Standards

4.1. Effects of New and Amended IFRSs Relevant for Financial Year 2022

The Consolidated Financial Statements take into account all IFRSs endorsed as of the reporting date and whose adoption is mandatory in the European Union (EU). The financial reporting standards listed below, which were effective as of January 1, 2022, had no impact on the Consolidated Financial Statements.

- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendment to IFRS 1: Subsidiary as a First-time Adopter
- Amendment to IFRS 9: Fees included in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendment to IAS 41: Taxation in Fair Value Measurements

4.2. Standards Issued but not yet Effective

The following standards had already been adopted by the IASB but were not yet effective at the time the Consolidated Financial Statements were released for publication. The Group intends to apply these new and amended standards and interpretations from their effective date.

Standard	Effective date	Effects
IFRS 17 Insurance Contracts	January 1, 2023	No effects expected
Amendments to IAS 1: Presentation of Financial Statements: Disclosures of Accounting Policies	January 1, 2023	No effects expected
Amendments to IAS 1: Disclosure of Accounting Policies	January 1, 2023	No effects expected
Amendments to IAS 8: Definition of Accounting Estimates	January 1, 2023	No effects expected
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	No effects expected
Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	No effects expected
Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities	January 1, 2024 [1]	No effects expected
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	January 1, 2024 [1]	No effects expected

[1] Not yet endorsed by the EU on December 31,2022.

5. Notes to the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows

5.1. Revenue

The Group generated revenue of EUR 600.2m (2021: EUR 615.0m) from the sale of furniture and home furnishings, mainly through the Group's own or partner web shops, outlets, showrooms and retail stores. Revenue from the sale of furniture and fixtures includes EUR 4.3m (2021: EUR 1.3m) in revenue from sales transactions in which the Group acts as an agent. The Group also recognized other revenue of EUR 0.9m (2021: EUR 0.5m).

External revenue from contracts with customers by main geographical markets is presented in the segment reporting under note 7.

Information on loss allowance on trade receivables is presented under note 6. Contract liabilities are further explained under note 5.22.

5.2. Other Operating Income

In EURm	2022	2021
Currency translation gains	1.3	1.6
Income from subleases	2.1	1.4
Other	3.7	1.8
Total	**7.0**	**4.8**

Other operating income in the reporting period relates to income from claims for damages in the Europe segment amounting to EUR 1.0m (2021: EUR 0.1m).

5.3. Other Operating Expenses

In EURm	2022	2021
Currency translation losses	-1.4	-1.6
Other	-1.0	-0.7
Total	**-2.4**	**-2.3**

Other operating expenses in financial year 2022 comprise expenses of EUR 0.2m from the remeasurement of financial instruments in connection with the acquisition of the Butlers Group.

5.4. Financial Result

In EURm	2022	2021
Interest income on cash and cash equivalents	3.9	2.2
Foreign exchange gains	1.1	1.8
Gains from foreign currency forwards	0.0	1.2
Interest income on trade receivables and other financial assets	1.3	0.4
Other interest income	0.0	0.2
Finance income	**6.3**	**5.8**
Losses from foreign currency forwards	-0.6	0.0
Expenses for depositing cash and cash equivalents	-0.1	-0.3
Interest expense from financial liabilities at amortized cost	0.0	-0.4
Foreign exchange losses	-0.3	-0.8
Interest expense from the unwinding of discounts on lease liabilities	-4.2	-1.7
Other finance costs	-4.3	-2.6
Finance costs	**-9.5**	**-5.8**

Interest income from cash and cash equivalents resulted from the interest on the cash funds in the LatAm segment.

Other finance costs include EUR 2.5m (2021: EUR 1.8m) in interest charged by financial service providers or business partners for early payment related to trade receivables from installment purchases or factoring agreements.

5.5. Employee Benefit Expenses

In EURm	2022	2021
Wages and salaries	63.3	40.8
Social security costs	13.1	8.4
Total	**76.4**	**49.2**
Share-based payment	1.8	8.6
Total	**78.1**	**57.8**

Contributions to statutory pension insurance amounted to EUR 6.8m in the financial year ended (2021: EUR 4.4m).

Wages and salaries include contributions to defined contribution plans in the amount of EUR 0.1m (2021: EUR 0.1m).

Employee benefit expenses were recognized in the Consolidated Statement of Comprehensive Income as follows:

In EURm	2022	2021
Included in selling and distribution costs	51.9	31.0
Included in administrative expenses	26.2	26.8
Total	**78.1**	**57.8**

Employee benefit expenses are reduced by directly attributable costs capitalized as part of internally generated software. These amount to EUR 7.2m in financial year 2022 (2021: EUR 6.3m).

5.6. Depreciation, Amortization and Impairment

In EURm	2022	2021
Depreciation of property and equipment	9.2	5.0
Amortization of intangible assets	14.2	8.7
Depreciation of right-of-use assets	32.1	13.6
Total	**55.5**	**27.3**

Amortization and impairment of intangible assets includes impairment losses of EUR 2.7m due to an impairment loss recognized in the LatAm segment, which is explained in note 5.11. Depreciation of property and equipment and right-of-use assets and amortization of intangible assets as well as impairment were recognized in the Consolidated Statement of Comprehensive Income as follows:

In EURm	2022	2021
Included in selling and distribution costs	37.2	16.8
Included in administrative expenses	18.2	10.5
Total	**55.5**	**27.3**

5.7. Earnings per Share

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to the shareholders of home24 SE by the basic weighted average number of shares outstanding.

	2022	2021
Profit/loss for the period attributable to the shareholders of home24 SE (in EURm)	-40.4	-30.7
Weighted average number of ordinary shares outstanding (in m)	30.9	29.2
Earnings per share (in EUR)	**-1.31**	**-1.05**

In accordance with IAS 33 Earnings per Share, the effects of potential shares that counter a dilutive effect were not included in the calculation of the diluted earnings per share for the financial years ended December 31, 2022 and 2021. As a result, the diluted earnings per share equal basic earnings per share.

The Company has granted 6,478,107 (2021: 4,618,606) stock options and phantom stock options to Management Board members and employees that could potentially dilute basic earnings per share in the future but that were not included in the calculation of the diluted earnings per share because they counteract dilution during the periods presented.

5.8. Share-based Payment

Share-based Payment Granted to Members of the Management Board and to Employees
The Group uses share-based payment awards to incentivize performance by the members of the Management Board and selected employees in key positions and retain them within the Group. All share-based payment awards granted to Management Board members and employees are treated as equity-settled share-based payment transactions. The same goes for commitments that give the Group the choice of settling transactions in cash or in shares, as the Group plans to settle in shares, as was usually the case in the past. The contents of the individual remuneration plans are presented below.

Long-Term Incentive Plan (LTIP)
Under the LTIP, share-based payment awards are granted to the Management Board and employees in the Europe segment. The LTIP enables Management Board members and employees to participate in increases in the Company's equity value by receiving performance shares that are linked to the performance of home24 SE's shares. These instruments are designed like options: the beneficiary receives the difference in value between the share price on the exercise date and the exercise price – at the discretion of the Company – in the form of either shares or cash. They have a vesting period of one calendar year. Their exercise is linked to the expiration of a four-year holding period and the attainment of a revenue growth target (CAGR) during the holding period. The number of awards issued to employees is also linked to an annual performance assessment. The performance shares may be exercised within four years of the expiration of the holding period.

Performance shares are mainly granted to employees in the Europe segment at the end of the year, for the following performance year, or at the beginning of the performance year. In individual cases, commitments are also made during the year.

The contracts with Management Board members provide for the granting of a certain number of performance shares at a fixed exercise price in the first year of the contract. For the 2022 vesting period, the Company has agreed to grant performance shares subject to the following conditions (hereinafter referred to as: "variable performance shares"). Depending on the individual agreement, the exercise price of the instruments to be granted shall correspond to the Company's average share price in the third quarter of the calendar year ending prior to the start of the vesting period or a period to be determined by the Supervisory Board. If the total value of the instruments nominally granted exceeds an agreed limit (cap) at the beginning of the vesting period, the number of instruments to be granted shall be reduced such that the total value of the commitment does not exceed the limit. The total remuneration of the Management Board members is also capped.

Mobly Stock Option Plan (Mobly SOP)
In financial year 2021, following the IPO of Mobly S.A., the managing directors and employees of Mobly S.A. and its subsidiaries (together "Mobly") were granted options on Mobly S.A. shares under a new stock option plan. The contractual exercise price is adjusted by the change in the IPCA (that is, the consumer price index measured on a monthly basis by the Brazilian Institute of Geography and Statistics) between the date of Mobly's IPO and the exercise date. The options were granted without any consideration being received and with the grant conditional upon continuing service with Mobly until the end of the applicable lock-up period. Options are granted in twelve equal installments each quarter over a period of three years. Vested options cannot be exercised until the end of the two-year lock-up period as of the date of grant. The final exercise date is six years after the grant date.

Virtual Stock Option Programs (VSOP)
VSOP makes it possible to participate in increases in the Company's equity value by issuing phantom ("virtual") options that are linked to the performance of the Company's shares. The awards issued are settled in the form of either shares or cash at the discretion of the Company. A commitment in each case comprises several tranches with various vesting periods ranging in length from six to 48 months.

In addition, there are outstanding phantom options that were issued as part of the remuneration awarded to employees and the Management Board of home24 SE between 2010 and 2016. In the financial year, 21,769 options were still outstanding. These are exercisable and do not have a limited life.

This type of agreement no longer forms part of the current remuneration system.

Individual Option Agreements (Call Options)
In 2012 and 2014, stock options were issued to former managing directors of home24 SE (at the time: home24 GmbH). The options entitle the holders to acquire shares of the Company. These options either vested or expired by 2016. The options still outstanding are exercisable and do not have a limited life.

This type of agreement no longer forms part of the current remuneration system.

The following tables include statistics on the quantity, exercise price and remaining life of the awards granted, which are grouped according to the types of agreement explained above.

Change in the Number of Awards and Average Exercise Prices

	2022		2021	
	Exercise price (in EUR)	Number	Exercise price (in EUR)	Number
LTIP				
Outstanding at the beginning of the reporting period	9.66	3,334,087	8.83	3,417,044
Granted during the reporting period	15.86	1,134,140	10.02	241,423
Forfeited during the reporting period	12.21	-440,903	4.16	-92,368
Exercised during the reporting period	0.02	-73,693	0.02	-232,012
Outstanding at the end of the reporting period	11.33	3,953,631	9.66	3,334,087
Exercisable at the end of the reporting period	**20.36**	**504,955**	**22.02**	**296,410**
Mobly SOP				
Outstanding at the beginning of the reporting period	3.18	1,192,015	0.00	0
Granted during the reporting period	0.63	1,342,205	3.18	1,224,636
Forfeited during the reporting period	2.19	-102,248	3.18	-32,621
Outstanding at the end of the reporting period	1.81	2,431,972	3.18	1,192,015
Exercisable at the end of the reporting period	**0.00**	**0**	**0.00**	**0**
VSOP				
Outstanding at the beginning of the reporting period	36.86	21,769	4.16	1,515,589
Settled during the reporting period	0.00	0	1.00	-1,323,331
Expired in the reporting period	0.00	0	24.56	-170,490
Outstanding at the end of the reporting period	0.00	21,769	36.86	21,769
Exercisable at the end of the reporting period	**36.86**	**21,769**	**36.86**	**21,769**
Call options				
Outstanding at the beginning of the reporting period	36.86	70,735	36.86	70,735
Outstanding at the end of the reporting period	36.86	70,735	36.86	70,735
Exercisable at the end of the reporting period	**36.86**	**70,735**	**36.86**	**70,735**

On the exercise date, the weighted average share price of the home24 shares on the date of exercising the performance shares (LTIP) was EUR 4.78.

In the previous year, a total of 1,323,331 VSOP instruments were settled by management and employees of the subsidiary Mobly Comércio Varejista Ltda. On the exercise date, the weighted average share price on the date of settling the phantom options (VSOP) was EUR 17.96. A settlement totaling BRL 15.5m (equivalent to EUR 2.3m) was paid for the early termination of the commitments. The amount paid out was recognized as a reduction of equity under retained earnings/accumulated losses in consolidated equity.

In addition to the options outstanding, the Management Board is promised the issue of a nominal 1,006,781 variable performance shares for the 2022–2026 vesting period. These performance shares were formally granted on January 31, 2022 with an exercise price of EUR 3.05.

Remaining Life and Number of Outstanding Instruments by Exercise Price

	2022		2021	
Exercise price (in EUR)	Remaining life (in years)	Number	Remaining life (in years)	Number
LTIP				
0.02	3.1	69,732	4.0	142,353
1.00	4.3	193,997	5.3	196,040
3.23	4.9	835,613	5.9	863,633
8.17	4.2	143,107	5.2	144,722
9.93	6.0	760,640	6.9	950,737
13.00	4.8	577,500	5.8	577,500
15.91	7.3	906,512	0.0	0
24.14	3.0	466,529	3.9	459,102
Outstanding at the end of the reporting period	**5.3**	**3,953,631**	**5.7**	**3,334,087**
Mobly SOP				
0.63	5.5	1,302,205	0.0	0
3.18	4.3	1,129,767	5.3	1,192,015
Outstanding at the end of the reporting period	**4.9**	**2,431,972**	**5.3**	**1,192,015**
VSOP				
36.86	n.l.	21,769	n.l.	21,769
Outstanding at the end of the reporting period	**0.0**	**21,769**	**0.0**	**21,769**
Call options				
36.86	n.l.	70,735	n.l.	70,735
Outstanding at the end of the reporting period	**n.l.**	**70,735**	**n.l.**	**70,735**

n.l. = not limited

Fair Value Disclosures

The weighted fair values of the awards firmly granted in the financial year ended are listed below:

Fair values (in EUR)	2022	2021
LTIP	1.73	10.74
Mobly SOP	0.12	1.27

The fair value for the options granted under the SOP has been calculated by translating the Brazilian real grant date fair value (BRL 0.65) to euro, using the spot rate (0.1875) at the grant date.

LTIP

Monte Carlo simulation was used for measuring the LTIP. This method simulates future share price performance in scenarios based on the value of a share at the measurement date and assuming a normal distribution of returns. The fair value of an award is the mean of the present values of the calculated price paths. It takes into account the fact that options cannot be exercised until the holding period expires and are only exercisable during contractually permitted periods. Employees' exercise behavior was simulated based on exercise behavior to date and taking into account generally accessible empirical data. Where applicable, the cap and the exercise price of the variable performance shares to be determined from future average prices were simulated depending on the assumed price scenarios. When measuring the awards, the revenue growth target was taken into account by simulating future revenue on the basis of an expected mean, an expected standard deviation and correlation with the share price.

The fair values of the firmly granted LTIP awards were determined based on the following volume-weighted measurement parameters:

	2022	2021
Expected volatility	47.89%	52.84%
Share value (in EUR)	6.79	17.50
Expected dividends (in EUR)	0	0
Risk-free interest rate	0.73%	–0.35%

The fair value of the (1,006,781) variable performance shares granted to the Management Board for 2023 to 2026 was measured taking into account a share value of EUR 3.34, a volatility of 53.8% and a risk-free interest rate of 1.88%.

The volatility is derived from historical share prices of a peer group comprising companies with comparable business models that operate in the same industries. The share value is the market price of the Company's shares at the measurement date. The risk-free interest rate is derived from prime-rated government bonds at matching maturities.

Mobly SOP
A modified Black-Scholes option pricing model was used for the new Mobly SOP. This takes account of the fact that the contractual exercise price is adjusted by the change in the IPCA between the date of Mobly's IPO and the exercise date. The correlation between stock yields and the exercise price (that is, the movement in the IPCA index) is also taken into account in pricing options.

The fair values of the granted awards were determined based on the following volume-weighted measurement parameters:

	2022	2021
Share value (in EUR)	0.46	3.37
Exercise price (in EUR)	0.63	3.23
Expected option life (in years)	4.10	4.10
Expected share volatility	56.15%	54.16%
Expected IPCA index volatility	1.58%	1.27%
Expected share price – IPCA index correlation	-30.99%	-15.43%
Expected dividend yield	0%	0%

The share value is the market price of Mobly's shares at the measurement date. The share value and the exercise price have been calculated by translating the Brazilian real grant date fair value into euros, using the spot rate (0.1875) at the grant date. The expected option life is based on management's best estimate of when the options will be exercised. The volatility is derived from historical share prices of a peer group comprising of Brazilian listed companies. The IPCA index volatility is derived from the annualized volatility of the IPCA index over a period prior to the grant date being equal to the expected option life.

Total Cost of Share-based Payment

In EURm	2022	2021
Equity-settled	1.8	8.6

5.9. Income Taxes

Income Tax Expense (Income)

In EURm	2022	2021
Current taxes	-0.7	-0.1
Deferred taxes	0.9	0.0
Total	**0.2**	**-0.1**

Reconciliation between Expected and Current Income Taxes

In EURm	2022	2021
Loss before taxes	-49.9	-35.3
Expected income taxes	15.2	10.8
Unrecognized deferred tax assets on tax losses of the financial year	-12.9	-8.0
Share-based payment expenses, non-deductible for tax purposes	-0.4	-2.5
Other non-deductible expenses	-0.9	-1.1
Other	-0.8	0.7
Current income taxes	**0.2**	**-0.1**

The weighted average applicable tax rate was 30.6% (2021: 30.7%) and was derived from the tax rates in the individual countries weighted by earnings before taxes.

Deferred Taxes

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The composition of deferred taxes for temporary differences and tax loss carryforwards is presented as follows:

In EURm	December 31, 2022	Change 2022	December 31, 2021	Change 2021
Tax loss carryforwards	2.6	-0.3	2.9	0.1
Lease liabilities	39.8	28.9	10.9	-1.2
Other liabilities	1.9	0.9	1.0	0.9
Right-of-use assets	-38.4	-28.3	-10.1	1.4
Internally generated intangible assets	-7.0	-0.3	-6.7	-0.3
Intangible assets acquired in a business combination	-5.4	-7.0	1.6	0.0
Butlers IC loan	-4.3	-4.3	0.0	0.0
Other assets	-1.3	-0.7	-0.6	-0.9
Deferred tax liabilities	**-12.1**	**-11.1**	**-1.0**	**0.0**
thereof through profit or loss		0.9		0.0
relating to the business combination		-12.0		0.0

The deferred taxes arising in connection with the business combination from the acquisition of Butlers as of April 1, 2022 did not affect profit in the current year. All changes in deferred taxes in the Statement of Financial Position during the current financial year (including Butlers from April 1, 2022) and the prior year were recognized in profit or loss.

Deferred income tax assets are recognized for tax loss carryforwards and deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable or deferred tax liabilities are recognized. As of December 31, 2022, deferred tax assets on tax-loss carryforwards of EUR 2.6m were recognized (2021: EUR 2.9m) as well as tax-deductible differences of EUR 42.5m (2021: EUR 13.5m). No deferred tax assets were recognized for deductible temporary differences of EUR 18.1m (2021: EUR 11.1m). Deductible temporary differences can be carried forward indefinitely.

The Butlers IC loan is a liability of Butlers GmbH&Co. KG to Butlers Invest GmbH in the amount of EUR17.0m. This loan was sold to Butlers Invest GmbH for EUR 2.5m as part of the insolvency of Butlers GmbH&Co. KG in 2017 and has since been carried at cost in the amount of EUR 2.5m for tax purposes. This difference gives rise to deferred tax liabilities of EUR 4.33m.

Tax Loss Carryforwards
As of December 31, 2022, the Group's unused tax loss carryforwards, for which there was no deferred tax asset recognized in the Statement of Financial Position, relate to corporation tax loss carryforwards of EUR 468.1m (2021: EUR 382.0m), trade tax loss carryforwards of EUR 444.4m (2021: EUR 373.2m) and loss carryforwards incurred outside Germany of EUR 78.7m (2021: EUR 56.5m).

Loss carryforwards can be carried forward indefinitely.

Uncertainty over Income Tax Treatments
The Group is not aware of any tax risks where an adjustment by the tax authority is likely and there are no contingent liabilities.

5.10. Property and Equipment

Property and equipment changed as follows:

In EURm	Operating and office equipment	Vehicles	Advance payments made for property and equipment	Total
Cost				
As of January 1, 2021	**28.4**	**1.3**	**0.4**	**30.1**
Additions	12.3	0.0	0.6	12.9
Disposals	-1.2	-0.6	0.0	-1.8
Reclassification	0.8	0.0	-0.8	0.0
Currency translation	0.1	0.0	0.0	0.1
As of December 31, 2021	**40.4**	**0.7**	**0.2**	**41.3**
Additions	9.3	0.9	0.1	10.3
Acquisition of subsidiaries	4.5	0.1	0.1	4.7
Disposals	-0.9	-0.1	0.0	-1.0
Reclassification	-1.7	1.8	-0.1	0.0
Currency translation	2.0	0.1	0.0	2.1
As of December 31, 2022	**53.6**	**3.5**	**0.3**	**57.4**
Accumulated depreciation, amortization and write-downs				
As of January 1, 2021	**-12.3**	**-0.3**	**0.0**	**-12.6**
Additions	-4.9	-0.1	0.0	-5.0
Disposals	0.9	0.2	0.0	1.1
As of December 31, 2021	**-16.3**	**-0.2**	**0.0**	**-16.5**
Additions	-8.8	-0.4	0.0	-9.2
Disposals	0.6	0.1	0.0	0.7
Reclassification	1.0	-1.0	0.0	0.0
Currency translation	-0.3	0.0	0.0	-0.3
As of December 31, 2022	**-23.8**	**-1.6**	**0.0**	**-25.4**
Carrying amount				
As of December 31, 2021	**24.1**	**0.5**	**0.2**	**24.8**
As of December 31, 2022	**29.8**	**2.0**	**0.3**	**32.1**

Operating and office equipment include leasehold improvements, among others.

As of December 31, 2022, property and equipment in the amount of EUR 0.8m (2021: EUR 1.1m) was pledged as collateral for an investment grant received. In addition, property and equipment of EUR 4.5m was pledged as collateral to the sellers of the Butlers Group for outstanding purchase price payments.

5.11. Intangible Assets

Intangible assets and goodwill changed as follows:

In EURm	Goodwill	Customer lists	Brand	Internally generated software	Software and other licenses	Other intangible assets	Advance payments made for intangible assets	Total
Cost								
As of January 1, 2021	–	**4.1**	**15.0**	**36.8**	**24.6**	**0.0**	**0.1**	**83.7**
Additions	0.0	0.0	0.0	7.7	0.8	0.0	0.0	8.5
Disposals	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	-0.2
Currency translation	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
As of December 31, 2021	**3.1**	**4.1**	**15.0**	**44.5**	**25.4**	**0.0**	**0.0**	**92.1**
Additions	0.0	0.0	0.0	8.8	1.0	0.0	0.0	9.9
Acquisition of subsidiaries	15.7	0.0	33.2	0.9	0.3	3.3	0.0	53.4
Disposals	0.0	0.0	0.0	-1.8	0.0	0.0	0.0	-1.8
Currency translation	0.0	0.0	0.0	0.8	0.3	0.0	0.0	1.1
As of December 31, 2022	**18.8**	**4.1**	**48.2**	**53.2**	**27.0**	**3.3**	**0.0**	**154.6**
Accumulated depreciation, amortization and write-downs								
As of January 1, 2021	**0.0**	**-4.1**	**-15.0**	**-16.1**	**-11.5**	**0.0**	**0.0**	**-46.7**
Additions	0.0	0.0	0.0	-5.8	-2.9	0.0	0.0	-8.7
Disposals	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Currency translation	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1
As of December 31, 2021	**0.0**	**-4.1**	**-15.0**	**-21.9**	**-14.4**	**0.0**	**0.0**	**-55.4**
Additions	0.0	0.0	0.0	-10.1	-3.5	-0.6	0.0	-14.2
Disposals	0.0	0.0	0.0	1.7	0.0	0.0	0.0	1.7
Currency translation	0.0	0.0	0.0	-0.3	-0.2	0.0	0.0	-0.5
As of December 31, 2022	**0.0**	**-4.1**	**-15.0**	**-30.7**	**-18.1**	**-0.6**	**0.0**	**-68.4**
Carrying amount								
As of December 31, 2021	**3.1**	**0.0**	**0.0**	**22.6**	**11.0**	**0.0**	**0.0**	**36.7**
As of December 31, 2022	**18.8**	**0.0**	**33.2**	**22.5**	**9.0**	**2.7**	**0.0**	**86.2**

Internally generated software contains software in development in the amount of EUR 7.1m (2021: EUR 8.3m). Other intangible assets comprise the order backlog of EUR 0.5m (2021: EUR 0.0m) and franchise agreements of EUR 2.2m (2021: EUR 0.0m) from the acquisition of the Butlers Group.

At the reporting date of December 31, 2022, the "Butlers" brand in the amount of EUR 33.2m (2021: EUR 0.0m) is pledged to the sellers of the Butlers Group as collateral for outstanding purchase price payments. As of December 31, 2021, the "Fashion For Home" brand, which has been written down in full, was pledged as collateral to third parties for liabilities in the amount of EUR 2.1m.

Impairment Testing of Assets

As of December 31, 2022, the Company recognized goodwill totaling EUR 18.8m (2021: EUR 3.1m) and intangible assets in development of EUR 8.3m (2021: EUR 8.3m).

Impairment Test of the home24 Cash-generating Unit

EUR 6.2m of the goodwill and the majority of intangible assets in development are allocated to the home24 cash-generating unit (CGU). The annual impairment test (as of December 31) was performed at the level of this CGU. The Company determines the recoverable amount of the cash-generating unit as the value in use by applying a DCF method (WACC approach). The estimate of cash flows is based on the most recent financial plans approved by management, which cover a detailed planning period of five years. The terminal value determined for the projection period assumes a constant long-term growth rate of 2% (2021: 2%). The financial plans reflect the valuation object's current performance and estimates by management regarding the future development of certain parameters determining commercial success. These include market prices and profit margins. Management plans to increase the EBIT margin from currently -6.5% to +2.5% of revenue over a 5-year period. Management develops the general market assumptions, for example those relating to macroeconomic trends and the growth of home24's target market, by taking into account external macroeconomic and business-specific sources. The long-term growth rate is based on published country-specific studies.

The discount rate before taxes was determined using the capital asset pricing model. Accordingly, a risk-free interest rate, a market risk premium, and a premium for credit risk (spread) were calculated based on the relevant business-specific peer group. The calculation also takes into account the capital structure and the beta factor of the relevant peer group. The discount rate before taxes amounts to 11.3% (2021: 10.5%).

The annual impairment test did not result in impairment of goodwill or intangible assets in development. Furthermore, it was tested whether potential changes to key assumptions could lead to the carrying amount of the units exceeding their respective recoverable amounts. As of December 31, 2022, this was not the case.

Impairment Test of the Butlers Cash-generating Unit

The Butlers subgroup consists of many cash-generating units, and each of the more than 100 stores in the DACH region can be regarded as a cash-generating unit. The Butlers subgroup as of December 31, 2022, reports the following assets that will be regularly tested for impairment at year-end in accordance with IAS 36. The assets result from the Butlers acquisition as of April 1, 2022.

In EURm	2022	2021
Brand	33.2	0.0
Goodwill	12.6	0.0
Total	**45.8**	**0.0**

The annual impairment test (as of December 31) for these assets was performed at the level of the entire subgroup. Management believes that allocating the assets to the individual cash-generating units of the Butlers subgroup is not justified, as an economically correct allocation key cannot be determined with sufficient certainty.

The Company determines the recoverable amount of the subgroup as the value in use by applying a DCF method (WACC approach). The estimate of cash flows is based on the most recent financial plans approved by management, which cover a detailed planning period of five years. The terminal value determined for the projection period assumes a constant long-term growth rate of 2% (2021: n/a). The financial plans reflect the valuation object's current performance and estimates by management regarding the future development of certain parameters determining commercial success. These include market prices and profit margins. Management expects EBIT to recover gradually from -0.4% in 2022 to 7.7% for 2025 and all subsequent years. Given the difficult market situation in 2022 and what already is a slightly positive outlook for 2023 due to lower energy prices and import costs, management considers this target to be achievable.

Management develops general market assumptions, for example those relating to macroeconomic trends and the growth of the Butlers subgroup's target market, by taking into account external macroeconomic and business-specific sources. The long-term growth rate is based on published country-specific studies.

The discount rate before taxes was determined using the capital asset pricing model. Accordingly, a risk-free interest rate, a market risk premium, and a premium for credit risk (spread) were calculated based on the relevant business-specific peer group. The calculation also takes into account the capital structure and the beta factor of the relevant peer group. The discount rate before taxes amounts to 11.3% (2021: n/a).

The annual impairment test did not result in impairment of the above-mentioned items.

Furthermore, the Butlers subgroup recognizes right-of-use assets in the amount of EUR 72.0m (note 5.24). The vast majority of these arise from the capitalization of lease agreements for the over 100 Butlers retail stores in Germany, Austria and Switzerland. These right-of-use assets can be directly allocated to the cash-generating units. Management took the surprisingly sharp deterioration in consumer sentiment in the second half of the year as an opportunity to review the recoverability of the right-of-use assets. For each retail space, management developed a five-year plan based on the actual earnings per sales floor for the financial year now ended and the short-term planning for 2023. Based on historical data it made assumptions about the future, mainly relating to the achievable gross margin and revenue growth. The five-year plan assumes average revenue growth of 3.79% per year. In the projection period, average revenue growth of 2% per year is expected.

The discount rate for the cash flows resulting from the planning was same as the one used for the impairment testing of the entire Butlers cash-generating unit.

The impairment test did not result in impairment of the right-of-use assets. Furthermore, it was tested whether potential changes to key assumptions could lead to the carrying amount of the units exceeding their respective recoverable amounts. If revenue growth were to average only 2% in the five-year plan and only 0% in the projection period, an impairment loss of EUR 2.4 million would arise.

Impairment Test of the Mobly Cash-generating Unit

The Mobly cash-generating unit comprises Mobly S.A. and its subsidiaries, which went public in February 2021. Since its initial listing in February 2021, which was at BRL 26 per share, the share price has steadily declined. As of December 31, 2022, the shares were quoted at BRL 3.00 (equivalent to EUR 0.53). As a result of the decline in the share price, the market capitalization of Mobly S.A. at December 31, 2022 was lower than the carrying amount of equity reported in the Subgroup's Consolidated Financial Statements. This observation prompted home24 to conduct an impairment test of the Mobly cash-generating unit. The impairment test compares the CGU's fair value less costs to sell with its carrying amount. Key input parameters are the stock market price of Mobly S.A. shares on December 31, 2022 and a control premium of 38% derived from recent studies on transaction prices of majority interests. home24 estimated the hypothetical costs to sell at 2%. The calculated fair value less costs to sell (Level 3 fair value measurement) is EUR 76.6m as of December 31, 2022, which is EUR 22.3m below the carrying amount of the Mobly cash-generating unit of EUR 98.9m.

Given this high impairment loss, management at Group level carried out an impairment test of the non-current assets of the Mobly cash-generating unit.

Property and equipment, which primarily consists of warehouse equipment and leasehold improvements for showrooms and retail space, is depreciated over customary periods. In line with the assumptions under IFRS 16, there are no plans to abandon the use of property and equipment. Furthermore, management does not see any indication of impairment for property and equipment due to high inflation in Brazil, historic surges in steel and wood prices and the resulting higher replacement values of new investments.

Intangible assets primarily consist of internally generated software and acquired software and other licenses. These are subject to amortization. Even though the recoverability of intangible assets was confirmed by the auditor in the local financial statements, management identified an impairment requirement of EUR 2.7m after evaluating the individual assets, which it recognized at Group level. The difference results from a stricter interpretation at Group level of the value-in-use assumptions for purchased licenses and internally generated software.

Right-of-use assets include capitalized lease agreements for commercial properties, primarily warehouse and logistics space, but also to a lesser extent for offices and showrooms in Sao Paulo. These right-of-use assets are subject to depreciation. Based on the Group's intention to continue using the leases in line with IFRS 16 assumptions and the rental price trends observed in recent years, management has come to the conclusion that it has not entered into any unfavorable lease agreements.

Non-current financial assets consist of funds in pledged accounts. These serve as collateral for legal disputes when interpreting Brazilian value added tax (DIFAL and PIS/COFINS). Management has received assessments from local tax attorneys, based on which the accounting decisions were made. As there is no information available that deviates from the external assessments, management does not see any need for impairment.

The amount of EUR 2.7m represents 12% of the theoretically calculated impairment loss and was included in administrative expenses through amortization of intangible assets.

5.12. Financial Assets

As of December 31, financial assets were comprised as follows:

In EURm	December 31, 2022	December 31, 2021
Non-current financial assets		
Restricted cash	8.9	8.5
Security deposits and collateral provided	14.5	7.6
Other	1.3	0.0
Total	**24.8**	**16.1**
Current financial assets		
Receivables from suppliers and service providers	1.4	2.4
Security deposits	1.2	0.4
Receivables under a factoring agreement	0.3	0.5
Restricted cash	0.3	0.3
Foreign currency forwards	0.0	0.4
Other	0.8	0.0
Total	**3.9**	**4.0**

Restricted cash comprises bank deposits that are used as security deposits for the leasers of office, warehouse or sales floors. The Company's access to these accounts is restricted.

Security deposits and collateral provided include the payment of disputed tax liabilities of EUR 12.2m (2021: EUR 6.8m), which were deposited as collateral in connection with ongoing legal proceedings in the LatAm segment.

Other financial assets include receivables from finance leases of EUR 1.2m (2021: EUR 0.0m) relating to parts of retail outlets subleased by the Group.

The receivables under a factoring agreement comprise amounts receivable from a non-bank factoring company arising from trade receivables sold to the financial services provider and derecognized at the reporting date. Further information on the factoring agreements is presented under note 5.15.

Receivables from suppliers and service providers as of December 31, 2022 include short-term non-interest-bearing loans to suppliers of EUR 0.0m (2021: EUR 0.1m).

Other current financial assets include a balance of EUR 0.3m brought forward between two bank accounts in the Group.

5.13. Other non-financial Assets

In EURm	December 31, 2022	December 31, 2021
Non-current non-financial assets		
Deferred income	0.4	0.6
VAT receivables	3.9	1.4
Total	**4.3**	**2.0**
Current non-financial assets		
VAT receivables	16.5	14.6
Advance payments made and prepaid expenses	1.5	1.2
Right to repossess goods from expected returns	0.2	0.2
Receivables from interim financial aid	0.3	0.0
Other	0.6	0.2
Total	**19.2**	**16.2**

Non-current and current VAT receivables primarily comprise tax credits to be offset in the LatAm segment.

5.14. Inventories and Advance Payments on Inventories

In EURm	December 31, 2022	December 31, 2021
Inventories	86.7	66.3
Impairment loss for slow-moving and obsolete inventories	-6.6	-5.5
Total	**80.0**	**60.8**

Inventories include EUR 5.2m (2021: EUR 5.2m) of work in progress. These are purchased input materials for the production of private label products.

The cost of inventories recognized as expenses during the period representing cost of sales amounted to EUR 323.8m (2021: EUR 348.9m).

In the 2022 financial year, an expense from the addition to impairment losses totaling EUR 0.4m was recognized (2021: income of EUR 1.2m). Impairment losses and their reversals are shown in cost of sales.

For estimating the net realizable value, coverages, price elasticities and recovery rates/proceeds are forecast. These are based on the Group's planning assumptions, which reflect the selling strategy, and on experience.

All of the advance payments made shown in the Statement of Financial Position relate to prepayments for ordered goods.

As of December 31, 2022, inventories of EUR 21.6m were pledged as collateral to the sellers of the Butlers Group for outstanding purchase price payments.

5.15. Trade Receivables

Trade receivables mainly relate to receivables from end customers, business customers and payment service providers. The year-on-year decrease in trade receivables is attributable to the LatAm segment, where the Group made more use of agreements covering upfront payment.

As of December 31, 2022, the impairment of customer receivables amounted to EUR 3.9m (2021: EUR 5.1m). Of this amount, EUR 0.5m relates to the impairment of non-current trade receivables, which have been written down in full. Further information on impairment losses and credit risk is presented under note 6.

Trade receivables do not carry interest and are therefore not subject to interest risk.

The Group has factoring agreements with a non-bank factoring company in relation to its trade receivables arising from payment in installments and purchase on invoice. This factoring agreement meets the derecognition requirements of IFRS 9, as home24 has transferred all of the material risks and rewards of ownership of the receivables and not retained any continuing involvement in them.

The Group presents the cash flows in connection with two factoring agreement in cash flow from operating activities, as these cash flows relate mainly to the provision of goods and services.

5.16. Cash and Cash Equivalents

In EURm	December 31, 2022	December 31, 2021
Cash at bank and cash on hand	32.8	43.3
Short-term deposits	25.0	45.0
Short-term financial investments	41.6	42.8
Total	**99.5**	**131.1**

Short-term deposits are made for different periods and can be converted into specified cash amounts at any time with notice of no more than three months.

Short-term financial investments relate to highly liquid financial investments (bank deposit certificates, „BDC") in the LatAm segment. The securities have floating interest rates and can be converted into cash at any time without loss of the contractually agreed compensation.

5.17. Subscribed Capital and Capital Reserves

	Number of shares	Number of treasury shares	Subscribed capital/ treasury shares (in EURm)	Capital reserves (in EURm)	Total
As of January 1, 2021	**29,050,104**	**-2,735**	**29.1**	**122.8**	**151.9**
Equity-settled share-based payment transaction	231,709	0	0.2	0.0	0.2
Utilization of free capital reserve	0	0	0.0	-52.8	-52.8
As of December 31, 2021	**29,281,813**	**-2,735**	**29.3**	**70.0**	**99.3**
Issue of shares	4,228,215	0	4.2	26.8	31.0
Transaction costs, net of tax	0	0	0.0	-0.1	-0.1
Equity-settled share-based payment transactions	70,055	0	0.1	0.0	0.1
Utilization of free capital reserve	0	0	0.0	-38.4	-38.4
As of December 31, 2022	**33,580,083**	**-2,735**	**33.6**	**58.3**	**91.9**

The share capital entered in the commercial register as of January 1, 2022, amounted to EUR 29,281,813. The share capital as a whole was divided into 29,281,813 no-par value bearer shares each with a notional value of EUR 1 per share.

On April 1, 2022, the Company implemented a non-cash capital increase to finance the acquisition of the Butlers Group. At the time of the transfer of the new shares, the 1,181,849 new shares were measured at the market price of home24 SE amounting to EUR 6.91. The amount exceeding the par value of EUR 1 totaling EUR 6,984,728 was transferred to the capital reserves. The new shares were issued through Authorized Capital 2020 with the approval of the Supervisory Board by resolution of the Management Board on April 1, 2022.

The Company's Annual General Meeting on June 14, 2022 created authorized capital 2022 ("Authorized Capital 2022") in the amount of up to EUR 3,046,366. With the approval of the entire Supervisory Board, the Management Board resolved on October 5, 2022 to fully utilize Authorized Capital 2022. The new shares were subscribed by RAS Beteiligungs GmbH, domiciled in Kelsenstraße 9, 1030 Vienna, Austria, at an issue price of EUR 7.50 with shareholders' preemptive rights disapplied. The amount exceeding the par value of EUR 1 totaling EUR 19,801,379 was transferred to the capital reserves.

The 16,074 new shares issued under Conditional Capital 2019 for the purpose of settling preemptive rights issued in the context of the Company's LTIP were registered in June 2022.

In addition, an amount of EUR 38.6m was reversed by home24 SE from the free capital reserves and offset against home24 SE's loss for the year. Accordingly, the equity items were restated for the purpose of the Consolidated Financial Statements.

As of December 31, 2022, the Company's share capital amounted to EUR 33,580,083 and was composed of 33,580,083 no-par value bearer shares, each with a notional value of EUR 1 per share. The share capital of EUR 33,526,102 entered in the commercial register does not yet reflect the 53,981 new shares issued in 2022 under Conditional Capital 2019 for the purpose of settling preemptive rights issued in the context of the Company's LTIP. The Management Board had notified the commercial register of the issue of these new shares as of the reporting date, and the entry was made on March 13, 2023. The share capital figure entered in the commercial register at the time of publication of the Financial Statements is therefore EUR 33,580,083.

Authorized and conditional capital were comprised as follows as of the reporting date:

	Number of no-par value shares	Amount (in EUR)
Authorized Capital 2015/II	70,864	70,864
Authorized Capital 2015/III	21,769	21,769
Conditional Capital 2019	2,899,752	2,899,752
Conditional Capital 2020	10,774,773	10,774,773

5.18. Other Financial Liabilities

In EURm	December 31, 2022	December 31, 2021
Non-current financial liabilities		
Government grants	1.2	1.2
Security deposits received	0.5	0.0
Other purchase price liabilities	2.7	0.0
Total	**4.4**	**1.2**
Current financial liabilities		
Refund liabilities from expected returns	1.0	1.1
Debtors with credit balances	1.2	1.1
Currency swaps/foreign currency forwards	0.2	0.0
Other	1.0	1.0
Total	**3.3**	**3.2**

The Group received government investment grants for two warehouse sites. Since it is uncertain whether the conditions associated with the grants will be fulfilled, the payments already received are shown under non-current financial liabilities.

The other purchase price liabilities include the cash settlements for a seller from the business combination with the Butlers Group. The cash settlement is measured at fair value in accordance with IFRS 9. Further measurement information can be found in note 5.26.

5.19. Other Non-financial Liabilities

In EURm	December 31, 2022	December 31, 2021
Non-current non-financial liabilities		
VAT liabilities	0.1	0.2
Total	**0.1**	**0.2**
Current non-financial liabilities		
Employee benefit liabilities	6.5	6.8
VAT liabilities	6.2	4.3
Deferred income	0.0	0.2
Other taxes	0.1	0.1
Total	**12.8**	**11.4**

5.20. Borrowings

In the Europe segment, there are financial purchase price liabilities arising from the acquisition of subsidiaries as of the reporting date of December 31, 2022. These are explained in more detail in note 12. In addition, a revolving credit facility with an interest rate of 4.95% and a quarterly euro short-term rate was drawn down in the full amount of EUR 7.5m and expires in June 2024. All financial and non-financial covenants of the loan were fulfilled. The loan is secured by receivables in the amount of EUR 6.3m.

In the LatAm segment there is a credit facility of BRL 20.0m (the equivalent of EUR 3.5m) to finance liabilities to suppliers and tax as well as transportation payments. The credit facility has a variable interest rate depending on exchange rates, the key rate of Brazil's Central Bank (CDI). By the reporting date, EUR 2.0m of this amount had been drawn down and the credit facility was secured with liquid funds in the amount of EUR 1.2m.

As of December 31, 2021, there were no borrowings.

Information on the liquidity risks to which the Group is exposed with regard to borrowings is presented under note 6.

5.21. Trade Payables and Similar Liabilities

Information on the liquidity risks to which the Group is exposed with regard to trade payables and similar liabilities is presented under note 6.

The Group participated in supplier (reverse) factoring programs in the current financial year and in the previous year. As of December 31, 2022, certain suppliers had transferred their receivables from the Group in the amount of EUR 6.8m (2021: EUR 3.2m) to factoring providers. Under these arrangements, the factoring provider agrees to pay the participating suppliers the supplier invoices payable by the Group and home24 settles these at a later date by paying the factoring provider. The extended payment terms are classed as immaterial, as they are similar to standard market terms. In the LatAm segment, reverse factoring lines were primarily used by suppliers without resulting in any changes in payment terms for the Group.

The Group derecognizes the original liabilities to which the agreement relates and recognizes a new liability. The Group presents the amounts transferred from the suppliers within trade payables and similar liabilities, as the nature and terms of the liabilities remain the same as those of other trade payables. The payments to the factoring provider are included in cash flow from operating activities, as they are still part of the Group's normal operating cycle and still mainly operating cash flows in nature – that is, payments for the purchase of goods and services.

5.22. Contract Liabilities

Contract liabilities of EUR 17.4m (2021: EUR 15.8m) mainly result from contracts with customers that were entered into with the "prepayment" option. Contract liabilities are recognized as revenue when the Group delivers the goods to the customer; this takes place within a maximum of twelve months. As a rule, therefore, contract liabilities that exist at the beginning of a reporting period are fully recognized as revenue during the current financial year. In addition, contract liabilities include sold vouchers in the amount of EUR 1.6m (2021: EUR 0.0m).

5.23. Provisions

The change in provisions is shown below:

In EURm	Restoration obligations	Other	Total
As of January 1, 2021	**2.1**	**1.6**	**3.7**
Utilization	0.0	-0.3	-0.3
Addition	1.8	1.3	3.1
Currency translation	0.0	0.0	0.0
As of December 31, 2021	**3.9**	**2.6**	**6.5**
Utilization	-0.7	-0.4	-1.1
Addition	1.3	1.1	2.4
Acquisition of subsidiaries	0.7	0.2	0.9
Currency translation	0.2	0.2	0.4
As of December 31, 2022	**5.4**	**3.7**	**9.1**

EUR 8.1m of provisions are due in more than one year (2021: EUR 5.7m). All other provisions are expected to be used during the course of the year.

Provisions for restoration obligations relate to future obligations to return warehouse and other leasehold improvements to their original condition or to restore leased assets to the condition required by the lease agreement. Other provisions mainly include provisions for tax risks arising from ongoing litigation in the LatAm segment.

5.24. Leases

Leases entered into by Group companies as lessees primarily relate to office and warehouse spaces as well as sales floors for outlets, showrooms and retail stores, which home24 groups as "Property." Other leases are reported under "Other." The basic terms of the leases for "Property" run for two to ten years and for "Other" from three to five years.

Some of the leases include extension and termination options for the benefit of the lessee, in some cases termination options for the lessor. To determine the term of leases, home24 first examines the extent to which an economically enforceable contract exists with a view to the mutual rights to terminate the agreement on the one hand and any economic disadvantages associated with exercising them on the other. Within this period, management estimates the expected term of the respective lease by considering all facts and circumstances that provide the lessee with an economic incentive to exercise extension options or termination options. Changes in lease terms resulting from the exercise of extension or termination options are only included in the lease term if exercising the respective option is sufficiently probable.

The leases involve both fixed lease payments and variable lease payments linked to an index due monthly.

In the 2022 financial year, applying IFRS 16 resulted in the following presentation in the Statement of Financial Position and statement of comprehensive income.

Leases in the Statement of Financial Position

In EURm	Property	Other	Total
Right-of-use assets as of January 1, 2021	43.3	0.4	43.7
Additions	24.0	2.9	26.9
Currency translation	-0.2	0.1	-0.1
Depreciation	-13.0	-0.6	-13.6
Right-of-use assets as of December 31, 2021	**54.1**	**2.8**	**56.9**
Additions	49.9	0.2	50.1
Acquisition of subsidiaries	71.6	0.1	71.7
Currency translation	2.8	0.3	3.1
Depreciation	-31.2	-0.9	-32.1
Right-of-use assets as of December 31, 2022	**147.2**	**2.6**	**149.8**

Additions in the current financial year result in particular from the lease of the new office building for corporate headquarters in Berlin. Right-of-use assets in 2022 also increased as a result of the business combination with the Butlers Group, which rents over 100 stores in Germany, Austria and Switzerland.

In EURm	December 31, 2022	December 31, 2021
Current lease liabilities	37.2	15.9
Non-current lease liabilities	118.0	47.5
Total	**155.2**	**63.4**

The following table shows the contractually agreed (undiscounted) lease payments including those extension options which the Group is reasonably certain of exercising as of the reporting date:

In EURm	Up to 1 year	Between 1-5 years	More than 5 yearse	Contractually agreed cash outflows	Carrying amount December 31, 2022
Lease liabilities	37.5	102.4	29.8	169.7	**155.2**

In EURm	Up to 1 year	Between 1-5 years	More than 5 years	Contractually agreed cash outflows	Carrying amount December 31, 2021
Lease liabilities	16.0	46.2	8.6	70.8	**63.4**

Leases in the Statement of Comprehensive Income

In EURm	2022	2021
Interest expense from lease liabilities (included in finance costs)	-4.2	-1.7
Depreciation of right-of-use assets (included in selling and distribution costs and administrative expenses)	-32.1	-13.6
Expenses for short-term leases (included in selling and distribution costs and administrative expenses)	-0.9	-0.6
Expenses for leases of low value assets that are not short-term leases (included in selling and distribution costs and administrative expenses)	-0.1	-0.2
Expenses for variable lease payments not included in lease liabilities (included in selling and distribution costs and administrative expenses)	-0.1	0.0
Income from subletting under operating leases (included in other operating income)	2.1	1.4

The following table presents a maturity analysis of the lease receivables and shows the undiscounted lease payments to be received after the reporting date arising from finance leases for sublet retail outlets.

In EURm	2022	2021
Less than one year	0.3	0.0
One to two years	0.2	0.0
Two to three years	0.2	0.0
Three to four years	0.2	0.0
Four to five years	0.2	0.0
More than five years	0.2	0.0
Total amount of undiscounted lease receivables	**1.2**	**0.0**
Unrealized finance income	0.1	0.0
Net investment, lease	**1.2**	**0.0**

As of December 31 of each year, the following receivables exist for future minimum lease payments under non-cancelable operating leases:

In EURm	2022	2021
Within one year	2.7	1.4
More than one year and up to five years	0.9	1.7
More than five years	0.0	0.0
Total	**3.6**	**3.1**

The total cash outflow from leases in the financial year under review amounted to EUR 27.1m (2021: EUR 11.4m).

5.25. Notes to the Statement of Cash Flows

Cash and cash equivalents presented in the Statement of Cash Flows correspond to the cash and cash equivalents shown in the Statement of Financial Position and solely comprise bank balances, cash in hand, short-term demand deposits and highly liquid financial investments.

The Group's cash flow from operating activities amounted to EUR 24.0m in financial year 2022 compared with EUR -63.1m in the previous year, a change of EUR 87.1m within the space of a year. Similar to in the previous year, the positive cash flow from operating activities despite the loss is attributable to the change in net working capital. In 2022, the change in net working capital after adjusting for the Butlers inventories purchased had a positive effect on the operating cash flow. Inventory levels – adjusted for the purchased inventories of the Butlers Group – were reduced as planned, despite the decline in revenue, since purchasing planning was revised over the course of the year in line with the lower level of demand. The expectation of a decline in net working capital set out in the 2021 Combined Management Report has thus been borne out.

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In line with prior-year guidance, cash outflows from investing activities have increased due to the payments made to date for the acquisition of the Butlers Group (EUR 25.8m). Prior to the actual purchase in the first quarter of 2022, a loan of EUR 2.7m was disbursed to the Butlers Group. This served to safeguard and fund its purchasing activities for its 2022 Christmas business season. In total, the Group invested a further EUR 10.8m in property and equipment in the current financial year. Significant investment was also made in intangible assets (EUR 9.8m).

As predicted in the 2021 Combined Management Report, cash flow from financing activities is negative, due to a strong rise in payments made for the redemption of lease liabilities. The sharp increase is attributable to the Butlers acquisition and the associated takeover of Butlers' retail stores. Overall in the reporting year, EUR 27.1m was paid for lease liabilities. The capital increase subscribed by the Lutz Group in October 2022 had a positive effect. The Lutz Group subscribed for a 10% increase in the capital of home24 SE. The Group received a net amount of EUR 22.9m from the sale of these shares.

The amounts of interest paid and received in the 2022 financial year totaled EUR 7.0m (2021: EUR 3.8m) and EUR 5.3m (2021: EUR 2.5m), respectively.

The following summary shows the changes in liabilities from financing activities:

In EURm	January 1, 2022	Acquisition of subsidiaries	Non-cash changes	Cash flows	Currency effects	December 31, 2022
Borrowings	0.0	14.6	23.5	-6.5	–0.1	31.7
Lease liabilities	63.4	66.5	48.9	–27.1	3.4	155.2

In EURm	January 1, 2021	Acquisition of subsidiaries	Non-cash changes	Cash flows	Currency effects	December 31, 2021
Borrowings	11.6	0.0	0.0	–11.3	–0.3	0.0
Lease liabilities	48.0	0.0	26.9	–11.4	–0.1	63.4

The non-cash additions to financial liabilities of EUR 23.5m mainly comprise the EUR 22.3m purchase price liability from the Butlers acquisition. Of the cash change in borrowings totaling EUR –6.5m (2021: EUR –11.3m), EUR 15.7m (2021: EUR 0.5m) is attributable to the draw down and EUR –16.5m (2021: EUR –11.8m) to the repayment of bank loans, and EUR 6.0m (2021: EUR 0.0m) to the utilization and EUR –11.7m (2021: EUR 0.0m) to the repayment of other loans.

5.26. Financial Instruments

Financial assets and liabilities are divided into the following measurement categories as of the reporting date:

In EURm	IFRS 9 measurement category	December 31, 2022	December 31, 2021
Financial assets			
Trade receivables	AC	28.2	37.2
Financial assets	AC	28.7	19.7
Cash and cash equivalents	AC	99.5	131.1
Foreign currency forwards	FVTPL	0.0	0.4
Financial liabilities			
Trade payables and similar liabilities	FLAC	66.5	67.0
Borrowings	FLAC	21.0	0.0
Borrowings	FVTPL	10.8	0.0
Other financial liabilities	FLAC	4.8	4.4
Other financial liabilities	FVTPL	2.7	0.0
Currency swaps/foreign currency forwards	FVTPL	0.2	0.0

AC = Amortized cost
FLAC = Financial liabilities measured at amortized cost
FVTPL = At fair value through profit or loss

The fair value of trade receivables, trade payables and similar liabilities, other financial assets and financial liabilities, cash and cash equivalents and borrowings nearly corresponds to their respective carrying amount, mainly due to their short terms and/or variable interest. The fair value of non-current financial assets and, in the previous year, of borrowings with fixed interest rates (Level 3) also corresponds approximately to their carrying amount, as there have been no significant changes in the measurement parameters since the restricted cash was invested or the loans were granted.

In financial year 2022, the acquisition of subsidiaries led to contingent consideration of EUR 10.8m, which was recognized under borrowings, and other financial liabilities for cash compensation, which are measured at fair value through profit or loss. The Monte Carlo simulation for option pricing that is applied on the basis of the current risk-free interest rate (Level 3 of the fair value hierarchy in IFRS 13) is used to measure the present value of the purchase price guarantee.

Foreign currency forwards and currency swaps are recognized in the Statement of Financial Position at fair value. The fair value of foreign exchange forwards is measured using a measurement model with inputs observable on the market (Level 2 of the fair value measurement hierarchy in IFRS 13). It is determined based on the present values of future payments due using the yield curves for the relevant currencies applicable as of the reporting date.

6. Financial Risk Management

In the course of its ordinary activities, the Group is exposed to default risks, market risks (including currency risk, interest rate risk and other price risks) and liquidity risks. The primary objectives of the financial risk management functions are to establish risk limits, and ensure that exposure to risks stays within these limits.

The financial risk management is carried out by a central treasury department supervised by the Management Board. The Management Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk and investment of excess liquidity.

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligations under a financial instrument, causing a financial loss. The Group's maximum exposure to credit risk is the carrying amount of financial assets and receivables and the carrying amount of cash and cash equivalents.

Credit risks arise in particular from trade receivables from end customers using the purchase on invoice payment method. To avoid credit losses, the Group implements an extensive risk management system. To decide whether home24 will offer customers payment methods such as purchase on invoice and for the purpose of monitoring credit risk, the Group checks its customers' creditworthiness using statistical methods based on payment history, for example, and with the help of external credit agencies, which provide home24 with assessments of the probability that new customers will meet their obligations. Outstanding receivables from customers are monitored on a regular basis. As of the reporting date, unsettled trade receivables resulting from the purchase on invoice method of payment amounted to EUR 11.7m in total (2021: EUR 15.8m).

Each receivable from end customers resulting from the purchase on invoice method of payment is assessed on the basis of the customer risk profile using external credit scores. In determining probabilities of default, data on the Group's own historical experience, current conditions and the maturity structure of the receivables are also taken into account. Trade receivables are usually derecognized if they are classified as uncollectible by external debt collection service providers or in the absence of a justified expectation that the contractual cash flows will be realized.

The remaining credit risk with from other trade transactions is limited because cash is received at the time of the sale (prepayments, PayPal, credit card and country-specific payment methods) or promptly after receipt of the order, or receivables are due from business customers and payment service providers with a low level of credit risk.

The expected credit loss is calculated over the entire lifetime of the receivable based on the simplified approach according to IFRS 9.5.5.15.

The following overview shows the expected credit loss for trade receivables from end customers in the Europe segment determined using a provision matrix:

December 31, 2022	Receivables < 30 Tage	Receivables between 30 – 60 days	Receivables between 60 – 90 days	Receivables > 90 days	Total
Gross value (in EURm)	9.2	1.5	0.7	2.7	14.1
Expected credit loss rate	2%	10%	20%	86%	
Expected credit loss (in EURm)	**0.2**	**0.1**	**0.1**	**2.3**	**2.6**

December 31, 2021	Receivables < 30 days	Receivables between 30 – 60 days	Receivables between 60 – 90 days	Receivables > 90 days	Total
Gross value (in EURm)	9.9	1.7	0.8	4.2	16.6
Expected credit loss rate	2%	16%	41%	79%	
Expected credit loss (in EURm)	**0.2**	**0.3**	**0.3**	**3.3**	**4.1**

The Group has recognized loss allowances totaling EUR 1.1m (2021: EUR 1.0m) on gross trade receivables due from business customers and payment service providers in the LatAm segment in the amount of EUR 20.2m (2021: EUR 25.7m). In addition, there were loss allowances of EUR 0.1m (2021: EUR 0.1m) on receivables due from suppliers and service providers that are shown under current financial assets. Credit risk is determined using qualitative and quantitative factors that indicate the credit risk or are based on external credit ratings. The Company limits some of its credit risk by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risk limits usually have to be approved by management. Credit risks are continually monitored and reviewed.

Impairment on cash and cash equivalents has been measured on a twelve-month expected loss basis and reflects the short maturities of the exposures. The Group considers that cash and cash equivalents have a low credit risk based on the external credit ratings. An allowance for expected credit losses of EUR 0.0m was recognized as of the December 31, 2022 reporting date (2021: EUR 0.0m). The main partners have a Standard&Poor's long-term rating of between A+ and BBB (2021: between A and BBB-). The rating is reviewed regularly.

The loss allowances on trade receivables from end customers, business customers and payment service providers changed as follows:

In EURm	2022	2021
As of January 1	5.1	3.9
Addition	1.7	2.8
Utilization	-2.8	-1.6
Currency translation	-0.1	0.0
As of December 31	**3.9**	**5.1**

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes currency risk, interest rate risk and other price risks.

The following sensitivity analyses relate to the financial assets and liabilities held as of December 31, 2022 and 2021 and were prepared on the assumption that net debt, the ratio of fixed to floating interest rates on liabilities and assets, and the share of financial instruments in foreign currency remain unchanged.

Currency Risk

The Group is active internationally and especially exposed to foreign currency risk. The foreign currency risk stems from future business transactions as well assets and liabilities in foreign currencies. Such exposures primarily exist in US dollars and Swiss francs.

In the context of the foreign exchange risk management related to the USD, the treasury department hedges risks of inventories bought in USD. Hedging is carried out exclusively with foreign currency forwards and currency swaps with a period matching that of the hedged item. Derivative financial instruments were entered into and settled in accordance with internal policies that define the scope of action, responsibilities, reporting and control. Activities in the LatAm segment are mainly carried out in the functional currency of the subsidiary, the Brazilian real.

The Group's foreign currency sensitivity is determined by aggregating all foreign currency items as of the reporting date which are not recognized in the functional currency of the relevant Group company. With all other variables remaining constant, the following effects on consolidated earnings before taxes would result if the euro were to appreciate or depreciate by 10% against the following foreign currencies:

In EURm	2022	2021
USD	0.8	2.3
CHF	0.2	0.2

Interest Rate Risk

Within the Group, interest rate risk arises mainly in the LatAm segment in connection with floating-rate, cash and cash equivalents and financial assets. If all other variables remain unchanged, consolidated earnings before taxes will be EUR 2.7m (2021: EUR 2.5m) higher or lower as a result of the effects on the items concerned in the Statement of Financial Position in the event of a 500 basis-point increase or decrease in the Brazilian interest rates.

Other Price Risks

As in the previous year, other price risks do not represent a material risk for the Group in the current financial year.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Company. Management monitors the Group's cash flows using monthly rolling forecasts, among others.

The liquidity of the Company includes cash and cash equivalents. In the LatAm segment, the Group also has agreements with selected payment service providers and business partners covering upfront payment in relation to trade receivables (for further information on the effects of the use of these agreements on the cash flow resulting from the change in the Group's working capital, see section 2.4.3 of the Combined Management Report) and a credit facility to finance liabilities to suppliers in the amount of BRL 20.0m (the equivalent of EUR 3.5m). In the Europe segment, the Group also has a EUR 4.0m reverse factoring facility, of which EUR 4.0m had been drawn down as of the reporting date.

The Group considers the available liquidity to be sufficient to finance its ongoing growth plans. These Consolidated Financial Statements have been prepared on a going-concern basis.

The remaining contractual maturities of the financial liabilities as of the reporting date, including estimated interest payments, are shown below. The amounts are undiscounted gross amounts inclusive of contractual interest payments. Projections of future new liabilities were not taken into account here. Financial liabilities repayable on demand are always allocated to the earliest possible time band.

December 31, 2022 In EURm	Up to 6 months	Between 6-12 months	Between 1-2 years	More than 2 years	Total
Borrowings	18.0	0.2	0.5	14.2	**32.9**
Trade payables and similar liabilities	66.5	0.0	0.0	0.0	**66.5**
Other financial liabilities	4.4	0.0	0.0	3.3	**7.7**
Gross payments of derivative financial instruments					
Inflows	4.9	0.0	0.0	0.0	**4.9**
Outflows	-4.6	0.0	0.0	0.0	**-4.6**
Total	**89.2**	**0.2**	**0.5**	**17.5**	**107.4**

December 31, 2021 In EURm	Up to 6 months	Between 6-12 months	Between 1-2 years	More than 2 years	Total
Borrowings	0.0	0.0	0.0	0.0	**0.0**
Trade payables and similar liabilities	67.0	0.0	0.0	0.0	**67.0**
Other financial liabilities	3.2	0.0	0.6	0.6	**4.4**
Gross payments of derivative financial instruments					
Inflows	13.3	0.0	0.0	0.0	**13.3**
Outflows	-12.8	0.0	0.0	0.0	**-12.8**
Total	**70.7**	**0.0**	**0.6**	**0.6**	**71.9**

Gross payments of derivative financial instruments relate to foreign currency forwards and currency swaps. Cash inflows and outflows from the transactions are shown as gross amounts.

Capital Management

The goal of the Group’s capital management remains to ensure its short-term solvency and secure its capital base to continuously finance its intended growth and long-term increase in enterprise value. This ensures that all companies in the Group are able to operate on a going-concern basis. Capital management is performed by continuously monitoring key financial indicators. The equity ratio at the closing date was 41% (2021: 56%).

7. Segment Reporting

The principal business activity of the Group is the marketing, sale and shipping of furniture and home furnishing in Europe and Latin America (LatAm). The business segments reflect the Group's management structure and the nature in which financial information is regularly reviewed by the ultimate decision maker, the Management Board of home24 SE.

The Group is split into two operating segments – Europe and LatAm. The Europe segment includes business activities in Germany, Switzerland, Austria, France, the Netherlands, Belgium and Italy, and the subsidiary in China. as operative Segment Butlers, which has been part of the home24 Group since April 1, is allocated to the Europe segment and reported revenue of EUR 85.2 million. The LatAm segment includes business activities in Brazil. The home24 and Butlers operating segments are each material for the Group. Management believes that the two operating segments should be combined to form the reportable Europe operating segment, as both operating segments serve very similar customer groups and address them jointly via the homeCLUB, for example, operate for the most part in the same geographical markets in continental Europe, and offer very similar product portfolios (home&living) which are sold both offline and online.

The operating segments subject to mandatory reporting are strategic operating segments that are managed separately.

These operating segments use the accounting policies that are detailed in the summary of significant accounting policies above.

The Group measures profitability based on adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted amounts mainly include various extraordinary expenses arising from (potential) business combinations as well as remeasurements of financial instruments and share-based payment. For more information on the business combination with the Butlers Group see note 12. For more information on the takeover bid see note 17. In the previous year, EBITDA was adjusted for costs related to the IPO of Mobly S.A.

External revenue almost exclusively comprises income from the sale of furniture to end customers. Inter-segments sales were insignificant.

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

In EURm	Europe	LatAm	Reconciliation	2022
Revenue	480.9	120.3	-0.1	601.0
thereof inter-segment sales	0.1	0.0	-0.1	0.0
Adjusted EBITDA	18.0	-2.8		15.2
Share-based payment				-1.8
Expenses relating to the acquisition of the Butlers Group				-0.1
Remeasurement of financial instruments				-0.2
Costs related to a takeover bid				-1.0
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets				55.5
Cost of sales from disclosed hidden reserves				-3.3
Finance costs - net				-3.2
Loss before taxes				-49.9

In EURm	Europe	LatAm	Reconciliation	2021
Revenue	501.4	114.2	-0.1	615.5
thereof inter-segment sales	0.1	0.0	-0.1	0.0
Adjusted EBITDA	2.6	-1.2		1.4
Share-based payment				-8.6
Costs related to the IPO of Mobly S.A.				-0.2
Expenses relating to the planned acquisition of the Butlers Group				-0.6
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets				-27.3
Finance costs - net				0.0
Loss before taxes				-35.3

Germany accounted for 56% (2021: 57%), Brazil for 20% (2021: 19%) and Switzerland for 11% (2021: 11%) of total revenue. Germany accounted for 65% (2021: 65%) and Brazil for 35% (2021: 35%) of non-current assets.

8. Transactions with Related Parties

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

Transactions with Key Management Personnel
In financial year 2022, the following transactions were carried out by members of the governing bodies of home24 SE involving no-par value bearer shares of the Company:

Governing body member	Position	Purchase/sale	Price (in EUR)	Volume (in EUR)	Number	Date
Brigitte Wittekind	Management Board	Acquisition [1]	3.02	29,929	9,579	07/15/2022

[1] Acquisition of shares as a result of exercising preemptive rights under the Company's 2017 Long Term Incentive Plan (‚LTIP'). The acquisition price was paid by contributing remuneration claims from the LTIP. This is a transaction under an employee incentive program.

In the previous year, the following transactions were carried out by members of the governing bodies of home24 SE involving no-par value bearer shares of the Company:

Governing body member	Position	Purchase/sale	Price (in EUR)	Volume (in EUR)	Number	Date
Brigitte Wittekind	Management Board	Acquisition [1]	15.47	54,470	3,521	07/09/2021
Dr. Philipp Kreibohm	Supervisory Board	Acquisition [1]	15.81	345,591	21,859	07/07/2021
Philipp Steinhäuser	Management Board	Acquisition [1]	16.54	33,378	2,018	07/06/2021
Marc Appelhoff	Management Board	Acquisition [1]	16.54	1,548,574	93,626	07/06/2021

[1] Acquisition of shares as a result of exercising preemptive rights under the Company's 2017 Long Term Incentive Plan (‚LTIP'). The acquisition price was paid by contributing remuneration claims from the LTIP. This is a transaction under an employee incentive program.

For information on the benefits granted in connection with their Supervisory Board and Management Board activities, including share-based payments, please refer to note 11.

Otherwise, there were no significant income and expenses with related parties during the 2022 financial year or in the prior-year period and no significant outstanding receivables or liabilities with related parties as of the reporting dates.

9. Contingent Liabilities

Five customer complaints related to breaches of data protection requirements were pending before the Berlin Commissioner for Data Protection as of December 31, 2022. All were already pending by June 30, 2022. A complaint which had been pending since 2018 was resolved in 2020 through the issue of a notice imposing a fine of EUR 6 thousand. It cannot be ruled out that the Berlin data protection authority will use the other pending proceedings as an opportunity to impose a further fine on the Company. If that is the case, it must be assumed that it could be of a high six-figure amount due to the calculation model currently applied by the data protection authorities. It is impossible at the present time to predict how courts will view the authorities' fining practice and fine determination overall. While some court rulings result in an adjustment of fine notices, a clear tendency is not yet apparent, so that it is not certain whether they will give rise to a change in the practice of levying fines.

As of December 31, 2022, in the LatAm segment actions under employment law were pending with a total volume of EUR 0.5m. There are also civil actions with a total volume of EUR 0.3m, which the Company believes are fairly unlikely to succeed. It has not therefore made any provisions for obligations resulting from these legal disputes. There are also potential risks in connection with social security contributions amounting to EUR 0.5m. In the LatAm segment, the Group is also party to legal proceedings relating to possible additional tax payments resulting from indirect taxes. The Group has decided to deposit the potential additional tax payment amount of EUR 3.7m by way of security, pending the final ruling by Brazil's supreme court of justice ("STF"). This amount is recognized under financial assets. In addition, there are further legal proceedings in the LatAm segment relating to tax payments. The value in dispute is EUR 3.0m, which is also reported under financial assets.

10. Disclosure Exemption

In accordance with Section 264b HGB, the subsidiary home24 eLogistics GmbH&Co. KG, Berlin, is exempt from the requirement to publish its Financial Statements and to prepare Notes to the Financial Statements and a Management Report.

In accordance with Section 264 (3) HGB, the subsidiary home24 Outlet GmbH, Berlin, is exempt from the requirement to publish its Financial Statements and to prepare Notes to the Financial Statements and a Management Report.

11. Remuneration of the Management Board and Supervisory Board

11.1. Remuneration of the Management Board

Total Remuneration

The total remuneration of the Management Board consists of an annual fixed remuneration component, a short-term, performance-related remuneration component in the form of an annual variable cash remuneration, long-term incentive remuneration in the form of options, and additional fringe benefits.

Members of the Management Board were granted total benefits of EUR 2.3m (2021: EUR 3.3m) during the 2022 financial year.

In EURm	2022	2021
Fixed remuneration	0.7	0.8
One-year variable remuneration	0.1	0.1
Share-based payment	1.5	2.4
Total Remuneration	**2.3**	**3.3**

The above table does not show the remuneration actually paid but the remuneration granted taking into account the individual target achievement. The value of the share-based payment is equivalent to the fair value of the payment awards at the time they were granted and/or modified.

Share-based Payment

A total of 1,006,781 newly granted share-based payment awards for financial years 2023 to 2026 were issued to members of the Management Board in financial year 2022. The fair value of these payment awards was EUR 1.5m in total at the grant date.

Share-based payment in the previous year shows the fair value of the 316,484 share-based payment awards granted to members of the Management Board in 2021 for their Management Board work in financial years 2021 and 2022.

In addition, expenses for share-based payment awards granted to members of the Management Board in the current financial year amounted to EUR 0.7m (2021: EUR 2.0m). Further information on the share-based payment programmes of home24 SE is provided in note 5.8.

One-year Variable Remuneration

The one-year variable remuneration consists of an annual bonus, the maximum amount of which is set out in the respective Management Board employment contracts. For all Management Board members combined, the maximum bonus achievable for financial year 2022 was EUR 200k. The actual amount of the bonus earned for a financial year was decided at the discretion of the Supervisory Board within three months of the financial year-end, taking into account achievement of the specified targets. The relevant weighting of the targets for the annual bonus is 80% for the financial targets and 20% for the non-financial targets. The financial targets were broken down into the following three categories: Revenue growth at constant currency, profitability based on the adjusted EBITDA margin, and the cash position at the end of the 2022 financial year. In each category there is a target for achieving the full bonus (stretch) and a minimum below which no bonus is earned (floor). Between floor and stretch, the degree of target achievement is interpolated linearly. The targets for the different categories were: revenue growth of 23% to 43%, an adjusted EBITDA margin of 1.5% to 6% and a cash position of EUR 48.3m to EUR 98.3m. 20% of the annual bonus is subject to achievement of the non-financial targets sustainability and customer satisfaction, where achievement of the targets is decided at the discretion of the Supervisory Board, taking into account the relevant company KPIs.

Taking the targets agreed into account, the Supervisory Board decided to set the amount of the bonus for financial year 2022 at a total of EUR 0.1m. This variable cash remuneration was paid after the end of the reporting period.

In the reporting period, the members of the Management Board received variable cash remuneration of EUR 0.1m for financial year 2021.

Payments on Termination of Management Board Activity

In the event that a Management Board member dies before the end of their term of office, their spouse or registered partner and their dependent children under the age of 25 living at home are jointly and severally entitled to continue receiving their full fixed remuneration for the month of their death and the three subsequent months.

Loans and Advances

In the 2022 financial year, members of the Management Board did not receive any advances or loans from the Company or its subsidiaries.

Pension Commitments

No company pension arrangements have been agreed with the Management Board members.

Benefits of Former Management Board Members

As of the reporting date, home24 SE had no pension recipients or beneficiaries from among its former Management Board members or directors. As a result, the total benefits for former Management Board members and their surviving dependents and pension obligations to former Management Board members and their surviving dependents are EUR 0.

11.2. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board amounted to EUR 0.2m (2021: EUR 0.2m).

12. Basis of Consolidation

The Company held equity interests in the following subsidiaries as of December 31:

Subsidiaries	Registered seat	Purpose	Equity interest held 2022	Equity interest held 2021
Mobly Comércio Varejista Ltda. und verbundene Beteiligungen				
Jade 1216. GmbH	Berlin, Germany	Holding company	100.00%	100.00%
Jade 1412. GmbH	Berlin, Germany	Holding company	100.00%	100.00%
Juwel 181. VV UG [1]	Berlin, Germany	Holding company	0.00%	100.00%
home24 Holding GmbH&Co. KG (vormals VRB GmbH&Co. B-197 KG)	Berlin, Germany	Holding company	99.79%	99.79%
Mobly S.A. [2]	São Paulo, Brazil	Holding company	51.05%	51.05%
Mobly Hub Transportadora Ltda. [2]	São Paulo, Brazil	Logistics	51.05%	51.05%
Mobly Comércio Varejista Ltda. [2]	São Paulo, Brazil	Online shop	51.05%	51.05%
Übrige Tochtergesellschaften				
SPV-4 Furniture Services GmbH [3]	Berlin, Germany	Holding company	100.00%	100.00%
home24 Verwaltungs GmbH	Berlin, Germany	General partner	100.00%	100.00%
home24 eTrading GmbH	Berlin, Germany	Non-operating	100.00%	100.00%
home24 eLogistics GmbH&Co. KG	Berlin, Germany	Logistics	100.00%	100.00%
Home24 Polska S.A. [3]	Breslau, Poland	Non-operating	100.00%	100.00%
Home24 Polska Sp z oo [4]	Breslau, Poland	Non-operating	0.00%	100.00%
Club of Style (Shenzen) Ltd.	Shenzen, China	Service	100.00%	100.00%
Fashion4home Inc.	Dover, USA	Non-operating	100.00%	100.00%
Home24 Hong Kong Ltd. [5]	Hong Kong, China	Non-operating	0.00%	100.00%
home24 Outlet GmbH	Berlin, Germany	Retail	100.00%	100.00%
home24 Retail GmbH	Berlin, Germany	Service	100.00%	100.00%
Ideenreich Invest GmbH	Cologne, Germany	Holding company	100.00%	0.00%
Butlers Holding GmbH&Co. KG	Cologne, Germany	Holding company	100.00%	0.00%
Butlers Holding Management GmbH	Cologne, Germany	Holding company	100.00%	0.00%
Butlers Invest GmbH	Cologne, Germany	Service	100.00%	0.00%
Butlers GmbH&Co. KG	Cologne, Germany	Retail	100.00%	0.00%
Butlers Beteiligungs GmbH	Cologne, Germany	Holding company	100.00%	0.00%
Butlers Import GmbH	Cologne, Germany	Import	100.00%	0.00%
Butlers Handel GmbH	Cologne, Germany	Retail	100.00%	0.00%
Nicht in den Konsolidierungskreis einbezogene Tochtergesellschaften				
Butlers Comercio España S.L. [3]	Madrid, Spain	Non-operating	100.00%	0.00%
Butlers Comercio España S.L., S.C. [3]	Madrid, Spain	Non-operating	100.00%	0.00%
Butlers Trading Ltd. [3]	London, UK	Non-operating	100.00%	0.00%
Toprange GmbH [3]	Cologne, Germany	Non-operating	100.00%	0.00%
Union Wealthy Trading Ltd.	Hongkong, China	Non-operating	100.00%	0.00%

1 Merger with Jade 1216. GmbH in 2022
2 Group share calculated taking into account non-controlling interests at the intermediate holding company levelg
3 Merger with Home24 Polska S.A. in 2022
4 Merger with Home24 Polska S.A. in 2022
5 The entity was deleted in August 2021

Jade 1216. GmbH, a direct subsidiary of home24 SE, was merged with Jade 1412. GmbH in financial year 2022. Jade 1216. GmbH also holds an equity interest in home24 Holding GmbH&Co. KG (formerly: VRB GmbH&Co. B-197 KG), which in turn holds an equity interest in Mobly Comércio Varejista Ltda. and Mobly Hub Transportadora Ltda. via the Mobly S.A. holding company.

Non-controlling interests were recognized in equity with a carrying amount of EUR 48.3m as of December 31, 2022 (2021: EUR 49.8m). The loss allocated to non-controlling interests amounted to EUR -7.9m in the current financial year (2021: EUR –4.7m).

Summarized Financial Information on Subsidiaries with Material Non-controlling Interests
Summarized financial information for Jade 1216. GmbH and its direct and indirect subsidiaries and for Mobly S.A. and its direct subsidiaries is provided below.

Summarized Statement of Financial Position of Mobly S.A. and its Subsidiaries

In EURm	December 31, 2022	December 31, 2021
Non-current assets	59.9	50.1
Current assets	96.6	106.1
Total assets	**156.5**	**156.2**
Non-current liabilities	23.2	23.3
Current liabilities	37.1	30.9
Total liabilities	**60.3**	**54.2**
Net assets	**96.2**	**102.0**

Summarized Statement of Comprehensive Income for Mobly S.A. and its Direct and Indirect Subsidiaries

In EURm	2022	2021
Revenue	120.3	114.2
Loss for the period	–19,0	– 10.7
Other comprehensive income/loss for the period, net of tax	12.7	1.9
Total comprehensive income/loss for the period	**-6,3**	**- 8.8**

Summarized Statement of Cash Flows for Mobly S.A. and its Direct and Indirect Subsidiaries

In EURm	2022	2021
Cash flow from operating activities	8.3	– 49.4
Cash flow from investing activities	– 9.0	– 13.4
Cash flow from financing activities	– 5.0	101.4

Business Combination

Acquisition of Butlers Holding GmbH & Co. KG, Cologne

On December 22, 2021, home24 SE entered into an agreement for the direct and indirect acquisition of all shares in Butlers Holding GmbH&Co. KG ("Butlers Holding"). Butlers Holding directly or indirectly holds 100% of the shares in other group companies (Butlers Holding and its group companies collectively, the "Butlers Group" or "Butlers"). Upon completion of the transaction on April 1, 2022, the Butlers Group was included in the Consolidated Financial Statements of home24 SE for the first time. Butlers specializes in sales of home accessories, decorations and gifts. home24 expects the takeover of the Butlers Group to stimulate additional growth in both online and brick-and-mortar retail. The acquisition will enhance home24's private label capabilities in furniture by adding home textiles, decorations and tableware from the Butlers ranges to its portfolio. What is more, home24 expects strategic advantages in reaching new audiences and building customer loyalty, as well as in customer communication and direct marketing.

Consideration Paid as well as Assets Acquired and Liabilities Assumed

home24 measured the consideration transferred for the business combination at EUR 59.7m. It comprises the following components:

In EURm	Final consideration paid	Provisional consideration paid [1]	Change
Purchase price (payable in cash)	38.4	38.9	-0.5
Contingent consideration (payable in cash)	10.7	10.1	0.6
Shares issued	8.2	8.2	0.0
Share price guarantee (payable in cash)	2.5	2.2	0.3
Consideration transferred	**59.7**	**59.4**	**0.3**

[1] Reported in the Half-yearly Financial Report 2022

The final fixed purchase price of EUR 38.4m is EUR -0.5m lower than the preliminary figure reported. The change is mainly attributable to a clarification on determining the purchase price stating that no interest is to be paid on the purchase price between the day of signing the purchase agreement and the acquisition date.

Contingent Consideration

Contingent consideration has been agreed as part of the contract of sale with the sellers. It is dependent on achievement of an EBITDA target under German commercial law in the reference period of July 1, 2021 to June 30, 2022 and on the amount of net borrowings at the reporting date of December 31, 2021. Contingent consideration amounts to EUR 10.7m and is therefore within the range reported in the 2022 half-yearly financial report. Its fair value had to be adjusted in the amount of EUR 0.6m from the preliminary measurement as of June 30, 2022.

Deferred Purchase Price Payments

A portion of both the purchase price and the contingent consideration is not due for payment until financial year 2025. Annual interest of 3% is charged on the deferred amounts, which were presented under non-current borrowings as of December 31, 2022 at their carrying amount of EUR 14.1m. The Butlers brand has been assigned as collateral for the loans, and the inventories and movable fixed assets of the Butlers Group have been pledged as security.

Issued Shares and Share Price Guarantee
A total of 25.2% of the shares in Butlers Holding were contributed in return for the granting of 1,181,849 new shares in home24 SE, which were created by utilizing Authorized Capital 2020 with shareholders' preemptive rights disapplied. The acquisition-date fair value of the shares transferred was calculated based on the stock market price of EUR 6.91 per share, giving a total of EUR 8.2m. A share price guarantee is also part of the consideration. Depending on the trend in the market price of home24 shares up until December 31, 2026, the contributing seller is entitled to a compensation payment, which would be due in 2027. Using an option pricing model, home24 determined the fair value of the guarantee to be EUR 2.7m as of December 31, 2022 and EUR 2.5m as of the acquisition date of April 1, 2022. The liability arising from the share price guarantee is presented under non-current other financial liabilities.

The provisional acquisition-date fair values of the Butlers Group's identifiable assets and liabilities as reported at 30 June 2022 and determined after finalization of the initial accounting for the business combination are as follows:

In EURm	Final fair value	Provisional fair value[1]	Change
Property and equipment	4.7	4.7	0.0
Brand	33.2	33.2	0.0
Other intangible assets	4.5	4.7	-0.2
Right-of-use assets	71.7	71.5	0.2
Inventories	30.9	28.6	2.3
Receivables and other assets	7.7	7.6	0.1
Cash and cash equivalents	1.4	1.4	0.0
Lease liabilities	-66.5	-65.8	-0.7
Borrowings	-14.6	-14.6	0.0
Other liabilities/provisions	-17.3	-16.5	-0.8
Deferred tax liabilities	-12.0	-14.9	2.9
Total identifiable net assets at fair value	**44.0**	**39.9**	**4.1**
Goodwill	15.7	19.5	-3.8
Consideration transferred	**59.7**	**59.4**	**0.3**

1Reported in the Half-yearly Financial Report 2022

The brand relates entirely to the Butlers brand. As an asset with an indefinite useful life, it is not subject to amortization.

The Group measured the transferred lease liabilities at the present value of the lease payments to be made over the remaining lease term. The higher fair value of the right-of-use assets takes into account the favorable terms of the lease when compared with market terms on the acquisition date.

The goodwill of EUR 15.7m mostly relates to expectations regarding future profitable growth based on synergies generated from online and bricks-and-mortar retail, the sale of both the home24 and Butlers product groups via both sales channels, the development of new markets based on the respective other company's name recognition, plus other non-identifiable intangible pecuniary benefits such as Butlers' workforce. This is allocated in the full amount to the Europe segment.

Cash Outflow Resulting from the Business Combination

In EURm	
Purchase price paid to date	27.1
Transaction costs of the business combination (included in cash flow from operating activities) [1]	0.7
Cash acquired together with the subsidiary (included in cash flow from investing activities)	–1.4
Cash outflow in 2022 resulting from the business combination	**26.4**

[1] thereof EUR 0.6m in expenses in financial year 2021

The transaction costs of EUR 0.7m incurred in connection with the acquisition were directly recognized in profit or loss and are presented under administrative expenses. The costs attributable to the issue of home24 SE shares are less than EUR 0.1m and were offset directly against the capital reserves reported under equity.

As a result of the business combination, Butlers' borrowings were repaid on behalf of and for the account of Butlers. The repayments of principal totaling EUR 14.6m are presented in the cash flow from financing activities.

Revenue and Earnings Contributions

Since the acquisition date, the Butlers Group has contributed EUR 85.2m to the Group's revenue and EUR –6.3m to consolidated earnings. If the business combination had been completed at the beginning of the year, the Group's revenue would amount to EUR 620.4m and consolidated earnings would be EUR –55.8m.

13. Number of Employees

The average number of employees in the financial years is as follows:

	2022	2021
Women	1,391	728
Men	1,296	1,154
Divers	1	0
Total	**2,688**	**1,882**

14. Auditor's Fee

In the current reporting period, the following fees for the auditor, Ernst&Young GmbH, Wirtschaftsprüfungsgesellschaft, Berlin, were expensed:

In EURm	2022	2021
Audits of annual financial statements	0.4	0.3
Consulting services	0.0	0.0
Total	**0.4**	**0.3**

15. Management Board and Supervisory Board

Management Board
Marc Appelhoff, Berlin
Business graduate

Brigitte Wittekind, Potsdam
Business graduate

Philipp Steinhäuser, Berlin
Business graduate

The members of the Management Board serve on the Board on a full-time basis.

Current Posts

Name of the Management Board member	Posts in accordance with Section 285 No. 10 (HGB)
Marc Appelhoff	Mobly S.A. (Member of the Board of Directors)
Brigitte Wittekind	
Philipp Steinhäuser	Mobly S.A. (Member of the Board of Directors)

Supervisory Board
Lothar Lanz (Chairman of the Supervisory Board), Munich
Member of several supervisory boards

Verena Mohaupt (Chairwoman of the Audit Committee), Munich
Partner at Findos Investor GmbH

Nicholas C. Denissen, Seattle (Washington), USA
Independent entrepreneur and consultant

Dr. Philipp Kreibohm (Deputy Chairman of the Supervisory Board), Berlin
Early-stage investor in numerous Internet and technology companies

Current Posts
The following overview shows all current appointments in statutory supervisory boards or comparable supervisory bodies of companies in and outside Germany that were held by members of the Supervisory Board of home24 SE.

Name of the Supervisory Board member	Mandate gemäß §285 Nr. 10 HGB
Lothar Lanz	BAUWERT Aktiengesellschaft (Member of the Supervisory Board) Dermapharm Holding SE (Member of the Supervisory Board) TAG Immobilien AG (Member of the Supervisory Board) SMG Swiss Marketplace Group AG (Chairman of the Board of Directors)
Verena Mohaupt	Pacifico Renewables Yield AG (Member of the Supervisory Board) Linus Digital Finance AG (Chairwoman of the Supervisory Board)
Dr. Philipp Kreibohm (since June 17, 2021)	Modifi B.V. (Chairman of the Supervisory Board) Sento GmbH (Member of the Advisory Board)
Nicholas C. Denissen (since June 17, 2021)	s.Oliver Bernd Freier GmbH&Co. KG (Member of the Advisory Board)

16. Corporate Governance Statement Disclosures

The declaration of the Management Board and the Supervisory Board on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) is available on the parent company's website at http://irpages2.eqs.com/download/companies/homevierundzwanzig/CorporateGovernance/181218_home24_SE_declaration_of_conformity_DCGK_English.pdf.

17. Events after the Reporting Period

In the context of the voluntary public takeover bid from a bidding consortium made up of SGW-Immo-GmbH, LSW GmbH and RAS Beteiligungs GmbH ("XXXLutz"), the XXXLutz Group announced that it had secured 92.67% of home24 shares overall by the end of the extended acceptance period.

On February 22, 2022, the Company also submitted an application to revoke the admission of its shares to trading on the Prime Standard of the Frankfurt Stock Exchange. The admission of home24's shares to trading on the regulated market (General Standard) remains unaffected. This revocation is taking place in the context of the takeover bid from XXXLutz.

The acquisition of home24 will be completed as soon as all antitrust approvals have been received. XXXLutz intends to delist home24's shares after completing the takeover process.

The XXXLutz Group formally submitted the necessary documentation to the antitrust authorities on March 10. The Company currently expects that a final decision will be made on the planned merger in mid-April 2023.

No other events of particular significance took place between the reporting date (December 31, 2022) and the date on which the publication of the Consolidated Financial Statements and the Group Management Report was approved by the Management Board (March 29, 2023) that could have had a significant impact on the presentation of the Group's financial position, cash flows and financial performance.

18. Approval of the Financial Statements

The Consolidated Financial Statements and the Combined Management Report of home24 SE are published in the electronic Federal Gazette. The Management Board approved the Consolidated Financial Statements and the Combined Management Report for publication on March 29, 2023.

Berlin, March 29, 2023

Marc Appelhoff   Brigitte Wittekind   Philipp Steinhäuser

Responsibility Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report, which is combined with the Management Report of home24 SE, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Berlin, March 29, 2023

The Management Board

Marc Appelhoff　　Brigitte Wittekind　　Philipp Steinhäuser

Independent auditor's report

To home24 SE

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of home24 SE, Berlin, and its subsidiaries (the Group), which comprise the statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the financial year from January 1 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the group management report of home24 SE, which is combined with the management report of the Company (hereinafter the "group management report"), for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of the parts of the group management report specified in the appendix to the auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the parts of the group management report specified in the appendix.

Pursuant to Sec. 322 (3) Sentence 1 HGB we declare that our audit and our examination have not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1) Occurrence and measurement of revenue from the delivery of merchandise taking into account expected returns

Reasons why the matter was determined to be a key audit matter

As part of the delivery of merchandise, home24 SE satisfies its performance obligations when the merchandise is delivered, i.e., the date on which the significant risks and rewards of ownership and control of the merchandise are transferred to the customer. In the Europe segment, home24 customers have the option to return merchandise free of charge within the revocation periods stipulated by law and, in addition to that period, the return periods granted by home24 SE. The executive directors of the home24 Group calculate expected returns, for which no revenue is recognized. Their assumptions and judgments are based primarily on country-specific and month-specific expected rates of returns. Revenue has a significant influence on the net income of the Group and is one of the most important performance indicators for the home24 Group.

Due to the high transaction volume from selling merchandise and the potential risk of fictitious revenue and the uncertain estimate of expected returns, we consider the occurrence and measurement of revenue from the delivery of merchandise taking into account expected returns to be a key audit matter.

Auditor's response

In the course of our audit, we verified the process of revenue recognition established by the executive directors of the home24 Group from the order through to payment receipt on the basis of the documentation provided to us. We also tested the effectiveness of implemented internal controls and assessed compliance with the revenue recognition requirements under IFRS 15. focusing in particular on the operating effectiveness of IT-based controls. In order to identify anomalies regarding revenue and the development of revenue, we developed a forecast of segment-specific revenue from the sale of merchandise based on historical daily and summarized monthly revenue and compared it with the revenue recognized in the current financial year. In addition, we examined selected posting ledgers for any revenue entries that were entered manually as well as analyzed the respective contra accounts and correlations.

Moreover, as part of the substantive audit procedures, we also obtained documentation (delivery notes, invoices, payment receipts) for a sample of sales based on mathematical-statistical assumptions regarding the existence of revenue in order to determine whether the revenue recognized was based on a corresponding delivery of merchandise. We also verified the clerical accuracy of the expected returns as determined by the executive directors of the home24 Group. We compared the assumed month-specific and country-specific return rates with actual historical month-specific and country-specific return rates, among other things, and analyzed them. In order to evaluate the assumed month-specific and country-specific rate of returns, we also compared selected rates with the merchandise actually returned by the time we concluded our audit.

Our procedures did not lead to any reservations relating to the occurrence and measurement of revenue from the delivery of merchandise taking into account expected returns.

Reference to related disclosures

With regard to the accounting policies applied for the recognition of merchandise revenue, we refer to the Company's disclosures in sections 2.3 (Summary of Significant Accounting Policies) and 5.1 (Revenue) in the notes to the consolidated financial statements.

2) Subsequent measurement of online retail merchandise

Reasons why the matter was determined to be a key audit matter
The merchandise inventory of the home24 Group is continuously subject to risks associated with existing and potential future excess stocks, which are sold with discounts through online retail or are disposed of outside of online retail. Impairments of estimated future excess stocks from expected returns as well as existing excess stocks are calculated at the end of the reporting period and recognized in the consolidated financial statements.

The executive directors of the home24 SE Group calculate inventories based on the expected future sell-through for various sales channels. Expected future sell-through and the resulting estimated net realizable value are based on planning assumptions subject to judgment, which are determined using figures observed in the past.

We consider the subsequent measurement of merchandise inventory to be a key audit matter due to the high volume and heterogeneity of online retail merchandise as well as the judgment used in calculating inventories and estimating the future net realizable value.

Auditor's response
We evaluated the compliance of the accounting policies applied by the executive directors of the home24 SE Group in calculating the online retail merchandise inventory and the timely recognition of impairment losses with the regulations in IAS 2 (Inventories).

We also analyzed the process used by the executive directors of the home24 Group regarding the subsequent measurement of merchandise and gained an understanding of the process steps.

Within the scope of the valuation model, the executive directors consider the expected sell-through of merchandise for various sales channels. We compared the expected timing of the sell-through using past data with actual sales and examined any significant deviations or irregularities in detail. In addition, we verified the executive directors' allocation to valuation groups in the valuation model on a sample basis.

The valuation model also incorporates the expected proceeds from excess stocks. We examined the executive directors' assumptions for expected proceeds, considering proceeds actually generated in the past from merchandise sold with discounts as well as merchandise for disposal outside of online retail. In this context, we considered the quality-determining measurement categories defined by the executive directors separately. We developed expectations regarding potential future excess stocks based on this and compared these with valuation model assumptions and the write-downs recorded. Furthermore, we verified the clerical accuracy of the valuation model.

Our procedures did not lead to any reservations relating to the subsequent measurement of online retail merchandise.

Reference to related disclosures
With regard to the accounting policies applied for the subsequent measurement of online retail merchandise, we refer to the Company's disclosures in sections 2.3 (Summary of Significant Accounting Policies) and 5.14 (Inventories and Advance Payments on Inventories) in the notes to the consolidated financial statements.

3) Purchase price allocation for the Butlers Group

Reasons why the matter was determined to be a key audit matter
On December 22, 2021, Butlers Holding GmbH&Co. KG and home24 SE concluded an agreement on the direct and indirect acquisition of all shares in Butlers Holding GmbH& Co. KG ("Butlers Holding"). Butlers Holding directly or indirectly holds 100% of the shares in other group companies (Butlers Holding and its group companies together the "Butlers Group"). 50% of the shares were acquired indirectly via the 100% equity investment in Ideenreich Invest GmbH. 24.8% of the limited partner interests were acquired directly in cash. 25.2% of the shares were transferred to home24 SE as part of a contribution in kind. The purchase price was settled through the issuance of new shares in home 24 SE.

The business combination was completed on April 1, 2022 after the acquisition was approved by the antitrust authorities in Germany and Austria.

As of the acquisition date of April 1, 2022, the identifiable assets acquired and liabilities assumed were measured at their respective fair value on the basis of a purchase price allocation in accordance with IFRS 3 "Business Combinations" in conjunction with IFRS 13 "Fair Value Measurement".

The identification and measurement of assets and liabilities acquired are complex and are based on judgment-based assumptions made by the executive directors. The assumptions relevant for the measurement relate to the respective revenue and margin forecast, remaining useful lives, imputed royalties and franchise fee rates and the determination of the cost of capital. The calculation of goodwill and the determination and accounting treatment of the consideration, either as part of the purchase price of the acquisition or as a downstream expense, are subject to judgment.

Due to the complexity and materiality as well as the assumptions and estimates to be made by management as part of the purchase price allocation, we consider the purchase price allocation of the Butlers Group to be a key audit matter.

Auditor's response
We inspected and obtained an understanding of the contractual agreements. In addition, we reconciled the determination of the consideration, the measurement of the issuance of new shares of home24 SE with the evidence provided to us and assessed their accounting treatment in accordance with the requirements of IFRS 3.

Our audit procedures also comprised the assessment of the methodology applied by the external expert consulted by the executive directors to identify and measure the acquired assets and the assumed liabilities with regard to the requirements of IFRS 3. With the assistance of our valuation experts, we analyzed whether the assumptions and estimates subject to judgment (in particular growth rates and cost of capital) made to determine the fair values of significant acquired, identifiable intangible assets (in particular the acquired brand) and liabilities assumed correspond to general and industry-specific market expectations. In addition, we performed a mathematical and methodological review of the valuation models and reconciled the estimated future cash flows used for valuation purposes with the internal planning.

Further, we reviewed the assumptions and parameters underlying the cost of capital, particularly the risk-free interest rate and the market risk premium, with our own assumptions and publicly available data for appropriateness. In connection with the revenue and margin forecast, we also analyzed the developments forecast against the background of market expectations and observing the historical developments. Furthermore, we reviewed the disclosures on the acquisition of the Butlers Group in the notes to the consolidated financial statements.

Our audit procedures did not lead to any reservations relating to the accounting treatment of the acquisition of the Butlers Group in the consolidated financial statements.

Reference to related disclosures
With regard to the accounting policies applied for the purchase price allocation for the Butlers Group, we refer to the Company's disclosures in section 2.3 (Summary of Significant Accounting Policies) and section 12 (Business Combinations) in the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which is part of the statement on corporate governance, and for the remuneration report pursuant to Section 162 AktG. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report mentioned in the appendix to the auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Section 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file H24 KA+KLB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2022, contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Legal uncertainty on the conformity of the interpretation of the relevant European regulations

The consolidated financial statements converted into the ESEF format are not fully machine-readable on account of the conversion process chosen by the Company with regard to the notes information in the iXBRL format (block tagging). The legal conformity of the executive director's interpretation that the Delegated Regulation (EU) 2019/815 does not explicitly stipulate the structured notes to the financial statements to be fully machine-readable when blocktagging the notes is subject to significant legal uncertainty, which therefore also casts inherent uncertainty on our audit.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 HGB.

In addition, the management of the Company is responsible for such internal control as it has considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements by the Annual General Meeting on June 14, 2022. We were engaged by the Supervisory Board on November 16, 2022. We have been the group auditor of home24 SE without interruption since financial year 2013. home24 SE has been a corporation geared to the capital market pursuant to Section 264d HGB since 2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- Formal audit of the Company's Remuneration Report as of December 31, 2022

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Unternehmensregister [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr. Ingo Röders.

Appendix to the auditor’s report

1. Parts of the group management report whose content is unaudited

We have not audited the content of the following parts of the group management report:

- Corporate Governance Statement

2. Further other information

“Other information” comprises the following part of the annual report, which we were provided with prior to issuing this auditor’s report:

- Separate Non-financial Report

“Other information” also comprises the prescribed parts of the annual report, which were provided to us prior to issuing this auditor’s report, specifically the following sections:

- Responsibility statement by the Management Board
- Report of the Supervisory Board
- Remuneration Report
- The sections “At a Glance”, “Letter to Our Shareholders”,

but not the consolidated financial statements, not the management report disclosures whose content is audited and not our auditor’s report thereon.”

Berlin, March 29, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Röders	Nasirifar
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Glossary

Adjusted EBITDA – defined as earnings before interest, taxes, depreciation and amortization. Adjusted amounts include share-based payment and, in the current financial year, one-off costs incurred in connection with the acquisition of the Butlers Group or in connection with the takeover bid by the XXXLutz Group, and, in the prior-year period, costs related to the IPO of the subsidiary Mobly S.A. in February 2021.

Adjusted EBITDA margin – defined as the ratio of adjusted EBITDA to revenue.

Administrative expenses – defined as the sum of overhead expenses including employee benefit expenses and share-based payment expenses for employees and executives, depreciation and amortization, IT, other overhead costs.

Average order value, online – defined as gross merchandise value placed online divided by the number of online orders.

Cost of sales – defined as the purchase price of goods acquired plus inbound shipping and handling charges.

DACH region – defined as Germany, Austria and Switzerland.

Earnings contribution – defined as gross profit less fulfillment expenses and impairment losses on financial assets.

Employees – defined as employees of any gender who are not members of the Management Board.

Fulfillment expenses – defined as the sum of expenses relating to the dispatching, handling and packaging of goods, warehouse employee benefits, temporary warehouse work obtained and payment processing.

Gross merchandise value – defined as the value of all goods sold in the respective period, including VAT, before cancellations, returns or subsequent discounts.

Gross merchandise value growth at constant currency – defined as the growth in gross merchandise value using constant BRL/EUR exchange rates from the previous year.

Gross merchandise value, offline – defined as the value of all goods sold offline in the respective period (e.g. in retail stores, outlets), including VAT, before returns or subsequent discounts.

Gross merchandise value, online – defined as the value of all goods sold online in the respective period (e.g. via webshops, marketplaces), including VAT, before cancellations, returns or subsequent discounts.

Gross profit – defined as revenue less cost of sales.

Gross profit margin – defined as gross profit divided by revenue.

Key non-financial performance indicators – defined as gross merchandise value (online / offline), number of online orders, number of active online customers and average online order value.

Marketing expenses – defined essentially as the sum of expenses for performance marketing and TV marketing.

Net working capital – defined as inventories, advance payments made on inventories, trade receivables, current financial assets (excluding derivative financial instruments and restricted cash), collateral provided in connection with ongoing legal proceedings, current and non-current non-financial assets less trade payables and similar liabilities, current financial liabilities (excluding derivative financial instruments) and non-financial liabilities and contract.

Number of active customers, online – defined as the number of customers that have placed at least one non-canceled order via online channels in the 12 months prior to the respective date, before returns.

Number of orders, online – defined as the number of orders placed via online channels in the respective period, before cancellations or returns.

Other selling and distribution costs – defined as the sum of rent and ancillary costs or depreciation of right-of-use-assets for leased warehouses and retail stores, other logistics and marketing expenses, employee benefits and expenses for temporary work obtained for central fulfillment, retail and marketing activities including customer service, and other sales-related expenses and depreciation. liabilities.

Performance marketing – includes all online marketing channels used by home24 such as keyword search or online advertising banners on third-party websites.

Revenue growth at constant currency – defined as revenue growth using constant BRL/EUR exchange rates from the previous year.

Publishing Information

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Legal Disclaimer
This document contains forward-looking statements. These statements reflect the current view, expectations and assumptions of the management of home24 SE and are based upon information currently available to the management of home24 SE. Forward-looking statements should not be construed as a promise of future results and developments and involve known and unknown risks and uncertainties. Various factors could cause actual future results and developments to differ materially from the expectations and assumptions described in this document. These factors include, in particular, changes to the overall economic framework conditions and the general competitive environment. Besides, developments on the financial markets and changes of currency exchange rates as well as changes in national and international legislation, in particular tax legislation, and other factors have influence on the future results and developments of the Company. Neither home24 SE nor any of its affiliates assume any kind of responsibility, liability or obligations for the accuracy of the forward-looking statements and their underlying assumptions in this document. Neither home24 SE nor any of its affiliates do assume any obligation to update the statements contained in this document.

This annual report has been translated into English. It is available for download in both languages at www.home24.com. If there are variances, the German version has priority over the English translation.

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