

Speech for the Annual General Meeting of home24 SE

on June 14, 2022 in Berlin

Marc Appelhoff, CEO home24 SE



Important notice: The following text is a convenience translation of a non-binding draft (as of June 13, 2022) of Marc Appelhoff's speech at the Annual General Meeting of home24 SE on June 14, 2022 in Berlin. We expressly reserve the right to make changes, additions and corrections. Only the German version and the spoken word shall prevail.

Dear Shareholders,

Ladies and Gentlemen,

I would like to welcome you – also on behalf of my colleagues from the Management Board Brigitte Wittekind and Philipp Steinhäuser – to our Annual General Meeting.

Unfortunately we have to hold our Annual General Meeting digitally again this year, by now for the third time. I would like to thank you for joining us today and thus showing your interest in our company.

When our Annual General Meeting was held last year, the lockdown had just ended, vaccinations were available for most of the population and many assumed that the end of the pandemic was imminent. But by the fall of last year, Corona case numbers were rising again, supply chains remained fragile due to outbreaks in China, and the first hints of rising inflation rates found their way into the media - and also into our mailbox through specific price increases by our business partners. With the war in Europe raging since February of this year, we are all faced with new challenges. konfrontiert.

All this shows: The overall economic situation remains difficult and our industry is not exempt from this. Against this backdrop, we are first and foremost proud that we achieved a great deal in the past fiscal year. Starting from a very strong 2020, we increased sales by another 27 percent to 616.5 million euros.

EBITDA in 2021 amounted to EUR 1.4 million and was characterized by strong investment activity. The focus in the past year was clearly on growth. Therefore, we consequently invested every euro above our target of a positive EBITDA margin in new customer acquisition. We achieved this goal, and in the second half of the year in particular we gained market share on a strong scale.

To put things in a broader perspective: In the past two years, home24 has grown by almost 80 percent and gained 800,000 new customers. The fact that this was achieved at a time when most stationary stores were open again shows that we have convinced our customers of the benefits of online shopping. The turn of consumers towards online purchasing of home and living products was neither a flash in the pan nor a purely evasive movement. On the contrary, we see a constant change in consumers' needs and are aligning our strategy precisely to this. Compared with other sectors, the online share in furniture retailing is still significantly lower, so we expect further sustainable growth impulses from increasing online penetration.

Looking ahead, we see a decade for home24 that will be characterized by significant growth. This does not mean that we will report double-digit revenue growth quarter after quarter - but we firmly believe that the change in buying behavior and the benefits of our business model for customers will also be reflected in rising revenues and market shares in the long term.

home24 is now one of the leading pure play online furniture retailers, and to ensure that it remains that way, we focus on customer satisfaction above all else in everything we do. As a data-driven company, we do everything we can to make the shopping experience - also known as the customer journey - as positive as possible. This starts with inspiring our customers with a curated selection rather than overwhelming them with sheer volume. Intuitive ordering processes, fast and reliable delivery continue to ensure a very high level of satisfaction. This is regularly reflected in our surveys, which reflect a high willingness to recommend us to others. We maintained this so-called Net Promoter Score at a persistently high level even during the phase of highest order volume, when we simultaneously had to cope with staff shortages and other challenges in the supply chain.

Another indicator that we are meeting the needs of our customers is our low return rate. Although we allow our customers in Europe to return their goods free of charge, our return rate of just 7 percent is far below that of other online order companies. And that is no coincidence: we achieve a low return rate through good consulting, both on our website and in the showrooms. Even those who do not have the opportunity to visit one of our showrooms can seek consultation from there via video chat. We have also expanded our spare parts logistics and thus further minimized returns. Fewer returns not only mean lower costs for home24, but also a significantly lower environmental impact due to fewer transport routes and less packaging material.

We also made investments in our other key differentiators: We have selectively expanded our curated and inspirational assortment and added small items of furniture, decorative items, and accessories. In this way, we are increasing the frequency of purchases and strengthening the loyalty of our customers. We have also expanded our own-brand assortment. On the one hand, this provides our customers with orientation, as each private label stands for a specific design or product philosophy. For example, we offer furniture made of natural wood under the Ars Natura brand, Mørteens stands for Scandinavian-inspired design, and ars manufacti for the trendy industrial style. On the other hand, we have decisive competitive advantages with our own brands. This is because we ourselves act as both producer and seller. This enables us to achieve an extremely attractive price-performance ratio for our customers, while also achieving a better margin thanks to the extended value added. IT-supported analysis of trends and customer requirements enables us to offer an attractive product range with shorter delivery times and optimized warehousing costs. Our own brands are supplemented by selected ranges from relevant brands.

The most important aspect for our customers and their purchase decision is a satisfying shopping experience. It starts with the first contact with our website or app, which both offer orientation and at the same time inspire with a diverse selection. Trend and style recommendations guide through our range, provide inspiration, and enable comparisons. Increasingly, our customers are also using virtual reality representations to visualize individual pieces of furniture in their personal homes.

An essential part of the customer journey is the delivery: Particularly with large pieces of furniture that are delivered in several packages, the demands on logistics are high. Reliable delivery without damage is a matter of course for customers - which is why we have invested further in precisely this performance promise. In 2021, for example, we once again improved processes and made them more efficient. The newly introduced home24 delivery teams, which have so far taken over deliveries requiring two people in selected metropolitan areas, have had a particularly large impact on customer satisfaction.

personal homes.

In all of this, we are aware of our responsibility to the environment and society. First of all, I would like to emphasize that our business model is resource-friendly per se: We don't operate oversized sales areas in industrial parks that have to be lighted, heated or cooled, and which in the end can only show part of the range of products on offer. And we save our customers trips to precisely these partly secluded commercial areas. Instead, we are constantly improving our technology to make it easier for our customers to make their choice, for example, with virtual reality displays, and to further improve the home-from-home shopping experience. In addition, our showrooms, which are located in the heart of metropolitan areas and are therefore accessible by public transport, offer further opportunities to take a closer look at our products. In the showrooms, we create spaces for creative design: Above all, we offer a

comprehensive touch and feel for the presentation of our own brands and can provide advice on the actual product.

In addition, we are successfully driving forward our #forabetterhome sustainability strategy. In this regard, we are placing a special focus on climate protection, among other things. That is why we have already been measuring our CO2 emissions with an independent partner since 2019 and have our calculation verified by TÜV Rheinland. The collection of emissions data not only helps us to better understand our impact on the environment, but also enables us to set ourselves ambitious targets for reducing our emissions. For example, by switching to green electricity, we were able to achieve a 21% reduction in Scope 1 and 2 emissions in our most recent measurement compared to the previous year. We compensate for the emissions that we have not yet been able to reduce by supporting WWF gold standard certified projects. For example, we are currently supporting the construction of wind turbines and working to preserve the rainforest in Rwanda. Thanks to our commitment, we have been able to describe our business activities as climate neutral since 2019.

That we are on the right track with our efforts has also been confirmed by neutral parties: In 2021 our sustainability activities were assessed by the Institutional Shareholder Services group of companies (ISS). The assessment of sustainability performance is based on around 100 selected criteria depending on the industry in which home24 operates. In order to establish comparability within the industry, the companies assessed are assigned a rank from one to ten, with companies in the first rank demonstrating the best relative performance within the respective industry. We are proud that our sustainability efforts already place us among the top 20% in our industry.

With all these further developments and additions to our business model, we are making home24 the leading go-to destination for the online Home & Living segment. We intend to continue on this course in the current year, even if we are currently meeting with resistance. This is because rising inflation and Russia's war against Ukraine have pushed consumer sentiment in Europe and Germany down to its lowest level in decades. In anticipation of dramatically rising costs for heating, mobility and food, many consumers have postponed major purchases, at least for a while. We also felt the effects of this in the first quarter of 2022, when sales fell by 14 percent compared with the - extremely strong - period of the last year. Although we can still look back on impressive growth in a two-year comparison, the signs of a slowdown on the demand side are unmistakable. Added to this are the ongoing disruptions in global supply chains, which affect us as much as the industry as a whole. We are accepting this challenge and are clearly focusing on the factors we can influence ourselves.

We embarked on a very significant strategic move at the end of 2021: The acquisition of the lifestyle brand Butlers. Some of you may have wondered how Butlers, of all things, with its strong presence in the pedestrian zones of Germany and selected regions of Europe, fits in with an online furniture retailer. In our opinion, it is an excellent fit. Because from the first conversation with Butlers founder - and now home24 shareholder - Wilhelm Josten to the present day, the collaboration has been characterized by an enthusiasm for a hospitable home and an entrepreneurial curiosity to get the best out of the shared potential.

Butlers represents the ideal complement for home24. I presented our private label strategy to you earlier, which is gaining an increasing importance for us. Butlers is really excellently positioned in this field, especially in product categories in which home24 has not been active to date. Conversely, the

Butlers brand will have the opportunity to expand its range with home24 furniture and benefits from our online, technology and logistics expertise. We have already started to develop this synergy potential together, with a clear profitable growth path in mind. Together, we will further expand our market position.

The product segments complement each other perfectly, as Butlers supplies exactly the household articles, tableware and decorations that go with our furniture. The more seasonal nature of Butlers' business means that we will have the opportunity to come into contact with our customers even more frequently in the future. Probably very few people buy large pieces of furniture several times a year, but most buy Easter or Christmas decorations or gifts several times a year. And when it comes to customer contact, it is important to remember that around 40 million customers come in contact with Butlers every year, whether in the stores or the online store. We can now target them and draw their attention to home24.

In the meantime, we have made good progress with the integration: The first joint store under the home24 and Butlers brands has opened in Berlin. In the future, we want to display a curated range of home24 furniture in selected Butlers stores and thus create additional incentives to buy. We sell Butlers products on our home24 website, and under the claim "Zusammen wird's ein Zuhause" (Together it's a home), selected home24 products will be available to order directly from the Butlers website in the very near future. A joint customer loyalty program is in the works and is due to be launched before the end of the year.

Another big step is the launch of our curated marketplace on the home24 website. With this, we are expanding our range to include selected brands and items from the household, home textiles, and decor sectors, thus creating an

additional offering for our clientele without having to take purchasing and storage risks ourselves. So far, more than 100 retailers have registered for our platform. Already in May we took the offer of some sellers live for a first soft launch. The initial data shows us that we definitely have the potential to further round off our home24 offering with the marketplace articles. We therefore expect the integration of the additional offering into our assortment to provide further impetus for growth.

Ladies and Gentlemen,

home24 is on the right track and we still have many ideas on how to move the company forward. We are currently doing this in an enormously challenging economic environment. We know that even the most creative marketing campaign cannot persuade consumers to make purchases that they are putting off because of the increased cost of living. That is why this year we are placing an increased focus on profitability and our working capital. In addition to taking a stricter look at costs, we have therefore significantly lowered our marketing expenditure for customer acquisition in 2022. Investments will mainly go into the core business and the two key strategic projects Butlers integration and Marketplace that I described to you earlier.

We also expect the business figures to improve as early as the second quarter of 2022, also due to the effect of the first-time inclusion of Butlers in the consolidated financial results.

At this point I like to thank our employees, who have been delivering top performance for more than two years under constantly changing, extraordinary conditions. They are the ones who have managed and continue to manage all the consequences of lockdowns, home offices or supply chain disruptions. Our thanks and appreciation go to each and every one of you.

But I would also like to thank you, our shareholders, for your feedback, your support and your trust in home24.