Prospectus dated June 1, 2018

Prospectus
for the public offering

of

7,692,307 newly issued bearer shares with no par value (*Stückaktien*)
from a capital increase against contributions in cash to be resolved by
an extraordinary shareholders' meeting of the Company on or about June 13, 2018

and of

1,153,846 existing bearer shares with no par value (*Stückaktien*)
from the holdings of the Lending Shareholder in connection with a possible over-allotment,
with the total number of such over-allotment shares not exceeding
15.0% of the new shares actually placed in the offering

and at the same time for the

admission to trading on the regulated market (*regulierter Markt*)
of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the
sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the
Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

up to 7,692,307 newly issued bearer shares with no par value (*Stückaktien*)
from a capital increase against contributions in cash to be resolved by
an extraordinary shareholders' meeting of the Company on or about June 13, 2018

and

18,476,756 existing bearer shares with no par value (*Stückaktien*) (existing share capital),
each such share with a notional value of €1.00

of

home24 SE

Price Range: €19.50 – €24.50

International Securities Identification Number (ISIN): DE000A14KEB5
German Securities Code (*Wertpapierkennnummer* (*WKN*)): A14KEB
Ticker Symbol: H24

Joint Global Coordinators and Joint Bookrunners

Berenberg **Citigroup** **Goldman Sachs International**

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I. SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as elements (“***Elements***”). These Elements are numbered in Sections A − E (A.1 − E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words “not applicable”.*

A – Introduction and Warnings

A.1	**Warnings.**	This summary should be read as an introduction to this prospectus (the “**Prospectus**”). The investor should base any decision to invest in the subject securities on the review of this Prospectus as a whole. If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area. home24 SE, Berlin, Germany (the “**Company**” and, together with its consolidated subsidiaries, the “**Group**”, “**home24**”, “**we**”, “**us**”, “**our**” or “**ourselves**”), together with Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany (“**Berenberg**”), Citigroup Global Markets Limited, London, United Kingdom (“**Citigroup**”), and Goldman Sachs International, London, United Kingdom (“**Goldman Sachs International**” and, together with Berenberg and Citigroup, the “**Joint Global Coordinators**” or the “**Joint Bookrunners**”), assume responsibility for the contents of this summary, including any translations thereof, pursuant to Section 5 para. 2b no. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Those persons who have assumed responsibility for the summary, including any translations thereof, or for its issuance (*von denen der Erlass ausgeht*), can be held liable, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, all necessary key information.
A.2	**Information regarding the subsequent use of the prospectus.**	Not applicable. Consent by the Company regarding the use of this Prospectus for a subsequent resale or placement of shares has not been granted.

B – Issuer

B.1	**Legal and commercial name of the issuer.**	The Company's legal name is home24 SE. The Company is the parent company of the Group and primarily operates under the commercial name "home24". The Group also operates under additional commercial names, in particular "Fashion for Home" and "Mobly", as well as individual brands for specific products, in particular with respect to the Group's private label offering.
B.2	**Domicile, legal form and legislation under which the issuer operates and its country of incorpo-ration.**	The Company has its registered office at Greifswalder Straße 212 – 213, 10405 Berlin, Germany (telephone: +49 (0) 30 609 88 00 19), and is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 196337 B. The Company is organized under European law as a European company (*Societas Europaea* (*SE*)) and therefore subject to European legislations on such companies, especially to Council Regulation (EC) no. 2157/2001 of October 8, 2001 on the statute for a European company (SE), as amended. As a company registered in Germany, the Company is also subject to German law.
B.3	**Operations and principal business activities of the issuer and principal markets in which the issuer competes.**	We consider ourselves the pure-play market leader and go-to destination for home & living online shopping in continental Europe, where we operate in seven countries predominantly under our "home24" brand, and in Brazil, where we operate under our "Mobly" brand. Our strong market position is evidenced by our approximately 1.1 million Active Customers (as defined under "*Additional Key Performance Indicators*" in B.7) (as of December 31, 2017), who placed approximately 1.6 million orders with an Average Order Value (as defined under "*Additional Key Performance Indicators*" in B.7) of €277 (both in 2017). To satisfy different tastes, styles and budgets, we have built one of the largest and most relevant online offerings with over 100,000 stock keeping units (*i.e.*, code numbers for individual products included in our product offering ("**SKUs**")) of home & living products, including broad assortments of large furniture items (*e.g.*, living & dining furniture, upholstery and bedroom furniture) as well as small furniture items (*e.g.*, lighting products and accessories). We source these products from over 500 suppliers in more than 30 different countries, including directly from individual manufacturers for our private label offering. Our products are marketed on our home24 platform which comprises two distinct business models: • **<u>Third-party and white label products:</u>** approximately 76% of our SKUs are comprised of a broad selection of home & living products marketed under third-party and white label brands, which we generally do not keep in stock and which accounted for 44% of our revenue in 2017; and • **<u>Private label products:</u>** approximately 24% of our SKUs are comprised of our bestsellers marketed under our own private labels, which we source at highly competitive prices directly from selected manufacturers and other suppliers and often keep in stock and which accounted for 56% of our revenue in 2017. Our broad selection of products marketed under third-party and white label brands allows us to offer our customers a wide range of relevant mass market products, which is crucial to satisfy the diverse customer base in our markets where brands for individual products are of little importance and variety is key, without taking on inventory risk or tying up net working capital, while also providing us with essential data on customer preferences and behavior. By marketing our bestsellers under our own private labels, we can leverage our in-depth knowledge of customers' preferences to minimize inventory risk, improve our gross profit margins and offer our bestsellers at attractive prices and with relatively short delivery times.

To derive the maximum value from our home24 platform, we constantly try to optimize our customers' shopping experience. Through our state of the art, scalable information technology ("**IT**") platform, including our advanced big data analysis tools based on proprietary software, we tailor our marketing efforts and product offering to enable a maximum number of new and existing customers to find products they need and love even when using generic search terms. The superior customer experience we provide to them is based on our clear focus on customer needs and customer service, including both free deliveries and free returns in our European markets. Deliveries are handled by reliable third-party carriers and our platform is geared towards a smooth fulfillment process from sourcing, through warehousing, packaging, delivery, payment processing and customer service. In Brazil, we have supplemented these third-party carriers by successfully implementing a highly customer-centric and efficient delivery network for the last mile. As a result of our optimized logistics infrastructure, we can deliver a broad product offering with relatively short delivery times at low inventory levels, resulting in increasing recognition of, and loyalty to, our home24 platform.

We launched our online offering in 2009, subsequently focusing on compiling a broad and relevant home & living product offering and rapidly expanding our business. To this end, we acquired Mobly Comercio Varejista Ltda. ("**Mobly**") in 2012, which today heads our Latin America segment. In 2015, we acquired fashion4home GmbH to further solidify our competitive position in our largest market Germany while also integrating showrooms which had previously been operated by fashion4home GmbH into our operations. During these expansion efforts, our revenue grew rapidly at a compound annual growth rate of 129% between 2010 and 2015, reaching €233.7 million in 2015.

In 2016, we began taking the next step to support future growth, making significant investments to scale our home24 platform across the value chain, in particular by investing in end-to-end process optimization and automatic back-end fulfillment systems. In 2017, we re-accelerated our growth, which resulted in period-over-period revenue growth rates at constant currency of 1%, 7%, 17% and 23% in the three months ended March 31, June 30, September 30 and December 31, 2017, with revenue for 2017 amounting to €275.7 million. In the three months ended March 31, 2018, our period-over-period revenue growth rate at constant currency of 30% was even higher and revenue amounted to €84.5 million during that period. While we remain loss making on a Group level, the successful optimization of our platform has allowed us to increase our growth from quarter to quarter, while improving our Adjusted EBITDA (as defined under "*Additional Key Performance Indicators*" in B.7) margin from minus 32.3% in 2015 to minus 6.0% in the three months ended March 31, 2018. Our strategic goal is to reach Adjusted EBITDA (as defined under "*Additional Key Performance Indicators*" in B.7) breakeven on a Group level within approximately the next 18 months.

We believe that the development of our business is supported by the following strengths:

- A leading pure-play online destination brand for home & living in continental Europe and Brazil.
- Our unique business model driving superior economics and customer proposition.
- Our scalable, end-to-end automated and vertically integrated value chain.
- A scalable, first order profitable customer acquisition.
- Our best-in-class IT-platform empowering data-driven decision making and automation.
- Strong combination of accelerating growth and a clear path to profitability.

		The key elements of our strategy are: • We seek to position us to best benefit from the large, untapped market opportunity in the home & living industry. • We intend to roll-out our full go-to-market approach across our target markets in order to accelerate customer adoption and market penetration. • We plan to develop our platform to drive further growth, increase purchase frequency and brand loyalty. • We plan to expand into additional target markets and capitalize on the high degree of fragmentation in the home & living industry.
B.4a	**Most significant recent trends affecting the issuer and the industries in which it operates.**	The home & living market is currently impacted by a number of key trends, which together influence the performance of individual home & living retailers such as home24, in particular: • The increasing online engagement of consumers, leading to increasing online penetration in the home & living industry; and • The ageing of millennials (*i.e.*, people born after the early 1980s), leading to a larger share of the population engaging in online purchases.
B.5	**The group and the issuer's position within the group.**	The Company is the parent company of the Group. The Group's business is conducted by the Company and its various subsidiaries. The Group comprises all companies whose financial and business policy can be controlled by the Company, either directly or indirectly, and the equity interests of the Group whose financial and business policy can be influenced by the Company to a significant extent. As of the date of this Prospectus, the Group comprises 20 companies, of which 12 are based in Germany.
B.6	**Name of persons who, directly or indirectly, have a notifiable interest in the issuer's capital or voting rights.**	As of the date of this Prospectus, the following shareholders of the Company directly hold a notifiable interest in the Company's share capital and voting rights within the meaning of Sections 33 *et seq.* of the German Securities Trading Act (*Wertpapierhandelsgesetz*) (the "**Major Shareholders**"): • Rocket Internet SE (the "**Lending Shareholder**"), registered in the commercial register of the local court of Charlottenburg Germany, under the docket number HRB 165662 B, with its registered address at Charlottenstraße 4, 10969 Berlin, Germany; • Kinnevik Internet Lux S.à r.l. ("**Kinnevik**"), registered in the Luxembourg business registers under B190646, with its registered address at 7 Avenue Jean-Pierre Pescatore, L-2324 Luxembourg; • Scottish Mortgage Investment Trust plc., registered with the companies house in the United Kingdom under company number SC007058, with its registered address at Calton Square, l Greenside Row, Edinburgh, EH1 3AN, United Kingdom; • Vanguard World Fund, on behalf of its fund series Vanguard International Growth Fund, with its registered address at P.O. Box 2600, Valley Forge, Pennsylvania 19482, United States of America (the "**United States**"); • Domus Rheno B.V., registered in the companies register in the Netherlands (*The Netherlands Chamber of Commerce*) under no. 60961910, with its registered address at Rijnkade 1, 3511 LC Utrecht, the Netherlands; • Freemont Management SA, registered in the commercial register at the canton Vaud under no. CH-550-1.000.845-3, with its registered address at Rue des Remparts 2, 1095 Lutry, Switzerland;

- Zimmermann Investment Holding GmbH, registered in the commercial register of the local court of Iserlohn, Germany under the docket number HRB 8917, with its registered address at Eicken 1, 58791 Werdohl, Germany; and

- Dr. Philipp Kreibohm, a member of the management board of the Company (the "**Management Board**") with his business address at the Company's registered office at Greifswalder Straße 212 – 213, 10405 Berlin, Germany.

The following table sets for (i) the direct shareholdings of the Major Shareholders as well as other entities related to their respective ultimate controlling shareholder and (ii) the ultimate controlling shareholders of the Major Shareholders immediately prior to the Offering (as defined in C.1), as well as (iii) their expected shareholdings, together with the expected shareholdings of the public float upon completion of the Offering (as defined in C.1), assuming placement of 6,818,181 New Shares (as defined in C.1) at the mid-point of the Price Range (as defined in E.1) and final placement of 1,022,727 shares from the Greenshoe Option (as defined in E.3):

Ultimate Shareholder	Direct Shareholder	Beneficial (Indirect) Ownership of the Company: immediately prior to the Offering	upon completion of the Offering (no exercise of Greenshoe Option)	upon completion of the Offering (full exercise of Greenshoe Option)
			(in %)	
Rocket Internet SE[(1), (2)]	Rocket Internet SE/ Bambino 53. V V UG (haftungsbeschränkt)	41.22	30.11	28.94
Verdere S.à r.l.[(3)]	Kinnevik Internet Lux S.à r.l.[(2)]	16.84	12.30	11.82
Scottish Mortgage Investment Trust plc[(4)]	Scottish Mortgage Investment Trust plc	6.60	4.82	4.64
Vanguard World Fund[(5)]	Vanguard World Fund	5.50	4.02	3.86
Stichting Administratie-kantoor Lauwerecht[(6)]	Domus Rheno B.V.	4.32	3.15	3.03
Nabuco Foundation[(7)]	Freemont Management SA	3.67	2.68	2.58
Reinhold Zimmermann[(8)]	Zimmermann Investment Holding GmbH	3.60	2.63	2.53
Dr. Philipp Kreibohm[(9)]	Dr. Philipp Kreibohm/ Bambino 53. V V UG (haftungsbeschränkt)/ PK Projects GmbH	3.21	2.34	2.25
Treasury shares[(10)]		0.18	0.13	0.13
Other shareholders[(11), (12)]		15.26	11.15	10.71
Public float[(12)]		–	26.95	29.79
Total[(12)]		**100.00**	**100.00**	**100.00**

(1) The Lending Shareholder directly holds 7,526,032 shares in the Company. In addition, Bambino 53. V V UG (haftungsbeschränkt) ("**Bambino**"), a wholly-owned subsidiary of the Lending Shareholder, holds 90,429 shares in the Company, predominately as trustee for various persons. Due to its ownership of all shares in Bambino, these shares in the Company are attributed to the holdings of the Lending Shareholder. However, the voting rights attached to the shares in the Company held by Bambino as trustee are exercised at the direction of the relevant trustor and therefore are also attributable to such trustor.

(2) The voting rights held by Kinnevik are attributable to the Lending Shareholder and *vice versa* due to an acting in concert within the meaning of Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) between these entities.

(3) Kinnevik is a subsidiary of Kinnevik AB. Verdere S.à r.l. controls approximately 40.1% of the voting rights in Kinnevik AB and therefore has control over Kinnevik AB.

(4) Scottish Mortgage Investment Trust plc is a publicly listed company, and no person holds a controlling stake in Scottish Mortgage Investment Trust plc. Baillie Gifford & Co is the sole investment manager of Scottish Mortgage Investment Trust plc. Baillie Gifford & Co is owned by its partners, none of which holds a controlling stake in Baillie Gifford & Co.

(5) Vanguard World Fund is an investment company registered in the United States, and no person holds a controlling stake in Vanguard World Fund. Baillie Gifford Overseas Limited acts as investment advisor to Vanguard International Growth Fund, a fund series of Vanguard World Fund, but control over the votes remains with Vanguard International Growth Fund.
(6) Domus Rheno B.V. directly holds the shares in the Company. Stichting Administratiekantoor Lauwerecht indirectly holds all shares in Domus Rheno B.V. through SHV Holdings N.V. and SHV Nederland B.V.
(7) Freemont Management SA, in its capacity as a professional asset management company, holds a shareholding in the Company in its own name but for the account of its client, Regia Ltd., which also bears the risks from this investment. Nabuco Foundation is the sole shareholder of Regia Ltd.
(8) Mr. Zimmermann is the sole shareholder of Zimmermann Investment Holding GmbH.
(9) Dr. Kreibohm directly holds 511,700 shares in the Company. In addition, Bambino holds 90,429 shares in the Company as trustee for various persons, including 75,723 shares held as trustee for Dr. Kreibohm, with the voting rights attached to the shares held on behalf of Dr. Kreibohm to be exercised at his direction. Furthermore, PK Projects GmbH, in which Dr. Kreibohm is the sole shareholder, holds 5,547 shares in the Company.
(10) As of the date of this Prospectus, the Company holds 33,282 treasury shares.
(11) Refers to all shareholders with shareholdings of less than 3% in the Company's share capital immediately prior to the Offering (as defined in C.1) excluding treasury shares.
(12) Does not add up to numbers shown above due to the 75,723 shares in the Company that are held by Bambino, a wholly-owned subsidiary of the Lending Shareholder, as trustee for Dr. Kreibohm and which are therefore attributable to both the Lending Shareholder and Dr. Kreibohm.

Different voting rights of major shareholders of the issuer.	Not applicable. All of the Company's shares confer the same voting rights.
Direct or indirect control.	As of the date of this Prospectus, the Lending Shareholder holds more than 30% of the voting rights in the Company and is therefore considered to hold a controlling interest in the Company within the meaning of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* ("**WpÜG**")). In addition, the Lending Shareholder and Kinnevik have entered into a voting agreement (the "**Voting Agreement**"), pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting with respect to the composition of the supervisory board of the Company (the „**Supervisory Board**") as well as the nomination of the chairpersons of the Supervisory Board and certain committees of the Supervisory Board. The Voting Agreement expires upon the earlier of (i) 24 months after the closing of the Offering (as defined in C.1), (ii) the date on which either the Lending Shareholder or Kinnevik directly or indirectly holds less than 10% of the shares in the Company, or (iii) the date on which either the Lending Shareholder or Kinnevik has sold or otherwise transferred (other than to an affiliate of the transferring party) a number of shares corresponding to 25% of the shares in the Company held by such party as of the date of this Prospectus. As a result of the coordination of the exercise of voting rights with respect to the aforementioned matters under the Voting Agreement, the Lending Shareholder and Kinnevik will be considered persons acting in concert and their respective shareholdings will be mutually attributed pursuant to Sections 29 para. 2 and 30 para. 2 WpÜG. For the duration of the Voting Agreement, both the Lending Shareholder and Kinnevik will therefore be considered to hold a controlling interest in the Company within the meaning of the WpÜG. Following completion of the Offering (as defined in C.1), the Lending Shareholder will continue to directly and indirectly hold at least 27.9%, and Kinnevik and the Lending Shareholder together will continue to directly and indirectly hold at least 39.3%, of the Company's shares (assuming completion of the Offering (as defined in C.1) at the low end of the Price Range (as defined in E.1), issuance of 7,692,307 New Shares (as defined in C.1) and exercise of the Greenshoe Option (as defined in E.3) for 1,153,846 shares). As a result, the Lending Shareholder and Kinnevik will together continue to hold a controlling interest in the Company within the meaning of the WpÜG at least for the duration of the Voting Agreement.

B.7 Selected historical key financial information.

The financial information contained in the following tables and discussion is taken or derived from the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2017, 2016 and 2015, the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**")) and Section 315a para. 1 HGB, respectively. The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

The aforementioned audited consolidated financial statements of the Company and the respective independent auditor's report as well as audit opinions thereon and the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018 are included in this Prospectus.

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but was taken either from the unaudited condensed consolidated interim financial statements mentioned above, or the Company's internal reporting system, or has been calculated based on figures from the aforementioned sources.

All of the financial information presented in the tables and discussion below is shown in millions of Euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to zero.

Our historical results are not necessarily indicative of our future results, and our interim results as of and for the three months ended March 31, 2018 are not necessarily indicative of the results that should be expected for the full fiscal year ending December 31, 2018 or any other period.

Selected Consolidated Financial Information of the Company

Consolidated Statement of Comprehensive Income

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
		(audited) (in € million)		(unaudited) (in € million)	
Revenue	233.7	243.8	275.7	67.5	84.5
Cost of sales	(144.2)	(141.7)	(152.6)	(37.7)	(46.6)
Gross profit	**89.5**	**102.1**	**123.0**	**29.8**	**37.9**
Selling and distribution costs	(126.3)	(114.4)	(123.7)	(31.2)	(38.5)
Administrative expenses	(41.0)	(44.0)	(46.7)	(9.9)	(12.1)
Other operating income	1.7	0.9	1.4	0.2	0.3
Other operating expenses	(5.5)	(2.2)	(0.8)	(0.4)	(0.5)
Operating result (EBIT)	**(81.7)**	**(57.6)**	**(46.8)**	**(11.4)**	**(12.9)**
Finance income	1.4	1.4	0.5	0.2	0.2
Finance costs	(4.0)	(3.3)	(3.7)	(1.0)	(1.3)
Finance costs – net	(2.6)	(1.9)	(3.2)	(0.7)	(1.1)
Loss before taxes (EBT)	**(84.2)**	**(59.5)**	**(50.0)**	**(12.2)**	**(14.0)**
Income taxes	(0.8)	(0.3)	0.2	0.0	0.2
Loss for the period	**(85.1)**	**(59.9)**	**(49.8)**	**(12.1)**	**(13.8)**
Other comprehensive income/loss for the period, net of tax	**0.7**	**(0.4)**	**0.6**	**(0.1)**	**0.2**
Total comprehensive loss for the period	**(84.3)**	**(60.3)**	**(49.2)**	**(12.2)**	**(13.6)**

Consolidated Balance Sheet

	As of December 31,			As of March 31,
	2015	2016	2017	2018
		(audited) (in € million)		(unaudited) (in € million)
Assets				
Non-current assets				
Property and equipment	8.3	8.3	8.1	7.6
Intangible assets	34.9	38.9	43.5	44.5
Right of use assets	–	–	–	33.2
Other financial assets[(1)]	0.0	0.1	0.1	0.1
Other non-current assets	0.1	–	–	–
Restricted funds	5.7	5.4	4.9	5.1
Total non-current assets	**49.0**	**52.7**	**56.6**	**90.6**
Current assets				
Inventories	28.3	27.1	29.6	30.0
Right to repossess goods from expected returns	–	–	0.5	0.5
Trade and other financial receivables	15.5	10.9	12.8	12.0
Other financial assets	0.1	0.2	0.0	0.0
Other non-financial assets	6.9	3.5	1.9	1.6
Cash and cash equivalents	45.9	34.0	19.9	8.8
Total current assets	**96.8**	**75.6**	**64.5**	**52.9**
Total assets	**145.7**	**128.3**	**121.1**	**143.4**

	As of December 31, 2015	As of December 31, 2016	As of December 31, 2017	As of March 31, 2018
	(audited) (in € million)			(unaudited) (in € million)
Equity				
Issued capital	0.4	0.4	0.4	0.4
Treasury shares	–	–	(0.0)	(0.0)
Capital reserves	340.8	53.0	45.6	45.5
Other reserves	(5.6)	(5.9)	(5.4)	(5.2)
Accumulated profit/loss	(252.0)	24.0	18.0	6.3
Equity attributable to the owners of the parent company	**83.7**	**71.4**	**58.7**	**47.1**
Non-controlling interests	**(8.9)**	**(10.4)**	**(11.4)**	**(11.5)**
Total equity	**74.8**	**61.0**	**47.3**	**35.6**
Liabilities				
Non-current liabilities				
Financial liabilities	–	–	–	26.7
Other financial liabilities	–	0.4	0.5	0.5
Other liabilities	–	1.3	1.2	0.2
Provisions	–	0.6	0.9	0.9
Deferred tax liabilities	1.5	1.5	1.3	1.1
Total non-current liabilities	**1.5**	**3.9**	**3.9**	**29.5**
Current liabilities				
Financial liabilities	0.8	–	2.0	9.1
Trade payables and other financial liabilities	46.6	45.4	45.6	47.7
Advance payments received	14.6	10.1	14.2	13.4
Income tax liabilities	0.2	0.3	0.1	0.1
Other liabilities	3.3	5.0	5.9	6.2
Refund obligation	–	–	1.5	1.3
Provisions	3.9	2.7	0.6	0.5
Total current liabilities	**69.5**	**63.4**	**69.9**	**78.3**
Total liabilities	**71.0**	**67.3**	**73.9**	**107.8**
Total equity and liabilities	**145.7**	**128.3**	**121.1**	**143.4**

(1) Shown as financial assets in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2015.

Data from the Consolidated Statement of Cash Flow

	As of and for the year ended December 31, 2015	2016	2017	As of and for the three months ended March 31, 2017	2018
	(audited) (in €million)			(unaudited) (in €million)	
Cash flow from operating activities	(96.2)	(37.8)	(27.1)	(15.8)	(3.3)
Cash flow from investing activities	(20.2)	(13.9)	(13.7)	(3.3)	(5.6)
Cash flow from financing activities	133.3	39.6	26.8	2.0	(2.1)
Change in cash and cash equivalents	**16.9**	**(12.1)**	**(14.0)**	**(17.1)**	**(11.0)**
Cash and cash equivalents at the end of the period	45.9	34.0	19.9	16.8	8.8

Additional Key Performance Indicators

We use Adjusted EBITDA as a key performance indicator in order to assess the success of our business. In addition, we believe that our Contribution Margin (together with Adjusted EBITDA, the "**Key Performance Indicators**") will be helpful for investors when assessing our performance and financial position.

However, the Key Performance Indicators as well as certain other financial and non-financial key performance indicators included in this Prospectus do not necessarily indicate whether cash flows will be sufficient for our cash requirements, may not be suitable for an analysis of our business and operations and may not be indicative of future results. Furthermore, our Key Performance Indicators as well as the other financial and non-financial key performance indicators included in this Prospectus are not recognized as measures under IFRS, should not be considered as substitutes for an analysis of our operating results prepared in accordance with IFRS, and may not be comparable to similarly titled information published by other companies.

The following table provides an overview of our Key Performance Indicators as well as certain other financial and non-financial key performance indicators for the dates and periods presented:

	As of and for the year ended December 31,			As of and for the three months ended March 31,	
	2015	2016	2017	2017	2018
	(audited, and in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	233.7	243.8	275.7	67.5	84.5
Adjusted EBITDA	(75.4)(1)	(40.1)	(21.8)	(7.2)	(5.1)
Adjusted EBITDA margin (in %)(1), (2)	*(32.3)*	*(16.4)*	*(7.9)*	*(10.7)*	*(6.0)*
Profit Contribution(1)	37.6	54.2	75.8	17.5	22.7
Contribution Margin (in %)(1)	*16.1*	*22.2*	*27.5*	*25.9*	*26.9*
Active Customers (in thousand)(1), (3)	975.7	972.4	1,059.1	963.5	1,129.0
Number of orders (in thousand)(1), (4)	1,411.5	1,384.8	1,555.7	362.8	459.0
Average Order Value (in €)(1), (5)	261	264	277	295	278

(1) Unaudited.
(2) Defined as Adjusted EBITDA divided by revenue.
(3) Defined as the number of customers having placed at least one uncancelled order during the twelve months prior to the respective date, irrespective of returns ("**Active Customers**").
(4) Defined as the number of orders placed in the relevant period, irrespective of cancelations and returns.
(5) Defined as the aggregate gross order value of orders placed in the relevant period, including value added tax, divided by the number of such orders, irrespective of cancelations, returns as well as subsequent discounts and vouchers ("**Average Order Value**").

Adjusted EBITDA

We define EBITDA as the sum of (i) operating result (EBIT) and (ii) depreciation and amortization ("**EBITDA**"). We calculate adjusted EBITDA by adjusting EBITDA for share-based compensation expenses ("**Adjusted EBITDA**").

The following table provides a calculation of our Adjusted EBITDA for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Operating result (EBIT)	**(81.7)**	**(57.6)**	**(46.8)**	**(11.4)**	**(12.9)**
Depreciation and amortization	4.5	11.3	12.9	2.4	4.8
EBITDA(1)	**(77.2)**	**(46.3)**	**(33.9)**	**(9.0)**	**(8.1)**
Share-based compensation expenses(2)	1.8	6.2	12.0	1.8	3.0
Adjusted EBITDA	**(75.4)(1)**	**(40.1)**	**(21.8)**	**(7.2)**	**(5.1)**

(1) Unaudited.
(2) Comprises share-based compensation for current and former directors, officers and employees of the Group as well as share-based compensation in connection with advertising agreements.

Contribution Margin

We define profit contribution as the difference between (i) gross profit and (ii) fulfillment costs (*i.e.*, distribution, handling and packaging expenses, warehouse employee benefit expenses, warehouse freelancer expenses, payment expenses and bad debt expense) ("**Profit Contribution**"). We define our contribution margin as our Profit Contribution, divided by our revenue (the "**Contribution Margin**").

The following table provides a calculation of our Contribution Margin for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(unaudited and in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	233.7[1]	243.8[1]	275.7[1]	67.5	84.5
Cost of sales	(144.2)[1]	(141.7)[1]	(152.6)[1]	(37.7)	(46.6)
Gross profit	**89.5[1]**	**102.1[1]**	**123.0[1]**	**29.8**	**37.9**
Gross profit margin (in %)[2]	*38.3*	*41.9*	*44.6*	*44.1*	*44.9*
Distribution, handling and packaging expenses	(37.8)	(35.9)	(35.2)	(9.2)	(10.9)
Warehouse employee benefit expenses[3]	(6.6)	(6.6)	(7.8)	(1.8)	(2.7)
Warehouse freelancer expenses[3]	(0.5)	(0.3)	(0.6)	(0.2)	(0.5)
Payment expenses	(3.7)	(3.4)	(3.5)	(0.8)	(0.9)
Bad debt expense	(3.3)	(1.7)	(0.1)	(0.3)	(0.2)
Fulfillment costs	**(51.9)**	**(47.9)**	**(47.2)**	**(12.3)**	**(15.2)**
Profit Contribution	**37.6**	**54.2**	**75.8**	**17.5**	**22.7**
Contribution Margin (in %)	***16.1***	***22.2***	***27.5***	***25.9***	***26.9***

(1) Audited.
(2) Defined as gross profit divided by revenue.
(3) Warehouse employee benefit expenses and warehouse freelancer expenses comprise employee benefit expenses for our personnel and expenses for temporary external workers (*Zeitarbeiter*) who are directly involved in the warehouse handling processes for the fulfillment of orders.

Segment Information

We manage our business based on two operating segments, which are also our reportable segments in accordance with IFRS 8. Our European segment comprises our operations in our home market Germany as well as in Austria, Belgium, France, Italy the Netherlands and Switzerland. Our Latin America segment comprises our operations in Brazil. We do not divide our business into operating segments based on the type of business activities. We measure the performance of our segments on the basis of Adjusted EBITDA.

The following table shows the external revenue and Adjusted EBITDA for our European and Latin America segment for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Europe					
External revenue	183.2[1]	195.4	216.3	53.7	66.8
Adjusted EBITDA	(58.2)[1]	(34.6)	(19.7)	(6.3)	(5.8)
Latin America					
External revenue	50.5[1]	48.4	59.4	13.8	17.7
Adjusted EBITDA	(17.1)[1]	(5.5)	(2.1)	(0.9)	0.7

(1) Unaudited.

Significant changes to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.	The following significant changes in home24's financial condition and operating results occurred in the fiscal years ended December 31, 2015, 2016 and 2017, the three months ended March 31, 2017 and 2018 as well as in the subsequent period:

Fiscal Years ended December 31, 2015 and December 31, 2016

Our revenue increased from €233.7 million in 2015 by €10.1 million, or 4.3%, to €243.8 million in 2016, resulting from the shift in our attention from rapid growth to focusing on optimizing our operations, which also caused a decline in the number of orders by 1.9%. Revenue nevertheless benefitted from increasing online penetration in the home & living industry as well as the full consolidation of fashion4home GmbH, which we acquired towards the end of 2015 and consequently only consolidated for approximately six weeks in that year. Our period-over-period revenue at constant currency increased slightly faster at 5.5% in 2016.

In 2016, external revenue for our European segment increased from €183.2 million in 2015 by €12.2 million, or 6.7%, to €195.4 million, thereby increasing slightly faster than our Group revenue. This was due to numerous initiatives we implemented that focused on improving the efficiency of our European operations as well as the full consolidation of fashion4home GmbH. For our Latin America segment, external revenue decreased from €50.5 million in 2015 by €2.1 million, or 4.2%, to €48.4 million in 2016, due to currency exchange rate effects as a result of the declining Brazilian Real and a greater focus on profitability. Period-over-period external revenue at constant currency in our Latin America segment increased by 1.4% in 2016.

Our operating result (EBIT) improved from a loss of €81.7 million in 2015 by €24.1 million, or 29.5%, to a loss of €57.6 million in 2016. Operating result (EBIT) included depreciation and amortization as well as share-based compensation expenses, which increased in 2016 due to options granted under our long-term incentive programs. Adjusted for these items, Adjusted EBITDA improved by €35.3 million to minus €40.1 million in 2016, driven by the significant decrease in selling and distribution costs and other benefits from the streamlining across our value chain. This corresponded to an improvement of our Adjusted EBITDA margin by 15.9 percentage points to minus 16.4% in 2016.

Compared to 2015, Adjusted EBITDA for our European segment improved by €23.6 million to minus €34.6 million in 2016, benefitting from our focus on improving our operations and margins. This also resulted in an improvement of our Adjusted EBITDA margin for our European segment by 14.1 percentage points to minus 17.7% in 2016. The Adjusted EBITDA for our Latin America segment also improved, rising by €11.6 million to minus €5.5 million in 2016, corresponding to an improvement of the Adjusted EBITDA margin for this segment by 22.5 percentage points to minus 11.4% in 2016.

Fiscal Years ended December 31, 2016 and December 31, 2017

In 2017, revenue increased from €243.8 million in 2016 by €31.9 million, or 13.1%, to €275.7 million in 2017, due to our decision to re-accelerate our growth, in particular driven by our increased marketing efforts. Consequently, the number of orders also increased by 12.3% in 2017. Our period-over-period revenue at constant currency increased slightly less by 11.7% in 2017.

In our European segment, external revenue increased from €195.4 million in 2016 by €20.9 million, or 10.7%, to €216.3 million in 2017, primarily driven by our increased marketing efforts (*e.g.*, TV ads in Germany). External revenue in our Latin America segment increased from €48.4 million in 2016 by €11.0 million, or 22.7%, to €59.4 million in 2017, due to a higher number of Active Customers and an increase in the Average Order Value. Period-over-period external revenue at constant currency in our Latin America segment increased at a slower pace of 15.7% in 2017.

In 2017, operating result (EBIT) improved from a loss of €57.6 million in 2016 by €10.8 million, or 18.8%, to a loss of €46.8 million. Operating result (EBIT) included depreciation and amortization as well as share-based compensation expenses, which increased significantly in 2017 as a result of the introduction of new long-term incentive programs. Adjusted for these items, Adjusted EBITDA increased by €18.3 million and amounted to minus €21.8 million in 2017, driven by our growing revenue from which we were able to derive higher profits as a result of the increased scalability of our platform, in particular due to the optimization of our fulfillment infrastructure and higher sales of our private label products. This corresponded to an improvement of our Adjusted EBITDA margin by 8.5 percentage points to minus 7.9% in 2017.

Propelled by the successful optimization of our platform, Adjusted EBITDA for our European segment improved by 43.1% compared to 2016 to minus €19.7 million in 2017, with our Adjusted EBITDA margin improving by 8.6 percentage points to minus 9.1%. For our Latin America segment, Adjusted EBITDA improved by 61.8% to minus €2.1 million in 2017, while the Adjusted EBITDA margin improved by 7.9 percentage points to minus 3.5% in 2017. In the fourth quarter of 2017, our Latin America segment even achieved Adjusted EBITDA breakeven for this seasonally strong quarter, evidencing the positive development of our operations in Brazil.

Three Months Ended March 31, 2017 and March 31, 2018

Our revenue increased from €67.5 million in the three months ended March 31, 2017 by €17.0 million, or 25.2%, to €84.5 million in the three months ended March 31, 2018, primarily due to an increase in the number of Active Customers, which rose by 6.6% between December 31, 2017 and March 31, 2018, as well as an increase in the number of orders by 26.4% from 0.4 million in the three months ended March 31, 2017 to 0.5 million in the three months ended March 31, 2018. Our period-over-period revenue at constant currency increased even faster at 30.1% in the three months ended March 31, 2018.

In the three months ended March 31, 2018, external revenue in our European segment increased from €53.7 million in the three months ended March 31, 2017 by €13.1 million, or 24.4%, to €66.8 million, primarily driven by our increased marketing efforts (*e.g.*, TV ads in Germany). External revenue in our Latin America segment increased from €13.8 million in the three months ended March 31, 2017 by €3.9 million, or 28.3%, to €17.7 million in the three months ended March 31, 2018, driven by an increase in the number of Active Customers as well as our ability to deliver our products through our last mile delivery capabilities faster. Period-over-period external revenue at constant currency in our Latin America segment increased significantly faster and rose by 52.5% in the three months ended March 31, 2018.

In the three months ended March 31, 2018, operating result (EBIT) deteriorated from a loss of €11.4 million in the three months ended March 31, 2017 by €1.5 million, or 13.2%, to a loss of €12.9 million. Operating result (EBIT) included depreciation and amortization as well as share-based compensation expenses. Adjusted for these items, Adjusted EBITDA improved from minus €7.2 million in the three months ended March 31, 2017 by €2.1 million and amounted to minus €5.1 million in the three months ended March 31, 2018, with such increase mainly due to our re-accelerated growth as well as benefits from economies of scale and from operating our optimized platform. In addition, the early application of IFRS 16 contributed €1.7 million to the increase of our Adjusted EBITDA in the three months ended March 31, 2018. These developments led to an improvement of our Adjusted EBITDA margin from minus 10.7% in the three months ended March 31, 2017 by 4.7 percentage points to minus 6.0% in the three months ended March 31, 2018.

For our European segment, our Adjusted EBITDA improved from minus €6.3 million in the three months ended March 31, 2017 by 7.9% to minus €5.8 million in the three months ended March 31, 2018, driven by the continued improvement of our Contribution Margin due to economies of scale as well as the early application of IFRS 16. During that same period, our Adjusted EBITDA margin for our European segment improved by 3.0 percentage points to minus 8.7%. For our Latin America segment, Adjusted EBITDA reached breakeven as a result of growing external revenue and economies of scale, amounting to €0.7 million in the three months ended March 31, 2018, up from minus €0.9 million in the three months ended March 31, 2017, while our Adjusted EBITDA margin improved to 4.0%.

Recent Developments

With effect from April 1, 2018, Johannes Schaback was appointed as a member of the Management Board.

In May 2018, the Company entered into an agreement for a shareholder loan for up to €20.0 million (the "**Shareholder Loan**") with GGC EUR S.á r.l., an affiliate of the Lending Shareholder and Felix Jahn, a shareholder of the Company (together, the "**Lenders**"). As of the date of this Prospectus, an aggregate amount of €7.5 million has been drawn under the Shareholder Loan. The maturity date for the Shareholder Loan is September 2, 2019.

By resolution of the shareholders' meeting of May 14, 2018, the Company changed its legal form from a stock corporation (*Aktiengesellschaft*) under German law into a European company (*Societas Europaea* (*SE*)) organized under European and German law by way of a change of legal form (*formwechselnde Umwandlung*) and changed its legal name to home24 SE. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 16, 2018.

On May 17, 2018, the Management Board, with the consent of the Supervisory Board, resolved to issue 423 new shares to GMPVC German Media Pool GmbH in order to fulfill the obligations of the Company under an investment agreement with GMPVC German Media Pool GmbH against contributions in cash in an amount of €1.00 per share from the Company's authorized capital 2017, resulting in an increase of the Company's share capital from €429,269.00 by €423.00 to €429,692.00. The capital increase was registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 23, 2018.

On May 18, 2018, the Company's shareholders' meeting resolved to increase the Company's share capital by €18,047,064.00 from €429,692.00 to €18,476,756.00 by transforming an amount of €18,047,064.00 of the Company's capital reserves (*Kapitalrücklage*) into share capital. The consummation of the capital increase was registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 23, 2018.

Except as described above, there have been no significant changes to our financial position, financial performance, cash flows or trading position between March 31, 2018 and the date of this Prospectus.

B.8	**Selected key pro forma financial information.**	Not applicable. The Company has not prepared any pro forma financial information.
B.9	**Profit forecast or estimate.**	Not applicable. The Company has not prepared a profit forecast or profit estimate.

B.10	**Qualifications in the audit report on the historical financial information.**	Not applicable. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Germany, has audited the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2017, 2016 and 2015, respectively, as well as the Company's audited unconsolidated financial statements as of and for the fiscal year ended December 31, 2017 in accordance with Section 317 HGB and German generally accepted standards for financial statement audits, and issued unqualified independent auditor's reports with respect to the Company's German-language consolidated financial statements as of and for the fiscal year ended December 31, 2017 and the Company's German-language unconsolidated financial statements as of and for the fiscal year ended December 31, 2017 as well as unqualified audit opinions with respect to the Company's German-language consolidated financial statements as of and for the fiscal years ended December 31, 2016 and 2015.
B.11	**Insufficiency of the issuer's working capital.**	Not applicable. The Company is of the opinion that the Group is in a position to meet at least those payment obligations that become due within the next twelve months following the approval of this Prospectus.

C – Securities

C.1	**Type and class of the securities being offered and admitted to trading.**	This initial public offering relates to the offering of 8,846,153 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2018 (the "**Offering**"), consisting of: • 7,692,307 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against contributions in cash (the "**IPO Capital Increase**") expected to be resolved by an extraordinary shareholders' meeting of the Company on or about June 13, 2018 (the "**New Shares**"); and • 1,153,846 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Lending Shareholder in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the New Shares, the "**Offer Shares**"), provided that the total number of Over-Allotment Shares will not exceed 15.0% of the New Shares actually placed in the Offering. For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to up to 7,692,307 New Shares and 18,476,756 existing bearer shares with no par value (*Stückaktien*) of the Company, each such share representing a notional value of €1.00.
	Security identification number.	International Securities Identification Number (ISIN): DE000A14KEB5 German Securities Code (*Wertpapierkennnummer* (*WKN*)): A14KEB Ticker Symbol: H24
C.2	**Currency of the securities issue.**	Euro.
C.3	**Number of shares issued and fully paid and par value per share.**	As of the date of this Prospectus, the share capital of the Company amounts to €18,476,756.00 and is divided into 18,476,756 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. As of the date of this Prospectus, the Company holds 33,282 treasury shares.

C.4	**Rights attached to the securities.**	Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.
C.5	**Restrictions on the free transfera-bility of the securities.**	Not applicable. The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth in E.5, there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.
C.6	**Application for admission to trading on a regulated market and identity of all the regulated markets where the securities are to be traded.**	The Company expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about June 4, 2018. The listing approval (admission decision) for the Company's shares is expected to be granted on June 14, 2018. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on June 15, 2018.
C.7	**Dividend policy.**	We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends in the foreseeable future. Any future decision to pay dividends will be made in accordance with applicable laws and will depend upon, *inter alia*, our results of operations, financial condition, contractual restrictions and capital requirements. Our ability to pay dividends may also be limited by the terms of our financial liabilities or preferred securities.

D – Risks

An investment in the Company's shares is subject to risks. In addition to the other information contained in this Prospectus, investors should carefully consider the following risks when deciding whether to invest in the Company's shares. The market price of the Company's shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.

The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to our business, financial condition, cash flows, results of operations and prospects. The risks mentioned herein may materialize individually or cumulatively.

D.1 Key risks that are specific to the issuer or its industry.

Market and Business related Risks

- We have never been profitable on a Group level and there is no guarantee that we will ever become and remain profitable.
- Future growth poses various risks and challenges to our business and we may not be able to manage future growth efficiently.
- Any deterioration of economic conditions in the markets in which we operate may adversely affect our business and results of operations.
- Acceptance of our online home & living product offering may decrease or fail to improve.

- Our growing geographic footprint exposes us to political, economic, legal and other risks and uncertainties.
- We face intense competition from traditional brick and mortar retailers as well as other online retailers, which may intensify even further.
- Any failure to maintain, protect and enhance our reputation and brands may adversely affect our business.
- Our significant investments in marketing may fail to yield the desired results.
- If our websites and apps do not achieve a high ranking in organic search results, this could reduce traffic to our websites and apps.
- We may be unable to effectively communicate with our customers through email and other messages as well as social media.
- We may be subject to negative publicity, including inaccurate adverse information.
- Our business is subject to seasonal fluctuations which may have a material impact on our results.
- We may not be able to maintain and expand our product offering to meet the evolving demands of our customers.
- We may be unable to maintain and expand our relationships with suppliers or to find additional suppliers.
- A lack of credit insurance at acceptable terms may lead our suppliers to seek to reduce their credit exposure to us.
- Product defects and product recalls could adversely affect our business and reputation.
- Our sourcing and logistics costs are subject to movements in the prices for raw materials and fuel, and we may not be able to pass on price increases to our customers.
- We may be unable to efficiently manage our inventory levels.
- We may fail to efficiently operate and expand our warehouses and logistics capabilities.
- We depend on third-party carriers for the delivery of our products.
- Our complex payment systems could fail to function properly.
- We may be subject to credit card fraud or other fraudulent behavior.
- Dissatisfaction with our customer service could prevent us from retaining our customers.
- We may experience significant returns.
- Investments in our IT-platform and IT-infrastructure may not yield the desired results.
- We may fail to operate, maintain, integrate and upgrade our IT-infrastructure, or to adopt and apply technological advances.
- We may experience malfunctions or disruptions of our IT-systems.

- We may experience security breaches and disruptions due to hacking, viruses, fraud and malicious attacks.

- Our existing financial liabilities could limit the cash flows available for our operations, and any default with respect to our financial liabilities could lead to the Company's insolvency.

- We may require additional capital which might not be available on economically acceptable terms, or at all.

- We depend on our personnel to grow and operate our business and may not be able to retain and replace existing personnel or to attract new personnel.

Regulatory, Legal and Tax Risks

- We are subject to numerous, complex and sometimes conflicting legal and regulatory regimes.

- We may be adversely affected by changes in the regulations applicable to the use of the Internet and the e-commerce sector.

- Our risk management and compliance structure may prove inadequate.

- We may not be able to adequately protect our intellectual property against infringements from third parties.

- We may be accused of infringing on the intellectual property of third parties.

- We may be unable to acquire, utilize and maintain our domains and trademarks.

- We may be involved in litigation or other proceedings that could adversely affect our business.

- Our business is subject to the general tax environment in the jurisdictions in which we operate and any changes to this tax environment may increase our tax burden.

D.3 Key risks specific to the securities.

Risks related to the Company's Shareholder Structure, its Shares and the Offering

- The Company's shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for these shares will develop.

- The Company's share price could fluctuate significantly, and investors could lose part or all of their investment in the Company's shares.

- Following this Offering, the Company's existing shareholders will retain a significant interest in the Company and their interests may conflict with those of the Company and its other shareholders.

- The Company does not expect to pay any dividends in the foreseeable future.

- We may fail to comply with the additional requirements, which will be applicable to us following the listing of the Company's shares.

- Future offerings of debt or equity securities by the Company could adversely affect the market price of the Company's shares, and future issuances of shares could lead to a substantial dilution of the Company's shareholders (*i.e.*, a reduction in the value of existing shareholders' interests in the Company).

- Future sales by major shareholders could materially adversely affect the price of the Company's shares.

E – Offer

E.1	**Total net proceeds.**	The Company will receive the proceeds from the Offering resulting from the sale of the New Shares. In addition, the Company will receive the proceeds from the exercise of the Greenshoe Option (as defined in E.3), if any. The Company targets gross proceeds from the Offering in an amount of approximately €150.0 million and the price range for the Offering within which purchase orders may be placed of €19.50 to €24.50 per Offer Share (the "**Price Range**") has been set to ensure that at the low end of the Price Range, the Company would issue 7,692,307 New Shares and still achieve its target gross proceeds. If the Offer Shares are placed at a higher offer price for the Offering (the "**Offer Price**"), the number of New Shares issued by the Company would be reduced accordingly. Therefore, at the mid-point and high end of the Price Range, the Company would issue 6,818,181 New Shares and 6,122,448 New Shares, respectively, to reach the target gross proceeds in an amount of approximately €150.0 million. The number of Over-Allotment Shares will not exceed 15.0% of the New Shares actually placed in the Offering. Assuming placement of the respective number of New Shares at the low end, mid-point or high end of the Price Range, up to 1,153,846, 1,022,727 and 918,367 Over-Allotment Shares, respectively, would be placed with investors. Assuming in each case full exercise of the Greenshoe Option (as defined in E.3), at the low end, mid-point, and high end of the Price Range, the gross proceeds from the exercise of the Greenshoe Option would amount to approximately €22.5 million. After deduction of the costs of the Company relating to the Offering and assuming payment of the discretionary fee in full, the Company estimates that the net proceeds from the placement of the New Shares would amount to approximately €142.5 million. Assuming payment of the discretionary fee in full and full exercise of the Greenshoe Option (as defined in E.3) for the respective number of shares, at the low end, mid-point, and high end of the Price Range the Company estimates that the net proceeds from the exercise of the Greenshoe Option (as defined in E.3) would amount to approximately €21.8 million, corresponding to total net proceeds of approximately €164.3 million.
	Estimate of the total expenses of the issue/offer.	The costs of the Company related to the Offering of the Offer Shares and the listing of the Company's entire share capital, including underwriting and placement commissions payable to the Joint Bookrunners, are expected to total approximately €8.2 million (assuming full exercise of the Greenshoe Option (as defined in E.3) for the respective number of shares and payment of the discretionary fee in full).
	Estimated expenses charged to the investor.	Not applicable. Investors will not be charged expenses by the Company or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities
E.2a	**Reasons for the offering.**	The Company intends to pursue the Offering and list its shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the Offering and to gain access to the capital markets.

	Use of proceeds.	The Company currently intends to use the net proceeds from the Offering as follows: (i) between approximately €80 million and approximately €90 million to fund the roll-out of the refined go-to-market approach to all active geographies, a continued forward integration of our delivery chain and continued investments into the profitable growth of home24's business, (ii) between approximately €30 million and approximately €40 million for investments in property, equipment and technology, primarily into extending the warehouse footprint, (iii) up to €15 million to repay the Shareholder Loan, including fees related thereto, as well as payments in connection with media agreements, and (iv) between approximately €17 million and approximately €19 million to create strategic flexibility for new business lines. The Company intends to use the remainder of the net proceeds from the Offering, if any, for general corporate purposes.
	Estimated net amount of the proceeds.	After deduction of the costs of the Company relating to the Offering and assuming payment of the discretionary fee in full, the Company estimates that the net proceeds from the placement of the New Shares would amount to approximately €142.5 million. Assuming payment of the discretionary fee in full and full exercise of the Greenshoe Option (as defined in E.3) for the respective number of shares, at the low end, mid-point, and high end of the Price Range the Company estimates that the net proceeds from the exercise of the Greenshoe Option (as defined in E.3) would amount to approximately €21.8 million, corresponding to total net proceeds of approximately €164.3 million.
E.3	**Terms and conditions of the offer.**	The Offering consists of initial public offerings in Germany and the Grand Duchy of Luxembourg and private placements in certain jurisdictions outside Germany and the Grand Duchy of Luxembourg. In the United States, the Offer Shares will only be offered and sold to qualified institutional buyers as defined in, and in reliance on, Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S under the Securities Act.
	Price Range.	The Price Range for the Offering within which purchase orders may be placed is €19.50 to €24.50 per Offer Share.
	Offer Period.	The period during which investors may submit purchase orders for the Offer Shares is expected to commence on June 4, 2018, and to expire on June 13, 2018 (the "**Offer Period**").
	Offer Price.	The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company after consultation with the Joint Bookrunners and are expected to be published on or about June 13, 2018. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Joint Bookrunners reserve the right to reject orders, or to only accept them in part.
	Delivery and Settlement.	Delivery of the Offer Shares against payment of the Offer Price is expected to take place on June 19, 2018. The Offer Shares will be made available to investors as co-ownership interests in the global share certificates.
	Stabilization Measures, Over-Allotments and Greenshoe Option.	In connection with the placement of the Offer Shares, Berenberg, acting for the account of the Joint Bookrunners, will act as the stabilization manager and may, as stabilization manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended, in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Company's shares, thus alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares.

In connection with these stabilization measures, investors may, in addition to the New Shares, be allocated up to 1,153,846 Over-Allotment Shares as part of the allocation of the Offer Shares (the "**Over-Allotment**"). For the purpose of such potential Over-Allotments, Berenberg, acting for the account of the Joint Bookrunners, will be provided with up to 1,153,846 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners an option to acquire up to 1,153,846 additional shares of the Company at the Offer Price, less the agreed commissions (the "**Greenshoe Option**") for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after the completion of the Offering.

Berenberg, acting for the account of the Joint Bookrunners, is entitled to exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by Berenberg on the date when the Greenshoe Option is exercised, if such shares were acquired by Berenberg in the context of stabilization measures.

E.4 Interests material to the issue/offer.

In connection with the Offering and the admission to trading of the Company's shares, the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder.

The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms.

Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with home24 and its shareholders, including lending activities, or may perform services for home24 or its shareholders in the ordinary course of business.

home24's long-term incentive programs provide that the performance shares and virtual options issued under such long-term incentive programs will only become exercisable in case of an exit event. The listing of the Company's shares will constitute such an exit event. In addition, the amounts that holders of performance shares and virtual options under home24's long-term incentive programs can claim depend on the results of the Offering. As a result, the holders of such performance shares and virtual options, including the members of the Management Board, have an interest in the listing and the success of the Offering on the best possible terms.

In addition, the management service agreements of the members of the Management Board Marc Appelhoff, Christoph Cordes and Johannes Schaback provide that the Supervisory Board may, in its sole discretion, award each of these members of the Management Board a variable remuneration of up to €50,000.00 per annum. In making its decision, the Supervisory Board shall take into account whether certain business objectives are met. For the fiscal year ending December 31, 2018, the Supervisory Board has set the successful completion of the listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the successful completion of the Offering for a certain valuation as the relevant business objectives. Consequently, the aforementioned members of the Management Board have an interest in the listing and the success of the Offering on the best possible terms.

Participation agreements entered into between the Company and the current managing directors of Mobly, Victor Noda, Mario Carlos Fernandes Filho and Marcelo Rodrigues Marques, provide for put- and call-option arrangements with respect to their minority interests in the holding companies for our Latin America segment in case of certain exit events. Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will enable the managing directors of Mobly to require the Company to acquire such minority interests, with the price to be paid by the Company depending, *inter alia*, on the Offer Price and the price of the Company's shares in subsequent stock exchange trading. Assuming a successful placement of 6,818,181 New Shares at the mid-point of the Price Range and based on the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, the Company expects that the aggregate claims of Victor Noda, Mario Carlos Fernandes Filho and Marcelo Rodrigues Marques would amount to approximately €7.2 million. Consequently, the managing directors of Mobly have an interest in the listing and the success of the Offering on the best possible terms.

The Company has taken out the Shareholder Loan from the Lenders with an aggregate amount of €7.5 million outstanding as of the date of this Prospectus. Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) and the Company receives gross proceeds from the placement of the New Shares amounting to at least €25.0 million, this will enable the Lenders to require the Company to repay the Shareholder Loan. As a result, the Lenders have an interest in the listing.

In connection with the Shareholder Loan, the Company and the Lenders entered into a fee agreement. The fee agreement provides that the Lenders will receive an additional fee if the Company places new shares of the Company for aggregate proceeds of at least €25.0 million in the course of a listing of the Company's shares, with such fee depending on the implied valuation of the Company's shares and the amounts outstanding under the Shareholder Loan. Assuming placement of 6,818,181 New Shares at the mid-point of the Price Range, the Company estimates that the fee due to the Lenders would amount to approximately €0.2 million, to be split between the Lenders on a *pro rata* basis depending on the loan amount provided by the respective lender. As a result, the Lenders have an interest in the listing and the success of the Offering on the best possible terms.

In July 2017, the Company and SevenVentures GmbH ("**SevenVentures**") entered into an exit participation agreement. Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will constitute an exit event under such exit participation agreement. Assuming placement of 6,818,181 New Shares at the mid-point of the Price Range, the Company expects that the claims of SevenVentures that become due upon completion of the Offering would amount to approximately €2.4 million. As a result, SevenVentures has an interest in the listing and the success of the Offering on the best possible terms.

	Conflicting interests.	Not applicable. There are no conflicting interests with respect to the Offering or the listing of the Company's shares.
E.5	**Name of the person or entity offering to sell the security and lock-up agreements**	The Offer Shares are being offered for sale by the Joint Bookrunners. In the underwriting agreement entered into between the Company, the Lending Shareholder and the Joint Bookrunners on June 1, 2018, the Company agreed with the Joint Bookrunners that, during the period commencing on June 1, 2018 and ending 180 days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 15, 2018), without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld, the Company will not: • announce or effect an increase of the share capital of the Company from authorized capital; • propose to its shareholders' meeting an increase of the share capital; or • announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company or economically similar transactions. The foregoing will not apply to any capital increase in connection with the Offering. Furthermore, the Company may (i) issue or sell any shares or other securities, including, but not limited to, actual or virtual options, under current and future management participation plans to former and future employees, supporters, former, current and future members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles and (ii) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding, or resolve upon, the entering into any joint venture or the acquisition of any companies, provided that in the case of (i), the Company will, with respect to future management participation plans only, use its best efforts that the relevant beneficiary of such future management participation plan or, in the case of (ii), the parties to the joint venture or acquiring entity to which such shares will be issued, agree towards the Joint Global Coordinators to be bound by the same lock-up undertaking as the Company. In addition, for the period commencing on June 1, 2018 and ending, with respect to the existing shareholders 180 days, and with respect to the members of the Management Board twelve months, after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 15, 2018), the existing shareholders and the members of the Management Board undertook in writing that with respect to their shares of the Company held as of the date of this Prospectus and/or shares of the Company issued for the settlement of certain options held as of the date of this Prospectus they will not, without the prior written consent of the Joint Global Coordinators: • directly or indirectly offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of (*e.g.*, by issuing or selling any securities exchangeable into shares), such shares; • directly or indirectly cause or approve the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of shares; • directly or indirectly propose any increase in the share capital of the Company to any shareholders' meeting for resolution, or vote in favor of such a proposed increase;

- directly or indirectly cause or approve the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into shares of the Company; or
- enter into or perform any transaction economically equivalent to those described in the items above, in particular, the issuance of options or conversion rights on shares of the Company, or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of such shares;

other than in case of the second and third item above for the purposes of the Offering, and in case of each item above, in order to settle certain options or as expressly provided for in this Prospectus, including the securities loan to provide Berenberg with the Over-Allotment Shares.

The foregoing shall not apply to (i) any transfer of shares to any affiliate of the respective shareholder of the Company or member of the Management Board; (ii) any transfer of shares to any other shareholder of the Company that held shares immediately prior to the Offering, provided, however, that the aggregate number of shares transferred in reliance on (ii) may not exceed 10% of the respective holder's total shares unless agreed otherwise by the Joint Global Coordinators taking into account the restrictions set forth below; (iii) future pledges granted to one or more of the Joint Global Coordinators or any of their affiliates having been agreed by the Joint Global Coordinators; (iv) any transfers of shares to one or more of the Joint Global Coordinators or any of their affiliates pursuant to the enforcement of any pledge entered into in accordance with (iii); and (v) any sale of shares to finance tax claims against a member of the Management Board that become due following the settlement of certain options in shares, provided in each case of (i) through (iv) that such transferee(s) agree(s) by written confirmation *vis-à-vis* the Joint Global Coordinators to be bound by the same lock-up undertaking for the then remaining term of the lock-up undertaking.

The Joint Global Coordinators may, in their sole discretion, jointly waive the lock-up undertaking in full or in part, provided that any such discretionary waiver applies to all shareholders of the Company that are subject to such undertaking on a *pro rata* basis (*i.e.*, relative to the number of shares subject to such undertaking).

If the office of a member of the Management Board is terminated during the aforementioned lock-up period or the Company and a member of the Management Board agree on such termination, the aforementioned lock-up period for the respective member shall be reduced to the six-month period following the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

E.6 Amount and percentage of immediate dilution resulting from the offer.

As of March 31, 2018, the Group's net book value (*i.e.*, total assets plus negative non-controlling interests less total non-current liabilities and total current liabilities) amounted to €47.1 million, and would amount to €2.55 per share of the Company based on 18,476,756 outstanding shares of the Company immediately prior to the Offering. The Group's net book value is shown as equity attributable to the owners of the parent company in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.

The dilutive effect of the Offering is illustrated in the table below, demonstrating the amount by which the Offer Price exceeds the net book value per share after completion of the Offering and assuming the Offering had been completed on March 31, 2018. In this respect, the net book value as of March 31, 2018 is adjusted for the effects of the successful completion of the Offering, assuming (i) the execution of the IPO Capital Increase for 7,692,307 New Shares at the low end of the Price Range, 6,818,181 New Shares at the mid-point of the Price Range and 6,122,448 New Shares at the high end of the Price Range, respectively, and the exercise of the Greenshoe Option for 1,153,846 shares at the low end of the Price Range, 1,022,727 shares at the mid-point of the Price Range and 918,367 shares at the high end of the Price Range, respectively, as well as (ii) an increase in the net book value by €164.3 million at the low end, mid-point and high end of the Price Range (in each case not taking into account any tax effects). The adjusted net book value is expressed as a per share figure, assuming 27,322,909 shares, 26,317,664 shares and 25,517,571 shares, respectively, of the Company outstanding upon completion of the Offering at the low end, mid-point and high end, respectively, of the Price Range (this per share figure being referred to as the "**Post-IPO Equity**"):

	As of March 31, 2018		
	Low end	**Mid-point**	**High end**
		(unaudited)	
		(in €, unless otherwise specified)	
Net book value per share[(1)]	2.55	2.55	2.55
Gross proceeds from the Offering (in € million)	172.5	172.5	172.5
Estimated total costs of the Offering (in € million)[(2)]	8.2	8.2	8.2
Net proceeds from the Offering (in € million)	164.3	164.3	164.3
Post-IPO Equity (in € million)	211.4	211.4	211.4
Post-IPO Equity per share	7.74	8.03	8.29
Amount by which the offer price exceeds the Post-IPO Equity per share (immediate dilution of new shareholders of the Company)	11.76	13.97	16.21
Percentage by which the Offer Price exceeds the Post-IPO Equity per share (in %)	*151.9*	*174.0*	*195.5*
Amount by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	5.19	5.48	5.74
Percentage by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (in %)	*203.5*	*214.9*	*225.1*

(1) Based on 18,476,756 outstanding shares of the Company immediately prior to the Offering and a net book value of the Group in an amount of €47.1 million as of March 31, 2018, shown as equity attributable to the owners of the parent company in the Company's unaudited condensed consolidated interim financial statements as of and for three months ended March 31, 2018.

(2) Including underwriting and placement commissions payable to the Joint Bookrunners and assuming payment of the discretionary fee in full.

Prior to the Offering, the Company's existing shareholders, including the Lending Shareholder, held 99.8% of the shares in the Company, with the remainder being held by the Company as treasury shares. Upon completion of the Offering at the low end, mid-point and high end, respectively, of the Price Range, the aggregate shares held by the Company's existing shareholders, including the Lending Shareholder, would amount to 67.5%, 70.1% and 72.3%, respectively, of the Company's total shares (assuming in each case full exercise of the Greenshoe Option for the respective number of shares).

Prior to the Offering, the Lending Shareholder held 41.2% of the shares in the Company. Upon completion of the Offering at the low end, mid-point and high end, respectively, of the Price Range, the aggregate shares held by the Lending Shareholder would amount to 27.9%, 28.9% and 29.8%, respectively, of the Company's total shares (assuming in each case full exercise of the Greenshoe Option for the respective number of shares).

E.7	**Estimated expenses charged to the investor by the issuer or offeror.**	Not applicable. Investors will not be charged expenses by the Company or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

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II. ZUSAMMENFASSUNG DES PROSPEKTS

*Zusammenfassungen bestehen aus geforderten Angaben, die als Punkte („**Punkte**") bezeichnet werden. Diese Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art von Wertpapier und Emittentin in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und der Emittentin in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In solchen Fällen enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis „Entfällt".*

A – Einleitung und Warnhinweise

A.1	**Warnhinweise.**	Diese Zusammenfassung sollte als Einführung zu diesem Prospekt (der „**Prospekt**") verstanden werden. Der Anleger sollte jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedstaaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die home24 SE, Berlin, Deutschland (die „**Gesellschaft**" und zusammen mit ihren konsolidierten Tochtergesellschaften „**home24**", die „**Gruppe**", „**wir**", „**uns**", „**unsere**" oder „**uns selbst**"), zusammen mit Joh. Berenberg, Gossler & Co. KG, Hamburg, Deutschland („**Berenberg**"), Citigroup Global Markets Limited, London, Vereinigtes Königreich („**Citigroup**"), und Goldman Sachs International, London, Vereinigtes Königreich („**Goldman Sachs International**" und zusammen mit Berenberg sowie Citigroup die „**Joint Global Coordinators**" oder die „**Joint Bookrunner**"), haben nach § 5 Abs. 2b Nr. 4 des Wertpapierprospektgesetzes die Verantwortung für den Inhalt dieser Zusammenfassung, einschließlich etwaiger Übersetzungen hiervon, übernommen. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Angaben über eine spätere Verwendung des Prospekts.**	Entfällt. Eine Zustimmung der Gesellschaft zur Verwendung dieses Prospekts für eine spätere Weiterveräußerung oder Platzierung von Aktien wurde nicht erteilt.

B – Emittent

B.1	**Gesetzliche und kommerzielle Bezeichnung des Emittenten.**	Die Firma der Gesellschaft lautet home24 SE. Die Gesellschaft ist die Muttergesellschaft der Gruppe und betreibt ihr Geschäft unter dem Handelsnamen „home24". Die Gruppe betreibt ihr Geschäft auch unter weiteren Handelsnamen, insbesondere „Fashion for Home" und „Mobly" sowie unter individuellen Marken für ihre Produkte, insbesondere hinsichtlich des Eigenmarkenangebots der Gruppe.
B.2	**Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft.**	Die Gesellschaft hat ihren satzungsmäßigen Sitz in der Greifswalder Straße 212 – 213, 10405 Berlin, Deutschland (Telefon: +49 (0) 30 609 88 00 19), und ist im Handelsregister des Amtsgerichts Charlottenburg, Deutschland, unter der Registernummer HRB 196337 B eingetragen. Die Gesellschaft ist eine Europäische Gesellschaft (*Societas Europaea* (*SE*)) und unterliegt daher europäischem Recht, insbesondere der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE) in der jeweils gültigen Fassung. Als eine in Deutschland eingetragene Gesellschaft unterliegt die Gesellschaft zudem deutschem Recht.
B.3	**Geschäftstätigkeit und Haupttätigkeiten des Emittenten samt der hierfür wesentlichen Faktoren.**	Wir sehen uns als Marktführer und die erste Adresse für reines Online-Shopping im Bereich Home & Living in Kontinentaleuropa, wo wir in sieben Ländern hauptsächlich unter der Marke „home24" tätig sind, sowie in Brasilien, wo wir unter unserer Marke „Mobly" agieren. Unsere starke Marktposition zeigt sich in unseren rund 1,1 Mio. Aktiven Kunden (wie unter „*Zusätzliche wesentliche Leistungsindikatoren*" in B.7 definiert) (zum 31. Dezember 2017), die rund 1,6 Mio. Bestellungen mit einem Durchschnittlichen Bestellwert (wie unter „*Zusätzliche wesentliche Leistungsindikatoren*" in B.7 definiert) von €277 (jeweils in 2017) aufgegeben haben. Um unterschiedliche Geschmäcker, Stilrichtungen und Budgets zu bedienen, haben wir eines der größten und relevantesten Online-Angebote mit über 100.000 Lagerhaltungseinheiten (*stock keeping units*) (d.h. Codenummern für individuelle Produkte, die in unserem Produktangebot enthalten sind („**SKUs**")) von Home & Living Produkten, einschließlich breiter Sortimente von großen Möbelstücken (zum Beispiel Wohn- und Esszimmermöbel, Polstermöbel und Schlafzimmermöbel) sowie kleinen Möbelstücken (zum Beispiel Beleuchtungsprodukte und Accessoires), zusammengestellt. Wir beziehen diese Produkte von über 500 Lieferanten in mehr als 30 Ländern, darunter direkt von einzelnen Herstellern für unser Angebot an Eigenmarken. Unsere Produkte werden über unsere home24-Plattform vertrieben, die zwei verschiedene Geschäftsmodelle umfasst: • **Dritt- und Handelsmarkenprodukte**: rund 76% unserer SKUs bestehen aus einer breiten Auswahl an unter Dritt- und Handelsmarken vertriebenen Home & Living Produkten, die wir allgemein nicht auf Lager halten und auf die 2017 rund 44% unserer Umsatzerlöse entfielen; sowie • **Eigenmarkenprodukte**: rund 24% unserer SKUs bestehen aus Bestsellern, die unter unseren Eigenmarken vertrieben werden und die wir zu äußerst wettbewerbsfähigen Preisen direkt von ausgewählten Herstellern und anderen Lieferanten beziehen, häufig auf Lager halten und auf die 2017 rund 56% unserer Umsatzerlöse entfielen.

Unser breites Angebot an Produkten, die unter Dritt- und Handelsmarken vertrieben werden, ermöglicht es uns, unseren Kunden eine vielfältige Palette von relevanten Produkten für den breiten Markt anzubieten. Dies ist entscheidend für uns, um den heterogenen Kundenstamm in unseren Märkten zu bedienen, in denen Marken für einzelne Produkte von geringer Bedeutung sind und Vielfalt ausschlaggebend ist, ohne dass wir ein Inventarrisiko eingehen oder Nettoumlaufvermögen binden müssten, wobei dieses Model uns zudem mit wesentlichen Daten zu Kundenpräferenzen und -verhalten versorgt. Durch die Vermarktung unserer Bestseller unter unseren Eigenmarken können wir unser fundiertes Wissen über Kundenpräferenzen nutzen, um das Inventarrisiko zu minimieren, unsere Bruttoergebnis vom Umsatz-Marge zu verbessern und unsere Bestseller zu attraktiven Preisen und mit relativ kurzen Lieferzeiten anzubieten.

Um den maximalen Nutzen aus unserer home24-Plattform zu ziehen, versuchen wir ständig, das Einkaufserlebnis unserer Kunden zu optimieren. Durch unsere hochmoderne, skalierbare Informationstechnologie („**IT**") Plattform, einschließlich unserer fortschrittlichen Werkzeuge zur umfangreichen Datenanalyse, die auf selbst entwickelter Software basieren, passen wir unsere Marketingbemühungen und das Produktangebot so an, dass eine maximale Anzahl von neuen und bestehenden Kunden selbst mit generischen Suchbegriffen die Produkte findet, die sie brauchen und lieben. Das herausragende Kundenerlebnis, das wir bieten, basiert auf unserer klaren Fokussierung auf die Bedürfnisse unserer Kunden und den Kundenservice, einschließlich kostenloser Lieferungen und kostenloser Rücksendungen in unseren europäischen Märkten. Auslieferungen erfolgen über zuverlässige Drittzusteller und unsere Plattform ist auf einen reibungslosen Abwicklungsprozess ausgerichtet, von der Beschaffung über die Lagerung, Verpackung, Lieferung, Zahlungsabwicklung bis hin zum Kundenservice. In Brasilien haben wir diese Drittzusteller durch die erfolgreiche Implementierung eines auf Kunden fokussierten und effizienten Zustellungsnetzwerks für die letzte Meile ergänzt. Aufgrund unserer optimierten Logistikinfrastruktur sind wir in der Lage, ein breites Produktangebot mit relativ kurzen Lieferzeiten bei niedrigen Lagerbeständen anzubieten, was zu einer zunehmenden Bekanntheit und Bindung an unsere home24-Plattform führt.

Wir haben unser Online-Angebot 2009 gestartet und uns in den folgenden Jahren darauf konzentriert, ein breites und relevantes Angebot an Home & Living Produkten zusammenzustellen sowie unser Geschäft schnell auszubauen. Zu diesem Zweck haben wir 2012 Mobly Comercio Varejista Ltda. („**Mobly**") erworben, das heute unser Segment Lateinamerika anführt. 2015 haben wir die fashion4home GmbH übernommen, um unsere Wettbewerbsposition in unserem größten Markt Deutschland weiter zu festigen und zugleich Showrooms, die zuvor von der fashion4home GmbH betrieben wurden, in unsere Aktivitäten zu integrieren. Während dieser Expansionsmaßnahmen stiegen unsere Umsatzerlöse zwischen 2010 und 2015 mit einer durchschnittlichen jährlichen Wachstumsrate von 129% rasant und erreichten 2015 €233,7 Mio.

2016 sind wir den nächsten Schritt angegangen, um zukünftiges Wachstum zu unterstützen und haben signifikante Investitionen getätigt, um unsere home24-Plattform entlang der Wertschöpfungskette zu skalieren, insbesondere durch Investitionen in die durchgehende Prozessoptimierung und automatische Back-End-Liefersysteme. 2017 haben wir unser Wachstum wieder beschleunigt, sodass wir in den zum 31. März, 30. Juni, 30. September und 31. Dezember 2017 endenden Dreimonatszeiträumen im Vergleich zum entsprechenden Vorjahreszeitraum Umsatzwachstumsraten auf währungsbereinigter Basis von 1%, 7%, 17% und 23% erzielt haben, wobei sich unsere Umsatzerlöse 2017 auf €275,7 Mio. beliefen. Im zum 31. März 2018 endenden Dreimonatszeitraum war unsere Umsatzwachstumsrate gegenüber dem entsprechenden Vorjahreszeitraum auf währungsbereinigter Basis von 30% sogar noch höher und unsere Umsatzerlöse in diesem Zeitraum betrugen €84,5 Mio. Während wir auf Konzernebene weiterhin Verluste machen, hat es uns die erfolgreiche Optimierung unserer Plattform ermöglicht, unser Wachstum von Quartal zu Quartal zu steigern und unsere Bereinigte EBITDA (wie unter „*Zusätzliche wesentliche Leistungsindikatoren*" in B.7 definiert) Marge von minus 32,3% in 2015 auf minus 6,0% im zum 31. März 2018 endenden Dreimonatszeitraum zu verbessern. Unser strategisches Ziel ist es, innerhalb der nächsten rund 18 Monate Breakeven auf Basis des Bereinigten EBITDA (wie unter

„*Zusätzliche wesentliche Leistungsindikatoren*" in B.7 definiert) auf Gruppenebene zu erreichen.

Wir glauben, dass die Entwicklung unseres Unternehmens durch folgende Stärken unterstützt wird:

- Eine führende Marke im reinen Onlinebereich für Home & Living in Kontinentaleuropa und Brasilien sind.
- Unser einzigartiges Geschäftsmodell, das überlegene Deckungsbeiträge und das Angebot an den Kunden befördert.
- Unsere skalierbare, durchgehend automatisierte und vertikal integrierte Wertschöpfungskette.
- Eine skalierbare, ab der ersten Bestellung profitable Kundenakquise.
- Unsere best-in-class IT-Plattform, die eine datengestützte Entscheidungsfindung und Automatisierung ermöglicht.
- Starke Kombination aus sich beschleunigendem Wachstum und einem klaren Weg zur Erreichung der Profitabilität.

Die Schlüsselelemente unserer Strategie sind:

- Wir suchen uns so zu positionieren, dass wir bestmöglich von der großen, noch nicht ausgeschöpften Marktchance im Bereich Home & Living profitieren.
- Wir beabsichtigen, unseren vollständigen Vermarktungsansatz in unseren Zielmärkten einzuführen, um die Kundenakzeptanz und die Marktdurchdringung zu beschleunigen.
- Wir beabsichtigen, unsere Plattform weiterzuentwickeln, um weiteres Wachstum zu befördern und die Kauffrequenz sowie die Treue zur Marke zu steigern.
- Wir planen, in weitere Zielmärkte zu expandieren und von der hohen Fragmentierung im Bereich Home & Living zu profitieren.

B.4a Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.

Der Home & Living Markt wird derzeit von einer Reihe von wesentlichen Trends beeinflusst, die zusammen Auswirkungen auf die Leistung einzelner Home & Living Händler wie home24 haben. Diese Trends sind insbesondere:

- das zunehmendes Online-Engagement der Verbraucher, was zu einer zunehmenden Online-Penetration im Bereich Home & Living führt; und
- das Altern von Millennials (d.h. Menschen, die nach dem Beginn der 1980er Jahre geboren wurden), was dazu führt, dass ein größerer Anteil der Bevölkerung online einkauft.

B.5 Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe.

Die Gesellschaft ist die Muttergesellschaft der Gruppe. Das Geschäft der Gruppe wird durch die Gesellschaft sowie deren diverse Tochtergesellschaften betrieben. Die Gruppe umfasst alle Gesellschaften, deren Finanz- und Geschäftspolitik die Gesellschaft direkt oder indirekt kontrollieren kann sowie jene Beteiligungen der Gruppe, deren Finanz- und Geschäftspolitik durch die Gesellschaft in signifikantem Maße beeinflusst werden können. Zum Datum dieses Prospekts umfasst die Gruppe 20 Gesellschaften, von denen 12 in Deutschland ansässig sind.

B.6 **Name jeder Person, die eine meldepflichtige direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder einen Teil der Stimmrechte hält.**

Zum Datum dieses Prospekts halten die folgenden Aktionäre der Gesellschaft direkt ein meldepflichtiges Interesse im Sinne der §§ 33 ff. des deutschen Wertpapierhandelsgesetzes am Grundkapital und den Stimmrechten der Gesellschaft (die „**Hauptaktionäre**“):

- die Rocket Internet SE (die „**Verleihende Aktionärin**“), eingetragen im Handelsregister des Amtsgerichts Charlottenburg, Deutschland, unter der Registernummer HRB 165662 B, mit der Geschäftsadresse Charlottenstraße 4, 10969 Berlin, Deutschland;
- die Kinnevik Internet Lux S.à r.l. („**Kinnevik**“), eingetragen im luxemburgischen Handelsregister unter der Nummer B190646, mit der Geschäftsadresse 7 Avenue Jean-Pierre Pescatore, L-2324 Luxemburg;
- die Scottish Mortgage Investment Trust plc., eingetragen im Unternehmensregister im Vereinigten Königreich unter der Firmennummer SC007058, mit der Geschäftsadresse Calton Square, l Greenside Row, Edinburgh, EH1 3AN, Vereinigtes Königreich;
- der Vanguard World Fund, auf Rechnung seiner Fondsserie Vanguard International Growth Fund, mit der Geschäftsadresse P.O. Box 2600, Valley Forge, Pennsylvania 19482, Vereinigte Staaten von Amerika (die „**Vereinigten Staaten**“);
- die Domus Rheno B.V., eingetragen im Unternehmensregister der Niederlande (*The Netherlands Chamber of Commerce*) unter der Nr. 60961910, mit der Geschäftsadresse Rijnkade 1, 3511 LC Utrecht, Niederlande;
- die Freemont Management SA, eingetragen im Handelsregister des Kantons Vaud unter der Nummer CH-550-1.000.845-3, mit der Geschäftsadresse Rue des Remparts 2, 1095 Lutry, Schweiz;
- die Zimmermann Investment Holding GmbH, eingetragen im Handelsregister des Amtsgerichts Iserlohn, Deutschland, unter der Registernummer HRB 8917, mit der Geschäftsadresse Eicken 1, 58791 Werdohl, Deutschland; und
- Dr. Philipp Kreibohm, Mitglied des Vorstands der Gesellschaft (der „**Vorstand**”), mit der Geschäftsadresse am Sitz der Gesellschaft Greifswalder Straße 212 – 213, 10405 Berlin, Deutschland.

Die nachstehende Tabelle zeigt (i) die direkten Beteiligungen der Hauptaktionäre sowie weiterer Gesellschaften, die mit deren jeweiligem ultimativ kontrollierenden Aktionär verbunden sind und (ii) die die Hauptaktionäre ultimativ kontrollierenden Aktionäre unmittelbar vor dem Angebot (wie in C.1 definiert), sowie (iii) deren erwarteten Beteiligungen, zusammen mit der erwarteten Beteiligung des Streubesitzes nach Vollzugs des Angebots (wie in C.1 definiert), unter Annahme der Platzierung von 6.818.181 Neuen Aktien (wie in C.1 definiert) zum Mittelwert der Preisspanne (wie in E.1 definiert) und endgültiger Platzierung von 1.022.727 Aktien unter der Greenshoe Option (wie in E.3 definiert):

Ultimativer Aktionär	Direkter Aktionär	Wirtschaftliche (indirekte) Beteiligung an der Gesellschaft: unmittelbar vor dem Angebot	nach Vollzug des Angebots (keine Ausübung der Greenshoe-Option)	nach Vollzug des Angebots (vollständige Ausübung der Greenshoe-Option)
		(in %)		
Rocket Internet SE[1], [2]	Rocket Internet SE/ Bambino 53. V V UG (haftungsbeschränkt)	41,22	30,11	28,94
Verdere S.à r.l.[3]	Kinnevik Internet Lux S.à r.l.[2]	16,84	12,30	11,82
Scottish Mortgage Investment Trust plc[4]	Scottish Mortgage Investment Trust plc	6,60	4,82	4,64
Vanguard World Fund[5]	Vanguard World Fund	5,50	4,02	3,86
Stichting Administratiekantoor Lauwerecht[6]	Domus Rheno B.V.	4,32	3,15	3,03
Nabuco Foundation[7]	Freemont Management SA	3,67	2,68	2,58
Reinhold Zimmermann[8]	Zimmermann Investment Holding GmbH	3,60	2,63	2,53
Dr. Philipp Kreibohm[9]	Dr. Philipp Kreibohm/ Bambino 53. V V UG (haftungsbeschränkt)/ PK Projects GmbH	3,21	2,34	2,25
Eigene Aktien[10]		0,18	0,13	0,13
Andere Aktionäre[11], [12]		15,26	11,15	10,71
Streubesitz[12]		–	26,95	29,79
Total[12]		**100,00**	**100,00**	**100.00**

(1) Die Verleihende Aktionärin hält direkt 7.526.032 Aktien der Gesellschaft. Zudem hält die Bambino 53. V V UG (haftungsbeschränkt) (die „**Bambino**"), eine vollständige Tochtergesellschaft der Verleihenden Aktionärin, 90.429 Aktien der Gesellschaft, überwiegend als Treuhänderin für verschiedene Personen. Aufgrund ihrer Inhaberschaft von sämtlichen Anteilen an der Bambino sind diese Aktien der Gesellschaft der Beteiligung der Verleihenden Aktionärin zuzurechnen. Die Stimmrechte aus den Aktien der Gesellschaft, die von der Bambino als Treuhänderin gehalten werden, werden nach Weisung des jeweiligen Treugebers ausgeübt und daher diesem Treugeber ebenfalls zuzurechnen.

(2) Die von Kinnevik gehaltenen Stimmrechten sind der Verleihenden Aktionärin zuzurechnen und umgekehrt aufgrund eines abgestimmten Verhaltens im Sinne des § 34 Abs. 2 des Wertpapierhandelsgesetzes zwischen diesen Gesellschaften.

(3) Kinnevik ist eine Tochtergesellschaft der Kinnevik AB. Die Verdere S.à r.l. kontrolliert rund 40,1% der Stimmrechte an der Kinnevik AB und kontrolliert daher die Kinnevik AB.

(4) Die Scottish Mortgage Investment Trust plc ist eine börsengehandelte Gesellschaft und keine Person hält eine Kontrollbeteiligung an der Scottish Mortgage Investment Trust plc. Baillie Gifford & Co ist der einzige Investment Manager der Scottish Mortgage Investment Trust plc. Baillie Gifford & Co ist im Besitz seiner Partner, von denen keiner eine Mehrheitsbeteiligung an Baillie Gifford & Co hält.

(5) Der Vanguard World Fund ist eine in den Vereinigten Staaten registrierte Investmentgesellschaft und keine Person hält eine Kontrollbeteiligung am Vanguard World Fund. Die Baillie Gifford Overseas Limited agiert als Investmentberater des Vanguard International Growth Funds, einer Fondsserie des Vanguard World Fund. Die Kontrolle über Abstimmungen verbleibt jedoch beim Vanguard International Growth Fund.

(6) Die Domus Rheno B.V. hält direkt die Aktien der Gesellschaft. Die Stichting Administratiekantoor Lauwerecht hält indirekt über die SHV Holdings N.V. und die SHV Nederland B.V. sämtliche Anteile an der Domus Rheno B.V.

(7) Die Freemont Management SA hält in ihrer Funktion als professionelle Vermögensverwaltungsgesellschaft im eigenen Namen eine Beteiligung an der Gesellschaft, aber für Rechnung ihres Kunden, der Regia Ltd., die auch die Risiken aus dieser Investition trägt. Die Nabuco Foundation ist die alleinige Gesellschafterin der Regia Ltd.

(8) Herr Zimmermann ist der alleinige Anteilseigner der Zimmermann Investment Holding GmbH.

(9) Dr. Kreibohm hält direkt 511.700 Aktien der Gesellschaft. Darüber hinaus hält die Bambino als Treuhänderin für verschiedene Personen 90.429 Aktien der Gesellschaft, darunter 75.723 Aktien als Treuhänderin für Dr. Kreibohm. Die Stimmrechte aus diesen Aktien werden nach Weisung von Dr. Kreibohm ausgeübt. Ferner hält die PK Projects GmbH, deren alleiniger Gesellschafter Dr. Kreibohm ist, 5.547 Aktien der Gesellschaft.

(10) Zum Datum dieses Prospekts hält die Gesellschaft 33.282 eigene Aktien.

(11) Bezieht sich auf alle Aktionäre mit einem Anteil von weniger als 3% am Grundkapital der Gesellschaft unmittelbar vor dem Angebot (wie in C.1 definiert) ohne Berücksichtigung von eigenen Aktien.

(12) Entspricht nicht den oben gezeigten Zahlen aufgrund der 75.723 Aktien der Gesellschaft, die von der Bambino, einer vollständigen Tochtergesellschaft der Verleihenden Aktionärin, als Treuhänderin für Dr. Kreibohm gehalten werden und die daher sowohl der Verleihenden Aktionärin als auch Dr. Kreibohm zugerechnet werden.

Unter-schiedliche Stimmrechte der Haupt-anteilseigner.	Entfällt. Alle Aktien der Gesellschaft gewähren die gleichen Stimmrechte.
Unmittelbare oder mittel-bare Beteili-gungen oder Beherr-schungs-verhältnisse.	Zum Datum dieses Prospekts hält die Verleihende Aktionärin mehr als 30% der Stimmrechte an der Gesellschaft und gilt daher als Inhaberin einer Kontrollbeteiligung im Sinne des deutschen Wertpapiererwerbs- und Übernahmegesetzes („**WpÜG**“). Zudem haben die Verleihende Aktionärin und Kinnevik eine Stimmbindungsvereinbarung (die „**Stimmbindungsvereinbarung**“) abgeschlossen, derzufolge sie vereinbart haben, ihre Stimmrechte in der Hauptversammlung der Gesellschaft im Hinblick auf die Zusammensetzung des Aufsichtsrats der Gesellschaft (der „**Aufsichtsrat**“) sowie die Benennung der Vorsitzenden des Aufsichtsrats und bestimmter Ausschüsse des Aufsichtsrats einheitlich auszuüben. Die Stimmbindungsvereinbarung läuft zum frühesten der folgenden Zeitpunkte aus: (i) 24 Monate nach Vollzug des Angebots (wie in C.1 definiert), (ii) der Zeitpunkt, zu dem die Verleihende Aktionärin oder Kinnevik direkt oder indirekt weniger als 10% der Aktien der Gesellschaft halten, oder (iii) der Zeitpunkt, zu dem entweder die Verleihende Aktionärin oder Kinnevik eine Anzahl von Aktien verkauft oder anderweitig übertragen haben (mit Ausnahme von Übertragungen auf ein verbundenes Unternehmen der übertragenden Partei), die 25% der zum Datum dieses Prospekts von der jeweiligen Partei an der Gesellschaft gehaltenen Aktien entspricht. Aufgrund der Abstimmung der Ausübung der Stimmrechte durch die Stimmbindungsvereinbarung im Hinblick auf die vorgenannten Angelegenheiten gelten die Verleihende Aktionärin und Kinnevik als gemeinsam handelnde Personen und ihre jeweiligen Beteiligungen werden gemäß der §§ 29 Abs. 2, 30 Abs. 2 WpÜG wechselseitig zugerechnet. Für die Dauer der Stimmbindungsvereinbarung gelten somit sowohl die Verleihende Aktionärin als auch Kinnevik als Personen mit einer Kontrollbeteiligung im Sinne des WpÜG an der Gesellschaft. Nach Vollzug des Angebots (wie in C.1 definiert), wird die Verleihende Aktionärin direkt und indirekt weiterhin mindestens 27,9%, und Kinnevik und die Verleihende Aktionärin werden gemeinsam direkt und indirekt weiterhin mindestens 39,3%, der Aktien der Gesellschaft (unter der Annahme des Vollzugs des Angebots (wie in C.1 definiert) zum Mindestwert der Preisspanne (wie in E.1 definiert), der Ausgabe von 7.692.307 Neuen Aktien (wie in C.1 definiert) und der Ausübung der Greenshoe-Option (wie in E.3 definiert) für 1.153.846 Aktien) halten. Daher werden die Verleihende Aktionärin und Kinnevik jedenfalls für die Dauer der Stimmbindungsvereinbarung weiterhin gemeinsam eine Kontrollbeteiligung im Sinne des WpÜG an der Gesellschaft halten.

B.7	**Ausgewählte wesentliche historische Finanzinformationen.**	Die in den nachfolgenden Tabellen und der Diskussion enthaltenen Finanzinformationen wurden den geprüften Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2017, 2016 und 2015 endenden Geschäftsjahre, dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2018 endenden Dreimonatszeitraum sowie dem internen Berichtswesen der Gesellschaft entnommen oder aus diesen abgeleitet. Die geprüften Konzernabschlüsse wurden in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind („**IFRS**“), und den ergänzend nach § 315e Abs. 1 des Handelsgesetzbuchs („**HGB**“) bzw. § 315a Abs. 1 HGB anzuwendenden handelsrechtlichen Vorschriften erstellt. Der ungeprüfte, verkürzte Konzernzwischenabschluss wurde in Übereinstimmung mit IFRS für Zwischenberichterstattung (IAS 34) erstellt. Die vorgenannten geprüften Konzernabschlüsse der Gesellschaft, der dazugehörige uneingeschränkte Bestätigungsvermerk des unabhängigen Abschlussprüfers und die dazugehörigen Bestätigungsvermerke sowie der ungeprüfte verkürzte Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2018 endenden Dreimonatszeitraum sind in diesem Prospekt enthalten. Soweit Finanzinformationen in den folgenden Tabellen als „geprüft“ gekennzeichnet sind, bedeutet dies, dass sie den oben erwähnten geprüften Konzernabschlüssen entnommen wurden. Mit der Kennzeichnung „ungeprüft“ werden in den folgenden Tabellen Finanzinformationen gekennzeichnet, die nicht den oben erwähnten geprüften Konzernabschlüssen entnommen wurden, sondern entweder dem oben erwähnten ungeprüften verkürzten Konzernzwischenabschluss oder dem internen Berichtswesen der Gesellschaft entnommen wurden oder auf Grundlage von Zahlen aus den zuvor genannten Quellen berechnet wurden. Die in den untenstehenden Tabellen sowie in der nachfolgenden Diskussion dargestellten Finanzinformationen werden in Millionen Euro (€ Mio.) gezeigt, soweit nicht anders angegeben. Bestimmte Finanzinformationen, einschließlich von Prozentsätzen, wurden auf eine Dezimalstelle hinter dem Komma kaufmännisch gerundet. Veränderungen und prozentuale Veränderungen werden auf der Grundlage der in diesem Prospekt dargestellten gerundeten Zahlen berechnet und kaufmännisch auf eine Nachkommastelle gerundet. Daher entsprechen die Gesamtwerte (Summen oder Zwischensummen oder Differenzen oder Zahlen, die in Bezug zueinander stehen) möglicherweise nicht in allen Fällen den Gesamtwerten der zugrundeliegenden (ungerundeten) Zahlen, die an anderer Stelle in diesem Prospekt erscheinen. Zudem kann die Addition dieser gerundeten Zahlen von den in den Tabellen enthaltenen Summen in diesem Prospekt abweichen. Bei in Klammern angegebenen Finanzinformationen handelt es sich um den negativen Wert der gezeigten Zahl. In Bezug auf den Ausweis von Finanzinformationen in diesem Prospekt bedeutet ein Gedankenstrich („–“), dass die jeweilige Zahl nicht verfügbar ist, während eine Null („0,0“) bedeutet, dass die jeweilige Zahl zwar verfügbar ist, sie aber auf Null gerundet wurde. Unsere historischen Ergebnisse sind nicht notwendigerweise indikativ für unsere zukünftigen Ergebnisse, und unsere Zwischenergebnisse für den zum 31. März 2018 endenden Dreimonatszeitraum sind nicht notwendigerweise indikativ für die Ergebnisse, die für das gesamte zum 31. Dezember 2018 endende Geschäftsjahr oder andere Perioden erwartet werden sollten.

Ausgewählte Konzern-Finanzinformationen der Gesellschaft

Konzern-Gesamtergebnisrechnung

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2015	2016	2017	2017	2018
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)	
Umsatzerlöse	233,7	243,8	275,7	67,5	84,5
Umsatzkosten	(144,2)	(141,7)	(152,6)	(37,7)	(46,6)
Bruttoergebnis vom Umsatz	**89,5**	**102,1**	**123,0**	**29,8**	**37,9**
Vertriebskosten	(126,3)	(114,4)	(123,7)	(31,2)	(38,5)
Allgemeine Verwaltungskosten	(41,0)	(44,0)	(46,7)	(9,9)	(12,1)
Sonstige betriebliche Erträge	1,7	0,9	1,4	0,2	0,3
Sonstige betriebliche Aufwendungen	(5,5)	(2,2)	(0,8)	(0,4)	(0,5)
Betriebsergebnis (EBIT)	**(81,7)**	**(57,6)**	**(46,8)**	**(11,4)**	**(12,9)**
Finanzerträge	1,4	1,4	0,5	0,2	0,2
Finanzaufwendungen	(4,0)	(3,3)	(3,7)	(1,0)	(1,3)
Finanzaufwendungen – netto	(2,6)	(1,9)	(3,2)	(0,7)	(1,1)
Ergebnis vor Ertragsteuern (EBT)	**(84,2)**	**(59,5)**	**(50,0)**	**(12,2)**	**(14,0)**
Ertragsteuern	(0,8)	(0,3)	0,2	0,0	0,2
Jahresfehlbetrag	**(85,1)**	**(59,9)**	**(49,8)**	**(12,1)**	**(13,8)**
Sonstiges Ergebnis nach Steuern	**0,7**	**(0,4)**	**0,6**	**(0,1)**	**0,2**
Gesamtergebnis für die Periode	**(84,3)**	**(60,3)**	**(49,2)**	**(12,2)**	**(13,6)**

Konzern-Bilanz

	Zum 31. Dezember			Zum 31. März
	2015	2016	2017	2018
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)
Vermögenswerte				
Langfristige Vermögenswerte				
Sachanlagen	8,3	8,3	8,1	7,6
Immaterielle Vermögenswerte	34,9	38,9	43,5	44,5
Nutzungsrecht an Leasinggegenständen	–	–	–	33,2
Sonstige finanzielle Vermögenswerte(1)	0,0	0,1	0,1	0,1
Sonstige langfristige Vermögenswerte	0,1	–	–	–
Verfügungsbeschränkte Zahlungsmittel	5,7	5,4	4,9	5,1
Summe Langfristige Vermögenswerte	**49,0**	**52,7**	**56,6**	**90,6**
Kurzfristige Vermögenswerte				
Vorräte	28,3	27,1	29,6	30,0
Herausgabeanspruch aus erwarteten Retouren	–	–	0,5	0,5
Forderungen aus Lieferungen und Leistungen und sonstige finanzielle Forderungen	15,5	10,9	12,8	12,0
Sonstige finanzielle Vermögenswerte	0,1	0,2	0,0	0,0
Sonstige kurzfristige/sonstige Vermögenswerte	6,9	3,5	1,9	1,6
Zahlungsmittel und Zahlungsmitteläquivalente	45,9	34,0	19,9	8,8
Summe Kurzfristige Vermögenswerte	**96,8**	**75,6**	**64,5**	**52,9**
Summe Vermögenswerte	**145,7**	**128,3**	**121,1**	**143,4**

	Zum 31. Dezember			Zum 31. März
	2015	2016	2017	2018
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)
Eigenkapital				
Gezeichnetes Kapital	0,4	0,4	0,4	0,4
Eigene Anteile	–	–	(0,0)	(0,0)
Kapitalrücklage	340,8	53,0	45,6	45,5
Sonstige Rücklagen	(5,6)	(5,9)	(5,4)	(5,2)
Bilanzgewinn/-verlust	(252,0)	24,0	18,0	6,3
Auf die Anteilseigner des Mutterunternehmens entfallendes Eigenkapital	**83,7**	**71,4**	**58,7**	**47,1**
Anteile ohne beherrschenden Einfluss	**(8,9)**	**(10,4)**	**(11,4)**	**(11,5)**
Summe Eigenkapital	**74,8**	**61,0**	**47,3**	**35,6**
Schulden				
Langfristige Schulden				
Finanzverbindlichkeiten	–	–	–	26,7
Sonstige finanzielle Verbindlichkeiten	–	0,4	0,5	0,5
Sonstige Verbindlichkeiten	–	1,3	1,2	0,2
Rückstellungen	–	0,6	0,9	0,9
Passive latente Steuern	1,5	1,5	1,3	1,1
Summe Langfristige Schulden	**1,5**	**3,9**	**3,9**	**29,5**
Kurzfristige Schulden				
Finanzverbindlichkeiten	0,8	–	2,0	9,1
Verbindlichkeiten aus Lieferungen und Leistungen und sonstige finanzielle Verbindlichkeiten	46,6	45,4	45,6	47,7
Erhaltene Anzahlungen	14,6	10,1	14,2	13,4
Steuerschulden	0,2	0,3	0,1	0,1
Sonstige kurzfristige/sonstige Verbindlichkeiten	3,3	5,0	5,9	6,2
Rückerstattungsverbindlichkeit	–	–	1,5	1,3
Rückstellungen	3,9	2,7	0,6	0,5
Summe Kurzfristige Schulden	**69,5**	**63,4**	**69,9**	**78,3**
Summe Schulden	**71,0**	**67,3**	**73,9**	**107,8**
Summe Eigenkapital und Schulden	**145,7**	**128,3**	**121,1**	**143,4**

(1) Ausgewiesen als Finanzanlagen im Konzernabschluss der Gesellschaft für das zum 31. Dezember 2015 endende Geschäftsjahr.

Daten aus der Konzern-Kapitalflussrechnung

	Zum und für das zum 31. Dezember endende Geschäftsjahr			Zum und für den zum 31. März endenden Dreimonatszeitraum	
	2015	2016	2017	2017	2018
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)	
Cashflow aus der betrieblichen Tätigkeit	(96,2)	(37,8)	(27,1)	(15,8)	(3,3)
Cashflow aus der Investitionstätigkeit	(20,2)	(13,9)	(13,7)	(3,3)	(5,6)
Cashflow aus der Finanzierungstätigkeit	133,3	39,6	26,8	2,0	(2,1)
Nettoveränderung der Zahlungsmittel und Zahlungsmitteläquivalente	**16,9**	**(12,1)**	**(14,0)**	**(17,1)**	**(11,0)**
Zahlungsmittel und Zahlungsmitteläquivalente zum Ende der Periode	45,9	34,0	19,9	16,8	8,8

Zusätzliche wesentliche Leistungsindikatoren

Wir verwenden das Bereinigte EBITDA als wesentlichen Leistungsindikator, um den Erfolg unseres Geschäfts zu bewerten. Darüber hinaus sind wir der Ansicht, dass unsere Ergebnisbeitragsmarge (zusammen mit dem Bereinigten EBITDA die „**Wesentlichen Leistungsindikatoren**“) für Anleger bei der Beurteilung unserer Ertrags- und Finanzlage hilfreich sein wird.

Die Wesentlichen Leistungsindikatoren sowie bestimmte andere finanzielle und nichtfinanzielle Leistungsindikatoren, die in diesem Prospekt enthalten sind, zeigen jedoch nicht unbedingt an, ob unsere Cashflows für unseren Liquiditätsbedarf ausreichen, sind möglicherweise nicht für eine Analyse unseres Geschäfts und unserer Geschäftstätigkeit geeignet und sind möglicherweise auch nicht indikativ für zukünftige Ergebnisse. Zudem werden unsere Wesentlichen Leistungsindikatoren sowie die anderen finanziellen und nichtfinanziellen Leistungsindikatoren, die in diesem Prospekt enthalten sind, nicht als Kennzahlen nach IFRS anerkannt, sollten nicht als Ersatz für eine Analyse unserer nach IFRS erstellten operativen Ergebnisse betrachtet werden und sind möglicherweise nicht mit ähnlich bezeichneten Informationen vergleichbar, die von anderen Unternehmen veröffentlicht werden.

Die nachstehende Tabelle gibt einen Überblick über unsere Wesentlichen Leistungsindikatoren sowie bestimmte andere finanzielle und nichtfinanzielle Leistungsindikatoren für die dargestellten Zeiträume und Stichtage:

	Zum und für das zum 31. Dezember endende Geschäftsjahr			**Zum und für den zum 31. März endenden Dreimonatszeitraum**	
	2015	**2016**	**2017**	**2017**	**2018**
	(geprüft, und in € Mio., soweit nicht anders angegeben)			**(ungeprüft) (in € Mio., soweit nicht anders angegeben)**	
Umsatzerlöse	233,7	243,8	275,7	67,5	84,5
Bereinigtes EBITDA	(75,4)[1]	(40,1)	(21,8)	(7,2)	(5,1)
Bereinigte EBITDA-Marge (in %)[1], [2]	*(32,3)*	*(16,4)*	*(7,9)*	*(10,7)*	*(6,0)*
Ergebnisbeitrag[1]	37,6	54,2	75,8	17,5	22,7
Ergebnisbeitragsmarge (in %)[1]	*16,1*	*22,2*	*27,5*	*25,9*	*26,9*
Aktive Kunden (in Tausend)[1], [3]	975,7	972,4	1.059,1	963,5	1.129,0
Anzahl der Bestellungen (in Tausend)[1], [4]	1.411,5	1.384,8	1.555,7	362,8	459,0
Durchschnittlicher Bestellwert (in €)[1], [5]	261	264	277	295	278

(1) Ungeprüft.
(2) Definiert als Bereinigtes EBITDA geteilt durch Umsatzerlöse.
(3) Definiert als die Anzahl der Kunden, die in den zwölf Monaten vor dem jeweiligen Datum mindestens eine nicht stornierte Bestellung aufgegeben haben, ohne Berücksichtigung von Rücksendungen („**Aktive Kunden**“).
(4) Definiert als die Anzahl der Bestellungen in der relevanten Periode, ohne Berücksichtigung von Stornierungen und Rücksendungen.
(5) Definiert als aggregierter Bruttoauftragswert der in der jeweiligen Periode abgegebenen Bestellungen, einschließlich Mehrwertsteuer, geteilt durch die Anzahl dieser Bestellungen, ohne Berücksichtigung von Stornierungen, Rücksendungen sowie nachfolgenden Rabatten und Gutscheinen („**Durchschnittlicher Bestellwert**“).

Bereinigtes EBITDA

Wir definieren das EBITDA als die Summe aus (i) dem Betriebsergebnis (EBIT) und (ii) den Abschreibungen („**EBITDA**"). Wir berechnen das bereinigte EBITDA durch Bereinigung des EBITDA um Aufwendungen für anteilsbasierte Vergütungen („**Bereinigtes EBITDA**").

Die nachstehende Tabelle enthält eine Berechnung unseres Bereinigten EBITDA für die dargestellten Zeiträume:

	Zum und für das zum 31. Dezember endende Geschäftsjahr			Zum und für den zum 31. März endenden Dreimonatszeitraum	
	2015	2016	2017	2017	2018
	(geprüft, soweit nicht anders angegeben) (in € Mio.)			(ungeprüft) (in € Mio.)	
Betriebsergebnis (EBIT)	**(81,7)**	**(57,6)**	**(46,8)**	**(11,4)**	**(12,9)**
Abschreibungen	4,5	11,3	12,9	2,4	4,8
EBITDA[(1)]	**(77,2)**	**(46,3)**	**(33,9)**	**(9,0)**	**(8,1)**
Aufwendungen für anteilsbasierte Vergütungen[(2)]	1,8	6,2	12,0	1,8	3,0
Bereinigtes EBITDA	**(75,4)**[(1)]	**(40,1)**	**(21,8)**	**(7,2)**	**(5,1)**

(1) Ungeprüft.
(2) Beinhaltet anteilsbasierte Vergütungen für aktive und ehemalige Vorstandsmitglieder, leitende Angestellte und Mitarbeiter der Gruppe sowie anteilsbasierte Vergütungen im Zusammenhang mit Werbeverträgen.

Ergebnisbeitragsmarge

Wir definieren unseren Ergebnisbeitrag als die Differenz zwischen (i) dem Bruttoergebnis vom Umsatz, und (ii) den Erfüllungskosten (d.h. Aufwendungen für Warenversand, Warenhandling und Verpackungen, Aufwendungen für Leistungen an Lagerarbeitnehmer, Aufwendungen für bezogene Lagerzeitarbeit, Zahlungsaufwendungen und Forderungsausfall) („**Ergebnisbeitrag**"). Wir definieren unsere Ergebnisbeitragsmarge als Ergebnisbeitrag geteilt durch unsere Umsatzerlöse (die „**Ergebnisbeitragsmarge**").

Die nachstehende Tabelle enthält eine Berechnung unserer Ergebnisbeitragsmarge für die dargestellten Zeiträume:

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2015	2016	2017	2017	2018
	(ungeprüft und in € Mio., soweit nicht anders angegeben)			(ungeprüft) (in € Mio., soweit nicht anders angegeben)	
Umsatzerlöse	233,7[(1)]	243,8[(1)]	275,7[(1)]	67,5	84,5
Umsatzkosten	(144,2)[(1)]	(141,7)[(1)]	(152,6)[(1)]	(37,7)	(46,6)
Bruttoergebnis vom Umsatz	**89,5**[(1)]	**102,1**[(1)]	**123,0**[(1)]	**29,8**	**37,9**
Bruttoergebnis vom Umsatz-Marge (in %)[(2)]	*38,3*	*41,9*	*44,6*	*44,1*	*44,9*
Aufwendungen für Warenversand, Warenhandling und Verpackungen	(37,8)	(35,9)	(35,2)	(9,2)	(10,9)
Aufwendungen für Leistungen an Lagerarbeitnehmer[(3)]	(6,6)	(6,6)	(7,8)	(1,8)	(2,7)
Aufwendungen für bezogene Lagerzeitarbeit[(3)]	(0,5)	(0,3)	(0,6)	(0,2)	(0,5)
Zahlungsaufwendungen	(3,7)	(3,4)	(3,5)	(0,8)	(0,9)
Forderungsausfall	(3,3)	(1,7)	(0,1)	(0,3)	(0,2)
Erfüllungskosten	**(51,9)**	**(47,9)**	**(47,2)**	**(12,3)**	**(15,2)**
Ergebnisbeitrag	**37,6**	**54,2**	**75,8**	**17,5**	**22,7**
Ergebnisbeitragsmarge (in %)	***16,1***	***22,2***	***27,5***	***25,9***	***26,9***

(1) Geprüft.
(2) Definiert als Bruttoergebnis vom Umsatz geteilt durch Umsatzerlöse.

(3) Aufwendungen für Leistungen an Lagerarbeitnehmer und Aufwendungen für bezogene Lagerzeitarbeit umfassen Aufwendungen für Leistungen an Arbeitnehmer für unsere Mitarbeiter und Aufwendungen für bezogene Zeitarbeit für Zeitarbeiter, die direkt in die Prozesse für die Lagerabwicklung zur Erfüllung von Bestellungen involviert sind.

Segmentinformationen

Wir steuern unser Geschäft basierend auf zwei operativen Segmenten, die zugleich unsere berichtspflichtigen Segmente gemäß IFRS 8 sind. Unser Segment Europa umfasst unsere Aktivitäten in unserem Heimatmarkt Deutschland sowie in Österreich, Belgien, Frankreich, Italien, den Niederlanden und der Schweiz. Unser Segment Lateinamerika umfasst unsere Aktivitäten in Brasilien. Wir unterteilen unser Geschäft nicht in operative Segmente basierend auf der Art der Geschäftstätigkeit. Wir messen die Leistung unserer Segmente auf Basis des Bereinigten EBITDA.

Die nachstehende Tabelle zeigt die externen Umsatzerlöse und das Bereinigte EBITDA für unsere Segmente Europa und Lateinamerika für die dargestellten Zeiträume:

	Für das zum 31. Dezember endende Geschäftsjahr			**Für den zum 31. März endenden Dreimonatszeitraum**	
	2015	**2016**	**2017**	**2017**	**2018**
	(geprüft, soweit nicht anders angegeben) (in € Mio.)			**(ungeprüft) (in € Mio.)**	
Europa					
Externe Umsatzerlöse	183,2[(1)]	195,4	216,3	53,7	66,8
Bereinigtes EBITDA	(58,2)[(1)]	(34,6)	(19,7)	(6,3)	(5,8)
Lateinamerika					
Externe Umsatzerlöse	50,5[(1)]	48,4	59,4	13,8	17,7
Bereinigtes EBITDA	(17,1)[(1)]	(5,5)	(2,1)	(0,9)	0,7

(1) Ungeprüft.

Wesentliche Änderungen der Finanzlage und des Betriebs-ergebnisses des Emittenten in oder nach dem von den historischen Finanz-informationen abgedeckten Zeitraum.

Die folgenden wesentlichen Änderungen in der Finanzlage und dem Betriebsergebnis von home24 traten in den zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahren, in den zum 31. März 2017 und 2018 endenden Dreimonatszeiträumen sowie in der Folgeperiode auf:

Zum 31. Dezember 2015 und 31. Dezember 2016 endende Geschäftsjahre

Unsere Umsatzerlöse stiegen von €233,7 Mio. in 2015 um €10,1 Mio. oder 4,3% auf €243,8 Mio. in 2016, was sich aus der Verschiebung unseres Augenmerks weg vom rapiden Wachstum hin zu einem Fokus auf die Optimierung unseres Geschäfts ergab. Dies führte auch zu einem Rückgang der Anzahl der Bestellungen um 1,9%. Unsere Umsatzerlöse profitierten dennoch von der zunehmenden Online-Penetration in Bereich Home & Living sowie der Vollkonsolidierung der fashion4home GmbH, die wir gegen Ende 2015 erworbenen und somit nur für rund sechs Wochen in diesem Jahr konsolidiert hatten. Die währungsbereinigten Umsatzerlöse im Vergleich zum entsprechenden Vorjahreszeitraum erhöhten sich leicht schneller um 5,5% in 2016.

In 2016 stiegen die externen Umsatzerlöse in unserem Segment Europa von €183,2 Mio. in 2015 um €12,2 Mio. oder 6,7% auf €195,4 Mio. und erhöhten sich damit etwas schneller als die Umsatzerlöse auf Konzernebene. Dies ist auf zahlreiche Initiativen zurückzuführen, die auf die Verbesserung der Effizienz unserer europäischen Aktivitäten ausgerichtet waren sowie auf die durchgehende Konsolidierung der fashion4home GmbH. In unserem Segment Lateinamerika gingen die externen Umsatzerlöse von €50,5 Mio. in 2015 um €2,1 Mio. oder 4,2% auf €48,4 Mio. in 2016 zurück. Ursächlich hierfür waren Währungseffekte infolge des Verfalls des brasilianischen Reals und ein stärkerer Fokus auf die Profitabilität. In unserem Segment Lateinamerika erhöhten sich die währungsbereinigten externen Umsatzerlöse im Vergleich zum entsprechenden Vorjahreszeitraum um 1,4% in 2016.

Unser Betriebsergebnis (EBIT) verbesserte sich von einem Verlust von €81,7 Mio. in 2015 um €24,1 Mio. oder 29,5% zu einem Verlust von €57,6 Mio. in 2016. Das Betriebsergebnis (EBIT) beinhaltet Abschreibungen und anteilsbasierte Vergütungsaufwendungen, die 2016 durch die Ausgabe von Optionen unter unseren Long-Term-Incentive-Programmen gestiegen sind. Bereinigt um diese Posten verbesserte sich das Bereinigte EBITDA in 2016 um €35,3 Mio. auf minus €40,1 Mio., insbesondere bedingt durch den signifikanten Rückgang der Vertriebskosten sowie weiteren Vorteilen aus der Optimierung unserer gesamten Wertschöpfungskette. Dies entspricht einer Verbesserung der Bereinigten EBITDA-Marge um 15,9 Prozentpunkte auf minus 16,4% in 2016.

In unserem Segment Europa verbesserte sich das Bereinigte EBITDA im Vergleich zu 2015 um €23,6 Mio. auf minus €34,6 Mio. in 2016 und profitierte von unserem Fokus auf die Verbesserung unserer Geschäftstätigkeiten und Margen. Dies führte auch zu einer Verbesserung unserer Bereinigten EBITDA-Marge für unser Segment Europa um 14,1 Prozentpunkte auf minus 17,7% in 2016. Das Bereinigte EBITDA für unser Segment Lateinamerika verbesserte sich ebenfalls um €11,6 Mio. auf minus €5,5 Mio. in 2016, was einer Verbesserung der Bereinigten EBITDA-Marge für dieses Segment um 22,5 Prozentpunkte auf minus 11,4% in 2016 entspricht.

Zum 31. Dezember 2016 und 31. Dezember 2017 endende Geschäftsjahre

In 2017 stiegen die Umsatzerlöse von €243,8 Mio. in 2016 um €31,9 Mio. oder 13,1% auf €275,7 Mio. in 2017, was auf unsere Entscheidung zurückzuführen ist, unser Wachstum wieder zu beschleunigen, insbesondere getrieben durch unsere verstärkten Marketingaktivitäten. Folglich erhöhte sich auch die Anzahl der Bestellungen in 2017 um 12,3%. Unsere währungsbereinigten Umsatzerlöse im Vergleich zum entsprechenden Vorjahreszeitraum stiegen etwas weniger um 11,7% in 2017.

In unserem Segment Europa stiegen die externen Umsatzerlöse von €195,4 Mio. in 2016 um €20,9 Mio. oder 10,7% auf €216,3 Mio. in 2017. Dies ist vor allem auf unsere verstärkten Marketingaktivitäten (zum Beispiel TV-Werbung in Deutschland) zurückzuführen. Die externen Umsatzerlöse in unserem Segment Lateinamerika stiegen von €48,4 Mio. in 2016 um €11,0 Mio. oder 22,7% auf €59,4 Mio. in 2017 aufgrund einer höheren Anzahl von Aktien Kunden und einem Anstieg des Durchschnittlichen Bestellwerts. In unserem Segment Lateinamerika stiegen die währungsbereinigten externen Umsatzerlöse im Vergleich zum entsprechenden Vorjahreszeitraum 2017 langsamer um 15,7%.

Das Betriebsergebnis (EBIT) verbesserte sich in 2017 von einem Verlust von €57,6 Mio. in 2016 um €10,8 Mio. oder 18,8% zu einem Verlust von €46,8 Mio. Das Betriebsergebnis (EBIT) beinhaltet Abschreibungen und anteilsbasierte Vergütungsaufwendungen, die 2017 infolge der Einführung neuer Long-Term-Incentive-Programme deutlich gestiegen sind. Bereinigt um diese Posten verbesserte sich das Bereinigte EBITDA um €18,3 Mio. und belief sich auf minus €21,8 Mio. in 2017, getrieben durch unsere steigenden Umsatzerlöse, durch die wir aufgrund der erhöhten Skalierbarkeit unserer Plattform höhere Gewinne erzielen konnten, insbesondere aufgrund der Optimierung unserer Abwicklungsinfrastruktur und steigenden Verkäufen unserer Eigenmarkenprodukte. Dies entspricht einer Verbesserung unserer Bereinigten EBITDA-Marge um 8,5 Prozentpunkte auf minus 7,9% in 2017.

Angetrieben durch die erfolgreiche Optimierung unserer Plattform verbesserte sich das Bereinigte EBITDA für unser Segment Europa im Vergleich zu 2016 um 43,1% auf minus €19,7 Mio. in 2017. Die Bereinigte EBITDA-Marge verbesserte sich um 8,6 Prozentpunkte auf minus 9,1%. In unserem Segment Lateinamerika verbesserte sich das Bereinigte EBITDA um 61,8% auf minus €2,1 Mio. in 2017. Die Bereinigte EBITDA-Marge verbesserte sich 2017 um 7,9 Prozentpunkte auf minus 3,5%. Im vierten Quartal 2017 erreichte unser Segment Lateinamerika sogar Break-even für das Bereinigte EBITDA in diesem saisonal bedingt starken Quartal, was die positive Entwicklung unserer Aktivitäten in Brasilien belegt.

Zum 30. März 2017 und 30. März 2018 endende Dreimonatszeiträume

Unsere Umsatzerlöse stiegen von €67,5 Mio. im zum 31. März 2017 endenden Dreimonatszeitraum um €17,0 Mio. oder 25,2% auf €84,5 Mio. im zum 31. März 2018 endenden Dreimonatszeitraum, insbesondere aufgrund eines Anstiegs der Anzahl der Aktiven Kunden, deren Zahl sich zwischen dem 31. Dezember 2017 und dem 31. März 2018 um 6,6% erhöhte sowie einer Zunahme der Anzahl der Bestellungen um 26,4% von 0,4 Mio. im zum 31. März 2017 endenden Dreimonatszeitraum auf 0,5 Mio. im zum 31. März 2018 endenden Dreimonatszeitraum. Unsere währungsbereinigten Umsatzerlöse im Vergleich zum entsprechenden Vorjahreszeitraum erhöhten sich sogar noch stärker um 30,1% im zum 31. März 2018 endenden Dreimonatszeitraum.

Im zum 31. März 2018 endenden Dreimonatszeitraum erhöhten sich die externen Umsatzerlöse in unserem Segment Europa von €53,7 Mio. im zum 31. März 2017 endenden Dreimonatszeitraum um €13,1 Mio. oder 24,4% auf €66,8 Mio., hauptsächlich getrieben durch unsere erhöhten Marketinganstrengungen (zum Beispiel TV-Werbung in Deutschland). In unserem Segment Lateinamerika stiegen die externen Umsatzerlöse von €13,8 Mio. im zum 31. März 2017 endenden Dreimonatszeitraum um €3,9 Mio. oder 28,3% auf €17,7 Mio. im zum 31. März 2018 endenden Dreimonatszeitraum, beeinflusst durch eine Erhöhung der Anzahl der Aktiven Kunden sowie unsere Fähigkeit, unsere Produkte durch unsere Lieferkapazitäten für die letzte Meile schneller zu liefern. In unserem Segment Lateinamerika stiegen die währungsbereinigten externen Umsatzerlöse im Vergleich zum entsprechenden Vorjahreszeitraum erheblich schneller um 52,5% im zum 31. März 2018 endenden Dreimonatszeitraum.

Im zum 31. März 2018 endenden Dreimonatszeitraum verschlechterte sich unser Betriebsergebnis (EBIT) von einem Verlust von €11,4 Mio. im zum 31. März 2017 endenden Dreimonatszeitraum um €1,5 Mio. oder 13,2% zu einem Verlust von €12,9 Mio. Das Betriebsergebnis (EBIT) beinhaltet Abschreibungen und anteilsbasierte Vergütungsaufwendungen. Bereinigt um diese Posten verbesserte sich das Bereinigte EBITDA von minus €7,2 Mio. im zum 31. März 2017 endenden Dreimonatszeitraum um €2,1 Mio. und belief sich auf minus €5,1 Mio. im zum 31. März 2018 endenden Dreimonatszeitraum, wobei dieser Anstieg im Wesentlichen auf unserem wiederbeschleunigten Wachstum sowie Skaleneffekten und den Vorteilen aus dem Betreiben unserer optimierten Plattform beruhte. Zudem hat die frühzeitige Anwendung von IFRS 16 im zum 31. März 2018 endenden Dreimonatszeitraum €1,7 Mio. zum Anstieg unseres Bereinigten EBITDA beigetragen. Diese Entwicklungen führten zu einer Verbesserung unserer Bereinigten EBITDA-Marge von minus 10,7% im zum 31. März 2017 endenden Dreimonatszeitraum um 4,7 Prozentpunkte auf minus 6,0% im zum 31. März 2018 endenden Dreimonatszeitraum.

Für unser Segment Europa verbesserte sich unser Bereinigtes EBITDA von minus €6,3 Mio. im zum 31. März 2017 endenden Dreimonatszeitraum um 7,9% auf minus €5,8 Mio. im zum 31. März 2018 endenden Dreimonatszeitraum, getrieben durch die fortgesetzte Verbesserung unserer Ergebnisbeitragsmarge aufgrund von Skaleneffekten sowie die frühzeitige Anwendung von IFRS 16. Im gleichen Zeitraum verbesserte sich die Bereinigte EBITDA-Marge für unser Segment Europa um 3,0 Prozentpunkte auf minus 8,7%. Für unser Segment Lateinamerika erreichte unser Bereinigtes EBITDA Breakeven aufgrund der steigenden externen Umsatzerlöse und von Skaleneffekten. Dieses belief sich auf €0,7 Mio. im zum 31. März 2018 endenden Dreimonatszeitraum, ein Anstieg gegenüber minus €0,9 Mio. im zum 31. März 2017 endenden Dreimonatszeitraum, während sich unsere Bereinigte EBITDA-Marge auf 4,0% verbesserte im zum 31. März 2018 endenden Dreimonatszeitraum.

Jüngste Entwicklungen

Mit Wirkung zum 1. April 2018 wurde Johannes Schaback zum Mitglied des Vorstands bestellt.

Im Mai 2018 hat die Gesellschaft eine Vereinbarung über ein Aktionärsdarlehen für bis zu €20,0 Mio. (das „**Aktionärsdarlehen**") mit der GGC EUR S.á r.l., einem verbundenen Unternehmen der Verleihenden Aktionärin, und Felix Jahn, einem Aktionär der Gesellschaft (zusammen die „**Darlehensgeber**"), abgeschlossen. Zum Datum dieses Prospekts wurde ein Betrag von insgesamt €7,5 Mio. unter dem Aktionärsdarlehen in Anspruch genommen. Das Aktionärsdarlehen wird am 2. September 2019 fällig.

Mit Beschluss der Hauptversammlung vom 14. Mai 2018 hat die Gesellschaft im Wege einer formwechselnden Umwandlung ihre Rechtsform von einer Aktiengesellschaft nach deutschem Recht in eine europäische Gesellschaft (*Societas Europaea* (*SE*)), die nach europäischem und deutschem Recht organisiert ist, sowie ihre Firma in home24 SE geändert. Der Rechtsformwechsel und die Änderung der Firma wurden am 16. Mai 2018 in das Handelsregister des Amtsgerichts Charlottenburg, Deutschland, eingetragen.

Am 17. Mai 2018 hat der Vorstand mit Zustimmung des Aufsichtsrats beschlossen, 423 neue Aktien aus dem genehmigten Kapital 2017 der Gesellschaft an die GMPVC German Media Pool GmbH gegen Bareinlagen in Höhe von €1,00 je Aktie auszugeben, um die Verpflichtungen der Gesellschaft im Rahmen einer Investitionsvereinbarung mit der GMPVC German Media Pool GmbH zu erfüllen. Daraus ergab sich eine Erhöhung des Grundkapitals der Gesellschaft von €429.269,00 um €423,00 auf €429.692,00. Die Kapitalerhöhung wurde am 23. Mai 2018 in das Handelsregister des Amtsgerichts Charlottenburg, Deutschland, eingetragen.

Am 18. Mai 2018 hat die Hauptversammlung der Gesellschaft beschlossen, das Grundkapital der Gesellschaft um €18.047.064,00 von €429.692,00 auf €18.476.756,00 durch Umwandlung eines Betrags in Höhe von €18.047.064,00 aus der Kapitalrücklage der Gesellschaft in Grundkapital zu erhöhen. Der Vollzug der Kapitalerhöhung wurde am 23. Mai 2018 in das Handelsregister des Amtsgerichts Charlottenburg, Deutschland, eingetragen.

Außer den oben dargestellten Änderungen haben sich zwischen dem 31. März 2018 und dem Datum dieses Prospekts keine wesentlichen Änderungen unserer Vermögens-, Finanz- und Ertragslage ergeben.

B.8	**Ausgewählte wesentliche Pro-forma-Finanzinformationen.**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen erstellt.
B.9	**Gewinn-prognose oder -schätzung.**	Entfällt. Die Gesellschaft hat keine Gewinnprognose oder -schätzung erstellt.

B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.**	Entfällt. Die Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Büro Berlin, Deutschland, hat die geprüften Konzernabschlüsse der Gesellschaft für die zum 31. Dezember 2017, 2016 und 2015 endenden Geschäftsjahre sowie den geprüften Jahresabschluss der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr gemäß § 317 HGB unter Beachtung der deutschen Grundsätze ordnungsmäßiger Abschlussprüfung geprüft und hinsichtlich des deutschsprachigen Konzernabschlusses der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr und des deutschsprachigen Jahresabschlusses der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers erteilt sowie in Bezug auf die deutschsprachigen Konzernabschlüsse der Gesellschaft für die zum 31. Dezember 2016 und 2015 endenden Geschäftsjahre uneingeschränkte Bestätigungsvermerke erteilt.
B.11	**Nicht Ausreichen des Geschäftskapitals des Emittenten.**	Entfällt. Die Gesellschaft ist der Ansicht, dass die Gruppe in der Lage ist, zumindest diejenigen Zahlungsverpflichtungen zu erfüllen, die in den nächsten zwölf Monaten nach der Billigung dieses Prospekts fällig werden.

C – Wertpapiere

C.1	**Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere.**	Dieses erstmalige öffentliche Angebot bezieht sich auf das Angebot von 8.846.153 auf den Inhaber lautenden Stückaktien der Gesellschaft, jeweils mit einem rechnerischen Anteil am Grundkapital von €1,00 und mit voller Gewinnanteilberechtigung ab dem 1. Januar 2018 (das „**Angebot**“), bestehend aus: • 7.692.307 neu ausgegebenen, auf den Inhaber lautenden Stückaktien aus einer Kapitalerhöhung gegen Bareinlagen (die „**IPO Kapitalerhöhung**”), die von einer außerordentlichen Hauptversammlung der Gesellschaft am oder um den 13. Juni 2018 beschlossen werden soll (die „**Neuen Aktien**”); und • 1,153,846 bestehenden, auf den Inhaber lautenden Stückaktien aus dem Bestand der Verleihenden Aktionärin in Verbindung mit einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**” und zusammen mit den Neuen Aktien die „**Angebotsaktien**”), wobei die Gesamtzahl der Mehrzuteilungsaktien 15,0% der tatsächlich im Rahmen des Angebots platzierten Neuen Aktien nicht übersteigt. Für Zwecke der Zulassung zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse bezieht sich dieser Prospekt auf bis zu 7.692.307 Neue Aktien sowie 18.476.756 bestehende auf den Inhaber lautende Stückaktien der Gesellschaft, jeweils mit einem rechnerischen Anteil am Grundkapital von €1,00
	Wertpapierkennung.	International Securities Identification Number (ISIN): DE000A14KEB5 Wertpapierkennnummer (WKN): A14KEB Ticker Symbol: H24
C.2	**Währung der Wertpapieremission.**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien sowie Nennwert pro Aktie.**	Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft €18.476.756,00 und ist eingeteilt in 18.476.756 auf den Inhaber lautende Stückaktien, jeweils mit einem rechnerischen Anteil am Grundkapital von €1,00. Das Grundkapital ist vollständig eingezahlt. Zum Datum dieses Prospekts hält die Gesellschaft 33.282 eigene Aktien.

C.4	**Mit den Wertpapieren verbundene Rechte.**	Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Alle Aktien der Gesellschaft verleihen die gleichen Stimmrechte. Es bestehen keine Stimmrechtsbeschränkungen.
C.5	**Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Entfällt. Die Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Bestimmungen für auf den Inhaber lautende Stückaktien frei übertragbar. Außer den in E.5 angeführten Beschränkungen bestehen keine Verbote oder Beschränkungen hinsichtlich der Übertragbarkeit der Aktien der Gesellschaft.
C.6	**Antrag für die Zulassung zum Handel an einem geregelten Markt.**	Die Gesellschaft erwartet, dass sie die Zulassung ihrer Aktien zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse am oder um den 4. Juni 2018 beantragen wird. Der Zulassungsbeschluss für die Aktien der Gesellschaft wird voraussichtlich am 14. Juni 2018 erteilt werden. Der Handel mit den Aktien der Gesellschaft an der Frankfurter Wertpapierbörse wird voraussichtlich am 15. Juni 2018 beginnen.
C.7	**Dividendenpolitik.**	Wir beabsichtigen derzeit, alle verfügbaren Mittel und zukünftigen Erträge einzubehalten, um das Wachstum und die Entwicklung unseres Geschäfts zu finanzieren. Daher beabsichtigen wir derzeit nicht, in absehbarer Zeit Dividenden auszuschütten. Etwaige zukünftige Entscheidungen, Dividenden auszuschütten, werden gemäß anwendbarem Recht getroffen und hängen unter anderem von unseren Geschäftsergebnissen, der finanziellen Lage, den vertraglichen Beschränkungen und dem Kapitalbedarf ab. Unsere Fähigkeit, Dividenden auszuschütten, kann ferner durch die Bedingungen unserer finanziellen Verbindlichkeiten oder Vorzugsaktien beschränkt sein.

D – Risiken

Eine Investition in Aktien der Gesellschaft ist mit Risiken verbunden. Zusätzlich zu den anderen in diesem Prospekt enthaltenen Informationen sollten Anleger vor der Entscheidung über eine Investition in Aktien der Gesellschaft die nachfolgend beschriebenen Risiken sorgfältig bedenken. Der Marktpreis der Aktien der Gesellschaft könnte sinken, wenn sich einzelne oder alle diese Risiken verwirklichen sollten. In diesem Fall könnten die Anleger ihre Investition ganz oder teilweise verlieren.

Die folgenden Risiken könnten alleine oder zusammen mit weiteren Risiken und Unwägbarkeiten, die der Gesellschaft derzeit nicht bekannt sind oder welche die Gesellschaft derzeit als unwesentlich erachtet, unser Geschäft, unsere Finanzlage, unsere Cashflows, unsere Erträge sowie unsere Aussichten erheblich beeinträchtigen. Die Reihenfolge, in der die Risiken angeführt sind, stellt weder eine Indikation für die Wahrscheinlichkeit der tatsächlichen Verwirklichung dieser Risiken, noch der Signifikanz oder des Grads der Risiken oder des Ausmaßes des potentiellen Schadens für unser Geschäft, unsere Finanzlage, unsere Cashflows, unsere Erträge sowie unsere Aussichten dar. Die Risiken, die hier erwähnt werden, könnten einzeln oder kumulativ eintreten.

D.1	**Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind.**	**Markt- und geschäftsbezogene Risiken** • Wir waren auf Konzernebene nie profitabel und es gibt keine Garantie, dass wir jemals profitabel werden und bleiben. • Zukünftiges Wachstum birgt verschiedene Risiken und Herausforderungen für unser Geschäft und wir sind möglicherweise nicht in der Lage, zukünftiges Wachstum effizient zu steuern.

- Jede Verschlechterung der wirtschaftlichen Bedingungen in den Märkten, in denen wir tätig sind, kann sich nachteilig auf unser Geschäft und unser operatives Ergebnis auswirken.
- Die Akzeptanz unseres Onlineangebotes an Home & Living Produkten könnte abnehmen oder sich nicht verbessern.
- Unsere wachsende geografische Präsenz setzt uns politischen, wirtschaftlichen, rechtlichen und anderen Risiken und Unsicherheiten aus.
- Wir stehen in intensivem Wettbewerb mit dem klassischen stationären Handel sowie anderen Onlinehändlern, der sich noch weiter verstärken könnte.
- Wenn wir es nicht schaffen, unsere Reputation und unsere Marken zu erhalten, zu schützen und zu verbessern, könnte dies unser Geschäft beeinträchtigen.
- Unsere erheblichen Marketinginvestitionen bringen möglicherweise nicht die gewünschten Resultate.
- Wenn unsere Websiten und Apps keine hohe Positionierung bei organischen Suchergebnissen erreichen, könnte dies die Nutzung unserer Websites und Apps reduzieren.
- Wir sind möglicherweise nicht in der Lage, effektiv mit unseren Kunden über Emails und andere Nachrichtendienste sowie soziale Medien zu kommunizieren.
- Wir könnten negativer Berichterstattung ausgesetzt sein, einschließlich falscher negativer Informationen.
- Unser Geschäft unterliegt saisonalen Schwankungen, die sich wesentlich auf unsere Ergebnisse auswirken können.
- Wir sind möglicherweise nicht in der Lage, unser Produktangebot zu erhalten und zu erweitern, um die sich verändernde Nachfrage unserer Kunden zu erfüllen.
- Wir sind möglicherweise nicht in der Lage, unsere Beziehungen zu Lieferanten zu pflegen und auszubauen oder zusätzliche Lieferanten zu finden.
- Ein Mangel an Kreditversicherungen zu akzeptablen Bedingungen könnte dazu führen, dass unsere Lieferanten versuchen, ihr Kreditrisiko uns gegenüber zu reduzieren.
- Produktmängel und -rückrufe könnten unser Geschäft und unsere Reputation beeinträchtigen.
- Unsere Beschaffungs- und Logistikkosten unterliegen Preisschwankungen in Bezug auf Roh- und Brennstoffe und wir sind möglicherweise nicht in der Lage, Preiserhöhungen an unsere Kunden weitergeben.
- Wir sind möglicherweise nicht in der Lage, unsere Lagerbestände effizient zu verwalten.
- Wir sind möglicherweise nicht in der Lage, unsere Lagerhäuser und Logistikkapazitäten effizient zu betreiben und zu erweitern.
- Für die Lieferung unserer Produkte sind wir auf Drittlieferanten angewiesen.
- Unsere komplexen Zahlungssysteme funktionieren möglicherweise nicht ordnungsgemäß.

- Wir könnten Kreditkartenbetrug oder anderem betrügerischem Verhalten ausgesetzt sein.
- Unzufriedenheit mit unserem Kundenservice könnte uns daran hindern, unsere Kunden zu halten.
- Wir könnten einer hohen Anzahl von Rücksendungen ausgesetzt sein.
- Investitionen in unsere IT-Plattform und IT-Infrastruktur führen möglicherweise nicht zu den gewünschten Ergebnissen.
- Wir könnten dabei scheitern, unsere IT-Infrastruktur zu betreiben, zu warten, zu integrieren und zu aktualisieren oder bei der Übernahme und Anwendung von technologischen Fortschritten scheitern.
- Wir könnten Fehlfunktionen oder Störungen unserer IT-Systeme ausgesetzt sein.
- Wir könnten Sicherheitsverstöße und Störungen aufgrund von Hacking, Viren, Betrug und böswilligen Angriffen erleiden.
- Unsere bestehenden finanziellen Verbindlichkeiten könnten die für unsere Geschäftstätigkeit verfügbaren Cashflows begrenzen und ein Ausfall unserer finanziellen Verbindlichkeiten könnte zur Insolvenz der Gesellschaft führen.
- Wir könnten zusätzliches Kapital benötigen, das möglicherweise nur zu wirtschaftlich unakzeptablen Bedingungen oder überhaupt nicht verfügbar ist.
- Wir sind auf unser Personal angewiesen, um unser Geschäft zu entwickeln und zu betreiben und sind möglicherweise nicht in der Lage, bestehendes Personal zu halten und zu ersetzen oder neues Personal zu gewinnen.

Regulatorische, rechtliche und steuerliche Risiken

- Wir unterliegen zahlreichen, komplexen und manchmal widersprüchlichen rechtlichen und regulatorischen Regelungen.
- Wir könnten durch Änderungen der für die Nutzung des Internets und des elektronischen Handels geltenden Vorschriften beeinträchtigt werden.
- Unsere Risikomanagement- und Compliancestruktur könnte sich als unzureichend erweisen.
- Wir sind möglicherweise nicht in der Lage, unser geistiges Eigentum angemessen vor Verletzungen durch Dritte zu schützen.
- Uns könnte vorgeworfen werden, das geistige Eigentum Dritter zu verletzen.
- Wir sind möglicherweise nicht in der Lage, unsere Domains und Marken zu erwerben, zu nutzen und zu pflegen.
- Wir könnten in Rechtsstreitigkeiten oder andere Prozesse verwickelt sein, die unser Geschäft beeinträchtigen könnten.
- Unser Geschäft unterliegt dem generellen Steuerumfeld in den Ländern, in denen wir tätig sind, und Änderungen dieses Steuerumfelds könnten unsere Steuerlast erhöhen.

D.3	**Zentrale Risiken, die den Wertpapieren eigen sind.**	**Risiken im Zusammenhang mit der Aktionärsstruktur der Gesellschaft, den Aktien und dem Angebot** • Die Aktien der Gesellschaft wurden nie zuvor an einer Börse gehandelt und es ist nicht sicher, dass sich ein aktiver und liquider Markt für diese Aktien entwickeln wird. • Der Aktienkurs der Gesellschaft könnte erheblich schwanken und Anleger könnten ihre Anlage in Aktien der Gesellschaft ganz oder teilweise verlieren. • Nach dem Angebot werden die existierenden Aktionäre der Gesellschaft weiterhin eine wesentliche Beteiligung an der Gesellschaft halten und deren Interessen könnten den Interessen der Gesellschaft und denen der anderen Aktionäre widersprechen. • Die Gesellschaft erwartet nicht, dass sie in absehbarer Zukunft Dividenden zahlen wird. • Wir sind möglicherweise nicht in der Lage, die zusätzlichen Anforderungen, die nach der Börsennotierung der Aktien der Gesellschaft für uns gelten, zu erfüllen. • Zukünftige Angebote von Fremd- oder Eigenkapitalinstrumenten durch die Gesellschaft könnten den Aktienkurs der Gesellschaft beeinträchtigen und zukünftige Ausgaben von Aktien könnten zu einer erheblichen Verwässerung der Aktionäre der Gesellschaft führen (d.h. den Wert der Beteiligung der bestehenden Aktionäre an der Gesellschaft vermindern). • Zukünftige Verkäufe durch wesentliche Aktionäre der Gesellschaft könnten den Aktienkurs der Gesellschaft erheblich beeinträchtigen.

E – Angebot

E.1	**Gesamtnettoerlöse.**	Die Gesellschaft wird die Erlöse, die aus der Veräußerung der Neuen Aktien im Rahmen des Angebots erzielt werden, erhalten. Zudem wird die Gesellschaft etwaige Erlöse aus der Ausübung der Greenshoe-Option (wie in E.3 definiert) erhalten. Die Gesellschaft strebt Bruttoerlöse aus dem Angebot in Höhe von rund €150,0 Mio. an. Die Preisspanne für das Angebot, innerhalb derer Kaufangebote platziert werden können, von €19,50 bis €24,50 je Angebotsaktie (die „**Preisspanne**“) wurde so festgesetzt, dass sichergestellt ist, dass die Gesellschaft zum Mindestwert der Preisspanne 7.692.307 Neue Aktien ausgeben und unverändert die angestrebten Bruttoerlöse erzielen würde. Werden die Angebotsaktien zu einem höheren Angebotspreis für das Angebot platziert (der „**Angebotspreis**“), würde sich die Anzahl der von der Gesellschaft ausgegebenen Neuen Aktien entsprechend verringern. Die Gesellschaft würde folglich zum Mittel- und Höchstwert der Preisspanne 6.818.181 Neue Aktien bzw. 6.122.448 Neue Aktien ausgeben, um die angestrebten Bruttoerlöse in Höhe von rund €150,0 Mio. zu erzielen. Die Anzahl der Mehrzuteilungsaktien wird 15,0% der tatsächlich im Rahmen des Angebots platzierten Neuen Aktien nicht überschreiten. Unter der Annahme der Platzierung der jeweiligen Anzahl Neuer Aktien zum Mindest-, Mittel- bzw. Höchstwert der Preisspanne werden bis zu 1.153.846, 1.022.727 bzw. 918.367 Mehrzuteilungsaktien bei Investoren platziert. Unter der Annahme einer jeweils vollständigen Ausübung der Greenshoe-Option (wie in E.3 definiert) zum Mindest-, Mittel- bzw. Höchstwert der Preisspanne würden die Bruttoerlöse aus der Ausübung der Greenshoe-Option rund €22,5 Mio. betragen.

Nach Abzug der Kosten der Gesellschaft in Bezug auf das Angebot und unter der Annahme der vollständigen Zahlung der Ermessensgebühr, schätzt die Gesellschaft, dass die Nettoerlöse aus der Platzierung der Neuen Aktien sich auf rund €142,5 Mio. belaufen würden. Unter der Annahme der vollständigen Zahlung der Ermessensgebühr und der vollständigen Ausübung der Greenshoe-Option (wie in E.3 definiert) für die jeweilige Anzahl von Aktien, schätzt die Gesellschaft, dass sich die Nettoerlöse aus der Ausübung der Greenshoe-Option (wie in E.3 definiert) zum Mindest-, Mittel- und Höchstwert der Preisspanne auf rund €21,8 Mio. belaufen würden, was einem Gesamtnettoerlös von rund €164,3 Mio. entspricht.

Geschätzte Gesamtkosten der Emission/ des Angebots.

Die der Gesellschaft durch das Angebot der Angebotsaktien und die Börsennotierung sämtlicher Aktien der Gesellschaft entstehenden Kosten, inklusive Konsortial- und Platzierungsprovisionen, die an die Joint Bookrunner zu zahlen sind, werden sich voraussichtlich auf insgesamt rund €8,2 Mio. belaufen (unter der Annahme der vollständigen Ausübung der Greenshoe-Option (wie in E.3 definiert) für die entsprechende Anzahl von Aktien und vollständiger Zahlung der Ermessensgebühr).

Geschätzte Kosten, die dem Anleger in Rechnung gestellt werden.

Entfällt. Anlegern werden von der Gesellschaft oder den Joint Bookrunnern keine Kosten in Rechnung gestellt. Anleger müssen die üblichen Transaktions- und Abwicklungskosten tragen, die ihnen ihre depotführenden Broker oder Finanzinstitute in Rechnung stellen.

E.2a Gründe für das Angebot.

Die Gesellschaft beabsichtigt, das Angebot durchzuführen und ihre Aktien am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) der Frankfurter Wertpapierbörse zuzulassen, um die Nettoerlöse aus dem Angebot zu erhalten und Zugang zum Kapitalmarkt zu erlangen.

Zweckbe-stimmung der Erlöse.

Die Gesellschaft beabsichtigt derzeit, die Nettoerlöse aus dem Angebot wie folgt zu verwenden: (i) zwischen rund €80 Mio. und rund €90 Mio. zur Finanzierung der Einführung unseres ausgereiften Vermarktungsansatzes in allen aktiven Regionen, der kontinuierlichen Vorwärtsintegration unserer Lieferkette sowie fortgesetzten Investitionen in das profitable Wachstum des Geschäfts von home24, (ii) zwischen rund €30 Mio. und rund €40 Mio. für Investitionen in Anlagevermögen, Geräte und Technologie, vornehmlich in die Ausweitung der Lagerhausstruktur, (iii) bis zu €15 Mio. zur Rückzahlung des Aktionärsdarlehens, einschließlich damit verbundener Gebühren, und Zahlungen im Zusammenhang mit Medienverträgen sowie (iv) zwischen rund €17 Mio. und rund €19 Mio. zur Schaffung strategischer Flexibilität für neue Geschäftsfelder. Die Gesellschaft beabsichtigt, etwaige sonstige Nettoerlöse aus dem Angebot für allgemeine Gesellschaftszwecke zu verwenden.

Geschätzte Nettoerlöse.

Nach Abzug der Kosten der Gesellschaft in Bezug auf das Angebot und unter der Annahme der vollständigen Zahlung der Ermessensgebühr, schätzt die Gesellschaft, dass die Nettoerlöse aus der Platzierung der Neuen Aktien sich auf rund €142,5 Mio. belaufen würden. Unter der Annahme der vollständigen Zahlung der Ermessensgebühr und der vollständigen Ausübung der Greenshoe-Option (wie in E.3 definiert) für die jeweilige Anzahl von Aktien, schätzt die Gesellschaft, dass sich die Nettoerlöse aus der Ausübung der Greenshoe-Option (wie in E.3 definiert) zum Mindest-, Mittel- und Höchstwert der Preisspanne auf rund €21,8 Mio. belaufen würden, was einem Gesamtnettoerlös von rund €164,3 Mio. entspricht.

E.3	**Angebots-konditionen.**	Das Angebot besteht aus erstmaligen öffentlichen Angeboten in Deutschland und im Großherzogtum Luxemburg sowie Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands und des Großherzogtums Luxemburg. In den Vereinigten Staaten werden die Angebotsaktien nur qualifizierten institutionellen Anlegern entsprechend und in Übereinstimmung mit sowie unter Berufung auf Rule 144A nach dem U.S. Securities Act von 1933 in der jeweils gültigen Fassung (der „**Securities Act**“) oder gemäß einer anderen anwendbaren Ausnahme von den Registrierungsanforderungen des Securities Act bzw. in Transaktionen, die diesen Registrierungsanforderungen nicht unterfallen, angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen in Übereinstimmung mit Regulation S des Securities Act angeboten und verkauft.
	Preisspanne.	Die Preisspanne für das Angebot, innerhalb derer Kaufangebote platziert werden können, beträgt €19,50 bis €24,50 je Angebotsaktie.
	Angebotsfrist.	Der Zeitraum, in dem Anleger Kaufangebote für die Angebotsaktien abgeben können, beginnt voraussichtlich am 4. Juni 2018 und endet voraussichtlich am 13. Juni 2018 (der „**Angebotszeitraum**“).
	Angebots-preis.	Der Angebotspreis und die endgültige Anzahl an Angebotsaktien, die im Rahmen des Angebots platziert werden, werden am Ende des Bookbuilding-Verfahrens nach Beratung mit den Joint Bookrunnern von der Gesellschaft festgesetzt und es wird erwartet, dass sie am oder um den 13. Juni 2018 veröffentlicht werden. Sollte sich herausstellen, dass das Platzierungsvolumen nicht ausreicht, um alle Aufträge, die zum Angebotspreis platziert wurden, zu befriedigen, behalten sich die Joint Bookrunner das Recht vor, Aufträge abzulehnen oder nur teilweise anzunehmen.
	Lieferung und Abwicklung.	Die Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises wird voraussichtlich am 19. Juni 2018 erfolgen. Die Angebotsaktien werden den Aktionären als Miteigentumsanteile an den Globalurkunden zur Verfügung gestellt werden.
	Stabilisie-rungsmaß-nahmen, Mehrzu-teilung und Greenshoe Option.	Im Zusammenhang mit der Platzierung der Angebotsaktien wird Berenberg, für Rechnung der Joint Bookrunner, als Stabilisierungsmanager agieren und kann als solcher und in Übereinstimmung mit Artikel 5 Absatz 4 der Verordnung (EU) Nr. 596/2014 des Europäischen Parlaments und des Rates vom 16. April 2014 über Marktmissbrauch, in der jeweils gültigen Fassung, in Verbindung mit Artikel 5 bis 8 der Delegierten Verordnung (EU) 2016/1052 der Kommission vom 8. März 2016, Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien der Gesellschaft zu stützen und so den durch kurzfristig orientierte Anleger erzeugten Verkaufsdruck zu verringern und einen ordentlichen Markt für die Aktien der Gesellschaft zu erhalten. Im Zusammenhang mit solchen Stabilisierungsmaßnahmen werden Anlegern zusätzlich zu den Neuen Aktien möglicherweise bis zu 1.153.846 Mehrzuteilungsaktien als Teil der Zuteilung der Angebotsaktien zugeteilt (die „**Mehrzuteilung**“). Zu diesem Zweck wird Berenberg, für Rechnung der Joint Bookrunner, bis zu 1.153.846 Mehrzuteilungsaktien aus dem Bestand der Verleihenden Aktionärin in Form eines Wertpapierdarlehens zur Verfügung gestellt. Die Gesamtzahl der Mehrzuteilungsaktien wird dabei 15% der tatsächlich bei Anlegern platzierten Neuen Aktien nicht übersteigen. Im Zusammenhang mit potentiellen Mehrzuteilungen hat die Gesellschaft den Joint Bookrunnern eine Option zum Erwerb von bis zu 1.153.846 zusätzlichen Aktien der Gesellschaft zum Angebotspreis abzüglich der vereinbarten Provisionen eingeräumt (die „**Greenshoe-Option**“). Diese hat den ausschließlichen Zweck, dem Stabilisierungsmanager die Erfüllung seiner Rückgabeverpflichtung aus dem Wertpapierdarlehen der Verleihenden Aktionärin zu ermöglichen. Die Greenshoe-Option darf nur während des Stabilisierungszeitraums ausgeübt werden und wird 30 Kalendertage nach der Beendigung des Angebots enden.

		Berenberg, für Rechnung der Joint Bookrunner, ist berechtigt, die Greenshoe-Option in dem Umfang auszuüben, in dem Anlegern Mehrzuteilungsaktien im Rahmen des Angebots zugeteilt wurden. Die Anzahl der Mehrzuteilungsaktien, die im Rahmen der Greenshoe-Option erworben werden, wird um die Anzahl der Aktien Gesellschaft reduziert, die am Tag der Ausübung der Greenshoe-Option von Berenberg gehalten werden, sofern diese Aktien von Berenberg im Rahmen von Stabilisierungsmaßnahmen erworben wurden.
E.4	**Für die Emission/das Angebot wesentliche Beteiligungen.**	Im Zusammenhang mit dem Angebot und der Börsennotierung der Aktien der Gesellschaft sind die Joint Bookrunner eine vertragliche Beziehung mit der Gesellschaft und der Verleihenden Aktionärin eingegangen. Die Joint Bookrunner handeln bei dem Angebot für die Gesellschaft und koordinieren die Strukturierung und Durchführung des Angebots. Nach erfolgreicher Durchführung des Angebots werden die Joint Bookrunner eine Provision erhalten. Dementsprechend haben die Joint Bookrunner ein finanzielles Interesse am Erfolg des Angebots zu den bestmöglichen Bedingungen. Zudem sind die Joint Bookrunner und die mit ihnen verbundenen Unternehmen berechtigt, als Anleger für eigene Rechnung handelnd Aktien im Rahmen des Angebots zu erwerben und könnte in dieser Position auf eigene Rechnung solche Aktien oder verwandte Investitionen halten, erwerben oder veräußern und könnte solche Aktien oder verwandten Investitionen außerhalb des Angebots anbieten oder veräußern. Darüber hinaus können die Joint Bookrunner sowie die mit ihnen verbundenen Unternehmen mit Anlegern Finanzierungsvereinbarungen, einschließlich von Swap und Differenzkontrakten abschließen und in diesem Zusammenhang könnten der jeweilige Joint Bookrunner oder dessen jeweilige verbundene Unternehmen von Zeit zu Zeit, Aktien der Gesellschaft erwerben, halten oder veräußern. Die Joint Bookrunner oder ihre jeweiligen verbundenen Unternehmen unterhalten Geschäftsbeziehungen zu home24 und deren Aktionären und könnten und könnten dies von Zeit zu Zeit in Zukunft erneut tun, einschließlich von Finanzierungstätigkeiten oder sie könnten Dienstleistungen für home24 oder deren Aktionäre im Rahmen des gewöhnlichen Geschäftsbetriebs erbringen. Die Long-Term-Incentive-Programme von home24 sehen vor, dass die Performance Shares und virtuellen Optionen, die im Rahmen dieser Long-Term-Incentive-Programme ausgegeben wurden, nur im Falle eines Ausstiegs ausübbar sind. Die Börsennotierung der Aktien der Gesellschaft wird einen solchen Ausstieg darstellen. Darüber hinaus hängen die Beträge, welche die Inhaber von Performance Shares und virtuellen Optionen unter den Long-Term-Incentive-Programmen von home24 geltend machen können, vom Ergebnis des Angebots ab. Die Inhaber solcher Performance Shares und virtuellen Optionen, einschließlich der Mitglieder des Vorstands, haben daher ein Interesse an der Börsennotierung und am Erfolg des Angebots zu den bestmöglichen Bedingungen. Darüber hinaus sehen die Vorstandsverträge der Vorstandsmitglieder Marc Appelhoff, Christoph Cordes und Johannes Schaback vor, dass der Aufsichtsrat nach alleinigem Ermessen jedem dieser Mitglieder des Vorstands eine variable Vergütung von bis zu €50.000,00 pro Jahr zugestehen kann. Bei seiner Entscheidung berücksichtigt der Aufsichtsrat, ob bestimmte Geschäftsziele erreicht wurden. Für das zum 31. Dezember 2018 endende Geschäftsjahr hat der Aufsichtsrat den erfolgreichen Abschluss der Börsenzulassung der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse und den erfolgreichen Abschluss des Angebots für eine bestimmte Bewertung als relevante Geschäftsziele festgelegt. Die vorgenannten Mitglieder des Vorstands haben daher ein Interesse an der Börsennotierung und am Erfolg des Angebots zu den bestmöglichen Bedingungen.

	Beteiligungsvereinbarungen, die zwischen der Gesellschaft sowie den gegenwärtigen Geschäftsführern von Mobly, Victor Noda, Mario Carlos Fernandes Filho und Marcelo Rodrigues Marques, abgeschlossen wurden, sehen Put- und Call-Optionsvereinbarungen im Hinblick auf ihre Minderheitsanteile an den Holdinggesellschaften für unser Segment Lateinamerika im Falle eines Ausstiegs vor. Unter der Annahme, dass die Aktien der Gesellschaft zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und gleichzeitig zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) zugelassen werden, wird dieser Umstand die Geschäftsführer von Mobly berechtigen, von der Gesellschaft zu verlangen, dass sie diese Minderheitsanteile erwirbt. Dabei hängt der von der Gesellschaft zu zahlende Preis unter anderem vom Angebotspreis und dem Kurs der Aktien der Gesellschaft im nachfolgenden Börsenhandel ab. Unter der Annahme einer erfolgreichen Platzierung von 6.818.181 Neuen Aktien zum Mittelwert der Preisspanne und basierend auf dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2018 endenden Dreimonatszeitraum erwartet die Gesellschaft, dass sich die Gesamtansprüche von Victor Noda, Mario Carlos Fernandes Filho und Marcelo Rodrigues Marques auf rund €7,2 Mio. belaufen würden. Die Geschäftsführer von Mobly haben daher ein Interesse an der Börsennotierung und am Erfolg des Angebots zu den bestmöglichen Bedingungen. Die Gesellschaft hat das Aktionärsdarlehen bei den Darlehensgebern, aufgenommen, von dem zum Datum dieses Prospekts ein Gesamtbetrag von €7,5 Mio. aussteht. Unter der Annahme, dass die Aktien der Gesellschaft zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und gleichzeitig zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) zugelassen werden und dass die Gesellschaft Bruttoerlöse in Höhe von mindestens €25,0 Mio. für die Platzierung der Neuen Aktien erhält, werden die Darlehensgeber hierdurch in die Lage versetzt, die Gesellschaft zur Rückzahlung des Aktionärsdarlehens zu verpflichten. Daher haben die Darlehensgeber ein Interesse an der Börsennotierung. Im Zusammenhang mit der Ausgabe des Aktionärsdarlehens haben die Gesellschaft und die Darlehensgeber eine Honorarvereinbarung geschlossen. Die Honorarvereinbarung sieht vor, dass die Darlehensgeber eine zusätzliche Gebühr erhalten, wenn die Gesellschaft neue Aktien der Gesellschaft für Erlöse von insgesamt mindestens €25,0 Mio. im Rahmen einer Börsennotierung von Aktien der Gesellschaft platziert, wobei diese Gebühr von der implizierten Bewertung der Aktien der Gesellschaft und der unter dem Aktionärsdarlehen ausstehenden Beträge abhängig ist. Unter der Annahme einer Platzierung von 6.818.181 Neuen Aktien zum Mittelwert der Preisspanne schätzt die Gesellschaft, dass die den Darlehensgebern zustehende Gebühr sich auf rund €0,2 Mio. belaufen würde. Diese wird abhängig vom Darlehensbetrag des jeweiligen Darlehensgebers anteilig zwischen den Darlehensgebern aufgeteilt. Die Darlehensgeber haben daher ein Interesse an der Börsennotierung und am Erfolg des Angebots zu den bestmöglichen Bedingungen. Im Juli 2017 haben die Gesellschaft und die SevenVentures GmbH („**SevenVentures**") eine Ausstiegsbeteiligungsvereinbarung abgeschlossen. Unter der Annahme, dass die Aktien der Gesellschaft zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und gleichzeitig zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) zugelassen werden, gilt dies als Ausstieg im Rahmen dieser Ausstiegsbeteiligungsvereinbarung. Unter Annahme einer Platzierung von 6.818.181 Neuen Aktien zum Mittelwert der Preisspanne erwartet die Gesellschaft, dass die Ansprüche von SevenVentures, die mit Vollzug des Angebots fällig werden, sich auf rund €2,4 Mio. belaufen würden. SevenVentures hat daher ein Interesse an der Börsennotierung und am Erfolg des Angebots zu den bestmöglichen Bedingungen.
Interessen-konflikte.	Entfällt. Es bestehen keine Interessenkonflikte im Hinblick auf das Angebot oder die Börsennotierung der Aktien der Gesellschaft.

E.5 Name der Person/des Unternehmens, die/ das das Wertpapier zum Verkauf anbietet sowie Lock-up-Vereinbarungen.

Die Angebotsaktien werden von den Joint Bookrunnern zum Verkauf angeboten.

In dem Konsortialvertrag, den die Gesellschaft, die Verleihende Aktionärin und die Joint Bookrunner am 1. Juni 2018 abgeschlossen haben, hat die Gesellschaft mit den Joint Bookrunnern vereinbart, dass sie ohne die vorherige schriftliche Zustimmung der Joint Bookrunner, die nicht unbillig verweigert werden darf, innerhalb eines Zeitraums, der am 1. Juni 2018 beginnt und 180 Tage nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse (derzeit für den 15. Juni 2018 erwartet) endet, folgendes nicht tun wird:

- eine Erhöhung des Grundkapitals der Gesellschaft aus genehmigtem Kapital anzukündigen oder zu bewirken;
- ihrer Hauptversammlung eine Erhöhung des Grundkapitals vorzuschlagen; oder
- eine Ausgabe von Wertpapieren mit Wandel- oder Optionsrechten auf Aktien der Gesellschaft oder Transaktionen mit einem vergleichbaren wirtschaftlichen Effekt anzukündigen, zu bewirken oder vorzuschlagen.

Die vorstehenden Bestimmungen finden keine Anwendung auf Kapitalerhöhungen im Zusammenhang mit dem Angebot. Des Weiteren kann die Gesellschaft (i) im Rahmen von Managementbeteiligungsplänen Aktien oder andere Wertpapiere, einschließlich von, aber nicht beschränkt auf, tatsächlichen oder virtuellen Optionen, unter bestehenden oder zukünftigen Managementbeteiligungsplänen an ehemalige und zukünftige Angestellte, Unterstützer, ehemalige, bestehende und zukünftige Mitglieder von Leitungsorganen, Dienstleister und Geschäftspartner der Gesellschaft oder ihrer Tochtergesellschaften oder deren jeweilige Investitionsvehikel ausgeben oder verkaufen und (ii) unternehmerische Maßnahme verfolgen, welche die Gesellschaft zum Zwecke des Abschlusses eines Vertrags im Hinblick auf – oder die Beschlussfassung über – das Eingehen eines Joint Ventures oder den Erwerb von Gesellschaften vornimmt, sofern im Falle von (i) die Gesellschaft sich im Hinblick auf zukünftige Managementbeteiligungspläne nach besten Kräften dafür einsetzen wird, dass der betreffende Begünstigte eines solchen künftigen Managementbeteiligungsplans oder im Falle von (ii) die Partei des Joint Ventures oder der erworbenen Gesellschaft, an die solche Aktien ausgegeben werden, sich gegenüber den Joint Global Coordinators verpflichten, an die gleiche Lock-up-Vereinbarung wie die Gesellschaft gebunden zu sein.

Für den Zeitraum, der am 1. Juni 2018 beginnt und hinsichtlich der existierenden Aktionäre 180 Tage sowie hinsichtlich der Mitglieder des Vorstands zwölf Monate nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse endet (derzeit für den 15. Juni 2018 erwartet), haben sich die existierenden Aktionäre sowie die Mitglieder des Vorstands im Hinblick auf ihre zum Datum dieses Prospekts gehaltenen Aktien der Gesellschaft und/oder Aktien der Gesellschaft, die zur Bedienung bestimmter zum Datum dieses Prospekts gehaltener Optionen ausgegeben werden, schriftlich verpflichtet, ohne vorherige schriftliche Zustimmung der Joint Global Coordinators, folgendes nicht zu tun:

- direkt oder indirekt solche Aktien anzubieten, zu verpfänden, zuzuteilen, zu vertreiben, zu verkaufen, sich vertraglich zum Verkauf zu verpflichten, eine Option oder einen Kaufvertrag zu begeben, eine Option zum Verkauf zu erwerben, eine Option, ein Recht oder einen Optionsschein zum Kauf zu gewähren, zu übertragen oder anderweitig zu veräußern (zum Beispiel durch Ausgabe oder den Verkauf von in Aktien umtauschbaren Wertpapieren);
- direkt oder indirekt die Ankündigung, Durchführung oder Umsetzung einer Kapitalerhöhung der Gesellschaft oder eine direkte oder indirekte Platzierung von Aktien zu veranlassen oder zu genehmigen;

- direkt oder indirekt eine Erhöhung des Grundkapitals der Gesellschaft zur Beschlussfassung durch die Hauptversammlung der Gesellschaft vorzuschlagen oder für eine vorgeschlagene Kapitalerhöhung zu stimmen;

- direkt oder indirekt die Bekanntmachung, die Durchführung oder einen Vorschlag für die Emission von Finanzinstrumenten, die in Aktien der Gesellschaft wandelbare Optionen oder Optionsscheine darstellen, zu veranlassen oder zu genehmigen; oder

- eine Transaktion abzuschließen oder durchzuführen, die ein wirtschaftliches Äquivalent zu den obengenannten Punkten darstellt, insbesondere die Ausgabe von Optionen oder Wandlungsrechten auf Aktien der Gesellschaft, oder einen Swap oder eine andere Vereinbarung abzuschließen, die das wirtschaftliche Risiko des Eigentums an solchen Aktien ganz oder teilweise auf jemand anderen überträgt;

außer, im Falle des zweiten und dritten Punkts, für Zwecke des Angebots, und in Bezug auf jeden anderen Punkt, um bestimmte Optionen zu bedienen oder wie ausdrücklich in diesem Prospekt vorgesehen, einschließlich des Wertpapierdarlehens um Berenberg die Mehrzuteilungsaktien zur Verfügung zu stellen.

Die vorstehenden Bestimmungen finden keine Anwendung auf (i) die Übertragung von Aktien an verbundene Unternehmen des betreffenden Aktionärs der Gesellschaft oder Mitglieds des Vorstands; (ii) die Übertragung von Aktien an einen anderen Aktionär der Gesellschaft oder ein Mitglied des Vorstands, der/das unmittelbar vor dem Angebot Aktien gehalten hat, vorausgesetzt, dass die Gesamtzahl der unter Punkt (ii) übertragenen Aktien 10% der gesamten Aktien des betreffenden Inhabers nicht übersteigen darf, sofern die Joint Global Coordinators nicht unter Berücksichtigung der untenstehenden Beschränkungen zugestimmt haben; (iii) künftige Verpfändungen an einen der oder mehrere Joint Global Coordinators oder an ein verbundenes Unternehmen sofern mit den Joint Global Coordinators vereinbart; (iv) Übertragungen von Aktien an einen oder mehrere der Joint Global Coordinators oder an eines ihrer verbundenen Unternehmen aufgrund der Vollstreckung etwaiger gemäß Punkt (iii) eingegangener Verpfändungen; und (v) Veräußerungen von Aktien zur Finanzierung von Steuerforderungen gegen ein Mitglied des Vorstands, die nach der Bedienung von bestimmten Optionen in Aktien fällig werden, wobei in jedem der Fälle (i) bis (iv) vorausgesetzt wird, dass der/die Begünstigte(n) sich gegenüber den Joint Global Coordinators verpflichtet(n), an die gleiche Lock-up-Verpflichtung gebunden zu sein.

Die Joint Global Coordinators können nach alleinigem Ermessen ganz oder teilweise auf die Lock-up-Verpflichtung verzichten, wobei ein solcher im Ermessen erfolgende Verzicht anteilig für alle Aktionäre der Gesellschaft, die dieser Verpflichtung unterliegen, gilt (d.h. im Verhältnis zur Anzahl der Aktien, die dieser Verpflichtung unterliegen).

Wird das Amt eines Mitglieds des Vorstands während der zuvor erwähnten Lock-up-Frist beendet oder einigen sich die Gesellschaft und ein Mitglied des Vorstands auf eine solche Beendigung, so wird die zuvor erwähnte Lock-up-Frist für das betreffende Mitglied auf die Frist von sechs Monaten ab dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse reduziert.

E.6 Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.

Zum 31. März 2018 betrug der Nettobuchwert der Gruppe (d.h. die gesamten Vermögenswerte zuzüglich der negativen Anteile ohne beherrschenden Einfluss, abzüglich der langfristigen und kurzfristigen Verbindlichkeiten) €47,1 Mio. und würde, basierend auf 18.476.756 ausstehenden Aktien der Gesellschaft unmittelbar vor dem Angebot, €2,55 je Aktie der Gesellschaft betragen. Der Nettobuchwert der Gruppe wird im ungeprüften verkürzten Konzernzwischenabschlusses der Gesellschaft für den zum 31. März 2018 endenden Dreimonatszeitraum als auf die Anteilseigner des Mutterunternehmens entfallendes Eigenkapital ausgewiesen.

Der verwässernde Effekt des Angebots wird in der untenstehenden Tabelle veranschaulicht, die den Betrag zeigt, um den der Angebotspreis den Nettobuchwert je Aktie nach Abschluss des Angebots übersteigt und die unter der Annahme steht, dass das Angebot am 31. März 2018 abgeschlossen wurde. In dieser Hinsicht wird der Nettobuchwert zum 31. März 2018 um die Effekte des erfolgreichen Vollzugs des Angebots angepasst unter der Annahme, dass (i) die IPO Kapitalerhöhung zum Mindest-, Mittel- bzw. Höchstwert der Preisspanne für 7.692.307, 6.818.181 bzw. 6.122.448 Neue Aktien durchgeführt wird und die Greenshoe-Option zum Mindest-, Mittel- bzw. Höchstwert der Preisspanne, für 1.153.846, 1.022.727 bzw. 918.367 Aktien ausgeübt wird sowie (ii) dass sich der auf die Aktionäre entfallende Nettobuchwert zum Mindest-, Mittel- bzw. Höchstwert der Preisspanne um €164,3 Mio. erhöht (jeweils ohne Berücksichtigung von Steuereffekten). Der angepasste Nettobuchwert ist als Kennzahl je Aktie dargestellt, unter der Annahme, dass 27.322.909 Aktien, 26.317.664 Aktien bzw. 25.517.571 Aktien der Gesellschaft nach Vollzug des Angebots zum Mindest-, Mittel- bzw. Höchstwert der Preisspanne ausstehen (diese Kennzahl je Aktie wird als „**Eigenkapital nach dem IPO**“ bezeichnet):

	Zum 31. März 2018		
	Mindestwert	**Mittelwert**	**Höchstwert**
		(ungeprüft)	
		(in €, soweit nicht anders angegeben)	
Nettobuchwert je Aktie[1]	2,55	2,55	2,55
Bruttoerlös aus dem Angebot (in € Mio.)	172,5	172,5	172,5
Geschätzte Gesamtkosten des Angebots (in € Mio.)[2]	8,2	8,2	8,2
Nettoerlöse aus dem Angebot (in € Mio.)	164,3	164,3	164,3
Eigenkapital nach dem IPO (in € Mio.)	211,4	211,4	211,4
Eigenkapital nach dem IPO je Aktie[4]	7,74	8,03	8,29
Betrag, um den der Angebotspreis das Eigenkapital nach dem IPO je Aktie übersteigt (unmittelbare Verwässerung der neuen Aktionäre der Gesellschaft)	11,76	13,97	16,21
Prozentsatz, um den der Angebotspreis das Eigenkapital nach dem IPO je Aktie übersteigt (in %)	*151,9*	*174,0*	*195,5*
Betrag, um den das Eigenkapital nach dem IPO je Aktie den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt (unmittelbarer Wertzuwachs der bestehenden Aktionäre der Gesellschaft)	5,19	5,48	5,74
Prozentsatz, um den das Eigenkapital nach dem IPO je Aktie den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt (in %)	*203,5*	*214,9*	*225,1*

(1) Basierend auf 18.476.756 ausstehenden Aktien der Gesellschaft unmittelbar vor dem Angebot und einem Nettobuchwert der Gruppe in Höhe von €47,1 Mio. zum 31. März 2018, der im ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 31. März 2018 endenden Dreimonatszeitraum als auf die Anteilseigner des Mutterunternehmens entfallendes Eigenkapital ausgewiesen wird.

(2) Inklusive Banken- und Platzierungsprovisionen, die an die Joint Bookrunner zu zahlen sind sowie vollständiger Zahlung der Ermessensgebühr.

Vor dem Angebot hielten die existierenden Aktionäre, einschließlich der Verleihenden Aktionärin, 99,8% der Stimmrechte an der Gesellschaft, während die Gesellschaft die verbleibenden Aktien als eigene Aktien hielt. Nach Vollzug des Angebots zum Mindest-, Mittel- bzw. Höchstwert der Preisspanne würden die von den existierenden Aktionären, einschließlich der Verleihenden Aktionärin, insgesamt gehaltenen Stimmrechte sich auf 67,5%, 70,1% bzw. 72,3% der Gesamtstimmrechte an der Gesellschaft belaufen (jeweils unter der Annahme der vollständigen Ausübung der Greenshoe-Option für die jeweilige Anzahl an Aktien).

Vor dem Angebot hielt die Verleihende Aktionärin 41,2% der Stimmrechte an der Gesellschaft. Nach Vollzug des Angebots zum Mindest-, Mittel- bzw. Höchstwert der Preisspanne würden die von der Verleihenden Aktionärin insgesamt gehaltenen Stimmrechte sich auf 27,9%, 28,9% bzw. 29,8% der Gesamtstimmrechte an der Gesellschaft belaufen (jeweils unter der Annahme der vollständigen Ausübung der Greenshoe-Option für die jeweilige Anzahl an Aktien).

E.7	**Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.**	Entfällt. Anlegern werden von der Gesellschaft oder den Joint Bookrunnern keine Kosten in Rechnung gestellt. Anleger müssen für die üblichen Transaktions- und Bearbeitungsgebühren aufkommen, die von ihren Brokern oder anderen Finanzinstituten, durch die sie ihre Aktien halten, erhoben werden.

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1. RISK FACTORS

*An investment in the shares of home24 SE (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**", "**home24**", "**we**", "**us**", "**our**" or "**ourselves**") is subject to risks. In addition to the other information contained in this prospectus (the "**Prospectus**"), investors should carefully consider the following risks when deciding whether to invest in the Company's shares. The market price of the Company's shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.*

The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to our business, financial condition, cash flows, results of operations and prospects. The risks mentioned herein may materialize individually or cumulatively.

1.1 Risks Related to Our Business, Operations and Financial Position

1.1.1 We have never been profitable on a Group level and there is no guarantee that we will ever become and remain profitable.

We are a pure-play online home & living retailer, operating in seven countries in Europe, including our largest market Germany, under our "home24" brand, as well as in Brazil, where we operate under our "Mobly" brand. We launched our online offering in 2009 and between 2010 and 2015, our revenue grew rapidly at a compound annual growth rate of 129%. However, we have never been profitable on a Group level due to our focus on continuing our expansion and constantly investing in our home24 platform. As a result, we incurred aggregate losses for the period in an amount of €208.6 million between January 1, 2015 and March 31, 2018.

While our strategic goal is to continue to improve our margins and to reach breakeven for our adjusted earnings before interest, taxes, depreciation and amortization (defined as the sum of (i) operating result (EBIT) and (ii) depreciation and amortization, adjusted for share-based compensation expenses ("**Adjusted EBITDA**")) on a Group level within approximately the next 18 months, reaching this goal and becoming profitable will depend on a number of factors, in particular our ability to significantly grow our business to benefit from further economies of scale and reach a critical mass. However, there is no guarantee that we will experience significant above-market growth or any growth at all. A number of factors (*e.g.*, adverse economic developments, an inability to compile an attractive product offering and to provide a superior shopping experience or to attract and retain new and existing customers as well as superior offerings by competitors with greater financial resources), some of which may be outside our control, may prevent us from further expanding our business. To the extent our growth rate slows, we will only ever become profitable if we, *inter alia*, use our operating leverage to improve our gross profit margins, increase the efficiency of our fulfillment capabilities and improve our cost base (*e.g.*, by reducing marketing costs). In addition, our planning is based on our current geographic footprint and strategic decisions to target faster growth in order to solidify our competitive position may mean that we reach Adjusted EBITDA breakeven later or record a negative Adjusted EBITDA for certain periods.

Even if we are able to grow our business and benefit from economies of scale, there is no guarantee that we achieve profitability and that such profitability proves sustainable. As we continue to grow, we anticipate that we will, from time to time, make significant investments, including investments aimed at further enhancing recognition and perception of our brands, improving our customer experience and further developing our information technology ("**IT**") platform and fulfillment infrastructure. However, there is no guarantee that such investments will yield the desired results and they might prove even more expensive than anticipated. In addition, external developments, which may be unforeseeable or beyond our control, could increase our cost base and offset any positive effects from efficiency improvements we actually achieve and we may not be able to recover higher costs by charging increased prices to our customers. Consequently, there is no guarantee that we will ever become and remain profitable.

If we fail to become and remain profitable, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects and ultimately lead to an insolvency of the Company.

1.1.2 Future growth poses various risks and challenges to our business and we may not be able to manage future growth efficiently.

Our revenue continues to increase, with such growth accelerating in the most recent quarters. While we have made significant investments to improve the scalability our home24 platform across the value chain, in particular by investing in end-to-end process optimization and automatic back-end fulfillment systems, if we experience continued growth at similar or even higher levels as currently envisaged, our current platform may prove insufficient for our expanding business. In such case, we may be required to further scale our IT-platform as well as expand and improve our fulfillment infrastructure, customer service and related functions. Our existing teams may not be adequately staffed to handle an increase in the workload. In addition, our workforce management may prove insufficient for our expanding business and growth plans. There is no guarantee that we will be able to hire the required number of employees to expand our business in a timely manner and on acceptable terms.

The anticipated growth of our business will place significant demands on our management. Continued growth may also require us to expand and improve our operational, IT, financial, accounting, compliance and management controls and reporting systems, which may not always be possible or prove lengthy or costly. If we are unable to successfully handle future growth, we may be required to take steps to slow down our growth, which may adversely affect our business and competitive position.

If we experience significant future growth, we may not only be required to make additional investments in our home24 platform, but will also have to expand our relationships with various suppliers and other third parties we do business with and to expend time and effort to integrate new suppliers and other third parties into our operations. The expansion of our business could exceed the capacities of our suppliers and third parties willing to do business with us and if they are unable to keep up with our growth, our operations could be adversely affected. Furthermore, our ability to hire a sufficient number of new employees, in particular IT-experts, to manage our expanding operations in a timely manner depends on the overall ability of qualified employees and our ability to offer them sufficiently attractive employment terms compared to other employers.

In addition, an expansion of our home24 platform, in particular our IT-infrastructure, as well as our relationships with a growing number of third parties and a growing workforce will make our operations more complex and challenging. There is no guarantee that we will be able to meet such challenges and the risk of disruptions and compliance violations may increase.

An inability to manage future growth efficiently could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.3 Any deterioration of economic conditions in the markets in which we operate may adversely affect our business and results of operations.

Our growth and the margins we can achieve depend on global and regional economic conditions in the markets in which we operate and their impact on consumer spending, which is likely to decline during periods of economic uncertainty and recessions. For instance, private consumption in our second largest market, Brazil, significantly declined in recent years due to one of the worst recessions in the country’s history. Given that large furniture items, which are crucial to our product offering, require our customers to make higher investments compared to purchases in other retail markets such as consumer electronics, traditional toys and games, consumer appliances and apparel, they may be even more reluctant to make such investments in periods of economic downturns. As a result, our industry may be more adversely affected by such developments compared to other industries.

Adverse economic developments and economic uncertainty may stem from a number of factors such as uncertainty about the future development of interest rates, the United Kingdom’s initiated exit procedure from the European Union, the recent rise of populist parties and candidates, the implementation of trade tariffs, terrorist activities in Europe as well as around the globe and political tensions, in particular concerning the Korean peninsula or the Middle East. Even countries with currently stable economies, including Germany, could experience downturns in the future. A decline in consumer spending and purchasing power could lead to customers ordering less, or selecting only cheaper products, or not ordering online at all.

In addition, small businesses that do not have substantial resources, including a significant number of our suppliers, tend to be adversely affected to a greater extent by poor economic conditions than large businesses. If some of the suppliers in our global supplier base were to cease their operations due to an economic downturn, our own business could be adversely affected.

Any deterioration of economic conditions could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.4 Acceptance of our online home & living product offering may decrease or fail to improve.

The online market for home & living products is less developed than the online market for a number of other goods and services, with online penetration amounting to just 4.8% in our target markets in 2017, which is significantly lower than the share in many other consumer industries (*source: Euromonitor*). If the acceptance of our online home & living product offering decreases or fails to improve, our business may be adversely affected.

Our success will largely depend on our ability to attract consumers who have historically purchased home & living products through traditional brick and mortar retailers and a number of factors may deter them from purchasing such products online, including:

- actual or perceived gaps in our product offering;
- an inability to offer our products at competitive prices;
- concerns about buying products, in particular larger products, without a physical storefront or face-to-face interaction with sales personnel and the ability to physically examine these products;
- an actual or perceived lack of security of online transactions and concerns regarding the privacy of personal information;
- delivery times associated with online orders;
- delayed shipments or shipments of incorrect or damaged products;
- any inconvenience associated with returning or exchanging items purchased online; and
- a lack of usability, functionality and features of our websites and apps.

If our shopping experience fails to meet the expectations of existing or future customers, this could lead to lower demand for our products and adversely affect our business.

A lack of acceptance for our online offering of home & living products could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.5 Our growing geographic footprint exposes us to political, economic, legal and other risks and uncertainties.

We source our products from multiple countries and sell such products in seven countries in Europe as well as in Brazil. As a result of our operating in these diverse markets, including in emerging markets, we are exposed to a number of risks, including:

- different manufacturing standards and practices;
- differences in the way manufacturers and other suppliers store, ship and handle the quality control with respect to their products;
- domestic and foreign customs, tariffs, quotas, import or export licensing requirements and other trade barriers with respect to our products or the raw materials required to manufacture such products;
- the need to adapt our product offering as well as our logistics, payment, fulfillment and customer service to local tastes and practices;
- the need to adjust our customer targeting to local markets, including the offering of country-specific websites and apps in local languages,
- differences in the way customers purchase, pay for and return products and provide us with feedback;
- underdeveloped infrastructure in general and Internet and IT-infrastructure in particular;
- an inability to adapt the existing infrastructure in such local markets to new technological advances in a timely manner;
- unfamiliar business practices;
- government intervention or intervention from corrupt officials to favor certain competitors;
- hyperinflation;
- political instability, civil unrest, including strikes (*e.g.*, by local truck drivers), and urban violence;
- regulations restricting or limiting foreign ownership of companies and assets;
- diverse and complex legal and tax environments;
- opaque or unfamiliar legal systems and license requirements, which may contain conflicting regulatory requirements and are often subject to arbitrary enforcement by authorities; and
- limitations on the remittance of dividends and other cross-border payments or on the recovery of amounts withheld due to withholding taxes.

If we expand our geographic footprint, these risks may increase and there is no guarantee that we can manage them effectively, or at all.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.6 *We face intense competition from traditional brick and mortar retailers as well as other online retailers, which may intensify even further.*

The market for online home & living products is highly competitive, fragmented and rapidly changing. We face competition from a diversified group of competitors operating under various brands. The competitors we face differ between our geographic markets as well as different product categories and include:

- traditional home & living retail chains (*e.g.*, XXXL/BUT, Höffner, porta, Conforama and SEGMÜLLER), including their respective online offerings;
- retail chains with a focus on certain product categories such as mattresses and bedroom furnishings (*e.g.*, Dänisches Bettenlager), including their respective online offerings;
- young living retail chain (*e.g.*, IKEA);
- home & living discounters (*e.g.*, POCO and ROLLER), including their respective online offerings;
- individual furniture stores, including stores relating to individual furniture brands;
- multi-category online retailers (*e.g.*, Amazon, OTTO and IMPRESSIONEN);
- multi-category online marketplaces (*e.g.*, eBay and MercadoLibre);
- pure-play online home & living retailers (*e.g.*, Wayfair and MADE.COM);
- pure-play online retailers for certain product categories such as mattresses and bedroom furnishings (*e.g.*, Schlafwelt and Emma Matratzen);
- retailers for the premium segment (*e.g.*, connox);
- pure-play online home & living shopping clubs (*e.g.*, Westwing); and
- home & living price comparison websites (*e.g.*, moebel.de).

Many of our competitors have longer operating histories, greater brand recognition, larger fulfillment infrastructures, greater technical capabilities, faster and less costly shipping networks, significantly greater financial, marketing and other resources and a larger customer base compared to us. These advantages may allow our competitors to derive higher revenue and profits from their existing customer base, acquire customers at lower costs or respond faster to new or emerging technologies and changes in consumer habits. Our competitors may undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may adversely impact our competitive position. In addition, many of the traditional home & living retail chains are increasingly investing in their online offerings, leading to growing competition in the online home & living industry. Furthermore, new competitors may emerge, or home & living retailers that currently operate in other countries may choose to enter, or expand into, our markets. Furthermore, some of our competitors may merge or form strategic partnerships, increasing their size even further.

Competitive pressure from our current or future competitors or an inability to adapt effectively and quickly to a changing competitive landscape could adversely affect demand for our products, force us to cut prices and thereby adversely affect our growth and our margins. We compete for customers mainly on the basis of the breadth and quality of our product offering, the attractiveness of our prices, the strength of our brands and the quality of our services, including our customer service, the convenience and functionality of our IT-platform as well as the speed of our deliveries. If we fail to compete effectively in any one of these areas, we may lose existing consumers and fail to attract new customers.

Intense competition from other home & living retailers could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.7 Any failure to maintain, protect and enhance our reputation and brands may adversely affect our business.

The recognition and reputation of our brands, in particular “home24”, “Mobly” and “Fashion For Home”, among customers and suppliers are critical for the growth and continued success of our business as well as for our competitiveness in our target markets. Maintaining a leading brand is key in the online home & living industry and competition among online retailers typically favors the market participants with the strongest brands. While lesser brands may also be able to operate profitably, the market participant with the strongest brand typically captures a very large market share. Therefore, any developments that harm our brands could materially adversely affect our business.

As competition in our markets intensifies, we anticipate that maintaining and enhancing our brands will become increasingly difficult and expensive, and investments to increase the value of our brands may not be successful. Many factors, some of which are beyond our control, are important for maintaining and enhancing our brands, including our ability to:

- compile an attractive home & living product offering sold at attractive prices;
- increase brand awareness through marketing and brand promotion activities;
- preserve our reputation;
- increase purchase frequency;
- maintain and improve customer satisfaction through our customer service (*e.g.*, our after-sales services);
- attractively present and market these products as part of an inspiring and convenient shopping experience, in particular products marketed under our private labels;
- maintain, monitor and improve our relationships with suppliers;
- manage new and existing technologies and sales channels, including our apps; and
- maintain and improve the efficiency, reliability and quality of our delivery and fulfillment processes to ensure comparably short delivery times.

Any failure to offer high-quality products and excellent customer service could damage our reputation and brands and result in the loss of customers. Since all of our products are supplied by third-party suppliers, we may also receive negative publicity in case of inappropriate actions of our suppliers (*e.g.*, violations of product safety regulation, environmental standards, labor laws or a use of child and slave labor). While we delist any products or suppliers who fail to meet our contractually agreed performance standards (see “*1.1.14 We may not be able to maintain and expand our product offering to meet the evolving demands of our customers.*”), there is no guarantee that we will be able to address any such concerns in a timely manner, or at all.

We rely on social media (*e.g.*, Facebook, Instagram and Twitter) for the promotion of our brands and marketing efforts, and any negative publicity may be accelerated through social media due to its immediacy and accessibility as a means of communication. Such negative publicity, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brands, undermine the trust and credibility we have established and have a negative impact on our ability to attract new or retain existing customers. Given the rapid nature of social media, we may be unable to react to such negative publicity in a timely manner (see “*1.1.12 We may be subject to negative publicity, including inaccurate adverse information.*”).

Any failure to maintain, protect and enhance our reputation and brands could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.8 Our significant investments in marketing may fail to yield the desired results.

We have made, and will continue to make, significant investments in our marketing efforts. In order to reach a diverse customer base in the home & living industry, we employ a wide range of both paid and unpaid marketing channels. Our paid marketing channels primarily focus on online marketing, including through search engine marketing (in particular in cooperation with Google and Bing), retargeting (in particular in cooperation with Criteo, Facebook and Google), affiliate marketing, price comparison marketing as well as paid social media. For our European segment we also use traditional marketing channels such as TV advertising for Germany, Austria and Switzerland. Our non-paid marketing channels (*i.e.*, marketing efforts that do not require us to make payments to any third parties) include search engine optimization, non-paid social media (*e.g.*, Facebook, Instagram and Twitter) as well as newsletters in the form of emails.

The allocation of our marketing investments is driven by analyzing the data we collect from relevant traffic to our websites and apps as well as purchases from our customers. We may, however, not be able to accurately measure the effectiveness of our marketing expenses given the time lag between the first customer contact and the placement of an order as well as the time of the order and revenue realization. In addition, accurately tracking cross-device journeys (*i.e.*, customers utilizing both our apps and websites during the course of a certain purchase) is particularly difficult. Furthermore, there can be no assurance that our assumptions regarding required customer acquisition costs and resulting revenue, including those relating to the effectiveness of our marketing investments, will prove to be correct.

Furthermore, we cannot guarantee that our current marketing channels will continue to be effective, permissible and generally available to us in the future. Our online partners might be unable to deliver the anticipated number of customer visits, or visitors that are attracted to our websites by such campaigns might not make the anticipated purchases. In addition, new regulation may adversely affect certain marketing channels, in particular regulation aimed at controlling and censoring social media and increasing data protection of natural persons. If we are unable to attract sufficient traffic to our websites, translate a sufficient number of website visits into purchasers with sufficiently large order values, build and maintain a loyal customer base, increase the purchase frequency of these customers, or do any of the foregoing on a cost effective basis, this could adversely affect our business.

If we are unable to successfully market our home & living product offering, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.9 We may not be able to efficiently operate our two largely independent segments.

Our two business segments Europe and Latin America operate largely independently and there is only limited integration between them, including with respect to our sourcing, fulfillment and IT-infrastructure and personnel. Due to this lack of integration, it may be difficult to implement coherent, cooperative strategies and planning across the entire Group and we may not be able to find the best allocation of resources and time to pursue them or achieve the synergies we target. As a result, we may not be able to derive the maximum value from our operations and grow our business as intended.

An inability to efficiently operate our segments could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.10 If our websites and apps do not achieve a high ranking in organic search results, this could reduce traffic to our websites and apps.

A significant number of our customers access our websites and apps by clicking on a link contained in organic search results generated by search engines such as Google and Bing and we endeavor to increase such relevant traffic by increasing the ranking of our websites and apps in organic searches, a process known as search engine optimization. However, the algorithms and ranking criteria of such search engines are confidential. Consequently, we do not have complete information on such algorithms and ranking criteria, making our efforts at search engine optimization considerably more difficult. Furthermore, search engines frequently modify their algorithms and ranking criteria to prevent their organic search results from being manipulated, which could impair our search engine optimization efforts. If we are unable to quickly recognize and adapt our techniques to such modifications in search engine algorithms or if our search engine optimization efforts prove otherwise ineffective, we may need to increase our spending on other forms of marketing or may potentially suffer a significant decrease in traffic to our websites and apps.

In addition, search engines may consider our search engine optimization efforts manipulative or deceptive and therefore see them as a violation their terms of services. This may result in our websites and apps being excluded from organic search results. The same may occur if search engines modify their terms of service to prohibit our search engine optimization efforts. Any exclusion of our websites and apps from organic search results could significantly reduce our ability to attract relevant traffic to our websites and materially adversely affect our business.

An inability to achieve a high ranking for our websites and apps in organic search engine results could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.11 We may be unable to effectively communicate with our customers through email and other messages as well as social media.

We use newsletters in the form of emails and other messaging services as an unpaid marketing channel to promote our websites and inform customers of our home & living product offering. However, changes in how webmail services organize and prioritize emails could reduce the number of customers opening our emails. For example, Google Inc.'s Gmail service provides a feature that organizes incoming emails into categories (*e.g.*, primary, social and promotions). Such tools and features could result in our emails and other messages being shown as "spam" or lower priority to our customers, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on, or charge for the delivery of, emails and other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements, could impair our ability to communicate with our customers. If we are unable to send emails or other messages to our customers, if such messages are delayed, or if customers do not receive or decline to open them, we can no longer use this unpaid marketing channel. This could impair our marketing efforts or make them more expensive if we have to increase spending on paid marketing channels to compensate and as a result, our business could be adversely affected.

Malfunctions of our email and messaging services could result in erroneous messages being sent and customers no longer wanting to receive any messages from us. Furthermore, our process to obtain consent from visitors to our websites to receive newsletters and other messages from us and to allow us to use their data may be insufficient or invalid. As a result, such individuals or third parties may accuse us of sending unsolicited advertisements and other messages. In addition, our use of email and other messaging services could result in claims being brought against us (see "*1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.*").

Since we also rely on social media to communicate with our customers, changes to the terms and conditions of the relevant providers could limit our ability to communicate through social media. These services may change their algorithms or interfaces without notifying us, which may reduce our visibility. In addition, there could be a decline in the use of such social media by our customers, in which case we may be required to find other, potentially more expensive communication channels.

An inability to communicate through emails and other messages as well as social media could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.12 We may be subject to negative publicity, including inaccurate adverse information.

Customers value readily available information concerning online retailers and often act on such information without further investigation or authentication or regard to its accuracy. Social media and websites immediately publish posts from users, often without filters or checks on the accuracy of the content posted. Allegations against us may be posted on social media, in Internet chat rooms or on blogs or websites by anyone on an anonymous basis. In addition, we may be the target of harassment or other detrimental conduct by third parties, including from our competitors. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or demeaning statements about our business, even if these allegations or statements are unfounded and we may be required to spend significant time and money to address such allegations. Inaccurate adverse information may harm our business and we may not be able to redress or correct inaccurate posts in a timely manner, or at all.

Our business may become the subject of negative media coverage and public attention, which may develop strong dynamics and adversely affect our business. In addition, third parties may communicate complaints to regulatory agencies and we may be subject to government or regulatory investigation as a result of such complaints. There is no assurance that we will be able to conclusively refute such allegations in a timely manner, or at all.

Negative publicity and complaints could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.13 Our business is subject to seasonal fluctuations which may have a material impact on our results.

Our business is seasonal and consequently our revenue tends to fluctuate from quarter to quarter. For example, we consider the fourth quarter and the first quarter as especially important for generating revenue. In addition, certain special events, in particular Black Friday and January 1st, result in peak demand for our products. In the future, such seasonality may become even more pronounced (*e.g.*, if customers focus more strongly on certain special events).

As a result of this seasonality, any factor that adversely affects demand for our products during periods where we generally experience particularly high demand (*e.g.*, unfavorable economic conditions at the relevant time, supply problems or logistics and other fulfillment constraints resulting in higher delivery times, malfunctions of our websites and special offers from our competitors) may have a disproportionate effect on our performance and we may incur losses due to write-offs on excess inventory. In addition, any negative effects of weak overall demand during those periods are likely to be exacerbated by industry-wide price reductions designed to clear out excess merchandise. Seasonality also makes it difficult for us to accurately forecast demand for our products and source sufficient volumes of these products. If we fail to anticipate high demand for our products and meet such demand, we may lose out on customers and revenue and not be able to grow our business.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.14 We may not be able to maintain and expand our product offering to meet the evolving demands of our customers.

Our entire product offering is manufactured by third-party suppliers as we do not operate any manufacturing facilities ourselves. In the future, we intend to introduce new products and product categories to our offering. Therefore, we rely on our third-party suppliers and cannot guarantee that we will at all times be able to source and successfully introduce attractive products at suitable prices for our product offering. For products marketed under third-party and white label brands, competitors may obtain exclusive marketing rights, preventing us from including relevant products in our product offering. For our private label offering, we depend on our ability to negotiate the manufacture of the desired products at attractive prices and in sufficient volumes with individual manufacturers and other suppliers and such suppliers may not be willing to provide these products on the terms we seek.

The product offerings for our two segments Europe and Latin America are specifically tailored to local demand since customer preferences and purchasing power across these markets vary. While we operate as a mass market player in both Europe and Brazil, price levels in Brazil are significantly lower and we can offer competitive prices by sourcing products with cheaper materials and fewer applications. However, there is no guarantee that we will be able to maintain a supplier network that is sufficiently broad to meet such varying demand and if we are unable to source products for our diverse markets from the same suppliers this may limit our ability to benefit from economies of scale and negotiate discounts.

Customer preferences regarding price, quality and design of home & living products may change rapidly, requiring us to quickly adapt our product offering to meet such evolving customer demands. However, there is no guarantee that we will be able to source and successfully introduce new and innovative products in time. Should our competitors be able to introduce particularly attractive products for which they hold exclusive marketing rights, we may not be able to provide our customers with a comparable offering.

An inability to maintain and expand our product offering could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.15 We may be unable to maintain and expand our relationships with suppliers or to find additional suppliers.

Our supplier network consists of more than 500 suppliers in over 30 different countries. For our European segment, we source our products from Central Europe, Eastern Europe and Asia, while the vast majority of the products for our Latin America segment are manufactured by Brazilian suppliers, with the remainder originating from China. If we fail to maintain and expand our existing relationships and to build new relationships with suppliers on acceptable commercial terms, we will not be able to maintain and expand our broad product offering, which could adversely affect our business.

In order to maintain and expand our relationships with our current suppliers and to attract additional quality suppliers, we will, *inter alia*, need to:

- demonstrate our ability to help our suppliers sell significant volumes of their products at attractive prices;
- attractively present our products, in particular branded products, to ensure that such presentation meets the relevant supplier's standards;
- offer suppliers a high quality, cost-effective fulfillment process; and
- continue to provide suppliers with a dynamic and real-time view of our demand and inventory via data and analytics capabilities.

If we fail to find and select quality suppliers of attractive products, if such suppliers refuse to work with us, if we are not able to negotiate advantageous terms with them or if we do not manage these relationships efficiently, we may not be able to grow as anticipated or future growth may lead to supply shortages, which could adversely affect our business. Our competitors may seek to enter into exclusivity agreements with our suppliers and thereby prevent us from sourcing products from the respective suppliers.

To enforce our performance standards, we delist any products or suppliers who fail to meet those standards (*e.g.*, with respect to product quality, environmental compliance and labor relations). In addition, we recently consolidated our supplier base from over 900 suppliers to more than 500 suppliers in order to optimize our sourcing operations. Moreover, suppliers may decide to no longer cooperate with us, cease their operations or face financial distress or other business disruptions. As a result, we may not be able to source all products for our product offering in time and at acceptable prices and consequently lose customers to competitors with a broader product offering and our remaining suppliers may prefer to sell their products through other home & living retailers with a larger customer base. Many of our suppliers, in particular for our private label offering, are highly specialized manufacturers and we may not be able to replace such suppliers in a timely and cost-effective manner, or at all.

An inability to find and engage the right suppliers for our products could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.16 A lack of credit insurance at acceptable terms may lead our suppliers to seek to reduce their credit exposure to us.

Many suppliers in our industry take out credit insurance to protect their receivables against the risk of bad debt, insolvency or protracted default. The credit levels available to them when selling products to us remain dependent on the general economic environment and our financial position. If there is a decrease in the availability of credit insurance to our suppliers, if such insurance becomes more expensive, no additional insurance is available despite our continued growth or if credit insurance is withdrawn in its entirety, suppliers may be unwilling to assume credit risk themselves and decide to reduce their credit exposure to us (*e.g.*, by changing the terms of doing business with us or refusing to do business with us at all).

A lack of credit insurance at acceptable terms could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.17 Product defects and product recalls could adversely affect our business and reputation.

As our products are manufactured by third-party suppliers, including suppliers from emerging markets and underdeveloped countries, and we have only limited control over the quality of these products. As a result, we may inadvertently sell defective products, which could cause death, disease or injury to our customers or damage their property, forcing us to recall such products or resulting in product liability claims and/or administrative fines or criminal charges against us. There is no guarantee that we will be adequately insured against such risks or will be able to take recourse against the suppliers from who we sourced these products, in particular if these are located in foreign countries such as China or India or do not have sufficient capital to indemnify us. In addition, any negative publicity resulting from product recalls or the assertion that we sold defective products could damage our brands and reputation.

The sale of defective products could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.18 Our sourcing and logistics costs are subject to movements in the prices for raw materials and fuel, and we may not be able to pass on price increases to our customers.

Our sourcing and logistics costs are typically influenced by a variety of factors, many of which are beyond our control, including raw material and fuel prices, labor costs, rent levels, import tariffs and fluctuations in foreign exchange rates, the capacity and utilization rates of our suppliers and carriers, which in turn depend on general demand, as well as the quantities of products we demand and our specifications, in particular with respect to our private label offering. As a result, our sourcing costs may vary considerably in the short-term and increase significantly if there are shortages at certain suppliers. There is no guarantee that we will be able to pass on such costs to our customers through price increases and such price increases could adversely affect demand for our products. If competitors are able to offer lower prices as they benefit from decreasing raw materials or fuel prices, customers may demand that we also lower our prices irrespective of the actual development of our sourcing costs.

Movements in sourcing and logistics prices and an inability to pass on price increases to our customers could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.19 We may be unable to efficiently manage our inventory levels.

While a substantial share of our products, in particular products marketed under third-party and white label brands, are shipped directly from our suppliers to our customers (drop-shipping) or remain only briefly in our warehouses (cross-docking), we also maintain a supply of our top sellers marketed under our private label brands as well as particularly popular third-party and white label products in stock. Customer preferences regarding price, quality and design of home & living products may change rapidly, making it difficult to accurately forecast future demand.

If we fail to correctly anticipate the demand for our products, including changes resulting from shifting customer preferences, or if we do not accurately anticipate the time it will take to obtain new inventory, our inventory levels may be too high or too low. If we underestimate demand, this may result in a loss of customers who are unsatisfied with our delivery times. However, if we overestimate demand, we may experience excess inventories, incur higher costs for maintaining such inventories and ultimately be forced to record losses for write-offs on our inventories. In order to sell excess inventories, we may choose to sell products at significant discounts, which may adversely affect our profit margins and the level of prices we can demand for other products.

An inability to efficiently manage our inventory levels could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.20 We may fail to efficiently operate and expand our warehouses and logistics capabilities.

The successful operation and expansion of our warehouses in Germany and Brazil and our other logistics capabilities are crucial to our business and continued growth. Our warehouses handle the inbound receipt of most of our products, storage, packaging, outbound freight and the receipt, screening, and handling of returns. These processes are complex and depend on sophisticated know-how and automated systems. Any failure or disruption of our warehouses (*e.g.*, due to software malfunctions, fires, natural disasters, acts of terrorism, vandalism or sabotage) could adversely affect our ability deliver our products in a timely manner, cause our logistics costs to increase and harm our reputation.

If we continue to add fulfillment capabilities or new businesses or product categories with different logistical requirements or change the composition of our product offering, our logistics infrastructure will become even more complex. For example, we seek to expand into additional product categories and to extend our offering for certain categories currently not in our focus for our European segment (*e.g.*, by adding decoration articles, home textiles, kitchenware and modular kitchens), predominantly under third-party or white label brands. However, many of these product categories comprise smaller items, which may be hard to integrate into our fulfillment platform, resulting in increased fulfillment costs and interruptions. Any expansions or difficulties we encounter in our operations may force us to change the current setup and organization of our logistics network, including by relocating or outsourcing certain capabilities. However, there is no guarantee that the associated transition will be smooth and we may be unable to react to such challenges in a cost-effective and timely manner.

Delivery times for our products vary due to a variety of factors (*e.g.*, the relevant products, the location of the warehouses from which they are shipped, the speed of our suppliers, the number of products included in the relevant order, the country in which customers are located and the speed of the third-party carrier). Customers may expect faster delivery times and more convenient deliveries than we can provide and if we are unable to meet their expectations, or if our competitors are able to deliver products faster or more conveniently, our reputation and competitiveness may suffer and we could lose customers, which could adversely affect our revenue.

In addition, our current logistics capacities may prove insufficient for our continued growth. There is no guarantee that we will be able to lease additional suitable warehouses on acceptable terms, expand other areas of our fulfillment process to the extent necessary and recruit qualified personnel required to operate our warehouses and manage such expansion. In the near- to mid-term, we plan to add one additional warehouse for each of our two segments, while closing one of our existing warehouses in Germany. However, there is no guarantee that our new warehouses will be able to commence operations as scheduled and that the integration of these warehouses into our fulfillment structure will not lead to interruptions. If we fail to expand our logistics capacities to meet the demands of our continued growth, this could hamper our growth and ultimately prevent us from growing our business.

An inability to efficiently operate and expand our warehouses and logistics capabilities could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.21 We depend on third-party carriers for the delivery of our products.

We depend on the services of third-party carriers for the delivery of our products to our warehouses (*i.e.*, inbound logistics) and subsequently to the distribution centers of third-party carriers and from there to our customers (*i.e.*, outbound logistics). Even where products do not enter our warehouses, these products are handled by third-party carriers who directly receive them from the relevant suppliers (drop-shipping). For our European, last mile deliveries are generally handled by third-party carriers such as DHL and DPD (parcel delivery) or, in case of bulky or heavy items, by specialized carriers such as Rhenus (two-man handling service). For our Latin America segment, we have complemented delivery by over 20 third-party carriers by engaging more than 30 independent contractors who handle the last mile in the metropolitan areas of São Paulo and Rio de Janeiro.

Consequently, we have only limited control over the timing of deliveries and the security of our products while they are being transported. We may experience shipping delays (*e.g.*, due to inclement weather, natural disasters, strikes or terrorism) and our products may be damaged or lost in transit (*e.g.*, in the course of shipping from overseas). If our products are not delivered in a timely manner or damaged or lost in transit, or if we are not able to provide adequate customer support, our customers could become dissatisfied and cease buying our products.

Furthermore, many of our products are heavy, bulky and therefore difficult to ship, limiting our choice of third-party carriers. If we have to replace any of our current carriers (*e.g.*, due to an insolvency of one of our carriers), we may find that difficult due to a lack of alternative offerings at comparable prices and/or service quality. Given that online penetration in the retail segment continues to increase in general and in particular in the home & living industry, third-party carriers are in increasing demand and accordingly have only limited capacities at the moment. As a result, competition for delivery capacities may intensify even further. In addition, our carriers may increase their prices, which would adversely affect our profitability. As we continue to grow, our existing carriers may be unable to keep up with such growth and we may have to contract additional carriers. There is no guarantee that their services and prices will be satisfactory to us or our customers. An inability to maintain and expand a network of high-quality third-party carriers at limited costs could adversely affect our business.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.22 Our complex payment systems could fail to function properly.

In order to provide the best online shopping experience, we offer a broad range of payment options, in particular credit card payments (*e.g.*, VISA and Mastercard), PayPal, invoicing and advance payments. Due to the variety and complexity of these payment methods, we may experience failures in our checkout process which could adversely affect our conversion rate (*i.e.*, the share of potential customers visiting our websites and apps who actually place an order) and business.

We generally rely on third parties to provide payment processing services and on third-party payment processors and encryption and authentication technology licensed from third parties that is designed to effect secure transmission of personal information of our customers. If these companies become unwilling or unable to provide these services or increase their fees (*e.g.*, bank and intermediary fees for credit card payments), our operations may be disrupted and our operating costs could increase. In addition, our invoice and billing systems may malfunction due to the implementation of new payment methods and technology, errors in existing codes or other IT-issues, which may impair our ability to create correct invoices, avoid the recording of duplicate invoices or payments and collect payments in a timely manner, or at all.

Malfunctions of our payment systems could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.23 We may be subject to credit card fraud or other fraudulent behavior.

We have developed our own proprietary software to calculate the creditworthiness of new and existing customers, which utilize highly complex algorithms analyzing approximately 100 different criteria (*e.g.*, customers' email names, basket sizes and customers' locations). However, there is no guarantee that these systems will function properly at all times or that there are no gaps or errors in our algorithms which may result in unauthorized purchases. In addition, ever stricter legislation on data protection may limit our ability to obtain the data required for our algorithms to function properly (see "*1.2.2 We may be adversely affected by changes in the regulations applicable to the use of the Internet and the e-commerce sector.*"). For our Latin America segment, we offer installment payments for credit card purchases and rely on the respective credit card provider to provide us with an assessment of the respective customer's credit worthiness. Consequently, we may fail to correctly assess such creditworthiness in case of errors in the algorithms and data bases of such credit card providers.

If purchases or payments are not properly authorized or payment confirmations are transmitted in error, the relevant customers may turn out to have insufficient funds or be able to defraud us, which could adversely affect our operations and result in increased legal expenses and fees. High levels of fraud could result in us having to comply with additional requirements or pay higher payment processing fees or fines. Furthermore, permitting new and innovative online payment options may increase the risk of fraud. Going forward, we plan to increase the number of customers to whom we offer deferred payment methods (*e.g.*, invoicing). As a result of such changes in our payment offering, we may become even more subject to fraudulent behavior.

Fraudulent behavior could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.24 Dissatisfaction with our customer service could prevent us from retaining our customers.

Other than in our seven showrooms in Europe, we do not have the direct face-to-face contact with our customers and customers may quickly become frustrated when they cannot find a representative to talk to. To provide customer service, we pursue a multi-channel support approach, responding by email and live chat, through our hotlines and via social media. The satisfaction of our customers depends in particular on the effectiveness of our customer service, in particular our ability to deal with complaints (*e.g.*, with respect to products, return policies, technical problems, payment and shipping, product defects, invoicing and returns) in a timely and satisfying manner. Our European customer service is partly operated by third-party service providers from outside Europe, making it more difficult to find local service personnel with sufficient language proficiency and to adequately train these personnel. In addition, as we continue to grow, we may need to add customer service capabilities and may not be able to do so in a timely manner, or at all. Any unsatisfactory response or lack of responsiveness (*e.g.*, due to interruptions of our hotlines) by our customer service team could adversely affect customer satisfaction and loyalty.

Dissatisfaction with our customer service could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.25 We may experience significant returns.

We offer our European customers free returns within a period of 30 days from delivery which is generally more generous than the legally required return periods. For our Latin America segment, we offer free returns within a period of seven days from delivery (30 days in case of product deficiencies) in line with legal requirements in Brazil. Many of our products are heavy and bulky and require special handling and delivery, making returns particularly challenging and expensive.

If we face significant levels of returns (*e.g.*, due to consumers being dissatisfied with our products or customer service), there is no guarantee that we can return the relevant products to our suppliers or otherwise utilize return goods in a cost efficient manner (*e.g.*, by selling them at our outlets). Continued growth is likely to increase the absolute number of returns, which may force us to allocate additional resources to the handling of such returns and may further complicate our operations. Even products that have not passed through our warehouses, but are delivered via drop-shipping are initially returned to us, which may require us to store such products for a considerable time. Furthermore, if we modify our return policies, this may result in customer dissatisfaction or an increase in the number of returns, which could adversely affect our business.

Significant returns could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.26 Investments in our IT-platform and IT-infrastructure may not yield the desired results.

We have developed proprietary software to facilitate our business operations, data gathering analysis and online marketing capabilities and have invested significant capital and man hours into building and updating our IT-platform and IT-infrastructure. In order to remain competitive, we expect to continue to make significant investments in our IT. However, there is no guarantee that the resources we have invested or will invest in the future will allow us to develop suitable IT-solutions and maintain and expand our IT-platform and IT-infrastructure as intended, which may adversely affect our ability to compete or require us to purchase expensive software solutions from third-party developers.

If our investments in our IT-platform and IT-infrastructure do not yield the desired results, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.27 We may fail to operate, maintain, integrate and upgrade our IT-infrastructure, or to adopt and apply technological advances.

Our success depends on our websites and apps being accessible to potential and existing customers at all times. It may become increasingly difficult to maintain and improve the availability of our websites and apps, especially during peak usage times and as our product offering becomes more complex and the number of visitors increases. We have previously experienced disruptions and may experience further disruptions, outages, or other issues in the future (*e.g.*, due to changes in our IT-infrastructure, human or software errors or overwhelming traffic). If we fail to effectively address capacity constraints, respond adequately to disruptions or upgrade our IT-infrastructure our mobile apps or websites could become unavailable or fail to load quickly and customers may decide to shop elsewhere, and may not return, which would adversely affect our business.

Given that the Internet and mobile devices are characterized by rapid technological advances, our future success will depend on our ability to adapt our websites, apps and other parts of our IT- platform to such advances (*e.g.*, advances in the field of machine learning, artificial intelligence, augmented reality and virtual reality) and to sustain their interoperability with relevant operating systems. In particular, purchases from mobile devices have increased rapidly since we introduced our apps. However, the variety of technical and other configurations across mobile devices and platforms (*e.g.*, screen resolutions, functionality, features and memory) makes it more difficult to develop websites and apps that are suitable for multiple channels. In addition, any changes in popular operating systems (*e.g.*, iOS or Android) may reduce the functionality of our websites and apps or give preferential treatment to competitors. Any failure to adapt to technological advances in a timely manner and to integrate our offerings through our websites and apps could decrease the attractiveness of our apps and websites and adversely affect our business.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.28 *We may experience malfunctions or disruptions of our IT-systems.*

We rely on a complex IT-platform and IT-systems to operate our websites and apps. While we analyze our IT-systems regularly, we may not be able to correctly assess how prone to errors or viruses they are. Any failure of or disruptions to our IT-systems may lead to significant malfunctions and downtimes of our websites and apps, as has occurred in the past. Should algorithms suffer from programing failures or our IT-systems experience disruptions, this may cause us to order excess inventories, leave us unable to deliver products on time and may result in a misallocations of products, all of which could adversely affect our business. In addition, our management of malfunctions may be inadequate. If we cannot fix any malfunctions ourselves, we might have to pay third parties to either fix the malfunctions or to license functioning software, which might prove costly.

We depend on certain third-party service providers to maintain our IT-systems, in particular cloud services of Amazon Web Services. If such service providers were to increase their prices, this could adversely affect our margins. In addition, if we were forced to switch service providers (*e.g.*, because their software is no longer fully compatible with our IT-platform), there is no guarantee that alternative service providers will be available to us or that we can manage the transition successfully.

As we continue to grow our business, we may be required to further scale our IT-platform and IT-systems, including by adding new systems and proprietary software, replacing outdated hardware and increasing the integration of our IT-systems. Such changes may, however, be delayed or fail due to malfunctions or an inability to integrate new software and functions with our existing IT-platform, resulting in disruptions to our operations and insufficient scale to support our future growth. For example, we recently implemented the latest version of SAP ERP software in order to integrate our operations along the value chain in Europe, which may result in disruptions or cause us to incur additional costs.

Any malfunctions and disruptions of our IT-systems could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.29 *We may experience security breaches and disruptions due to hacking, viruses, fraud and malicious attacks.*

We operate websites, apps and other IT-systems through which we collect, maintain, transmit and store sensitive information about our customers, suppliers and other third parties (*e.g.*, credit card information, personal information and supplier details) as well as proprietary information and business secrets. We also employ third-party service providers that store, process and transmit such information on our behalf, in particular payment details. Furthermore, we rely on encryption and authentication technology licensed from third parties to securely transmit sensitive and confidential information. While we take steps to protect the security, integrity and confidentiality of sensitive and confidential information (*e.g.*, password policies and firewalls), our security practices may be insufficient and third parties may access our IT-systems without authorization (*e.g.*, through Trojans, spyware, ransomware or other malware attacks), which may result in unauthorized use or disclosure of such information. Such attacks might lead to blackmailing attempts, forcing us to pay substantial amounts to release our captured data or resulting in the unauthorized release of such data. Given that techniques used in these attacks change frequently and often are not recognized until launched against a target, it may be impossible to properly secure our IT-systems. In addition, technical advances or a continued expansion and increased complexity of our IT-platform could increase the likelihood of security breaches.

Security breaches may also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or third-party service providers. Insufficient security practices, such as inadequate policies to enforce password complexity, the saving of username and password combinations on local browsers, the use of default credentials or their reuse coupled with the use of cloud services, the use of unauthorized and unprotected software as well as inadequate physical protection against unauthorized access may make our IT-systems vulnerable and lead to unauthorized disclosure of sensitive information.

Any leakage of sensitive information could lead to a misuse of data (*e.g.*, unsolicited emails or other messages based on spam lists fed with such data). Inefficient management of administrator and user accounts may increase the risk of fraud and malfunctions. In addition, any such breach could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, negative publicity and adversely affect our business and reputation. In addition, we may need to devote significant resources to protect ourselves against security breaches or to address such breaches and there is no guarantee that our resources will be sufficient to do so. Furthermore, we provide certain information to third-party service providers who help us assess the performance of our business (*e.g.*, Google Analytics). Consequently, we only have limited control over the protection of such information by the relevant third-party service providers and may be adversely affected by breaches and disruptions of their respective IT-systems.

Security breaches and disruptions could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.30 Our existing financial liabilities could limit the cash flows available for our operations, and any default with respect to our financial liabilities could lead to the Company's insolvency.

We have entered into various financing agreements, in particular an overdraft facility (*Kontokorrentkredit*) for our European segment. In addition, we have taken out a shareholder loan under which an aggregate amount of €7.5 million was outstanding as of the date of this Prospectus. Our indebtedness could adversely impact our operations, including by:

- increasing our vulnerability to adverse economic and market developments;
- limiting our flexibility in planning for, or reacting to, changes in the market environment;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flows to servicing such indebtedness, thereby reducing the funds available to fund other purposes;
- increasing our vulnerability to interest rate increases, if the relevant financial liabilities bear interest at floating interest rates or in case of a refinancing; and
- placing us at a competitive disadvantage to less-leveraged competitors and competitors that have better access to capital resources.

We may not be able to maintain sufficient cash reserves or to generate cash flows at levels sufficient to make interest payments and other payments on our indebtedness when due. If we are unable to obtain the funds required to make payments when due, or if we otherwise fail to comply with the various requirements under our existing financial liabilities, we would be in default. Such covenants include restrictions on the payment of dividends, a negative pledge and limitations on the disposal of assets. A default may permit the relevant lenders to accelerate the maturity of our financial liabilities, which could cause the relevant debtor entity to default on such liabilities. Such situation could ultimately lead to the insolvency of any or all entities of the Group, including the Company.

Our existing financial liabilities or any default thereunder could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects, and ultimately lead to an insolvency of the Company.

1.1.31 We may require additional capital which might not be available on economically acceptable terms, or at all.

In the medium to long term, we will likely require additional capital to finance our future growth or further scale our home24 platform. Although our day to day activities are partly financed by our negative net working capital, overall we recorded negative cash flows in 2016, 2017 and the three months ended March 31, 2018 and require periodic injections of capital in order to continue our business. If we are not able to raise the required capital on economically acceptable terms, or at all, we may be forced to limit or even scale back our operations, which may adversely affect our growth, business and market share and could ultimately lead to an insolvency of the Company. In addition, we may fail to accurately project and anticipate our capital needs.

If we chose to raise capital by issuing new shares, our ability to place such shares at attractive prices, or at all, depends on the condition of equity capital markets in general and the share price of the Company in particular, and such share price may be subject to considerable fluctuations (see "*1.3.2 The Company's share price could fluctuate significantly, and investors could lose part or all of their investment in the Company's shares.*").

If we chose to raise capital through debt financing, such financing may require us to post collateral in favor of the relevant lenders or impose other restrictions on our business and financial position (*e.g.*, in the form of covenants). Such restrictions may adversely affect our operations and ability to grow our business as intended. A breach of the relevant covenants or other contractual obligations contained in our external financing agreements may trigger immediate prepayment obligations or may lead the relevant lenders to seize collateral posted by us, all of which may adversely affect our business. In addition, if we raise capital through debt financing on unfavorable terms, this could adversely affect our operational flexibility and profitability.

An inability to obtain capital on economically acceptable terms, or at all, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects and ultimately lead to an insolvency of the Company.

1.1.32 We may be unable to successfully integrate, or achieve the expected benefits from, future acquisitions.

Since the launch of our business in 2009, we have completed a number of acquisitions (*e.g.*, Mobly Comercio Varejista Ltda. ("**Mobly**") in 2012 and fashion4home GmbH in 2015), most of which were relatively small. In the future, we may acquire other business, assets and licenses on an opportunistic basis. However, there is no guarantee that we will find suitable acquisition targets to grow our business at reasonable prices, or at all. If we do complete any acquisitions, we may have to finance them with significant amounts of cash or shares, incur additional debt, assume loss making businesses and incur other expenses. Such acquisitions could result in a significant commitment of management resources and dilute the holdings of our existing shareholders.

There is no guarantee that we will be able to integrate future acquisitions and achieve the anticipated cost savings, synergies or other benefits, and such benefits may be more than offset by integration costs. In addition, we may not be in a position to carry out substantive due diligence and if we fail to identify and correctly assess all issues, liabilities, risks or other shortcomings or challenges (*e.g.*, issues related to intellectual property, data protection, compliance, licenses accounting practices or employee or customer issues), our business may be adversely affected and we could incur unexpected costs.

An inability to integrate future acquisitions and achieve the expected benefits therefrom could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.33 We depend on our personnel to grow and operate our business and may not be able to retain and replace existing personnel or to attract new personnel.

We depend upon the continued services of the members of our governing bodies, senior management and other qualified personnel. Our future success will depend upon our ability to identify, hire, develop, motivate and retain qualified personnel. Some of our employees have a short employment history with us and are still in the onboarding phase and we experience significant fluctuation which makes it difficult to effectively integrate and align our workforce with our strategic goals. We may not be able to retain the services of our qualified employees (*e.g.*, due to higher salaries paid by our competitors) and there is no guarantee that we will be able to attract suitable replacements in a timely manner, or at all. We may also incur significant additional costs to recruit such suitable replacements. Changes in our senior management may be disruptive to our business and if our senior management fails to cooperate effectively and to execute our plans and strategies, our business could be adversely affected.

Our continued growth depends on our ability to expand our business by identifying, attracting, recruiting, training, integrating, managing and motivating new personnel, which may require significant time, investments, and management attention. Competition for personnel is intense, particularly for IT-experts and other qualified personnel in the e-commerce sector. In addition, new employment and immigration regulations may adversely affect our ability to find the required personnel. For example, we have already experienced difficulties in finding a sufficient number of warehouse workers and customer service representatives in Germany and are forced to fill some of the shortages with temporary workers, a practice that may be costly and not always available to us. In addition, employer rating websites are of increasing importance in the e-commerce sector and if we receive negative ratings from current or former employees, this could adversely affect our ability to attract new personnel, even if these ratings are unjustified or malicious.

An inability to retain and replace existing personnel or to attract new personnel could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.34 We are subject to various risks for which we may not be adequately insured.

While we have purchased what we consider to be market standard insurance coverage customary in our industry (*e.g.*, property and loss of earnings insurance, business liability insurance, including insurance for product liability, transport insurance and environmental liability insurance), such insurance does not cover all risks associated with our business. Accidents and other events, including interruptions or security breaches of our IT-platform, could potentially lead to interruptions of our operations or cause us to incur significant costs, all of which may not be fully covered by our insurance policies. In addition, our insurance coverage is subject to various limitations and exclusions, retentions amounts and limits. Furthermore, if any of our insurance providers becomes insolvent, we may not be able to successfully claim payment from such insurance provider. In the future, we may not be able to obtain coverage at current levels, or at all, and premiums for our insurance may increase significantly.

A lack of adequate insurance coverage could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.35 Exchange rate fluctuations may adversely affect our results and the value of some of our assets.

We are subject to fluctuations in foreign exchange rates between the Euro, our reporting currency, and other currencies of countries where we market or source our products, in particular the Brazilian Real, the U.S. Dollar, the Chinese Renminbi and the Swiss Franc. Such fluctuations may result in significant increases or decreases in our reported revenue and other results as expressed in Euro, and in the reported value of our assets, liabilities and cash flows. In addition, currency fluctuations may adversely affect receivables, payables, debt, firm commitments and forecast transactions denominated in foreign currencies. In particular, transition risks arise where parts of the cost of sales are not denominated in the same currency of such sales. The timing and extent of currency fluctuations may be difficult to predict. Furthermore, depending on the movements of particular exchange rates, we may be adversely affected at a time when the same currency movements benefit some of our competitors.

Given the continuing investment into customer acquisition and expansion and further improvement of our operations, we typically keep some of our cash and cash equivalents in Brazilian Reals. With respect to U.S. Dollar exchange risks, we hedge against such risks for inventories acquired in U.S. Dollars through foreign exchange forwards and swaps with a period matching the underlying transactions. However, the future use of derivative hedging instruments is generally dependent on the availability of adequate credit lines with appropriate financial institutions. As a result, we may be unable to use derivative financial instruments in the future, to the extent necessary, and we may not be able to pursue our hedging strategy efficiently.

Exchange rate fluctuations could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.36 We have no prior experience as a public company, which may adversely affect our business.

We have no prior experience operating as a public company, interacting with public investors and complying with the increasingly complex laws pertaining to public companies (*e.g.*, reporting obligations, public disclosure requirements, corporate governance and accounting standards). New obligations applicable to us will require substantial attention from our senior management and could divert their attention away from the day to day management of our business. There is no guarantee that we will be able to achieve a smooth and efficient transition to being a public company and fully comply with all new requirements. Such requirements will increase our costs (*e.g.*, when hiring new employees or outside consultants to help us comply with these requirements) and such increased costs may turn out higher than currently anticipated, and additional requirements may make certain activities more difficult and time consuming.

The consequences of being a public company could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.37 We may not be able to adapt our internal controls as well as our reporting and risk management procedures to the requirements of a public company.

We are in the process of adapting our internal controls as well as our reporting and risk management procedures to the requirements of a publicly listed company, but there is no guarantee that we will be able to implement adequate procedures in a timely manner, or at all. Consequently, we may be unable to detect and react to risks arising in the course of our business. In addition, any failure to establish or maintain an effective system of internal controls over financial reporting could limit our ability to report our financial results accurately and in a timely manner or to detect and prevent fraud.

An inability to adapt our internal controls as well as our reporting and risk management procedures to the requirements of a public company could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.38 We may not be able to fully control some of our subsidiaries.

We currently do not own all of the shares in some of the entities comprising the Group, including in our key subsidiary Mobly. In the future, we may acquire interests in entities with majority shareholders, participate in joint ventures or sell minority interests in its existing or future subsidiaries. Minority shareholders in such entities may be protected by German laws, Brazilian laws or the laws of their respective jurisdiction, including provisions requiring unanimous consent to structural changes. Thus, the management of subsidiaries with minority shareholders may prove difficult for us.

If we are unable to fully control our subsidiaries, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.39 If we are unable to accurately assess our performance through certain key performance indicators, this may adversely affect our ability to determine and implement appropriate strategies.

We assess our operating performance through a set of key performance indicators ("**Key Performance Indicators**"), including the number of our active customers (*i.e.*, the number of customers having placed at least one uncancelled order during the twelve months prior to the respective date, irrespective of returns), the total number of orders (*i.e.*, the number of orders placed in the relevant period, irrespective of cancelations and returns) and the average order value (*i.e.*, the aggregate gross order value of orders placed in the relevant period, including value added tax, divided by the number of such orders, irrespective of cancelations, returns as well as subsequent discounts and vouchers). Our Key Performance Indicators may not be comparable to similarly named indicators used by our competitors.

Capturing accurate data to calculate our Key Performance Indicators may be difficult, in particular due to our limited operating history. Furthermore, we obtain certain information from third-party service providers who help us assess the performance of our business (*e.g.*, Google Analytics). Consequently, the relevant third-party service providers may not fully disclose the methods of how they compile such information and we cannot guarantee that such information is correct.

There is no guarantee that the information we have collected thus far is accurate or reliable. In addition, accurately tracking cross-device journeys is particularly difficult and we therefore currently cannot fully trace customer journeys and connect them to our own marketing efforts. As a result, our Key Performance Indicators may not reflect our actual operating or financial performance and are not reliable indicators of our current or future revenue or profitability. Potential investors should therefore not place undue reliance on these Key Performance Indicators in connection with an investment in the Company's shares. The management of our business depends on our Key Performance Indicators and other indicators derived from them, and if these are inaccurate, we may end up making bad business and strategic decisions. Furthermore, if we report Key Performance Indicators that are significantly wrong, investors may lose confidence in the accuracy and reliability of information we report.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2 Regulatory, Legal and Tax Risks

1.2.1 We are subject to numerous, complex and sometimes conflicting legal and regulatory regimes.

As of the date of this Prospectus, we have operations in seven countries in Europe as well as in Brazil. As a result, our business is already subject to numerous laws in different countries, including laws applicable to the e-commerce sector such as laws with respect to privacy, data protection and data security, online content as well as telecommunications and laws applicable to public companies in general, in particular laws with respect to intellectual property protection, corporate, local employment, tax, finance, money laundering, online payment, consumer protection, product liability and the labeling of our products, competition, anti-corruption and international sanctions. Operating in foreign jurisdictions entails an inherent risk of misinterpreting and wrongly implementing local laws and regulations. In addition, numerous laws and regulations apply to our products (*e.g.*, Regulation (EC) no. 1907/2006 of the European Parliament and of the Council of December 18, 2006 concerning the registration, evaluation, authorization and restriction of chemicals (REACH), as amended). Since we do not manufacture these products ourselves (see "*1.1.17 Product defects and product recalls could adversely affect our business and reputation.*"), our ability to ensure that such products comply with all applicable regulations is limited.

While we are not aware of any material breaches of applicable laws and regulations, we cannot guarantee that we have always been in full compliance with them in the past and will be able to fully comply with them in the future (see "*1.2.3 Our risk management and compliance structure may prove inadequate.*"). The violation of any of the laws and regulations applicable to us may result in litigation, damage claims from our customers, business partners and/or competitors as well as extensive investigations by governmental authorities and substantial fines being imposed on us. Even unfounded allegations of noncompliance may adversely affect our reputation and business.

Any changes in the legal framework applicable to our business could adversely affect our operations and profitability. If we continue to expand our business, we become subject to a legal framework that is even more complex. In the future, we may further expand our geographic footprint, including by entering into adjacent geographic markets. The laws and regulations of various jurisdictions in which we operate or may operate in the future are evolving. Consequently, such laws and regulations may change and sometimes even conflict with each other, making it even harder to observe them.

At any time, authorities in the countries where we operate may require us to obtain additional, or extend existing, licenses, permits and approvals. However, there is no guarantee that we will be able to obtain these in a timely and cost-effective manner. In addition, authorities may revoke existing licenses and we may not be aware of, or able to appeal, any such revocations in a timely manner, or at all.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.2 We may be adversely affected by changes in the regulations applicable to the use of the Internet and the e-commerce sector.

As the Internet continues to revolutionize commercial relationships on a global scale and online penetration increases, new laws and regulations relating to the use of the Internet in general and the e-commerce sector in particular may be adopted. These laws and regulations may govern the collection, use and protection of data, online payments, pricing, anti-bribery, tax, country-specific prices and website contents and other aspects relevant to our business. For example, Directive (EU) 2015/2366 of the European Parliament and of the Council of November 25, 2015 on payment services in the internal market, which became effective in January 2016 and covers, *inter alia*, online-based payment services, provides for a uniform regulation of payments via Internet and mobile phones and increased customer protection and requirements for user authentication. The adoption or modification of such laws or regulations relating to our operations could adversely affect our business by increasing compliance costs, including as a result of confidentiality or security breaches in case of noncompliance, and administrative burdens.

In particular, privacy-related regulation could interfere with our strategy to collect and use personal information as part of our data-driven approach along the value chain. We must comply with such regulations to the extent they are applicable to us and any noncompliance could lead to fines and other sanctions. For instance, Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**Data Protection Regulation**") entered into effect in May 2018 and imposes stricter limitations on the processing, use and transmission of personal data. In case of a violation of the provisions of the Data Protection Regulation, we may be fined for a maximum amount that corresponds to the higher of €20.0 million and 4% of our annual global turnover for the last fiscal year. In addition, local authorities may construe new regulations in a way that is even more restrictive and there is no guarantee that we will be able to comply with such restrictive approaches.

Changes to the regulation applicable to the use of the Internet and the e-commerce sector could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.3 Our risk management and compliance structure may prove inadequate.

We have adopted a group-wide risk management and compliance program that is aimed at preventing corruption, fraud and other criminal or other forms of non-compliance by our management, employees, consultants, agents and suppliers. Although our risk management and compliance organization continuously seeks to improve the effectiveness and efficiency of this program, given the broad scope of our operations and, in particular, the fact that corruption and extortion are common in Brazil as well as in some of our sourcing countries (*e.g.*, in parts of Asia and Eastern Europe), such controls may prove to be insufficient to prevent or detect non-compliant conduct. Consequently, certain employees, consultants, agents or suppliers may still engage in illegal practices or corruption to win business or to conspire in order to circumvent our compliance controls. Similarly, our risk management function may fail to identify, mitigate or manage relevant risk exposures.

Non-compliance with applicable laws and regulations may harm our reputation and ability to compete and result in legal action, criminal and civil sanctions, or administrative fines and penalties (*e.g.*, a loss of business licenses or permits) against us, members of our governing bodies and our employees. They may also result in damage claims by third parties or other adverse effects (*e.g.*, class action lawsuits and enforcement actions by national and international regulators resulting in limitations to our business).

Any failure of our compliance structure to prevent or detect non-compliant behavior could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.4 We may not be able to adequately protect our intellectual property against infringements from third parties.

We believe that our intellectual property (*e.g.*, customer data, copyrights, brands, trademarks, trade secrets and proprietary technology) is critical to our success. In addition, we have developed, and will continue to develop, a substantial number of proprietary software, processes and other know-how, including assortment-related know-how, that are of key importance to our operations. However, we may not be able to obtain effective protection for such intellectual property or other proprietary know-how in all relevant countries. If the laws and regulations applicable to our intellectual property change, this may make it even more difficult to protect such intellectual property effectively.

In addition, we may be required to spend significant funds on monitoring and protecting our intellectual property and there is no guarantee that we can successfully discover all infringements, misappropriations or other violations of our intellectual property and pursue them successfully. We provide certain information to third-party service providers who help us assess the performance of our business (*e.g.*, Google Analytics). Consequently, we only have limited control to ensure that such information is not misused by the relevant third-party service providers or passed on to other third parties, including our competitors.

If we initiate litigation against infringements of our intellectual property, such litigation may prove costly and there is no guarantee that it will ultimately be successful and that the rulings we obtain will adequately remedy the damage we have suffered. Where we rely on contractual agreements to protect our intellectual property, such agreements may be found to be invalid or unenforceable. Furthermore, some of our intellectual property could be challenged or found invalid through administrative processes or litigation, and third parties may independently develop or otherwise acquire equivalent intellectual property.

An inability to adequately protect our intellectual property could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.5 We may be accused of infringing on the intellectual property of third parties.

As we utilize a variety of intellectual property for our business, customers, regulatory authorities or other third parties may allege that intellectual property we use infringes on their intellectual property, and we may therefore become subject to allegations and litigation against us (see "*1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.*"). Even unfounded allegations of infringement may adversely affect our reputation and business and may require significant resources to defend against. If we try to obtain licenses from such third parties to settle any disputes, there is no guarantee that such licenses will be available to us on acceptable terms, or at all, in which case we may be required to alter our brands and change the way we operate.

In addition, we may not be able to continue to market certain products in case our suppliers manufacture these products without regard for intellectual property rights of third parties. Furthermore, some of the agreements we entered into with third parties may contain clauses regarding the protection of their intellectual property licensed to us. A violation of these clauses, such as the unauthorized sub-licensing or disclosure of a confidential source code, may require us to pay significant penalties, prevent us from utilizing such intellectual property in the future and may result in litigation against us (see "*1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.*").

Moreover, some of our proprietary technology was developed on the basis of licensed proprietary and non-proprietary software which we licensed from third parties. If these licenses were to be challenged or found invalid through litigation or other proceedings, we may be unable to continue to utilize such proprietary technology. In addition, the licensors or other third parties may claim that the use of the development and use of such technology is outside of the relevant license and therefore infringes upon their intellectual property.

Any infringements on the intellectual property of third parties could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.6 We may be unable to acquire, utilize and maintain our domains and trademarks.

We have registered various word and figurative trademarks as well as Internet domains and expect to register additional similar rights in the future, in particular in connection with our private label offering. These rights are regulated by the relevant regulatory bodies and subject to trademark laws and other related laws in the jurisdictions in which we have registered them. In addition, the registration of the latest design of our "home24" word and figurative trademark with the European Union Intellectual Property Office is currently pending and there is no guarantee that we will be able to register this trademark successfully.

If we cannot obtain or maintain our existing or future word and figurative trademarks as well as Internet domains on reasonable terms, we may be forced to incur significant additional expenses or be unable to operate our business as intended. Furthermore, the regulations governing domain names and laws protecting trademarks and similar proprietary rights could change (*e.g.*, through the establishment of additional generic or country code top level domains or changes in registration processes), which may prevent us from using these rights as intended. In addition, we may not be able to prevent third parties from registering utilizing domains and trademarks that interfere with those that we have registered.

An inability to maintain our domains and trademarks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.

In the ordinary course of our business activities, we are regularly exposed to various litigation, particularly in the areas of product warranty, delays of payments or deliveries, competition law, intellectual property disputes, labor disputes and tax matters. Such litigation is subject to inherent uncertainties, and unfavorable rulings could require us to pay monetary damages or provide for an injunction prohibiting us from performing a critical activity (*e.g.*, marketing certain products). Even if legal claims brought against us are without merit, defending such claims could be time-consuming and expensive, could divert management's attention from other business concerns and we may decide to settle such claims, which prove expensive to us.

If we become involved in litigation or other proceedings, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.8 We use standardized documents, contracts and terms and conditions, which increases the impact if any clause is held to be void.

We maintain legal relationships with a large number of suppliers and customers. In this context, we also use standardized documents, contracts as well as terms and conditions. If such documents, contracts or terms and conditions are found to contain provisions which are interpreted in a manner disadvantageous to us, or if any clauses are held to be void and thus replaced by statutory provisions which are disadvantageous to us, a large number of our contractual relationships could be affected.

In addition, standardized terms and conditions have to comply with the statutory laws on general terms and conditions (*allgemeine Geschäftsbedingungen*) in the different jurisdictions in which we operate, which means that in many jurisdictions they are subject to intense scrutiny by the courts. In the European Union, the standard is even stricter if such terms and conditions are used *vis-à-vis* consumers. As a general rule, standardized terms and conditions are invalid if they are not transparent, not clearly worded, unbalanced or discriminate against the respective other party. In addition, there have been constant changes regarding the legal framework applicable to such terms and conditions as well as the interpretation thereof by the courts. As a result, we cannot guarantee that all standardized terms and conditions we use currently comply and will continue to comply with these strict requirements. Even if terms and conditions are prepared with legal advice, it is impossible for us to guarantee that they are valid, given that changes may continue to occur in the laws applicable to such terms and conditions and/or their interpretation by the courts.

If clauses in our standardized documents, contracts or terms of conditions are found to be void, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.9 We may not be able to comply with customs and foreign trade regulations applicable to the import and export of our products.

We import and export a large number of products as part of our day to day business and such imports and exports may be subject to customs or foreign trade regulations and there is no guarantee that we will be able to comply with all of these regulations. In addition, we rely on third parties, in particular our suppliers, to make certain import, export or customs declarations and we therefore only have limited control over such declarations. Any non-compliance with customs or foreign trade regulations could lead to the imposition of fines or result in our products being seized, in which case delivery of our products may be delayed or fail entirely. In the future, applicable regulations may change, which might make compliance therewith even more difficult or cause us to incur additional costs.

An inability to comply with customs and foreign trade regulations could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.10 Our business is subject to the general tax environment in the jurisdictions in which we operate and any changes to this tax environment may increase our tax burden.

Our business is subject to the general tax environment in the jurisdictions in which we operate. Our ability to use tax loss carryforwards and other favorable tax provisions depends on national tax laws and their interpretation in these countries. Changes in tax legislation, administrative practices or case law could increase our tax burden and such changes might even occur retroactively. Furthermore, tax laws may be interpreted differently by the competent tax authorities and courts, and their interpretation may change at any time, which could lead to an increase of our tax burden. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty. In particular, the relevant tax environment for our Latin America segment is particularly complex and obscure and may fail to take into account the special circumstances of our online business. In addition, local tax authorities may harass or attempt to extort us as is common in Brazil.

Tax authorities in various jurisdictions are currently reviewing the appropriate treatment of e-commerce activities. Due to the global nature of our e–commerce business, various jurisdictions might attempt to levy additional sales, income or other taxes relating to our activities. Such new tax regulation may subject us or our customers to additional taxes, which would increase our tax burden and may reduce the attractiveness of our online offering. New taxes could also result in additional costs necessary to collect the data required to assess these taxes and to remit them to the relevant tax authorities.

The last binding tax audit of the Company took place in 2016 and 2017 with respect to all periods up to and including the fiscal year ended December 31, 2015. Taxes actually assessed in future tax audits for periods not yet covered by this last tax audit may exceed the taxes already paid by us. As a result, we may be required to make significant additional tax payments with respect to previous periods. Furthermore, the competent tax authorities could revise their original tax assessments (*e.g.,* with respect to the recognition of invoiced value added taxes). Any tax assessments that deviate from our expectations could lead to an increase in our tax burden. In addition, we may be required to pay interest on these additional taxes as well as late filing penalties.

Changes in the tax environment and future tax audits could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3 Risks Related to the Company's Shareholder Structure, its Shares and the Offering

1.3.1 The Company's shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for these shares will develop.

Prior to this initial public offering (the "**Offering**"), there was no public market for the Company's shares. The offer price for the shares offered in this Offering (the "**Offer Price**") will be determined by way of a bookbuilding process. There is no guarantee that this Offer Price will correspond to the price at which the Company's shares will be traded on the stock exchange after this Offering.

In addition, the Offer Price may fail to accurately reflect our value. In the course of past financing rounds we received investments for shares in the Company based on valuations of our business by individual investors at the relevant time. Such individual valuations were not confirmed by independent experts (*e.g.,* accounting firms or investment banks) and reflect the personal valuation criteria of the relevant investor as well as the specific circumstances under which these investments were made. Consequently, these valuations may have exceeded the valuations at which other parties would have been willing to invest in the Company. Potential investors should therefore not place undue reliance on past valuations.

There is no guarantee that following the listing, an active and liquid market for the Company's shares will develop and persist. If such liquid market fails to develop, this could adversely affect the market price of the Company's shares and such market price could even decline below the Offer Price.

Consequently, investors may not be in a position to sell their shares in the Company at or above the Offer Price in a timely manner, or at all.

1.3.2 The Company's share price could fluctuate significantly, and investors could lose part or all of their investment in the Company's shares.

Following this Offering, the price of the Company's shares will be affected by the supply and demand for the Company's shares, which may be influenced by numerous factors, many of which are beyond the Company's control or can only be partly controlled by the Company, including:

- fluctuations in actual or projected results of operations;
- changes in projected earnings or failure to meet securities analysts' earnings expectations;
- the absence of analyst coverage on the Group;
- negative analyst recommendations;
- changes in trading volumes in the Company's shares;
- changes in the Company's shareholder structure;
- changes in macroeconomic conditions;
- the activities of competitors and suppliers;
- changes in the market valuations of comparable companies;
- changes in investor and analyst perception with respect to the Group or the home & living industry in general; and
- changes in the statutory framework applicable to the Group's business.

As a result, the Company's share price may be subject to substantial fluctuations.

In addition, general market conditions and fluctuations of share prices and trading volumes could lead to pressure on the Company's share price, even though there may not be a reason for this based on our business performance or earnings outlook. Furthermore, investors in the secondary market may view our business more critically than investors in the Offering, which could adversely affect the Company's share price in the secondary market. In addition, prices for e-commerce or technology companies such as home24 have traditionally been more volatile compared to share prices for companies from other industries.

If the Company's share price declines as a result of the realization of any of these risks, investors could lose part or all of their investment in the Company's shares.

1.3.3 Following this Offering, the Company's existing shareholders will retain a significant interest in the Company and their interests may conflict with those of the Company and its other shareholders.

Following the successful completion of this Offering, the Company's existing shareholders will continue to hold at least 67.5% of the Company's outstanding share capital (assuming placement of 7,692,307 new shares that are the subject of the Offering at the low end of the price range of €19.50 to €24.50 per share (the "**Price Range**") to achieve the target gross proceeds of approximately €150.0 million and exercise of the greenshoe option granted in the course of this Offering for 1,153,846 shares) and therefore retain a majority of the votes in the Company's shareholders' meeting. The interests of the Company's existing shareholders may deviate from the Company's interests or those of other shareholders. Certain measures and transactions as well as dividend payments may be impossible to implement without the support of the Company's existing shareholders.

In particular, Rocket Internet SE and Kinnevik Internet Lux S.à r.l. (the "**Controlling Shareholders**") have entered into a voting agreement (the "**Voting Agreement**"), pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting with respect to the composition of the Company's supervisory board (the "**Supervisory Board**") as well as the nomination of the chairpersons of the Supervisory Board and certain committees of the Supervisory Board. Given that the Controlling Shareholders will continue to directly and indirectly hold at least 39.3% of the shares in the Company following completion of the Offering (assuming placement of 7,692,307 new shares at the low end of the Price Range and exercise of the greenshoe option for 1,153,846 shares), they will be in a position to exert substantial influence in the Company's shareholders' meeting, determine the composition of the Supervisory Board and may exert significant influence with respect to other matters (*e.g.*, the distribution of dividends, any capital increases as well as other corporate measures). In addition, the Controlling Shareholders hold various interests in a number of companies, including companies who are active in the home & living industry, and conflicts of interests may arise between these investments and the interests of the Group.

The influence of the Controlling Shareholders may even increase if they acquire additional shares in the Company. For the duration of the Voting Agreement, such future acquisitions of shares by the Controlling Shareholder will, however, not, trigger an obligation to submit a mandatory tender offer pursuant to Section 35 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) as the Controlling Shareholders will hold more than 30% of the Company's shares following completion of the Offering. Consequently, the Controlling Shareholders may increase their respective stake in the Company and their controlling influence over the Company without other shareholders being protected by the rules on mandatory tender offers under the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

Conflicts between the interests of the Company's existing shareholders and those of the Company or its other shareholders may have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3.4 The Company does not expect to pay any dividends in the foreseeable future.

The Company has never paid any dividends and currently does not intend to pay dividends for the foreseeable future. Under German corporate law, dividends may only be distributed from the net retained profit (*Bilanzgewinn*) of the Company. Consequently, it will only be able to make dividend payments if sufficient net retained profits are available to the Company. The net retained profit is calculated based on the Company's unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Such accounting principles differ from International Financial Reporting Standards, as adopted by the European Union, in material respects.

The Company's ability to pay dividends therefore depends upon the availability of net retained profits. Furthermore, the continued operation and expansion of our business will require substantial funding. Any determination to pay dividends in the future will be at the discretion of the Company's management board and will depend upon the Company's results of operations, financial condition, contractual restrictions, including restrictions imposed by existing or future financing agreements, restrictions imposed by applicable laws and other factors management deems relevant.

In addition, the Company has taken out a shareholder loan. The terms and conditions of the shareholder loan contain various covenants, including a covenant not to make any dividend distributions. While the Company currently plans to repay this shareholder loan from the proceeds from the Offering (see "*1.3.8 The Company may invest or spend the proceeds from this Offering in ways that shareholders may not agree with or in ways that may not yield a return or benefit the price of the Company's shares.*"), there is no guarantee that such repayment will actually occur.

Consequently, the Company may not be able to pay dividends in the foreseeable future, or at all.

1.3.5 We may fail to comply with the additional requirements, which will be applicable to us following the listing of the Company's shares.

Following the listing of the Company's shares, the Company will for the first time be subject to the legal requirements of a company listed on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). We will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards, notification requirements (*e.g.*, with respect to the timely publication of financial results and ad hoc notifications) and securities and investor relations issues, which will divert management attention and may prove costly. In addition, our management will have to evaluate the internal control system independently with new thresholds of materiality, and to implement necessary changes to our internal control system. There can be no guarantee that we will be able to respond to these additional requirements without difficulties or inefficiencies and compliance violations could cause us to incur significant additional costs and expose us to regulatory or civil litigation or penalties.

Failure to efficiently comply with the additional requirements applicable to us following the listing of the Company's shares could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3.6 Future offerings of debt or equity securities by the Company could adversely affect the market price of the Company's shares, and future issuances of shares could lead to a substantial dilution of the Company's shareholders (i.e., a reduction in the value of existing shareholders' interests in the Company).

We may require additional capital in the future to finance our business operations and growth (see "*1.1.31 We may require additional capital which might not be available on economically acceptable terms, or at all.*"). The Company may seek to raise such capital through the issuance of additional shares or debt securities with conversion rights (*e.g.*, convertible bonds and option rights). An issuance of additional shares or debt securities with conversion rights could potentially reduce the market price of the Company's shares and the Company currently cannot predict the amounts and terms of such future offerings.

If such offerings of equity or debt securities with conversion rights are made without granting subscription rights to the Company's existing shareholders, these offerings would dilute the economic and voting rights of the Company's existing shareholders. In addition, such dilution may arise from the acquisition or investments in companies in exchange, fully or in part, for newly issued shares of the Company, options granted to our business partners as well as from the exercise of stock options by our employees in the context of existing or future stock option programs or the issuance of shares to employees in the context of existing or future employee participation programs.

As of the date of this Prospectus, we have implemented five different long-term incentive programs for various current and former members of the Company's management board and certain employees of our Group that may be settled in new shares of the Company and we have offered a media service provider an option to acquire shares in the Company. In addition, certain current and former members of the Management Board hold call options for shares in the Company and certain current and former senior managers, employees and early investors hold shares in the holding companies for our Latin America segment and may require us to acquire such shares in exchange for new shares of the Company. While the aforementioned agreements do not require us to issue new shares immediately upon completion of the Offering, these agreements are likely to lead to a certain dilution in the future. Assuming that the maximum number of new shares were to be issued to settle the claims under the aforementioned agreements and call options, including unvested claims and options, as of the date of this Prospectus, the Company estimates that this would result in an increase of the Company's share capital by no more than 5% (based on the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, placement of 6,818,181 new shares that are the subject of the Offering at the mid-point of the Price Range, exercise of the greenshoe option for 1,022,727 shares and 26,317,664 shares of the Company in total outstanding immediately following completion of the Offering as well as a valuation of the Company's shares that corresponds to the Offer Price, and not taking into account any proceeds received by the Company in exchange for issuing new shares of the Company).

Any future issuance of shares of the Company could reduce the market price of the Company's shares and dilute the holdings of existing shareholders.

1.3.7 Future sales by major shareholders could materially adversely affect the price of the Company's shares.

For various reasons, shareholders may sell all or some of their shares in the Company, including in order to diversify their investments. If one or more of the Company's major shareholders were to sell a substantial number of the Company's shares, or if market participants believe that such sales are about to occur, the market price of the Company's shares as well as our ability to raise new equity financing could be adversely affected.

1.3.8 The Company may invest or spend the proceeds from this Offering in ways that shareholders may not agree with or in ways that may not yield a return or benefit the price of the Company's shares.

The Company currently intends to use the net proceeds from the Offering as follows: (i) between approximately €80 million and approximately €90 million to fund the roll-out of the refined go-to-market approach to all active geographies, a continued forward integration of our delivery chain and continued investments into the profitable growth of home24's business, (ii) between approximately €30 million and approximately €40 million for investments in property, equipment and technology, primarily into extending the warehouse footprint, (iii) up to €15 million to repay the Shareholder Loan, including fees related thereto, as well as payments in connection with media agreements, and (iv) between approximately €17 million and approximately €19 million to create strategic flexibility for new business lines. The Company intends to use the remainder of the net proceeds from the Offering, if any, for general corporate purposes.

However, the Company may decide to use the net proceeds from this Offering differently from its intentions as of the date of this Prospectus. The Company's management will have considerable discretion in the application of such net/proceeds, and shareholders may not be able to assess whether the proceeds are being used appropriately.

Any failure to effectively utilize the net proceeds from this Offering could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3.9 An investment in the Company's shares by an investor whose principal currency is not the Euro may be affected by exchange rate fluctuations.

The Company's shares are, and any dividends to be paid in respect of them will be, denominated in Euros. An investment in the Company's shares by an investor whose principal currency is not the Euro will expose such investor to exchange rate risks. Any depreciation of the Euro in relation to the principal currency of the respective investor will reduce the value of the investment in the Company's shares or any dividends in relation to such currency.

2. GENERAL INFORMATION

2.1 Responsibility Statement

home24 SE, with its registered office at Greifswalder Straße 212 – 213, 10405 Berlin, Germany (telephone: +49 (0) 30 609 88 00 19), and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 196337 B (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**", "**home24**", "**we**", "**us**", "**our**" or "**ourselves**"), together with Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**"), Citigroup Global Markets Limited, London, United Kingdom ("**Citigroup**"), and Goldman Sachs International, London, United Kingdom ("**Goldman Sachs International**" and, together with Berenberg and Citigroup, the "**Joint Global Coordinators**" or the "**Joint Bookrunners**"), assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Section 5 para. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz* ("**WpPG**")) and declare that the information contained in this Prospectus is, to the best of their knowledge, correct and contains no material omissions.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

The information contained in this Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in this Prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of this Prospectus, but before the completion of the public offering or admission of the securities to trading, whichever is later. These updates must be disclosed in a prospectus supplement in accordance with Section 16 para. 1 sentence 1 WpPG.

2.2 Purpose of this Prospectus

This Prospectus relates to the offering of 8,846,153 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2018 (the "**Offering**"), consisting of:

- 7,692,307 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against contributions in cash (the "**IPO Capital Increase**") expected to be resolved by an extraordinary shareholders' meeting of the Company on or about June 13, 2018 (the "**New Shares**"); and
- 1,153,846 existing bearer shares with no par value (*Stückaktien*) from the holdings of Rocket Internet SE (the "**Lending Shareholder**") in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the New Shares, the "**Offer Shares**"), provided that the total number of Over-Allotment Shares will not exceed 15.0% of the New Shares actually placed in the Offering.

For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to up to 7,692,307 New Shares and 18,476,756 existing bearer shares with no par value (*Stückaktien*) of the Company, each such share representing a notional value of €1.00.

The Offering consists of initial public offerings in the Federal Republic of Germany ("**Germany**") and the Grand Duchy of Luxembourg ("**Luxembourg**") and private placements in certain jurisdictions outside Germany and Luxembourg. In the United States of America (the "**United States**"), the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**").

This Prospectus has been approved solely by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")). BaFin has approved this Prospectus after having performed an assessment of the coherence, completeness and comprehensibility of the information presented in this Prospectus.

2.3 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on our future earnings capacity, plans and expectations regarding our business growth and profitability, and the general economic conditions to which we are exposed. Statements made using words such as "predicts", "forecasts", "projects", "plans", "intends", "endeavors", "expects" or "targets" indicate forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause our actual results, including our financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found in the sections "*1. Risk Factors*", "*10. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations*", "*11. Markets and Competition*", "*12. Business*", "*24. Recent Developments and Trend Information*" and wherever information is contained in this Prospectus regarding our plans, intentions, beliefs, or current expectations relating to our future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand for our products as well as the economic and regulatory environment which we are subject to.

Future events mentioned in this Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate (for further information on the third-party sources used in this Prospectus, see "*2.4 Sources of Market Data*"). Actual results, performance or events may turn out to be better or worse compared to the results, performance and events described in the forward-looking statements, in particular due to:

- changes in general economic conditions in the markets in which we operate, including political changes, changes in the unemployment rate, the level of consumer prices and wage levels;
- the further development of the home & living markets in Europe and Latin America, in particular the penetration levels of online shopping;
- user behavior on mobile devices and our ability to attract mobile internet traffic and convert such traffic into orders for our products;
- changes in user tastes and/or preferences with respect to online home & living offerings;
- our ability to offer our customers an inspirational and attractive online experience;
- the stability of our global supplier base and our ability to manage the timely and efficient delivery of our products;
- changes in prices when sourcing our products and the resulting increase or decrease of our gross profit margin;
- our ability to manage our continued growth and to expand our capabilities to meet the growing demands and challenges associated therewith;
- our ability to realize economies of scale and increase our profitability by expanding our market position;
- demographic changes in Europe and Latin America, in particular the ageing of millennials;

- fluctuations in interest and currency exchange rates for currencies in which we source and/or sell our products;
- changes in the competitive environment and in the level of competition;
- our ability to comply with applicable laws and regulations, in particular if such laws and regulations change, are abolished and/or new laws and regulations are introduced;
- our ability to maintain and enhance our reputation and brands;
- our ability to operate our information technology ("**IT**") systems free from interruptions;
- the occurrence of accidents, natural disasters, fires, environmental damages or systemic delivery failures; and
- our ability to attract and retain qualified personnel.

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor the Joint Bookrunners assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

The section "*1. Risk Factors*" contains a detailed description of various risks applicable to our business, operations and financial position, our regulatory, legal and tax environment, the Company's shareholder structure, its shares and the Offering and the factors that could adversely affect the actual outcome of the matters described in the Company's forward-looking statements.

2.4 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which we operate are based on the Company's and the Joint Bookrunners' assessments. These assessments, in turn, are based in part on internal observations of the markets and on various market studies.

The following sources were used in the preparation of this Prospectus:

- APP Annie Europe Ltd., information from database on the number of app downloads for the three months ended March 31, 2018, www.appannie.com ("**App Annie**");
- Euromonitor International Ltd., database last accessed in May 2018, www.euromonitor.com ("**Euromonitor**");
- European Central Bank ("**ECB**"), currency exchange rates, www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/;
- Statistical Office of the European Union, database on demographic developments, last updated February 28, 2018, http://ec.europa.eu/eurostat/web/population-demography-migration-projections/population-data ("**Eurostat**"); and
- PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, market study, "The German furniture industry – structure, trends and challenges (*Die Deutsche Möbelbranche – Struktur, Trends und Herausforderungen*)", November 2017 ("**PwC**").

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, to the extent it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party studies has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action whatsoever with respect to, shares in the Company.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Joint Bookrunners (see "*2.1 Responsibility Statement*"), neither the Company nor the Joint Bookrunners have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Joint Bookrunners make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.5 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available for inspection during regular business hours at the Company's offices at home24 SE, Greifswalder Straße 212 – 213, 10405 Berlin, Germany (telephone: +49 (0) 30 609 88 00 19):

- the Company's articles of association (the "**Articles of Association**");
- the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), on interim financial reporting (IAS 34) as of and for the three months ended March 31, 2018;
- the audited consolidated financial statements of the Company (prior to its change in legal form and name, Home24 AG) prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**")) as of and for the fiscal year ended December 31, 2017;
- the audited consolidated financial statements of the Company (prior to its change in legal form and name, Home24 AG) prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a para. 1 HGB as of and for the fiscal year ended December 31, 2016;
- the audited consolidated financial statements of the Company (prior to its change in legal form and name, Home24 AG) prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a para. 1 HGB as of and for the fiscal year ended December 31, 2015; and
- the audited unconsolidated financial statements of the Company (prior to its change in legal form and name, Home24 AG) prepared in accordance with German generally accepted accounting principles of the HGB as of and for the fiscal year ended December 31, 2017.

The aforementioned documents and this Prospectus are also available on the Company's website at www.home24.com under the "Investor Relations" section. The Company's future consolidated financial statements, unconsolidated financial statements and condensed consolidated interim financial statements will be available from the Company on its website and the paying agent designated in this Prospectus (see "*15.8 Announcements and Paying Agent*"). The Company's consolidated and unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website www.home24.com and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus.

2.6 Currency Presentation

In this Prospectus, "**Euro**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany.

2.7 Presentation of Financial Information

Where financial information in the tables included this Prospectus is labelled "audited", this means that it has been taken from the audited financial statements mentioned in section "*2.5 Documents Available for Inspection*". The label "unaudited" is used in this Prospectus to indicate financial information that has not been taken from the audited financial statements mentioned above but was taken either from the unaudited condensed consolidated interim financial statements mentioned in section "*2.5 Documents Available for Inspection*" or the Company's internal reporting system, or is based on calculations of figures from the aforementioned sources mentioned.

All of the financial information presented in the text and tables in this Prospectus is shown in millions of Euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to zero.

2.8 Non-IFRS Financial Information

This Prospectus contains non-IFRS financial information such as Adjusted EBITDA and the Contribution Margin (see "*9.4 Additional Key Performance Indicators*") that is not required by, or prepared in accordance with, IFRS. These measures are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**").

Our Adjusted EBITDA and our Contribution Margin are relevant for the assessment of the performance of our business as:

- Adjusted EBITDA shows our operating result (EBIT) as adjusted for depreciation, amortization as well as share-based compensation expenses, which are non-cash effective charges, and is the measure we use to assess the performance of our business as a whole and of our two segments; and

- the Contribution Margin allows us to monitor the development of our certain variable costs, in particular our fulfillment costs (*i.e.*, distribution, handling and packaging expenses, warehouse employee benefit expenses, warehouse freelancer expenses, payment expenses and bad debt expense) and the benefits we can derive from a growing number of orders.

Likewise, Adjusted EBITDA helps our investors monitor whether we are able to improve the performance of our underlying operations and achieve our strategic goal to reach breakeven. In addition, the Contribution Margin helps our investors when assessing whether we can maintain our margins and our lean and efficient processes.

We present non-IFRS financial information because we use such information in monitoring our business and because we believe that it is frequently used by analysts, investors and other interested parties in evaluating companies in our industry and it may contribute to a more comprehensive understanding of our business. However, such non-IFRS financial information may not be comparable to similarly titled information published by other companies, may not be suitable for an analysis of our business and operations, and should not be considered as a substitute for an analysis of our operating results prepared in accordance with IFRS. We believe that the presentation of non-IFRS financial information included in this Prospectus complies with the ESMA Guidelines.

In addition to the financial information prepared in accordance with IFRS and the non-IFRS financial information contained in this Prospectus, we also present certain unaudited operating and non-financial information (*e.g.*, the number of Active Customers, the number of orders and the Average Order Value) in this Prospectus (in particular in the section "*9.4 Additional Key Performance Indicators*"). However, such operating and non-financial information may not be comparable to similarly titled information published by other companies, may not be suitable for an analysis of our business and operations, and should not be considered as a substitute for an analysis of our operating results prepared in accordance with IFRS.

Furthermore, we use certain illustrative non-IFRS financial information (*i.e.*, Lifetime Value and Customer Acquisition Costs) in order to evaluate the efficiency of our marketing efforts and our ability to convert visits to our websites and apps into orders (see "*10.2.6 Marketing*"). Such non-IFRS financial information is for illustrative purposes only, unaudited and based on management's estimates, judgments and experience. While these indicators should not be considered as a substitute for an analysis of our operating results prepared in accordance with IFRS, we nevertheless believe that such data assists us in evaluating the efficiency of our marketing efforts. The calculation of Lifetime Value and Customer Acquisition Costs is based on information provided by Google, in particular through Google Analytics, as supplemented by data from home24's own data warehouse. The data provided by Google is subject to the bias, limitations and imprecision of Google's algorithms and related technological constraints (*e.g.*, reliance on data tracking tools (cookies), loss of data for certain cross-device journeys, cut-off and restart of data collection after pre-defined periods of user inactivity).

2.9 Enforcement of Civil Liabilities

The Company is a European company (*Societas Europaea* (*SE*)) governed by European and German law and its assets are located outside the United States. In addition, the members of the management board (*Vorstand* (the "**Management Board**")) and the supervisory board (*Aufsichtsrat* (the "**Supervisory Board**")) are not residents of the United States and all or most of their assets are located outside the United States. Therefore, it may not be possible for investors to effect service of process within the United States upon the Company or such persons, or to enforce against them or the Company judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof.

The United States and Germany do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon United States federal securities laws, may not be enforceable, either in whole or in part, in Germany. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the relevant German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or the aforementioned persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates, and a German court may choose to hear the dispute again. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Germany.

3. THE OFFERING

3.1 Subject Matter of the Offering

This Prospectus relates to the Offering of 8,846,153 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2018, consisting of:

- 7,692,307 New Shares; and
- 1,153,846 Over-Allotment Shares.

The Company targets gross proceeds from the Offering in an amount of approximately €150.0 million and the Price Range has been set to ensure that at the low end of the Price Range, the Company would issue 7,692,307 New Shares and still achieve its target gross proceeds. If the Offer Shares are placed at a higher offer price for the Offering (the "**Offer Price**"), the number of New Shares issued by the Company would be reduced accordingly. Therefore, at the mid-point and high end of the Price Range, the Company would issue 6,818,181 New Shares and 6,122,448 New Shares, respectively, to reach the target gross proceeds in an amount of approximately €150.0 million. The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company after consultation with the Joint Bookrunners.

The Lending Shareholder will provide Berenberg, acting for the account of the Joint Bookrunners as stabilization manager (the "**Stabilization Manager**"), with up to 1,153,846 Over-Allotment Shares in the form of a securities loan to cover potential Over-Allotments, provided that the total number of Over-Allotment Shares will not exceed 15.0% of the New Shares actually placed in the Offering. Assuming placement of the respective number of New Shares at the low end, mid-point or high end of the price range, up to 1,153,846, 1,022,727 and 918,367 Over-Allotment Shares, respectively, would be placed with investors.

In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners an option to acquire up to 1,153,846 additional shares of the Company at the Offer Price, less the agreed commissions (the "**Greenshoe Option**"), from a capital increase from the Company's Authorized Capital 2018 (see "*16.3.4 Authorized Capital 2018*") for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after commencement of stock exchange trading of the Company's shares (*i.e.*, July 14, 2018).

The Offering consists of initial public offerings in Germany and Luxembourg and private placements in certain jurisdictions outside Germany and Luxembourg. In the United States, the Offer Shares will only be offered and sold to QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S.

Immediately prior to the Offering, 99.82% of the Company's share capital is held by the Company's existing shareholders (see "*14. Shareholder Information*"), while the Company holds 33,282 treasury shares (*i.e.*, approximately 0.18% of the Company's share capital). Following completion of the Offering, the Company's existing shareholders will continue to hold at least 67.5% of the Company's share capital (assuming placement of 7,692,307 New Shares at the low end of the Price Range and exercise of the Greenshoe Option for 1,153,846 shares (see "*3.8 Stabilization Measures, Over-Allotments and Greenshoe Option*")).

The IPO Capital Increase for the issuance of the New Shares, which is expected to be resolved by an extraordinary shareholders' meeting of the Company on or about June 13, 2018, and is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on June 14, 2018, would result in an increase of the Company's share capital by up to €7,692,307.00. The share capital of the Company represented by the Offer Shares that are the subject of this Offering, including the Over-Allotment Shares, amounts to €8,846,153.00. Thus, approximately 33.8% of the Company's outstanding share capital (following the registration of the IPO Capital Increase for the maximum number of New Shares and assuming that the Greenshoe Option is not exercised) is being offered as part of this Offering.

Berenberg, Citigroup and Goldman Sachs International are acting as Joint Global Coordinators and Joint Bookrunners.

3.2 Price Range, Offer Period, Offer Price and Allotment

The price range for the Offering within which purchase orders may be placed is €19.50 to €24.50 per Offer Share (the "**Price Range**").

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on June 4, 2018, and to expire on June 13, 2018 (the "**Offer Period**"). Offers to purchase Offer Shares may be submitted (i) until 12:00 p.m. (noon) (Central European Summer Time) by private investors and (ii) until 2:00 p.m. (Central European Summer Time) by institutional investors on the last day of the Offer Period. Multiple purchase orders are permitted.

Subject to the publication of a supplement to this Prospectus, if required, the Company, the Lending Shareholder and the Joint Bookrunners reserve the right to reduce the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Reductions in the number of Offer Shares, changes to the Price Range or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to this Prospectus, investors who submitted purchase orders prior to the publication of the supplement have the right to withdraw these offers to purchase within two business days following the publication of such supplement (Section 16 para. 3 WpPG). Instead of withdrawing their offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days following the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media such as Reuters or Bloomberg and, if required by Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended ("**MAR**"), the WpPG, or the German Securities Trading Act (*Wertpapierhandelsgesetz* ("**WpHG**")) as an ad-hoc release via an electronic information dissemination system, on the Company's website www.home24.com under the "Investor Relations" section and as a supplement to this Prospectus. Investors who have submitted purchase orders will not be notified individually. Under certain conditions, the Joint Bookrunners may terminate the underwriting agreement, entered into between the Company, the Lending Shareholder and the Joint Bookrunners on June 1, 2018 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see "*19.4 Termination; Indemnification*"). Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company after consultation with the Joint Bookrunners. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the number of Offer Shares that will be placed at the Offer Price is, in principle, aimed at achieving the highest Offer Price. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate a steady performance in the secondary market given the demand for the Company's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors interested in purchasing shares at a particular price, but also to the composition of the Company's shareholder structure that would result at a given price, and expected investor behavior. The Company and the Lending Shareholder will not specifically charge any expenses and taxes related to the Offering to investors.

The Offer Price and the final number of Offer Shares placed in the Offering (*i.e.*, the results of the Offering) are expected to be set on June 13, 2018. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the purchase orders then available. The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on or about June 13, 2018 by means of an ad-hoc release on an electronic information dissemination system and on the Company's website www.home24.com under the "Investor Relations" section. Investors who have placed orders to purchase Offer Shares with one of the Joint Bookrunners can obtain information from that Joint Bookrunner about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of trading. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Joint Bookrunners reserve the right to reject orders, or to only accept them in part.

3.3 Expected Timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

June 1, 2018	Approval of the Prospectus by BaFin
	Publication of the approved Prospectus on the Company's website www.home24.com under the "Investor Relations" section
	Notification of the approved Prospectus to the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier* ("**CSSF**"))
June 4, 2018	Commencement of the Offer Period
	Application for admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
June 13, 2018	Expiration of the Offer Period
	Determination of the Offer Price and final number of Offer Shares to be allocated, including the final number of New Shares
	Publication of the results of the Offering in the form of an ad-hoc release on an electronic information dissemination system and on the Company's website www.home24.com under the "Investor Relations" section
June 14, 2018	Registration of the consummation of the IPO Capital Increase in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, and creation of the New Shares to be delivered at closing
June 15, 2018	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

June 19, 2018	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

This Prospectus will be published on the Company's website at www.home24.com under the "Investor Relations" section. Printed copies of this Prospectus are available from the Company free of charge during normal business hours at the following address: home24 SE, Greifswalder Straße 212 – 213, 10405 Berlin, Germany.

3.4 Information on the Shares

3.4.1 Share Capital of the Company

As of the date of this Prospectus, the share capital of the Company amounts to €18,476,756.00 and is divided into 18,476,756 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

Upon registration of the IPO Capital Increase, the Company's share capital will be increased from €18,476,756.00 by up to €7,692,307.00 to up to €26,169,063.00. The consummation of the IPO Capital Increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on or about June 14, 2018.

Assuming placement of all New Shares at the low end of the Price Range and full exercise of the Greenshoe Option for 1,153,846 shares, the Company's share capital will be increased by €1,153,846.00 by issuing 1,153,846 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00, from the Authorized Capital 2018 (see „*16.3.4 Authorized Capital 2018*").

Assuming placement of 7,692,307 New Shares at the low end of the Price Range and full exercise of the Greenshoe Option for 1,153,846 shares, the Company's share capital would amount to €27,322,909.00 following completion of the Offering.

3.4.2 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

3.4.3 Dividend and Liquidation Rights

Each share in the Company carries full dividend rights from January 1, 2018.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

3.4.4 Form, Certification of the Shares and Currency of the Securities Issue

As of the date of this Prospectus, all of the Company's shares are bearer shares with no par value (*Stückaktien*). The Company's shares will be represented by one or more global share certificates (the "**Global Share Certificates**"), which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"). The global share certificate for the New Shares is expected to be delivered to Clearstream on June 14, 2018.

Section 5 para. 2 of the Articles of Association excludes the shareholders' right to receive individual share certificates to the extent permitted by law and unless mandated by the rules of a stock exchange to which the shares are admitted. The Management Board determines the form of the share certificates pursuant to Section 5 para. 3 of the Articles of Association. All shares of the Company provide holders thereof with the same rights and no shares provide any additional rights or advantages.

The Company's shares are denominated in Euros.

3.4.5 Delivery and Settlement

Delivery of the Offer Shares against payment of the Offer Price is expected to take place on June 19, 2018. The Offer Shares will be made available to investors as co-ownership interests in the Global Share Certificates.

At the investor's option, the Offer Shares purchased in the Offering will be credited either to a securities deposit account maintained by a German bank with Clearstream or to a securities account of a participant in Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**"), as the operator of the Euroclear system, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

3.4.6 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN) DE000A14KEB5

German Securities Code (*Wertpapierkennnummer* (*WKN*))... A14KEB

Ticker Symbol H24

3.4.7 Identification of Target Market

Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to, the Offer Shares.

3.5 Transferability of the Shares; Lock-Up

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth in section "*3.9 Lock-Up Agreements and Limitations on Disposal*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

3.6 Information on the Company's Existing Shareholders

Upon completion of the Offering at the low end, mid-point and high end, respectively, of the Price Range, the aggregate voting rights held by the Company's existing shareholders, including the Lending Shareholder, would amount to 67.5%, 70.1% and 72.3%, respectively, of the Company's total voting rights (assuming in each case full exercise of the Greenshoe Option for the respective number of shares). For further information on the Company's existing shareholders, see "*14. Shareholder Information*".

3.7 Allotment Criteria

The allotment of Offer Shares to private investors and institutional investors will be decided by the Company after consultation with the Joint Bookrunners. The decision ultimately rests with the Company. Allotments will be made on the basis of the quality of individual investors (*e.g.*, the expected investment horizon and trading behavior) as well as individual orders and other important allotment criteria to be determined by the Company after consultation with the Joint Bookrunners.

3.8 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, Berenberg, acting for the account of the Joint Bookrunners, will act as the Stabilization Manager and may, as Stabilization Manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 MAR in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Company's shares, thus alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter (*i.e.*, July 14, 2018 (the "**Stabilization Period**")).

Stabilization measures are intended to provide support for the price of the Company's shares during the Stabilization Period. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

In connection with these stabilization measures, investors may, in addition to the New Shares, be allocated up to 1,153,846 Over-Allotment Shares as part of the allocation of the Offer Shares. For the purpose of such potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 1,153,846 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (*i.e.*, an option to acquire up to 1,153,846 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after the completion of the Offering.

The Stabilization Manager, acting for the account of the Joint Bookrunners, is entitled to exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by the Stabilization Manager on the date when the Greenshoe Option is exercised, if such shares were acquired by the Stabilization Manager in the context of stabilization measures.

Public announcements regarding stabilization measures will be made (i) prior to the start of the Offering, (ii) by the end of the seventh daily market session following the date any stabilization measures were taken, and (iii) within one week after the end of the Stabilization Period.

Within one week of the end of the Stabilization Period, the Stabilization Manager will ensure adequate public disclosure as to whether stabilization measures were taken, the date on which stabilization measures started and last occurred, and the price range within which stabilization measures were carried out, for each of the dates during which stabilization measures were carried out and the trading venue(s) on which the stabilization measures were carried out, where applicable.

Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including the date of exercise of the Greenshoe Option and the number and nature of Over-Allotment Shares involved, in accordance with Article 8 (f) of the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016.

3.9 Lock-Up Agreements and Limitations on Disposal

3.9.1 Lock-Up of the Company

In the Underwriting Agreement, the Company agreed with the Joint Bookrunners that, during the period commencing on June 1, 2018 and ending 180 days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 15, 2018), without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld, the Company will not:

- announce or effect an increase of the share capital of the Company from authorized capital;
- propose to its shareholders' meeting an increase of the share capital; or
- announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company or economically similar transactions.

The foregoing will not apply to any capital increase in connection with the Offering. Furthermore, the Company may (i) issue or sell any shares or other securities, including, but not limited to, actual or virtual options, under current and future management participation plans to former and future employees, supporters, former, current and future members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles and (ii) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding, or resolve upon, the entering into any joint venture or the acquisition of any companies, provided that in the case of (i), the Company will, with respect to future management participation plans only, use its best efforts that the relevant beneficiary of such future management participation plan or, in the case of (ii), the parties to the joint venture or acquiring entity to which such shares will be issued, agree towards the Joint Global Coordinators to be bound by the same lock-up undertaking as the Company.

3.9.2 Lock-Up of the Members of the Management Board and the Existing Shareholders

For the period commencing on June 1, 2018 and ending, with respect to the existing shareholders 180 days, and with respect to the members of the Management Board twelve months, after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 15, 2018), the existing shareholders and the members of the Management Board undertook in writing that with respect to their shares of the Company held as of the date of this Prospectus and/or shares of the Company issued for the settlement of certain options held as of the date of this Prospectus they will not, without the prior written consent of the Joint Global Coordinators:

- directly or indirectly offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of (*e.g.*, by issuing or selling any securities exchangeable into shares), such shares;
- directly or indirectly cause or approve the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of shares;
- directly or indirectly propose any increase in the share capital of the Company to any shareholders' meeting for resolution, or vote in favor of such a proposed increase;

- directly or indirectly cause or approve the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into shares of the Company; or

- enter into or perform any transaction economically equivalent to those described in the items above, in particular, the issuance of options or conversion rights on shares of the Company, or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of such shares;

other than in case of the second and third item above for the purposes of the Offering, and in case of each item above, in order to settle certain options or as expressly provided for in this Prospectus, including the securities loan to provide the Stabilization Manager with the Over-Allotment Shares.

The foregoing shall not apply to (i) any transfer of shares to any affiliate of the respective shareholder of the Company or member of the Management Board; (ii) any transfer of shares to any other shareholder of the Company or member of the Management Board that held shares immediately prior to the Offering, provided, however, that the aggregate number of shares transferred in reliance on (ii) may not exceed 10% of the respective holder's total shares unless agreed otherwise by the Joint Global Coordinators taking into account the restrictions set forth below; (iii) future pledges granted to one or more of the Joint Global Coordinators or any of their affiliates having been agreed by the Joint Global Coordinators; (iv) any transfers of shares to one or more of the Joint Global Coordinators or any of their affiliates pursuant to the enforcement of any pledge entered into in accordance with (iii); and (v) any sale of shares to finance tax claims against a member of the Management Board that become due following the settlement of certain options in shares, provided in each case of (i) through (iv) that such transferee(s) agree(s) by written confirmation *vis-à-vis* the Joint Global Coordinators to be bound by the same lock-up undertaking for the then remaining term of the lock-up undertaking.

The Joint Global Coordinators may, in their sole discretion, jointly waive the lock-up undertaking in full or in part, provided that any such discretionary waiver applies to all shareholders of the Company that are subject to such undertaking on a *pro rata* basis (*i.e.*, relative to the number of shares subject to such undertaking).

If the office of a member of the Management Board is terminated during the aforementioned lock-up period or the Company and a member of the Management Board agree on such termination, the aforementioned lock-up period for the respective member shall be reduced to the six-month period following the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

3.10 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about June 4, 2018. The listing approval (admission decision) for the Company's shares is expected to be granted on June 14, 2018. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on June 15, 2018.

If additional shares of the Company are issued as a result of the exercise of the Greenshoe Option, the Company will also apply for the admission of such new shares to trading on the regulated market regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). Such application for admission to trading will be based on the exemption from the requirement to publish a prospectus pursuant to Section 4 para. 2 no. 1 WpPG.

3.11 Designated Sponsors

Berenberg and Goldman Sachs International have been mandated as designated sponsors of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreements expected to be concluded between the designated sponsors and the Company, the designated sponsors will, *inter alia*, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares.

3.12 Interests of Parties Participating in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder.

The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms.

Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with home24 and its shareholders, including lending activities, or may perform services for home24 or its shareholders in the ordinary course of business.

home24's long-term incentive programs (see "*17.4 Long-Term Incentive Programs*") provide that the performance shares and virtual options issued under such long-term incentive programs will only become exercisable in case of an exit event. The listing of the Company's shares will constitute such an exit event. In addition, the amounts that holders of performance shares and virtual options under home24's long-term incentive programs can claim depend on the results of the Offering. As a result, the holders of such performance shares and virtual options, including the members of the Management Board, have an interest in the listing and the success of the Offering on the best possible terms.

In addition, the management service agreements (see "*17.2.2 Remuneration and Other Benefits of the Members of the Management Board*") of the members of the Management Board Marc Appelhoff, Christoph Cordes and Johannes Schaback provide that the Supervisory Board may, in its sole discretion, award each of these members of the Management Board a variable remuneration of up to €50,000.00 per annum. In making its decision, the Supervisory Board shall take into account whether certain business objectives are met. For the fiscal year ending December 31, 2018, the Supervisory Board has set the successful completion of the listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the successful completion of the Offering for a certain valuation as the relevant business objectives. Consequently, the aforementioned members of the Management Board have an interest in the listing and the success of the Offering on the best possible terms.

Participation agreements entered into between the Company and the current managing directors of Mobly, Victor Noda, Mario Carlos Fernandes Filho and Marcelo Rodrigues Marques, provide for put- and call-option arrangements with respect to their Minority Interests in our Latin America segment in case of certain exit events (see "*12.7.5 Agreements relating to the Acquisition of Certain Minority Interests*"). Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will enable the managing directors of Mobly to require the Company to acquire their Minority Interests, with the price to be paid by the Company depending, *inter alia*, on the Offer Price and the price of the Company's shares in subsequent stock exchange trading. Assuming a successful placement of 6,818,181 New Shares at the mid-point of the Price Range and based on the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, the Company expects that the aggregate claims of Victor Noda, Mario Carlos Fernandes Filho and Marcelo Rodrigues Marques would amount to approximately €7.2 million. Consequently, the managing directors of Mobly have an interest in the listing and the success of the Offering on the best possible terms.

The Company has taken out the Shareholder Loan from GGC EUR S.á r.l., an affiliate of the Lending Shareholder and Felix Jahn, a shareholder of the Company (together, the "**Lenders**"), with an aggregate amount of €7.5 million outstanding as of the date of this Prospectus (see "*12.7.3.2 Shareholder Loan*"). Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) and the Company receives gross proceeds from the placement of the New Shares amounting to at least €25.0 million, this will enable the Lenders to require the Company to repay such shareholder loan. As a result, the Lenders have an interest in the listing.

In connection with the Shareholder Loan, the Company and the Lenders entered into a fee agreement. The fee agreement provides that the Lenders will receive an additional fee if the Company places new shares of the Company for aggregate proceeds of at least €25.0 million in the course of a listing of the Company's shares, with such fee depending on the implied valuation of the Company's shares and the amounts outstanding under the Shareholder Loan. Assuming placement of 6,818,181 New Shares at the mid-point of the Price Range, the Company estimates that the fee due to the Lenders would amount to approximately €0.2 million, to be split between the Lenders on a *pro rata* basis depending on the loan amount provided by the respective lender. As a result, the Lenders have an interest in the listing and the success of the Offering on the best possible terms.

In July 2017, the Company and SevenVentures GmbH ("**SevenVentures**") entered into the Exit Participation Agreement (see "*12.7.1.2 Exit Participation Agreement with SevenVentures*"). Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will constitute an exit event under the Exit Participation Agreement. Assuming placement of 6,818,181 New Shares at the mid-point of the Price Range, the Company expects that the claims of SevenVentures that become due upon completion of the Offering would amount to approximately €2.4 million. As a result, SevenVentures has an interest in the listing and the success of the Offering on the best possible terms.

Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering or the listing of the Company's shares.

4. PROCEEDS AND COSTS OF THE OFFERING AND THE LISTING

The Company will receive the proceeds from the Offering resulting from the sale of the New Shares. In addition, the Company will receive the proceeds from the exercise of the Greenshoe Option, if any.

The Company targets gross proceeds from the Offering in an amount of approximately €150.0 million and the Price Range has been set to ensure that at the low end of the Price Range, the Company would issue 7,692,307 New Shares and still achieve its target gross proceeds. If the Offer Shares are placed at a higher Offer Price, the number of New Shares issued by the Company would be reduced accordingly. Therefore, at the mid-point and high end of the Price Range, the Company would issue 6,818,181 New Shares and 6,122,448 New Shares, respectively, to reach the target gross proceeds in an amount of approximately €150.0 million.

The number of Over-Allotment Shares will not exceed 15.0% of the New Shares actually placed in the Offering. Assuming placement of the respective number of New Shares at the low end, mid-point or high end of the price range, up to 1,153,846, 1,022,727 and 918,367 Over-Allotment Shares, respectively, would be placed with investors. Assuming in each case full exercise of the Greenshoe Option, at the low end, mid-point, and high end of the Price Range, the gross proceeds from the exercise of the Greenshoe Option would amount to approximately €22.5 million.

The costs of the Company related to the Offering of the Offer Shares and the listing of the Company's entire share capital, including underwriting and placement commissions payable to the Joint Bookrunners, are expected to total approximately €8.2 million (assuming full exercise of the Greenshoe Option for the respective number of shares and payment of the discretionary fee in full). Thereof, €5.2 million comprise the commission payable to the Joint Bookrunners, including €2.6 million for the payment of the discretionary fee (assuming full exercise of the Greenshoe Option for the respective number of shares and payment of the discretionary fee in full). The Company estimates that the fixed costs in connection with the Offering and the listing of the Company's shares will amount to approximately €3.0 million.

After deduction of the costs of the Company relating to the Offering and assuming payment of the discretionary fee in full, the Company estimates that the net proceeds from the placement of the New Shares would amount to approximately €142.5 million. Assuming payment of the discretionary fee in full and full exercise of the Greenshoe Option for the respective number of shares, at the low end, mid-point, and high end of the Price Range the Company estimates that the net proceeds from the exercise of the Greenshoe Option would amount to approximately €21.8 million, corresponding to total net proceeds of approximately €164.3 million.

Investors will not be charged expenses by the Company or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

5. REASONS FOR THE OFFERING AND THE LISTING; USE OF PROCEEDS

The Company intends to pursue the Offering and list its shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the Offering and to gain access to the capital markets.

The Company currently intends to use the net proceeds from the Offering as follows: (i) between approximately €80 million and approximately €90 million to fund the roll-out of the refined go-to-market approach to all active geographies, a continued forward integration of our delivery chain and continued investments into the profitable growth of home24's business, (ii) between approximately €30 million and approximately €40 million for investments in property, equipment and technology, primarily into extending the warehouse footprint, (iii) up to €15 million to repay the Shareholder Loan, including fees related thereto, as well as payments in connection with media agreements, and (iv) between approximately €17 million and approximately €19 million to create strategic flexibility for new business lines. The Company intends to use the remainder of the net proceeds from the Offering, if any, for general corporate purposes.

6. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE; USE OF PROFITS

6.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a European company (*Societas Europaea* (*SE*)) with a two-tier management and control system under European and German law such as the Company, the distribution of dividends for any given fiscal year and the amount and payment date thereof, are resolved by the Company's shareholders' meeting (*Hauptversammlung*) of the subsequent fiscal year, based upon either a joint proposal by the Management Board and the Supervisory Board or upon the Management Board's or the Supervisory Board's proposal. The shareholders' meeting must be held within the first six months of each fiscal year.

Dividends may only be distributed from the net retained profits (*Bilanzgewinn*) of the Company. The net retained profits are calculated based on the Company's unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the HGB. Such accounting principles differ from IFRS in material respects.

When determining the net retained profits, the net income or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit/loss carryforwards (*Gewinn-/Verlustvorträge*) from the previous fiscal year and withdrawals from, or appropriations, to reserves (retained earnings). Certain reserves are required to be set up by law and must be deducted when calculating the net retained profits available for distribution.

The Management Board must prepare unconsolidated financial statements (balance sheet, income statement and notes to the unconsolidated financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present to the Supervisory Board a proposal for the allocation of the Company's net retained profits pursuant to Article 61 of the Council Regulation (EC) no. 2157/2001 of October 8, 2001 on the statute for a European company (SE), as amended (the "**SE Regulation**") in conjunction with Section 170 para. 2 of the German Stock Corporation Act (*Aktiengesetz* ("**AktG**")). According to Article 61 of the SE Regulation in conjunction with Section 171 AktG, the Supervisory Board must review the unconsolidated financial statements, the Management Board's management report and the proposal for the allocation of the net retained profits and report to the shareholders' meeting in writing on the results of such review.

The shareholders' meeting's resolution on the allocation of the net retained profits requires a simple majority of votes cast to be passed. Pursuant to Section 23 para. 3 of the Articles of Association, the shareholders' meeting may also resolve that the dividends be distributed partially or entirely in kind (*e.g.*, as a distribution of treasury shares if such shares are held by the Company at that time). Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) without undue delay after the shareholders' meeting.

Dividends resolved by the shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant shareholders' meeting, unless a later due date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements will be evidenced by one or more Global Share Certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under an obligation to distribute these funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank about the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For further information on the taxation of dividends, see "*20.2.1 Taxation of Dividend Income*" and "*21.2 Taxation of Dividend Income*".

Any dividends not claimed within three years become time-barred. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

6.2 Dividend Policy and Earnings per Share

We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends in the foreseeable future. Any future decision to pay dividends will be made in accordance with applicable laws and will depend upon, *inter alia*, our results of operations, financial condition, contractual restrictions and capital requirements. Our ability to pay dividends may also be limited by the terms of our financial liabilities or preferred securities (see "*12.7.3.2 Shareholder Loan*").

No distributions of profits or reserves were made to the Company's shareholders in the fiscal years ended December 31, 2015, 2016 and 2017, respectively, or between January 1, 2018 and the date of this Prospectus.

7. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth the Group's actual capitalization and indebtedness (i) as of March 31, 2018, (ii) the effects of the changes in the Company's share capital in May 2018 (see "16.2 Development of the Share Capital"), (iii) the effects of the Offering and (iv) total numbers as adjusted for the effects of the changes in the Company's share capital in May 2018 and the Offering. The adjustments in (ii) and (iii) are based on the assumption that the changes in the Company's share capital in May 2018 and the Offering had taken place on March 31, 2018 and that there were no tax effects or effects from share-based compensation expenses, and do not take into account the effects from the shareholder loan (see "12.7.3.2 Shareholder Loan").

Investors should read these tables in conjunction with "9. Selected Consolidated Financial Information", "10. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations", and the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, including the related notes, which are included in this Prospectus on pages F-8 et seq.

7.1 Capitalization

	As of March 31, 2018	Effects of changes in the Company's share capital in May 2018(1)	Effects of the Offering		Total	
			(assuming no exercise of Greenshoe Option)(2)	(assuming full exercise of Greenshoe Option)(3)	(assuming no exercise of Greenshoe Option)	(assuming full exercise of Greenshoe Option)
			(unaudited) (in € million)			
Total current debt(4)	**78.3**	–	–	–	**78.3**	**78.3**
Thereof guaranteed	–	–	–	–	–	–
Thereof secured(5)	2.3	–	–	–	2.3	2.3
Thereof unguaranteed/unsecured	76.0	–	–	–	76.0	76.0
Total non-current debt(6)	**29.5**	–	–	–	**29.5**	**29.5**
Thereof guaranteed	–	–	–	–	–	–
Thereof secured	–	–	–	–	–	–
Thereof unguaranteed/unsecured	29.5	–	–	–	29.5	29.5
Total shareholder's equity(7)	**47.1**	**0.0**	**142.5**	**164.3**	**189.6**	**211.4**
Share capital(8)	0.4	18.0	6.8	7.8	25.2	26.2
Legal reserve(9)	45.5	(18.0)	135.7	156.5	163.2	184.0
Other reserves(10)	1.2	–	–	–	1.2	1.2
Total	**154.9**	**0.0**	**142.5**	**164.3**	**297.4**	**319.2**

(1) The adjustments reflect (i) the increase of the Company's share capital by €423.00 from €429,269.00 to €429,692.00 against contributions in cash in an amount of €423.00 and (ii) the increase of the Company's share capital by €18,047,064.00 from €429,692.00 to €18,476,756.00 by transforming an amount of €18,047,064.00 of the Company's capital reserves (*Kapitalrücklage*) into share capital.

(2) The adjustments reflect expected net proceeds from this Offering of €142.5 million (based on the issuance of 6,818,181 New Shares at an Offer Price of €22.00 per share and costs of the Offering of approximately €7.5 million (assuming payment of the discretionary fee in full)).

(3) The adjustments reflect the expected net proceeds from this Offering of €164.3 million (based on the issuance of 6,818,181 New Shares and 1,022,727 shares from the exercise of the Greenshoe Option (*i.e.*, 7,840,908 shares in aggregate) at an Offer Price of €22.00 per share and costs of the Offering of approximately €8.2 million (assuming payment of the discretionary fee in full)).

(4) Shown as total current liabilities in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.

(5) An outstanding amount of €2.0 million under the SevenVentures Media Agreement is secured through the assignment of the "fashionforhome" brand (see "*12.7.1.1 Media Agreement with SevenVentures*"). Furthermore, an outstanding amount under the Overdraft Facility of €0.3 million is secured by inventories in warehouse in Ludwigsfelde (see "*12.7.3.1 Overdraft Facility with Deutsche Kontor Privatbank AG*").

(6) Shown as total non-current liabilities in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(7) Shown as equity attributable to the owners of the parent company in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(8) Sum of issued capital and treasury shares as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(9) Shown as capital reserves in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(10) Sum of other reserves and accumulated profit/loss as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.

7.2 Indebtedness

		As of March 31, 2018	Effects of changes in the Company's share capital in May 2018 (1)	Effects of the Offering		Total	
				(assuming no exercise of Greenshoe Option)(2)	(assuming full exercise of Greenshoe Option)(3)	(assuming no exercise of Greenshoe Option)	(assuming full exercise of Greenshoe Option)
				(unaudited) (in € million)			
A.	Cash(4)	8.8	0.0	142.5	164.3	151.3	173.1
B.	Cash equivalents	–	–	–	–	–	–
C.	Trading securities	–	–	–	–	–	–
D.	**Liquidity (A)+(B)+(C)**	**8.8**	**0.0**	**142.5**	**164.3**	**151.3**	**173.1**
E.	**Current financial receivables(5)**	**12.0**	–	–	–	**12.0**	**12.0**
F.	Current bank debt(6)	1.8	–	–	–	1.8	1.8
G.	Current portion of non-current debt(7)	7.2	–	–	–	7.2	7.2
H.	Other current financial debt(8)	47.8	–	–	–	47.8	47.8
I.	**Current Financial Debt (F)+(G)+(H)**	**56.8**	–	–	–	**56.8**	**56.8**
J.	**Net current financial indebtedness (I)-(E)-(D)**	**36.0**	**(0.0)**	**(142.5)**	**(164.3)**	**(106.5)**	**(128.3)**
K.	Non-current bank loans	–	–	–	–	–	–
L.	Bonds issued	–	–	–	–	–	–
M.	Other non-current loans(9)	27.2	–	–	–	27.2	27.2
N.	**Non-current financial liabilities (K)+(L)+(M)**	**27.2**	–	–	–	**27.2**	**27.2**
O.	**Net financial indebtedness (J)+(N)**	**63.2**	**(0.0)**	**(142.5)**	**(164.3)**	**(79.3)**	**(101.1)**

(1) The adjustments reflect (i) the increase of the Company's share capital by €423.00 from €429,269.00 to €429,692.00 against contributions in cash in an amount of €423.00 and (ii) the increase of the Company's share capital by €18,047,064.00 from €429,692.00 to €18,476,756.00 by transforming an amount of €18,047,064.00 of the Company's capital reserves (*Kapitalrücklage*) into share capital.
(2) The adjustments reflect expected net proceeds from this Offering of €142.5 million (based on the issuance of 6,818,181 New Shares at an Offer Price of €22.00 per share and costs of the Offering of approximately €7.5 million (assuming payment of the discretionary fee in full)).
(3) The adjustments reflect the expected net proceeds from this Offering of €164.3 million (based on the issuance of 6,818,181 New Shares and 1,022,727 shares from the exercise of the Greenshoe Option (*i.e.*, 7,840,908 shares in aggregate) at an Offer Price of €22.00 per share and costs of the Offering of approximately €8.2 million (assuming payment of the discretionary fee in full)).

(4) Shown as cash and cash equivalents in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(5) Shown as trade and other financial receivables in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(6) Comprises an amount of €1.8 million outstanding under the Overdraft Facility (see "*12.7.3.1 Overdraft Facility with Deutsche Kontor Privatbank AG*") and shown under current financial liabilities in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(7) Comprises an amount of €7.2 million from lease liabilities shown under current financial liabilities in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(8) Comprises the remaining current financial liabilities as well as trade payables and other financial liabilities as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.
(9) Comprises non-current financial liabilities as well non-current other financial liabilities as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.

7.3 Contingent and Indirect Liabilities

As of March 31, 2018, there were no contingent or indirect liabilities of the Group.

7.4 Statement on Working Capital

The Company is of the opinion that the Group is in a position to meet at least those payment obligations that become due within the next twelve months following the approval of this Prospectus.

8. DILUTION

As of March 31, 2018, the Group's net book value (*i.e.*, total assets plus negative non-controlling interests less total non-current liabilities and total current liabilities) amounted to €47.1 million, and would amount to €2.55 per share of the Company based on 18,476,756 outstanding shares of the Company immediately prior to the Offering. The Group's net book value is shown as equity attributable to the owners of the parent company in the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.

The dilutive effect of the Offering is illustrated in the table below, demonstrating the amount by which the Offer Price exceeds the net book value per share after completion of the Offering and assuming the Offering had been completed on March 31, 2018. In this respect, the net book value as of March 31, 2018 is adjusted for the effects of the successful completion of the Offering, assuming (i) the execution of the IPO Capital Increase for 7,692,307 New Shares at the low end of the Price Range, 6,818,181 New Shares at the mid-point of the Price Range and 6,122,448 New Shares at the high end of the Price Range, respectively, and the exercise of the Greenshoe Option for 1,153,846 shares at the low end of the Price Range, 1,022,727 shares at the mid-point of the Price Range and 918,367 shares at the high end of the Price Range, respectively, as well as (ii) an increase in the net book value by €164.3 million at the low end, mid-point and high end of the Price Range (in each case not taking into account any tax effects). The adjusted net book value is expressed as a per share figure, assuming 27,322,909 shares, 26,317,664 shares and 25,517,571 shares, respectively, of the Company outstanding upon completion of the Offering at the low end, mid-point and high end, respectively, of the Price Range (this per share figure being referred to as the "**Post-IPO Equity**"):

	As of March 31, 2018		
	Low end	**Mid-point**	**High end**
	(unaudited) (in €, unless otherwise specified)		
Net book value per share(1)	2.55	2.55	2.55
Gross proceeds from the Offering (in € million)	172.5	172.5	172.5
Estimated total costs of the Offering (in € million)(2)	8.2	8.2	8.2
Net proceeds from the Offering (in € million)	164.3	164.3	164.3
Post-IPO Equity (in €million)	211.4	211.4	211.4
Post-IPO Equity per share	7.74	8.03	8.29
Amount by which the offer price exceeds the Post-IPO Equity per share (immediate dilution of new shareholders of the Company)	11.76	13.97	16.21
Percentage by which the offer price exceeds the Post-IPO Equity per share (in %)	*151.9*	*174.0*	*195.5*
Amount by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	5.19	5.48	5.74
Percentage by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (in %)	*203.5*	*214.9*	*225.1*

(1) Based on 18,476,756 outstanding shares of the Company immediately prior to the Offering and a net book value of the Group in an amount of €47.1 million as of March 31, 2018, shown as equity attributable to the owners of the parent company in the Company's unaudited condensed consolidated interim financial statements as of and for three months ended March 31, 2018.

(2) Including underwriting and placement commissions payable to the Joint Bookrunners and assuming payment of the discretionary fee in full.

Each of the New Shares will have the same voting rights as the Company's existing shares.

Prior to the Offering, the Company's existing shareholders, including the Lending Shareholder, held 99.8% of the shares in the Company, with the remainder being held by the Company as treasury shares. Upon completion of the Offering at the low end, mid-point and high end, respectively, of the Price Range, the aggregate shares held by the Company's existing shareholders, including the Lending Shareholder, would amount to 67.5%, 70.1% and 72.3%, respectively, of the Company's total shares (assuming in each case full exercise of the Greenshoe Option for the respective number of shares).

Prior to the Offering, the Lending Shareholder directly and indirectly held 41.2% of the shares in the Company. Upon completion of the Offering at the low end, mid-point and high end, respectively, of the Price Range, the aggregate shares directly and indirectly held by the Lending Shareholder would amount to 27.9%, 28.9% and 29.8%, respectively, of the Company's total shares (assuming in each case full exercise of the Greenshoe Option for the respective number of shares).

9. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2017, 2016 and 2015, the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with IFRS, and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB and Section 315a para. 1 HGB, respectively. The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Germany, has audited the aforementioned audited consolidated financial statements of the Company in accordance with Section 317 HGB and German generally accepted standards for financial statement audits, and issued an unqualified independent auditor's report with respect to the Company's German-language consolidated financial statements as of and for the fiscal year ended December 31, 2017 and unqualified audit opinions with respect to the Company's German-language consolidated financial statements as of and for the fiscal years ended December 31, 2016 and 2015. The aforementioned audited consolidated financial statements of the Company and the respective independent auditor's report as well as audit opinions thereon and the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018 are included in this Prospectus.

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but was taken either from the unaudited condensed consolidated interim financial statements mentioned above, or the Company's internal reporting system, or has been calculated based on figures from the aforementioned sources.

All of the financial information presented in the text and tables below is shown in millions of Euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to zero.

The following selected consolidated financial information should be read together with the section "10. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations", the consolidated financial statements, including the related notes, contained in this Prospectus, and additional financial information contained elsewhere in this Prospectus. Our historical results are not necessarily indicative of our future results, and our interim results as of and for the three months ended March 31, 2018 are not necessarily indicative of the results that should be expected for the full fiscal year ending December 31, 2018 or any other period.

9.1 Consolidated Statement of Comprehensive Income

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(audited) (in € million)			(unaudited) (in € million)	
Revenue	233.7	243.8	275.7	67.5	84.5
Cost of sales	(144.2)	(141.7)	(152.6)	(37.7)	(46.6)
Gross profit	**89.5**	**102.1**	**123.0**	**29.8**	**37.9**
Selling and distribution costs	(126.3)	(114.4)	(123.7)	(31.2)	(38.5)
Administrative expenses	(41.0)	(44.0)	(46.7)	(9.9)	(12.1)
Other operating income	1.7	0.9	1.4	0.2	0.3
Other operating expenses	(5.5)	(2.2)	(0.8)	(0.4)	(0.5)
Operating result (EBIT)	**(81.7)**	**(57.6)**	**(46.8)**	**(11.4)**	**(12.9)**
Finance income	1.4	1.4	0.5	0.2	0.2
Finance costs	(4.0)	(3.3)	(3.7)	(1.0)	(1.3)
Finance costs – net	(2.6)	(1.9)	(3.2)	(0.7)	(1.1)
Loss before taxes (EBT)	**(84.2)**	**(59.5)**	**(50.0)**	**(12.2)**	**(14.0)**
Income taxes	(0.8)	(0.3)	0.2	0.0	0.2
Loss for the period	**(85.1)**	**(59.9)**	**(49.8)**	**(12.1)**	**(13.8)**
Other comprehensive income/loss for the period, net of tax	**0.7**	**(0.4)**	**0.6**	**(0.1)**	**0.2**
Total comprehensive loss for the period	**(84.3)**	**(60.3)**	**(49.2)**	**(12.2)**	**(13.6)**

9.2 Consolidated Balance Sheet

	As of December 31, 2015	As of December 31, 2016	As of December 31, 2017	As of March 31, 2018
	(audited) (in € million)			(unaudited) (in € million)
Assets				
Non-current assets				
Property and equipment	8.3	8.3	8.1	7.6
Intangible assets	34.9	38.9	43.5	44.5
Right of use assets	–	–	–	33.2
Other financial assets(1)	0.0	0.1	0.1	0.1
Other non-current assets	0.1	–	–	–
Restricted funds	5.7	5.4	4.9	5.1
Total non-current assets	**49.0**	**52.7**	**56.6**	**90.6**
Current assets				
Inventories	28.3	27.1	29.6	30.0
Right to repossess goods from expected returns	–	–	0.5	0.5
Trade and other financial receivables	15.5	10.9	12.8	12.0
Other financial assets	0.1	0.2	0.0	0.0
Other non-financial assets	6.9	3.5	1.9	1.6
Cash and cash equivalents	45.9	34.0	19.9	8.8
Total current assets	**96.8**	**75.6**	**64.5**	**52.9**
Total assets	**145.7**	**128.3**	**121.1**	**143.4**
Equity				
Issued capital	0.4	0.4	0.4	0.4
Treasury shares	–	–	(0.0)	(0.0)
Capital reserves	340.8	53.0	45.6	45.5
Other reserves	(5.6)	(5.9)	(5.4)	(5.2)
Accumulated profit/loss	(252.0)	24.0	18.0	6.3
Equity attributable to the owners of the parent company	**83.7**	**71.4**	**58.7**	**47.1**
Non-controlling interests	**(8.9)**	**(10.4)**	**(11.4)**	**(11.5)**
Total equity	**74.8**	**61.0**	**47.3**	**35.6**
Liabilities				
Non-current liabilities				
Financial liabilities	–	–	–	26.7
Other financial liabilities	–	0.4	0.5	0.5
Other liabilities	–	1.3	1.2	0.2
Provisions	–	0.6	0.9	0.9
Deferred tax liabilities	1.5	1.5	1.3	1.1
Total non-current liabilities	**1.5**	**3.9**	**3.9**	**29.5**
Current liabilities				
Financial liabilities	0.8	–	2.0	9.1
Trade payables and other financial liabilities	46.6	45.4	45.6	47.7
Advance payments received	14.6	10.1	14.2	13.4
Income tax liabilities	0.2	0.3	0.1	0.1
Other liabilities	3.3	5.0	5.9	6.2
Refund obligation	–	–	1.5	1.3
Provisions	3.9	2.7	0.6	0.5
Total current liabilities	**69.5**	**63.4**	**69.9**	**78.3**
Total liabilities	**71.0**	**67.3**	**73.9**	**107.8**
Total equity and liabilities	**145.7**	**128.3**	**121.1**	**143.4**

(1) Shown as financial assets in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2015.

9.3 Consolidated Statement of Cash Flow

	As of and for the year ended December 31,			As of and for the three months ended March 31,	
	2015[1]	2016	2017	2017	2018
		(audited) (in € million)		(unaudited) (in € million)	
Loss before taxes	(84.2)	(59.5)	(50.0)	(12.2)	(14.0)
Adjustments for:					
Depreciation of property and equipment	1.1	1.7	1.9	0.5	0.4
Amortization of intangible assets	3.4	9.6	11.0	1.9	2.7
Depreciation of right of use assets	–	–	–	–	1.7
Loss/(gain) from the disposal of fixed assets	0.3	0.0	0.0	–	–
Share-based compensation expenses	1.8	6.2	12.0	1.8	3.0
Change in provisions	0.7	(0.7)	(0.5)	0.1	(0.1)
Other non-cash transactions	0.3	–	–	–	0.2
Changes in working capital related to operating activities					
Change in trade and other financial receivables	(10.1)	8.8	(1.9)	(2.3)	0.9
Change in inventories	(2.7)	2.2	(3.1)	(4.3)	(0.5)
Change in the right to repossess goods from expected returns	–	–	(0.2)	(0.0)	(0.0)
Change in financial instruments	(0.1)	(0.1)	0.3	0.1	(0.1)
Change in trade payables and other financial liabilities	(0.4)	(0.4)	(1.2)	(2.8)	3.4
Change in advance payments received	(6.4)	(5.4)	4.7	1.2	(0.7)
Change in refund obligation	–	–	(0.1)	0.1	(0.1)
Income taxes paid	(0.0)	(0.2)	(0.2)	0.0	(0.0)
Cash flow from operating activities	**(96.2)**	**(37.8)**	**(27.1)**	**(15.8)**	**(3.3)**
Purchase of property and equipment	(7.1)	(1.5)	(1.3)	(0.7)	(0.3)
Proceeds from sale of property and equipment	0.0	0.1	0.0	0.0	–
Purchase of intangible assets	(9.5)	(13.2)	(12.9)	(2.6)	(5.0)
Proceeds from disposal of intangible assets	0.0	0.0	–	–	–
Acquired cash from business combinations	0.4	–	–	–	–
Payments for/proceeds from the acquisition/disposal of consolidated companies[2]	–	0.0	(0.0)	–	–
Payments for/proceeds from investments in non-current financial assets[3]	(4.0)	0.3	0.5	(0.0)	(0.3)
Proceeds from the disposal of non-current financial assets	–	0.0	–	–	–
Proceeds from government grants	–	0.4	0.1	–	0.0
Cash flow from investing activities	**(20.2)**	**(13.9)**	**(13.7)**	**(3.3)**	**(5.6)**
Issue of shares	143.7	40.3	25.2	–	–
Acquisition of interest in a subsidiary	(9.9)	–	–	–	–
Cash paid to owners and non-controlling interests	–	–	(0.4)	–	(0.4)
Proceeds from borrowings	21.8	0.5	4.3	2.0	0.1
Repayment of debt	(22.2)	(1.2)	(2.3)	–	(0.2)
Redemption of leasing liabilities	–	–	–	–	(1.7)
Cash flow from financing activities	**133.3**	**39.6**	**26.8**	**2.0**	**(2.1)**
Change in cash and cash equivalents	**16.9**	**(12.1)**	**(14.0)**	**(17.1)**	**(11.0)**

	As of and for the year ended December 31,			As of and for the three months ended March 31,	
	2015[(1)]	2016	2017	2017	2018
		(audited) (in € million)		(unaudited) (in € million)	
Cash and cash equivalents at the beginning of the period	29.7	45.9	34.0	34.0	19.9
Effect of exchange rate changes on cash and cash equivalents	(0.7)	0.1	(0.1)	(0.1)	(0.0)
Cash and cash equivalents at the end of the period	**45.9**	**34.0**	**19.9**	**16.8**	**8.8**

(1) Taken from the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2016.
(2) Shown as proceeds from the disposal of consolidated companies and other business units in the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2016.
(3) Shown as payments for investments in non-current financial assets in the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2015 and the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.

9.4 Additional Key Performance Indicators

We use Adjusted EBITDA as a key performance indicator in order to assess the success of our business. In addition, we believe that our Contribution Margin (together with Adjusted EBITDA, the "**Key Performance Indicators**") will be helpful for investors when assessing our performance and financial position (see "*2.8 Non-IFRS Financial Information*").

However, the Key Performance Indicators as well as certain other financial and non-financial key performance indicators included in this Prospectus do not necessarily indicate whether cash flows will be sufficient for our cash requirements, may not be suitable for an analysis of our business and operations and may not be indicative of future results. Furthermore, our Key Performance Indicators as well as the other financial and non-financial key performance indicators included in this Prospectus are not recognized as measures under IFRS, should not be considered as substitutes for an analysis of our operating results prepared in accordance with IFRS, and may not be comparable to similarly titled information published by other companies.

The following table provides an overview of our Key Performance Indicators as well as certain other financial and non-financial key performance indicators for the dates and periods presented:

	As of and for the year ended December 31,			As of and for the three months ended March 31,	
	2015	2016	2017	2017	2018
		(audited, and in € million, unless otherwise specified)		(unaudited) (in € million, unless otherwise specified)	
Revenue	233.7	243.8	275.7	67.5	84.5
Adjusted EBITDA	(75.4)[(1)]	(40.1)	(21.8)	(7.2)	(5.1)
Adjusted EBITDA margin (in %)[(1), (2)]	*(32.3)*	*(16.4)*	*(7.9)*	*(10.7)*	*(6.0)*
Profit Contribution[(1)]	37.6	54.2	75.8	17.5	22.7
Contribution Margin (in %)[(1)]	*16.1*	*22.2*	*27.5*	*25.9*	*26.9*
Active Customers (in thousand)[(1), (3)]	975.7	972.4	1,059.1	963.5	1,129.0
Number of orders (in thousand)[(1), (4)]	1,411.5	1,384.8	1,555.7	362.8	459.0
Average Order Value (in €)[(1), (5)]	261	264	277	295	278

(1) Unaudited.
(2) Defined as Adjusted EBITDA divided by revenue.
(3) Defined as the number of customers having placed at least one uncancelled order during the twelve months prior to the respective date, irrespective of returns ("**Active Customers**").
(4) Defined as the number of orders placed in the relevant period, irrespective of cancelations and returns.
(5) Defined as Gross Order Value for the relevant period, divided by the number of orders for such period ("**Average Order Value**").

9.4.1 Adjusted EBITDA

We define EBITDA as the sum of (i) operating result (EBIT) and (ii) depreciation and amortization ("**EBITDA**"). We calculate adjusted EBITDA by adjusting EBITDA for share-based compensation expenses ("**Adjusted EBITDA**").

The following table provides a calculation of our Adjusted EBITDA for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Operating result (EBIT)	**(81.7)**	**(57.6)**	**(46.8)**	**(11.4)**	**(12.9)**
Depreciation and amortization	4.5	11.3	12.9	2.4	4.8
EBITDA(1)	**(77.2)**	**(46.3)**	**(33.9)**	**(9.0)**	**(8.1)**
Share-based compensation expenses(2)	1.8	6.2	12.0	1.8	3.0
Adjusted EBITDA	**(75.4)(1)**	**(40.1)**	**(21.8)**	**(7.2)**	**(5.1)**

(1) Unaudited.
(2) Comprises share-based compensation for current and former directors, officers and employees of the Group as well as share-based compensation in connection with advertising agreements.

9.4.2 Contribution Margin

We define profit contribution as the difference between (i) gross profit and (ii) fulfillment costs (*i.e.*, distribution, handling and packaging expenses, warehouse employee benefit expenses, warehouse freelancer expenses, payment expenses and bad debt expense) ("**Profit Contribution**"). We define our contribution margin as our Profit Contribution, divided by our revenue (the "**Contribution Margin**").

The following table provides a calculation of our Contribution Margin for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(unaudited and in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	233.7(1)	243.8(1)	275.7(1)	67.5	84.5
Cost of sales	(144.2)(1)	(141.7)(1)	(152.6)(1)	(37.7)	(46.6)
Gross profit	**89.5(1)**	**102.1(1)**	**123.0(1)**	**29.8**	**37.9**
Gross profit margin (in %)(2)	*38.3*	*41.9*	*44.6*	*44.1*	*44.9*
Distribution, handling and packaging expenses	(37.8)	(35.9)	(35.2)	(9.2)	(10.9)
Warehouse employee benefit expenses(3)	(6.6)	(6.6)	(7.8)	(1.8)	(2.7)
Warehouse freelancer expenses(3)	(0.5)	(0.3)	(0.6)	(0.2)	(0.5)
Payment expenses	(3.7)	(3.4)	(3.5)	(0.8)	(0.9)
Bad debt expense	(3.3)	(1.7)	(0.1)	(0.3)	(0.2)
Fulfillment costs	**(51.9)**	**(47.9)**	**(47.2)**	**(12.3)**	**(15.2)**
Profit Contribution	**37.6**	**54.2**	**75.8**	**17.5**	**22.7**
Contribution Margin (in %)	***16.1***	***22.2***	***27.5***	***25.9***	***26.9***

(1) Audited.
(2) Defined as gross profit divided by revenue.
(3) Warehouse employee benefit expenses and warehouse freelancer expenses comprise employee benefit expenses for our personnel and expenses for temporary external workers (*Zeitarbeiter*) who are directly involved in the warehouse handling processes for the fulfillment of orders.

9.5 Consolidated Quarterly Financial Information

The following table provides an overview of our Key Performance Indicators as well as certain other financial and non-financial key performance indicators on a quarterly basis for the dates and periods presented:

	As of and for the three months ended									
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
	(unaudited) (in € million, unless otherwise specified)									
Revenue	**61.4**	**63.8**	**59.6**	**54.3**	**66.0**	**67.5**	**64.9**	**63.5**	**79.7**	**84.5**
Thereof Europe	49.0	52.0	49.7	43.1	50.6	53.7	51.8	49.1	61.7	66.8
Thereof Latin America	12.4	11.8	9.9	11.2	15.4	13.8	13.2	14.4	18.0	17.7
Adjusted EBITDA	**(19.1)**	**(12.6)**	**(12.8)**	**(9.2)**	**(5.5)**	**(7.2)**	**(4.7)**	**(5.9)**	**(4.0)**	**(5.1)**
Thereof Europe	(15.9)	(10.4)	(11.0)	(8.1)	(5.1)	(6.3)	(4.0)	(5.4)	(4.0)	(5.8)
Thereof Latin America	(3.2)	(2.2)	(1.8)	(1.1)	(0.5)	(0.9)	(0.7)	(0.5)	(0.1)	0.7
Profit Contribution	**10.1**	**14.3**	**9.9**	**12.2**	**17.8**	**17.5**	**17.0**	**18.0**	**23.2**	**22.7**
Active Customers (in thousand)	**975.7**	**1,000.0**	**1,000.4**	**983.9**	**972.4**	**963.5**	**968.2**	**997.7**	**1,059.1**	**1,129.0**
Thereof Europe	651.8	640.2	625.6	599.5	575.3	578.5	589.2	616.4	660.1	710.8
Thereof Latin America	323.9	359.8	374.8	384.4	397.1	385.0	379.0	381.3	398.9	418.3
Gross Order Value[(1)]	**100.6**	**97.8**	**82.4**	**82.0**	**102.9**	**107.0**	**94.2**	**101.9**	**127.9**	**127.4**
Thereof Europe	74.7	79.1	66.5	62.0	74.9	84.5	72.2	78.1	94.6	103.9
Thereof Latin America	25.9	18.8	16.0	20.0	28.0	22.5	22.0	23.8	33.2	23.5
Number of orders (in thousand)	**415.5**	**373.3**	**313.4**	**315.4**	**382.6**	**362.8**	**337.4**	**365.2**	**490.4**	**459.0**
Thereof Europe	231.4	223.9	185.6	174.7	212.2	233.0	207.7	221.4	282.8	305.5
Thereof Latin America	184.1	149.4	127.8	140.7	170.4	129.8	129.6	143.8	207.6	153.5
Average Order Value (in €)	**242**	**262**	**263**	**260**	**269**	**295**	**279**	**279**	**261**	**278**
Thereof Europe	323	353	358	355	353	363	348	353	335	340
Thereof Latin America	141	126	125	142	164	173	170	166	160	153

(1) Gross order value is defined as the aggregate value of orders placed in the relevant period, including value added tax ("**VAT**"), irrespective of cancellations, returns as well as subsequent discounts and vouchers ("**Gross Order Value**").

9.5.1 *Adjusted EBITDA*

For purposes of compiling quarterly financial information, we calculate Adjusted EBITDA as gross profit, less (i) selling and distribution costs, excluding share-based compensation expenses and depreciation and amortization, (ii) administrative expenses, excluding share-based compensation expenses and depreciation and amortization, (iii) other operating expenses, plus (vi) other operating income.

The following table provides a calculation of our Adjusted EBITDA on a quarterly basis for the periods presented:

	For the three months ended									
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
	(unaudited) (in € million)									
Revenue	61.4	63.8	59.6	54.3	66.0	67.5	64.9	63.5	79.7	84.5
Cost of sales	(35.7)	(36.2)	(37.9)	(31.5)	(36.1)	(37.7)	(37.0)	(35.3)	(42.7)	(46.6)
Gross profit	**25.7**	**27.6**	**21.7**	**22.9**	**29.9**	**29.8**	**28.0**	**28.2**	**37.0**	**37.9**
Selling and distribution costs, excluding share-based compensation expenses and depreciation and amortization[1]	(33.4)	(31.2)	(26.2)	(25.1)	(28.3)	(30.3)	(26.3)	(27.6)	(34.1)[2]	(35.2)
Administrative expenses, excluding share-based compensation expenses and depreciation and amortization[3]	(9.5)	(8.7)	(7.9)	(6.7)	(6.8)	(6.6)	(6.7)	(6.2)	(7.4)	(7.6)
Other operating income	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.2	0.6	0.3
Other operating expenses	(2.2)[4]	(0.6)	(0.5)	(0.5)	(0.6)	(0.4)	(0.1)	(0.4)	(0.0)	(0.5)
Adjusted EBITDA	**(19.1)**	**(12.6)**	**(12.8)**	**(9.2)**	**(5.5)**	**(7.2)**	**(4.7)**	**(5.9)**	**(4.0)**	**(5.1)**
Thereof Europe	(15.9)	(10.4)	(11.0)	(8.1)	(5.1)	(6.3)	(4.0)	(5.4)	(4.0)	(5.8)
Thereof Latin America	(3.2)	(2.2)	(1.8)	(1.1)	(0.5)	(0.9)	(0.7)	(0.5)	(0.1)	0.7

(1) Comprises distribution, handling and packaging expenses, warehouse expenses, other logistics expenses, marketing expenses, excluding above-the-line marketing share-based compensation expenses, employee benefit expenses accounted for under selling and distribution costs, customer service freelancer expenses, store rent expenses as well as other selling and distribution costs.

(2) In the three months ended December 31, 2017, a change in accounting estimates with respect to the valuation of an accrual for other logistic expenses had a positive impact in an amount of €0.6 million on selling and distribution costs, excluding share-based compensation expenses and depreciation and amortization.

(3) Comprises payment expenses, employee expenses accounted for under administrative expenses, capitalization of development expenses, warehouse freelancer expenses, other freelancer expenses, office rent expenses as well as other administrative expenses.

(4) In the three months ended December 31, 2015, a change in accounting estimates with respect to the valuation of trade and other financial receivables in connection with invoicing as a newly implemented payment method had a negative impact in an amount of €0.6 million on other operating expenses.

9.5.2 *Profit Contribution*

The following table provides a calculation of our Profit Contribution on a quarterly basis for the periods presented:

	For the three months ended									
	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,
	2015	2016				2017				2018
	(unaudited) (in € million, unless otherwise specified)									
Revenue	61.4	63.8	59.6	54.3	66.0	67.5	64.9	63.5	79.7	84.5
Cost of sales	(35.7)	(36.2)	(37.9)	(31.5)	(36.1)	(37.7)	(37.0)	(35.3)	(42.7)	(46.6)
Gross Profit	**25.7**	**27.6**	**21.7**	**22.9**	**29.9**	**29.8**	**28.0**	**28.2**	**37.0**	**37.9**
Gross profit margin (in %)[(1)]	*41.9*	*43.3*	*36.4*	*42.2*	*45.3*	*44.1*	*43.1*	*44.4*	*46.4*	*44.9*
Distribution, handling and packaging expenses	(10.6)	(10.2)	(8.9)	(7.9)	(8.8)	(9.2)	(8.6)	(7.3)	(10.1)	(10.9)
Warehouse employee benefit expenses[(2)]	(2.1)	(1.7)	(1.7)	(1.6)	(1.7)	(1.8)	(1.8)	(1.9)	(2.2)	(2.7)
Warehouse freelancer expenses[(2)]	(0.1)	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.3)	(0.5)
Payment expenses	(0.9)	(0.9)	(0.7)	(0.8)	(1.0)	(0.8)	(0.7)	(0.7)	(1.3)	(0.9)
Bad debt expense	(2.0)	(0.4)	(0.5)	(0.3)	(0.5)	(0.3)	0.2	(0.2)	0.1	(0.2)
Fulfillment costs	**(15.7)**	**(13.3)**	**(11.8)**	**(10.6)**	**(12.1)**	**(12.3)**	**(11.0)**	**(10.2)**	**(13.8)**	**(15.2)**
Profit Contribution	**10.1**	**14.3**	**9.9**	**12.2**	**17.8**	**17.5**	**17.0**	**18.0**	**23.2**	**22.7**

(1) Defined as gross profit divided by revenue.
(2) Warehouse employee benefit expenses and warehouse freelancer expenses comprise employee benefit expenses for our personnel and expenses for temporary external workers (*Zeitarbeiter*) who are directly involved in the warehouse handling processes for the fulfillment of orders.

9.6 Segment Information

We manage our business based on two operating segments, which are also our reportable segments in accordance with IFRS 8. Our European segment comprises our operations in our home market Germany as well as in Austria, Belgium, France, Italy the Netherlands and Switzerland. Our Latin America segment comprises our operations in Brazil. We do not divide our business into operating segments based on the type of business activities. We measure the performance of our segments on the basis of Adjusted EBITDA.

The following table shows the external revenue and Adjusted EBITDA for our European and Latin America segment for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Europe					
External revenue	183.2[1]	195.4	216.3	53.7	66.8
Adjusted EBITDA	(58.2)[1]	(34.6)	(19.7)	(6.3)	(5.8)
Latin America					
External revenue	50.5[1]	48.4	59.4	13.8	17.7
Adjusted EBITDA	(17.1)[1]	(5.5)	(2.1)	(0.9)	0.7

(1) Unaudited.

10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information contained in the following tables and discussion is taken or derived from the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2017, 2016 and 2015, the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, the Company's unconsolidated financial statements as of and for the fiscal year ended December 31, 2017 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with IFRS, and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB and Section 315a para. 1 HGB, respectively. The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34). The audited unconsolidated financial statements have been prepared in accordance with German generally accepted accounting principles of the HGB.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Germany, has audited the aforementioned audited consolidated and unconsolidated financial statements of the Company in accordance with Section 317 HGB and German generally accepted standards for financial statement audits, and issued unqualified independent auditor's reports with respect to the Company's German-language consolidated financial statements as of and for the fiscal year ended December 31, 2017 and the Company's German-language unconsolidated financial statements as of and for the fiscal year ended December 31, 2017 as well as unqualified audit opinions with respect to the Company's German-language consolidated financial statements as of and for the fiscal years ended December 31, 2016 and 2015. The aforementioned audited consolidated and unconsolidated financial statements of the Company and the respective independent auditor's reports as well as audit opinions thereon and the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018 are included in this Prospectus.

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited financial statements mentioned above, but was taken either from the unaudited condensed consolidated interim financial statements mentioned above, or the Company's internal reporting system, or has been calculated based on figures from the aforementioned sources.

All of the financial information presented in the tables and discussion below is shown in millions of Euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to zero.

The following discussion and analysis should be read together with the Company's consolidated financial statements, including the related notes, contained in this Prospectus, and additional financial information contained elsewhere in this Prospectus, in particular in the section "9. Selected Consolidated Financial Information". Our historical results are not necessarily indicative of our future results, and our interim results as of and for the three months ended March 31, 2018 are not necessarily indicative of the results that should be expected for the full fiscal year ending December 31, 2018 or any other period.

10.1 Overview

We consider ourselves the pure-play market leader and go-to destination for home & living online shopping in continental Europe, where we operate in seven countries predominantly under our "home24" brand, and in Brazil, where we operate under our "Mobly" brand. To satisfy different tastes, styles and budgets, we have built one of the largest and most relevant online offerings with over 100,000 stock keeping units (*i.e.*, code numbers for individual products included in our product offering ("**SKUs**")) of home & living products, including broad assortments of large furniture items (*e.g.*, living & dining furniture, upholstery and bedroom furniture) as well as small furniture items (*e.g.*, lighting products and accessories). We source these products from over 500 suppliers in more than 30 different countries, including directly from individual manufacturers for our private label offering.

Our products are marketed on our home24 platform which comprises two distinct business models:

- **Third-party and white label products:** approximately 76% of our SKUs are comprised of a broad selection of home & living products marketed under third-party and white label brands, which we generally do not keep in stock and which accounted for 44% of our revenue in 2017; and

- **Private label products:** approximately 24% of our SKUs are comprised of our bestsellers marketed under our own private labels, which we source at highly competitive prices directly from selected manufacturers and other suppliers and often keep in stock and which accounted for 56% of our revenue in 2017.

Our broad selection of products marketed under third-party and white label brands allows us to offer our customers a wide range of relevant mass market products, which is crucial to satisfy the diverse customer base in our markets where brands for individual products are of little importance and variety is key, without taking on inventory risk or tying up net working capital, while also providing us with essential data on customer preferences and behavior. By marketing our bestsellers under our own private labels, we can leverage our in-depth knowledge of customers' preferences to minimize inventory risk, improve our gross profit margins and offer our bestsellers at attractive prices and with relatively short delivery times.

Following our launch in 2009, our revenue grew rapidly at a compound annual growth rate ("**CAGR**") of 129% between 2010 and 2015, reaching €233.7 million in 2015. As part of our expansive growth strategy, we acquired our German competitor fashion4home GmbH ("**fashion4home**") in November 2015, thereby further solidifying our market position as a leading pure-play home & living platform in continental Europe. In addition, fashion4home added six showrooms in Germany and Austria to our operations, helping us add storefronts to our go-to-market approach in these key markets.

Following this rapid expansion, we shifted our attention from rapid growth to a focus on investments in our platform, in particular with respect to the end-to-end process optimization and automated fulfillment systems to build a highly defensible platform for growth. We also improved our marketing efforts by focusing on an optimized allocation of marketing expenses across our various channels, utilizing our data-driven analytics capabilities to achieve higher benefits from our marketing expenses. Furthermore, we defined our comprehensive go-to-market approach which includes our showrooms, catalogues, fabric samples and multiple marketing channels all utilizing our "home24" brand and implemented this go-to-market approach in Germany and Austria. In addition, we optimized the composition of our product offering, focusing on products with the most attractive characteristics (*e.g.*, higher gross profit margins and delivery reliability).

After successfully improving our operations, we re-accelerated our growth in 2017. To drive such growth, we increased our marketing efforts (*e.g.*, by purchasing airtime for TV ads in Germany, Austria and Switzerland). We also opened additional showrooms and further optimized our fulfillment systems, in particular by implementing the latest SAP ERP software across our European fulfillment operations. Our efforts to further re-accelerate growth resulted in period-over-period revenue growth rates at constant currency of 1%, 7%, 17% and 23% in the three months ended March 31, June 30, September 30 and December 31, 2017, with revenue for 2017 amounting to €275.7 million. In the three months ended March 31, 2018, our period-over-period revenue growth rate at constant currency of 30% was even higher and revenue amounted to €84.5 million during that period. On the basis of the investments we have made, we are now well-positioned for profitable growth. While we remain loss making on a Group level, the successful optimization of our platform has allowed us to increase our growth from quarter to quarter, while constantly improving our margins. Our strategic goal is to reach Adjusted EBITDA breakeven on a Group level within approximately the next 18 months.

10.2 Key Factors Affecting our Results of Operations, Financial Condition and Cash Flows

The key factors discussed below have significantly affected our results of operations, financial condition and cash flows during the periods for which financial information is included in this Prospectus, and we believe that these factors will continue to affect us in the future:

10.2.1 Demand for our Products

Demand for our products, which is the key driver affecting our revenue and profitability, depends on a number of factors, some of which are beyond our control. Such external factors include, in particular, growing online penetration in the home & living industry, which amounted to just 4.8% in our target markets in 2017 (*source: Euromonitor*), but which we expect to increase significantly in the upcoming years. Furthermore, economic conditions in the markets in which we operate and their impact on consumer spending with respect to home & living products as well as competition from both online and offline home & living retailers, in particular the breadth, quality and pricing of their product offerings, affect demand for our products.

In addition to external factors, our own strategy and the degree to which we are able to successfully implement this strategy influence demand for our home & living products. In particular, our ability to provide a relevant and broad product offering, the delivery times and prices we offer, our ability to successfully market our products and our fulfillment and customer service excellence are crucial to drive demand for our products.

As a result of our conscious decision to optimize our operations and product offering beginning in 2016 and to subsequently re-accelerate growth in 2017, we have seen a significant increase in demand for our products. This development is evidenced by the increase of Active Customers by 15.7% from 1.0 million as of December 31, 2015 to 1.1 million as of March 31, 2018, proving the success of our improved marketing efforts. The number of orders increased even faster by 10.3% from approximately 1.4 million in 2015 to approximately 1.6 million in 2017, evidencing that we not only attract new customers, but also increase the number of purchases from our existing customers due to our focus on fulfillment excellency and customer service.

10.2.2 Composition of Our Product Offering

Our product offering comprises over 100,000 SKUs of home & living products, including broad assortments of large and small furniture items, outdoor furniture, mattresses and lighting products. In 2017, we derived 90% of our revenue from large furniture items, with 36% being attributable to living & dining furniture (*e.g.*, chairs, tables and drawers), 22% to upholstery (*e.g.*, sofas, armchairs and ottomans), 22% to bedroom furniture (*e.g.*, beds, wardrobes and mattresses) and 10% to other large furniture items (*e.g.*, garden, office and bathroom products). The remaining 10% of our revenue was attributable to small furniture items, of which 5% was attributable to lighting products (*e.g.*, interior and ceiling lights as well as table lamps), 2% to accessories (*e.g.*, decorations, curtains and pillows) and 3% to other small furniture items (*e.g.*, mirrors, shelves and cabinets).

While products marketed under third-party and white label brands account for approximately 76% of our SKUs, only 44% of our revenue was derived from sales of these products in 2017. The remaining approximately 24% of our SKUs are attributable to our broad assortment of products marketed under our private labels, which accounted for 56% of our revenue in 2017. By increasing the share of revenue generated from our private label offering, we can generally also increase our gross profit margin, as we are generally able to source these products at particularly attractive prices and consequently derive higher profits from them.

Our overall aim is to maintain a balanced composition of products marketed under third-party and white label brands on the one hand as well as products marketed under private labels on the other hand. To this end, we continuously review the composition of our product offering to provide our customers the best choice while also aiming to improve our margins. In 2016, we optimized the composition our product offering, focusing on products with the most attractive characteristics (*e.g.*, higher gross profit margins and delivery reliability). In the future, we plan to introduce additional product categories and extend our offering for certain categories currently not in our focus (*e.g.*, decoration articles, home textiles, kitchenware and modular kitchens) to complement and strengthen the product offering for our European segment.

The composition of our product offering affects both our revenue and our profitability. By including or excluding product categories in our offering, we can influence the revenue we generate from such products. By focusing on products with high gross profit margins and lower fulfillment complexity, we can improve our profitability. Conversely, by introducing or expanding product categories with lower priced items (*e.g.*, accessories), we enable our customers to place orders with lower values, thereby lowering the threshold for both initial and repeat orders. As a result of our ability to compile a broad and relevant product offering mainly comprising large furniture items, we have been able to increase our Average Order Value from €261 in 2015 by 6.5% to €278 in the three months ended March 31, 2018.

10.2.3 Sourcing

Our sourcing strategy, which has been designed with a view to minimizing inventory risk and obtaining the best prices and delivery times, differs between products marketed under third-party and white label brands, which account for approximately 76% of our SKUs, and our private label offering, which accounts for the remaining approximately 24% of our SKUs. While we operate as a mass market player in both Europe and Brazil, price levels in Brazil are significantly lower than in Europe and we tailor our product selection to match local market requirements. We therefore adapt our sourcing strategy and relationships with suppliers with respect to our two segments. For our European segment, we generally source our products from Central Europe, Eastern Europe and Asia, while the vast majority of the products for our Latin America segment are manufactured by Brazilian suppliers, with the remainder originating from China. Capitalizing on the longstanding experience of our design and product experts and sourcing team as well as trusted partnerships with relevant, highly specialized manufacturers, we are generally able to develop products for our private label offering and launch such products after a period of between three and nine months, depending on the relevant product category and complexity.

Our sourcing costs, which are shown as cost of sales in the Company's consolidated statement of comprehensive income, depend on a variety of factors, some of which are beyond our control (*e.g.*, raw material and fuel prices, labor costs, rent levels, shipping costs, including capacities of third-party carries, as well as import tariffs). Our scale and a corresponding ability to negotiate favorable terms with suppliers, the overall composition of our product offering as well as the quality and applications we require, in particular with respect to our private label offering, also affect our sourcing costs. To further improve our sourcing, we established a local office in Shenzhen, China, in 2010, which enables us to get closer to our manufacturers in this key sourcing market and to further improve our quality control. In addition, the acquisition of fashion4home in 2015 was a huge step forward for expanding our private label business.

As sourcing costs (*i.e.*, cost of sales) represent the largest share of our cost base, our effectiveness limiting these costs is a key factor in improving our profitability and we actively manage our product offering with this aim. The success of these efforts is evidenced by the fact that we were able to improve our gross profit margin from 38.3% in 2015 by 6.6 percentage points to 44.9% in the three months ended March 31, 2018.

10.2.4 Fulfillment

Our fulfillment costs comprise distribution, handling and packaging expenses, warehouse employee benefit expenses, warehouse freelancer expenses, payment expenses and bad debt expense and are accounted for under selling and distribution costs or administrative expenses. These costs are influenced by a number of factors, in particular the effectiveness of our warehouses, all of which are operated in-house, as well as shipping costs for third-party carriers who handle the delivery of our products, as we offer free deliveries for our European segment and for most orders in key metropolitan areas for our Latin America Segment (*e.g.*, São Paulo and Rio de Janeiro).

In recent years, we have taken several steps to increase our fulfillment efficiency such as organizing middle mile deliveries between our European warehouses and the distribution centers of our third-party carriers ourselves in order to increase our control over the delivery process. In addition, we reduced the number of our European warehouses from five to two in 2016 and 2017, while also ensuring that all of our warehouses are operated in-house. In Brazil, we have complemented last mile delivery by our third-party carriers through the establishment of independent contractors in the metropolitan areas of São Paulo and Rio de Janeiro. In 2017 and 2018, we also upgraded our European fulfillment capabilities by successfully introducing the latest SAP ERP software across our value chain in Europe, thereby greatly increasing the integration of all steps of the value chain from order intake to fulfillment and returns. These measures have helped us to constantly improve the reliability of our fulfillment process, while also reducing fulfillment costs. As a result, our Contribution Margin improved from 16.1% in 2015 by 10.8 percentage points to 26.9% in the three months ended March 31, 2018.

10.2.5 Returns

We offer our customers free returns within a certain time frame that differs for our two segments. The ability to easily return our products free of charge is a fundamental pillar of our value proposition to customers and we believe that it significantly helps us to increase customer trust. However, many of our products are heavy and bulky and require special handling and delivery, making returns particularly challenging and expensive. Upon return, most of the returned products are included in our inventory or utilized by selling them via our outlets in Germany or through third-party channels (*e.g.*, online auction houses).

A number of factors may significantly affect our return rates (*e.g.*, products not matching their online descriptions, problems with product quality or products damaged in transit as well as wrong items shipped). We continuously seek to minimize our return rates, in particular by improving the presentation of our products and the information available thereon (*e.g.*, free fabric samples for major furniture items for our European customers) to enable our customers to make a better informed decision. Furthermore, we aim to avoid returns by offering discounts or vouchers in case of smaller defects. In 2014, we started operating a centralized return center in our warehouse in Ludwigsfelde near Berlin for our European segment (including products delivered via drop-shipping), which allows us to reduce logistics costs by bundling return transports. As a result of our targeted strategy to actively minimize returns along the customer journey, we have been able to significantly reduce our return rates to less than 10% in 2017. Our efficient use of returns has allowed us to ensure that there is only a very limited number of returns we are unable to sell.

In accordance with IFRS, we use our historical return rates to anticipate future returns and deduct such anticipated returns from our revenue and cost of sales. Therefore, changes in actual return rates directly affect our revenue and cost of sales. As a result, we deduct anticipated returns from revenue and cost of sales. If actual return rates turn out to be higher, we lose the corresponding share of revenue and profits. Some of our returned products are stored in our warehouses and recorded as inventories. Others are utilized through various sales channels (*e.g.*, by selling them through our outlets) and the price we can achieve for these products determines whether we ultimately incur a loss or profit from these products. Sales of returns are also recorded under revenue. If we are unable to sell returned products, we may be forced to write off such inventories, leading to corresponding losses recorded under cost of sales.

10.2.6 Marketing

Our marketing activities are aimed at driving the maximum relevant traffic to our websites and creating an international home & living brand. In order to reach a diverse customer base, we employ a wide range of both paid and unpaid marketing channels. We primarily focus on online marketing (*e.g.*, search engine marketing, retargeting, affiliate marketing, price comparison marketing as well as paid social media), while also using traditional marketing channels such as TV advertising for Germany, Austria and Switzerland. We believe that paid marketing channels helped generate 63% of the visits to our German websites and apps in 2017, with unpaid marketing channels generating the remaining 37% of visits in Germany during that period.

After initially utilizing marketing campaigns to establish our “home24” and “Mobly” brands in our key markets, we decided to shift the focus of our marketing efforts in 2016. To this end, we began to utilize our data-driven analytics capabilities based on our proprietary software in order to link marketing expenses with respect to individual marketing channels and campaigns to the relevant benefits we derive from them (*i.e.*, visits to our websites and apps as well as subsequent orders from the respective customers). As a result of this decision, we have been able to achieve accelerated growth through more efficient spending of our marketing budget. In order to re-accelerate our growth and to derive the maximum value from our improved marketing capabilities, we increased our marketing expenses in 2017 to propel growth in 2018 and beyond. The success of our marketing strategy is evidenced by the increasing number of orders placed by new customers as well as an increase of the share of our profits derived from sales to existing customers, which rose from 23.3% in 2015 to 29.3% in 2017.

Our marketing expenses help drive attention to our websites and apps, increase brand awareness and thereby directly increase the number of orders, resulting in higher revenue and profits. However, given that large furniture items, which are crucial to our product offering, require our customers to make higher investments, such products are generally not subject to impulse purchases. Consequently, our customers generally take significant time before they place their orders, with on average approximately three months elapsing between the moment when our marketing efforts trigger interest in our product offering and the time our customers have finished browsing our websites and apps and comparing different product offerings to place an order with us. In addition, more time elapses between order intake and the time we record the corresponding revenue and profits (*i.e.*, upon delivery of the relevant products). As a result, approximately four months elapse on average between the moment when increased marketing expenses first make customers' aware of our product offering and the time when we record the revenue from their purchases. Consequently, higher marketing expenses will initially adversely affect our profitability, but subsequently generally lead to significantly higher revenue and profitability.

10.2.6.1 First Order Profitability based on Current Performance Marketing and Above-the-Line Marketing Expenses

Despite this time lag, we achieved first order profitability for our new customers based on our current performance marketing and above-the-line marketing expenses for the first time in 2016. For these purposes, we compare the Profit Contribution from sales to customers who become active for the first time during a given period to our total performance marketing and above-the-line marketing expenses during the relevant period.

For example, by multiplying our Contribution Margin, which amounted to 27.5% in 2017, with our revenue of €275.7 million and the share of orders from new customers of 70.8% during that same period, we generated a Profit Contribution from new customers in an amount of €53.7 million in 2017. This results in a ratio of such Profit Contribution from new customers divided by our total performance marketing and above-the-line marketing expenses, which amounted to €48.8 million in 2017, of 110.0%, evidencing that due to our focus on optimizing our marketing efforts, we are already able to achieve a positive result on our marketing expenses when just taking into account sales to new customers.

10.2.6.2 First Order Profitability based on Recent Cohorts

As noted above, our first order profitability calculated on the basis of current performance marketing and above-the-line marketing expenses does not take into account the time lag between when we incur such marketing expenses and when we derive the benefits from these marketing efforts. In order to eliminate the time lag between the placement of orders and revenue recognition under IFRS and to better evaluate the effectiveness of our marketing efforts and monitor our conversion rates, we analyze recent customer cohorts accessing our websites and apps based on their activity with respect to visits and orders over time.

For this purpose, the lifetime value of a specific cohort is defined as the Gross Order Value from orders placed by such cohort in a given month, adjusted for expected cancellations and returns based on recent return rates, and multiplied with our Contribution Margin during the respective month (the "**Lifetime Value**"). For this purpose, we use the most recent historical Profit Contribution to anticipate future Profit Contribution. Customer acquisition costs comprise our total performance marketing and above-the-line marketing expenses incurred in any given month (the "**Customer Acquisition Costs**"). We attribute Lifetime Value to individual cohorts based on the distribution of orders between different cohorts during the relevant month (*i.e.*, based on actual conversions), while we attribute Customer Acquisition Costs to cohorts based on the distribution of visits (*i.e.*, based on mere activity). Lifetime Value is not adjusted for actual cancellations, returns, discounts and vouchers. Utilizing these metrics, we calculate the ratio of Lifetime Value to the Customer Acquisition Costs attributable to the respective cohort.

We believe that due to our significant optimization efforts, our recent cohorts have all been first order profitable (*i.e.*, we have been able to generate a positive ratio of Lifetime Value to Customer Acquisition Costs for these cohorts), evidencing the sustainability of our re-accelerated growth. For cohort information as of December 31, 2017, we believe that the ratio of Lifetime Value to Customer Acquisition Costs amounts to approximately 1.5 when allocated to twelve-month periods. However, such ratios are only used for illustrative purposes and are subject to various uncertainties (see "*2.8 Non-IFRS Financial Information*").

10.2.7 Seasonality

While home & living products are less affected by short-term fashion and style trends, our business is still subject to seasonality. We typically see lower customer engagement during the summer months and in weeks that contain holidays, as many of our customers are away from home during these weeks. In addition, certain special events, in particular Black Friday and January 1st, result in peak demand for our products. Due to our strong growth, the full impact of such seasonality is somewhat mitigated by our overall growth. Comparing quarterly revenue and orders adjusted for our overall growth trend, we find that customer engagement in the first and fourth quarter is typically higher than in the rest of the year. Seasonality influences our revenue, which is generally higher in these two quarters. In addition, we adapt our marketing expenses to seasonal demand by generally spending more on marketing in the first and third quarter where a maximum number of potential customers is looking to purchase home & living products.

In addition, seasonality significantly affects our net working capital cycle. We typically experience an increase in net working capital between summer and autumn, as demand for our products is usually lower in summer and we build up inventories for the fourth and first quarter. Our net working capital then tends to decrease as demand begins to increase with the onset of the fall/winter season, with this usually continuing until spring, after which the cycle restarts again. However, given the time lag between the moment our orders are placed and the time we record the corresponding revenue and reduction in trade receivables, this partly offsets the effects of our fluctuations in inventory levels. We finance our net working capital through cash and cash equivalents as well as reverse factoring of purchase price claims. As of March 31, 2018, we recorded a negative net working capital of €19.1 million, driven by the fact that we generally only order products marketed under our inventory model once we have received corresponding orders from our customers.

10.2.8 Exchange Rate Fluctuations

We are subject to fluctuations in foreign exchange rates between the Euro, our reporting currency, and other currencies of countries where we market our products, in particular the Brazilian Real and the Swiss Franc. In addition, many the agreements for the supply of our products are specified in U.S. Dollars. As a result, we are affected by fluctuations in the U.S. Dollar.

Therefore, currency exchange rate fluctuations may have an impact on our reported revenue and other results as expressed in Euro, and on the reported value of our assets, liabilities and cash flows. In addition, currency fluctuations may adversely affect receivables, payables, debt, firm commitments and forecast transactions denominated in foreign currencies. In particular, transition risks arise where parts of the cost of sales are not denominated in the same currency of such sales. During the periods for which financial information is included in this Prospectus, our results were, in particular, affected by the development of the Brazilian Real, the most relevant currency for our Latin America segment.

The following table shows our period-over-period revenue growth rates at constant currency for the periods presented:

	For the year ended December 31,			For the three months ended				
	2015	2016	2017	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
		(unaudited) (in %)				(unaudited) (in %)		
Revenue	*51.0*[(1)]	*5.5*[(2)]	*11.7*[(3)]	*1.0*[(4)]	*6.5*[(5)]	*17.4*[(6)]	*22.8*[(7)]	*30.1*[(8)]
Europe	*51.8*	*6.7*	*10.7*	*3.3*	*4.2*	*13.9*	*21.9*	*24.4*
Latin America	*48.8*[(1)]	*1.4*[(2)]	*15.7*[(3)]	*(9.2)*[(4)]	*17.7*[(5)]	*31.0*[(6)]	*25.7*[(7)]	*52.5*[(8)]

(1) Based on an exchange rate of 3.1133 Brazilian Reals per €1.00. This exchange rate is derived from historic exchange rates provided by the ECB for 2014, which were volume weighted for revenue recorded during individual months.

(2) Based on an exchange rate of 3.6336 Brazilian Reals per €1.00. This exchange rate is derived from historic exchange rates provided by the ECB for 2015, which were volume weighted for revenue recorded during individual months.

(3) Based on an exchange rate of 3.8387 Brazilian Reals per €1.00. This exchange rate is derived from historic exchange rates provided by the ECB for 2016, which were volume weighted for revenue recorded during individual months.

(4) Based on an exchange rate of 4.3054 Brazilian Reals per €1.00. This exchange rate is derived from historic exchange rates provided by the ECB for the three months ended March 31, 2016, which were volume weighted for revenue recorded during individual months.

(5) Based on an exchange rate of 3.9666 Brazilian Reals per €1.00. This exchange rate is derived from historic exchange rates provided by the ECB for the three months ended June 30, 2016, which were volume weighted for revenue recorded during individual months.

(6) Based on an exchange rate of 3.6228 Brazilian Reals per €1.00. This exchange rate is derived from historic exchange rates provided by the ECB for the three months ended September 30, 2016, which were volume weighted for revenue recorded during individual months.
(7) Based on an exchange rate of 3.5552 Brazilian Reals per €1.00. This exchange rate is derived from historic exchange rates provided by the ECB for the three months ended December 31, 2016, which were volume weighted for revenue recorded during individual months.
(8) Based on an exchange rate of 3.3464 Brazilian Reals per €1.00. This exchange rate is derived from historic exchange rates provided by the ECB for the three months ended March 31, 2017, which were volume weighted for revenue recorded during individual months.

Given the continuing investment into customer acquisition and expansion and further improvement of our operations, we typically keep some of our cash and cash equivalents in Brazilian Reals as a hedge against currency effects. With respect to U.S. Dollar exchange risks, we hedge against such risks for inventories acquired in U.S. Dollars through foreign exchange forwards and swaps with a period matching the underlying transactions.

10.3 Comparability

10.3.1 First-Time Application of IFRS 15 (Revenue from Contracts with Customers)

For its consolidated financial statements as of and for the fiscal year ended December 31, 2017 and the quarterly financial information for that same fiscal year, the Company voluntarily applied IFRS 15, which supersedes current revenue recognition guidance, including IAS 18, IAS 11 and related interpretations (see "*10.9.1 Early Application of IFRS 15 (Revenue from Contracts with Customers) in 2017*") with effect from January 1, 2017.

The following table shows the effects from the early application of IFRS 15 on our consolidated balance sheet for the dates presented:

	As of December 31, 2016	Adjustments of right of return	Adjustments of financing components	As of January 1 2017
		(audited) (in € million)		
Assets				
Inventories	27.1	–	0.1	27.2
Right to repossess goods from expected returns	–	0.3	–	0.3
Trade and other financial receivables	10.9	(0.8)	0.1	10.2
Liabilities				
Trade payables and other financial liabilities	45.4	–	0.1	45.5
Refund obligation	–	1.6	–	1.6
Provisions	3.3	(2.1)	–	1.2
Equity				
Other reserves	(5.9)	–	0.1	(5.9)

The following table shows the effects from the early application of IFRS 15 on our consolidated statement of comprehensive income in 2017:

	For the year ended December 31, 2017		
	(IFRS 15)	(IAS 18)	Adjustment effect
		(audited) (in € million)	
Revenue	275.7	274.6	1.1
Cost of sales	(152.6)	(152.0)	(0.7)
Gross profit	**123.0**	**122.6**	**0.4**
Finance costs	(3.7)	(3.3)	(0.5)
Loss for the period	**(49.8)**	**(49.8)**	**(0.1)**

10.3.2 First-Time Application of IFRS 16 (Leases)

For its unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, the Company voluntarily applied the new standard IFRS 16 with effect from January 1, 2018. This new standard replaces the existing guidelines on leases, including IAS 17, IFRIC 4, SIC 15 and SIC 27 (see "*10.9.2 Early Application of IFRS 16 (Leases) in 2018*").

The following table shows the effects from the early application of IFRS 16 on our consolidated balance sheet for the dates presented:

	As of December 31, 2017	**Adjustments of IFRS 16**	**As of January 1 2018**
		(audited) **(in € million)**	
Assets			
Property and equipment	8.1	(0.5)	7.6
Right of use assets	–	34.6	34.6
Liabilities			
Financial liabilities (non-current)	–	28.3	28.3
Financial liabilities (current)	2.0	7.0	9.1
Trade payables and other financial liabilities	45.6	(0.1)	45.5
Other liabilities (non-current)	1.2	(1.0)	0.2
Other liabilities (current)	5.9	(0.0)	5.9

The following table shows the effects from the early application of IFRS 16 on our consolidated statement of comprehensive income in the three months ended March 31, 2018:

	For the three months ended March 31, 2018		
	(IFRS 16)	**(IAS 17)**	**Adjustment effect**
		(audited) **(in € million)**	
Selling and distribution costs	(38.5)	(38.5)	(0.0)
Administrative expenses	(12.1)	(12.1)	(0.0)
Operating result (EBIT)	**(12.9)**	**(12.9)**	**(0.0)**
Finance costs – net	(1.1)	(0.9)	(0.2)
Loss for the period	**(14.0)**	**(13.6)**	**(0.2)**

The following table shows the effects from the early application of IFRS 16 on our consolidated statement of cash flow in the three months ended March 31, 2018:

	For the three months ended March 31, 2018		
	(IFRS 16)	**(IAS 17)**	**Adjustment effect**
		(audited) **(in € million)**	
Cash flow from operating activities	(3.3)	(5.1)	1.7
Cash flow from financing activities	(2.1)	(0.4)	(1.7)

10.4 Results of Operations

The following table provides our results of operations for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
		(audited) (in € million)		(unaudited) (in € million)	
Revenue	233.7	243.8	275.7	67.5	84.5
Cost of sales	(144.2)	(141.7)	(152.6)	(37.7)	(46.6)
Gross profit	**89.5**	**102.1**	**123.0**	**29.8**	**37.9**
Selling and distribution costs	(126.3)	(114.4)	(123.7)	(31.2)	(38.5)
Administrative expenses	(41.0)	(44.0)	(46.7)	(9.9)	(12.1)
Other operating income	1.7	0.9	1.4	0.2	0.3
Other operating expenses	(5.5)	(2.2)	(0.8)	(0.4)	(0.5)
Operating result (EBIT)	**(81.7)**	**(57.6)**	**(46.8)**	**(11.4)**	**(12.9)**
Finance income	1.4	1.4	0.5	0.2	0.2
Finance costs	(4.0)	(3.3)	(3.7)	(1.0)	(1.3)
Finance costs – net	(2.6)	(1.9)	(3.2)	(0.7)	(1.1)
Loss before taxes (EBT)	**(84.2)**	**(59.5)**	**(50.0)**	**(12.2)**	**(14.0)**
Income taxes	(0.8)	(0.3)	0.2	0.0	0.2
Loss for the period	**(85.1)**	**(59.9)**	**(49.8)**	**(12.1)**	**(13.8)**
Other comprehensive income:					
Items that may subsequently be reclassified to profit or loss:					
Exchange differences on translation of foreign financial statements	0.7	(0.4)	0.6	(0.1)	0.2
Other comprehensive income/loss for the period, net of tax	**0.7**	**(0.4)**	**0.6**	**(0.1)**	**0.2**
Total comprehensive loss for the period	**(84.3)**	**(60.3)**	**(49.2)**	**(12.2)**	**(13.6)**

10.4.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable, and comprises amounts receivable for products supplied, stated net of promotional discounts, rebates, return allowances and VAT. We recognize revenue when such revenue can be measured reliably, if it is probable that future economic benefits will flow to us and once the risks and rewards of the inventory have passed on to the respective customer (*i.e.*, upon delivery of the product). With respect to returns, we base our estimate of future return rates on historical return rates. Based on these historical return rates, the effects of returns are estimated and recorded against our revenue.

The following table shows our revenue on a Group as well as external revenue for our segments for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Revenue	**233.7**	**243.8**	**275.7**	**67.5**	**84.5**
thereof Europe	183.2(1)	195.4	216.3	53.7	66.8
thereof Latin America	50.5(1)	48.4	59.4	13.8	17.7

(1) Unaudited.

10.4.1.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

Our revenue increased from €67.5 million in the three months ended March 31, 2017 by €17.0 million, or 25.2%, to €84.5 million in the three months ended March 31, 2018, primarily due to an increase in the number of Active Customers, which rose by 6.6% between December 31, 2017 and March 31, 2018, as well as an increase in the number of orders by 26.4% from 0.4 million in the three months ended March 31, 2017 to 0.5 million in the three months ended March 31, 2018. Our period-over-period revenue at constant currency increased even faster at 30.1% in the three months ended March 31, 2018.

In the three months ended March 31, 2018, external revenue in our European segment increased from €53.7 million in the three months ended March 31, 2017 by €13.1 million, or 24.4%, to €66.8 million, primarily driven by our increased marketing efforts (*e.g.*, TV ads in Germany). External revenue in our Latin America segment increased from €13.8 million in the three months ended March 31, 2017 by €3.9 million, or 28.3%, to €17.7 million in the three months ended March 31, 2018, driven by an increase in the number of Active Customers as well as our ability to deliver our products through our last mile delivery capabilities faster. Period-over-period external revenue at constant currency in our Latin America segment increased significantly faster and rose by 52.5% in the three months ended March 31, 2018.

10.4.1.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

In 2017, revenue increased from €243.8 million in 2016 by €31.9 million, or 13.1%, to €275.7 million in 2017, due to our decision to re-accelerate our growth, in particular driven by our increased marketing efforts. Consequently, the number of orders also increased by 12.3% in 2017. Our period-over-period revenue at constant currency increased slightly less by 11.7% in 2017.

In our European segment, external revenue increased from €195.4 million in 2016 by €20.9 million, or 10.7%, to €216.3 million in 2017, primarily driven by our increased marketing efforts (*e.g.*, TV ads in Germany). External revenue in our Latin America segment increased from €48.4 million in 2016 by €11.0 million, or 22.7%, to €59.4 million in 2017, due to a higher number of Active Customers and an increase in the Average Order Value. Period-over-period external revenue at constant currency in our Latin America segment increased at a slower pace of 15.7% in 2017.

10.4.1.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

Our revenue increased from €233.7 million in 2015 by €10.1 million, or 4.3%, to €243.8 million in 2016, resulting from the shift in our attention from rapid growth to focusing on optimizing our operations, which also caused a decline in the number of orders by 1.9%. Revenue nevertheless benefitted from increasing online penetration in the home & living industry as well as the full consolidation of fashion4home, which we acquired towards the end of 2015 and consequently only consolidated for approximately six weeks in that year. Our period-over-period revenue at constant currency increased slightly faster at 5.5% in 2016.

In 2016, external revenue for our European segment increased from €183.2 million in 2015 by €12.2 million, or 6.7%, to €195.4 million, thereby increasing slightly faster than our Group revenue. This was due to numerous initiatives we implemented that focused on improving the efficiency of our European operations as well as the full consolidation of fashion4home. In addition, the decision to optimize the composition of our product offering, focusing on products with the most attractive characteristics, resulted in the exclusion of certain products and adversely affected our external revenue. For our Latin America segment, external revenue decreased from €50.5 million in 2015 by €2.1 million, or 4.2%, to €48.4 million in 2016, due to currency exchange rate effects as a result of the declining Brazilian Real a greater focus on profitability. Period-over-period external revenue at constant currency in our Latin America segment increased by 1.4% in 2016.

10.4.2 Cost of Sales

Cost of sales comprises the purchase price for our products and inbound shipping charges. Shipping charges for incoming products are recorded under inventories and recognized as cost of sales upon sale of the relevant products. With respect to returns, we base our estimate of future return rates on historical return rates. Based on these historical return rates, the effects of returns are estimated and anticipated returns are deducted from our cost of sales.

10.4.2.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

Cost of sales increased from €37.7 million in the three months ended March 31, 2017 by €8.9 million, or 23.6%, to €46.6 million in the three months ended March 31, 2018, reflecting the growing demand for our products. Due to the expanding share of sales of private label products as well as our improving utilization of returns, we were able to further improve our gross profit margin (*i.e.*, our gross profit divided by our revenue) from 44.1% in the three months ended March 31, 2017 by 0.8 percentage points to 44.9% in the three months ended March 31, 2018.

10.4.2.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

In 2017, cost of sales increased from €141.7 million in 2016 by €10.9 million, or 7.7%, to €152.6 million, due to growing demand for our products. As our continued growth allowed us to benefit from economies of scale, in particular through our increased bargaining power with our suppliers, and as we continuously expanded of our private label offering, we were able to further improve our gross profit margin from 41.9% in 2016 by 2.7 percentage points to 44.6% in 2017.

10.4.2.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

Cost of sales decreased from €144.2 million in 2015 by €2.5 million, or 1.7%, to €141.7 million in 2016, as we were able to focus on products with higher gross profit margins while also increasing the share of our private label offering, in particular for our European segment. As a result of these developments as well as our better utilization of returns, our gross profit margin improved from 38.3% in 2015 by 3.6 percentage points to 41.9% in 2016.

10.4.3 Selling and Distribution Costs

Selling and distribution costs comprise distribution, handling and packaging expenses, marketing expenses, warehouse expenses, other logistics expenses, employee benefit expenses, customer service freelancer expenses, store rent expenses, depreciation and amortization and other selling and distribution costs.

The following table provides a breakdown of our selling and distribution costs for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(unaudited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Distribution, handling and packaging expenses	37.8	35.9	35.2	9.2	10.9
Warehouse expenses	9.5	9.1	7.9	2.0	0.5
Other logistics expenses	3.0	2.6	0.1	0.1	0.2
Performance marketing and above-the-line marketing expenses(1)	51.5	41.1	48.7	12.7	16.7
Above-the-line marketing share-based compensation expenses(2)	–	–	1.8	–	1.0
Other marketing expenses	1.0	0.7	0.7	0.2	0.1
Marketing expenses	52.5	41.8	51.2	12.9	17.8
Warehouse employee benefit expenses(3)	6.6	6.6	7.8	1.8	2.7
Other employee benefit expenses	11.8	13.5	14.6	3.5	3.3
Employee benefit expenses	18.4	20.1(4)	22.4(4)	5.3	5.9
Customer service freelancer expenses	2.7	0.2	0.8	0.2	0.4
Store rent expenses	0.0	0.6	1.3	0.3	0.1
Depreciation	0.3(4)	2.6(4)	2.3(4)	0.2	1.6
Amortization	0.7(4)	0.7(4)	1.1(4)	0.6	0.6
Other selling and distribution costs	1.4	0.7	1.4	0.3	0.4
Selling and distribution costs	**126.3(4)**	**114.4(4)**	**123.7(4)**	**31.2**	**38.5**

(1) Performance marketing expenses include online marketing efforts such as search engine marketing, while above-the-line marketing expenses include traditional marketing efforts such as TV advertising.

(2) Above-the-line marketing share-based compensation expenses relate to media service agreements with media partners where home24 provides compensation in the form of shares and to an exit investment.

(3) Warehouse employee benefit expenses comprise employee benefit expenses for our personnel who are directly involved in the warehouse handling processes for the fulfillment of orders.

(4) Audited.

10.4.3.1 <u>Comparison of the Three Months Ended March 31, 2018 and March 31, 2017</u>

In the three months ended March 31, 2018, selling and distribution costs increased from €31.2 million in the three months ended March 31, 2017 by €7.3 million, or 23.4%, to €38.5 million, primarily due to an increase of marketing expenses by €4.9 million, mainly relating to TV ads in Germany as well as performance marketing. In addition, distribution, handling and packaging expenses increased by €1.7 million in the three months ended March 31, 2018 due to a higher number of orders delivered during that period and employee benefit expenses increased by €0.6 million, reflected in the increase of our workforce by 140 full time employees ("**FTEs**"), especially due to hiring of warehouse personnel. The early application of IFRS 16 (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*") led to an increase of depreciation by €1.4 million in the three months ended March 31, 2018. However, such early application, together with the closure of our warehouse in Grevenbroich, which was still operating in the three months ended March 31, 2017, also resulted in the reduction of warehouse expenses by €1.5 million during that same period.

10.4.3.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

Selling and distribution costs increased from €114.4 million in 2016 by €9.3 million, or 8.1%, to €123.7 million in 2017, primarily driven by our increased marketing efforts, which resulted in an increase of our marketing expenses by €9.4 million, in particular due to TV ads in Germany as well as performance marketing. In addition, employee benefit expenses increased by €2.3 million in 2017 due to the expansion of our customer service team and the consolidation of warehouses, which is reflected in the increase of our workforce by 123 FTEs. These developments were partially offset by a decrease of our distribution, handling and packaging expenses, warehouse expenses and other logistics expenses by €4.4 million in aggregate in 2017 due to our improved fulfillment efficiency, including the reduction of the number of our European warehouses as we closed a warehouse in Grevenbroich at the end of the third quarter of 2017 due to the increasing utilization of our two warehouses in Walsrode, Lower-Saxony, and Ludwigsfelde near Berlin, which are operated in-house.

10.4.3.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

In 2016, selling and distribution costs decreased from €126.3 million in 2015 by €11.9 million, or 9.4%, to €114.4 million, primarily as result of our focus on optimizing our operations and the corresponding reduction of our marketing efforts. The latter led to a decrease of our marketing expenses by €10.7 million in 2016. In addition, our distribution, handling and packaging expenses, warehouse expenses, other logistics expenses and employee benefit expenses decreased by €1.0 million in aggregate as a result of our focus on optimizing our operations for both of our segments.

10.4.4 Administrative Expenses

Administrative expenses comprise payment expenses, employee benefit expenses, warehouse freelancer expenses, other freelancer expenses, office rent expenses, depreciation and amortization as well as other administrative expenses.

The following table provides a breakdown of our administrative expenses for the periods presented:

	For the year ended December 31,			**For the three months ended March 31,**	
	2015	**2016**	**2017**	**2017**	**2018**
	(unaudited, unless otherwise specified) (in € million)			**(unaudited) (in € million)**	
Payment expenses	3.7	3.4	3.5	0.8	0.9
Employee expenses	21.2	20.2	19.1	4.5	5.0
Share-based compensation expenses	1.8(1)	6.2(1)	10.2	1.8	2.0
Capitalization of development expenses	(7.2)	(6.6)	(7.4)	(1.5)	(1.5)
Employee benefit expenses	15.8	19.8(1)	21.9(1)	4.8	5.5
Warehouse freelancer expenses(2)	0.5	0.3	0.6	0.2	0.5
Other freelancer expenses	4.0	2.1	1.2	0.3	0.3
Office rent expenses	2.1	2.1	1.6	0.4	0.2
Amortization	2.8(1)	7.0(1)	8.7(1)	1.3	2.1
Depreciation	0.8(1)	1.0(1)	0.9(1)	0.3	0.4
Other administrative expenses	11.3	8.3	8.3	1.9	2.2
Administrative expenses	**41.0(1)**	**44.0(1)**	**46.7(1)**	**9.9**	**12.1**

(1) Audited.
(2) Warehouse freelancer expenses comprise expenses for temporary external workers (*Zeitarbeiter*) who are directly involved in the warehouse handling processes for the fulfillment of orders.

10.4.4.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

Administrative expenses increased from €9.9 million in the three months ended March 31, 2017 by €2.2 million, or 22.2%, to €12.1 million in the three months ended March 31, 2018, primarily resulting from the increase in employee benefit expenses by €0.7 million as well as an increase of warehouse freelancer expenses by €0.3 million. In addition, amortization increased by €0.8 million due to higher amortization of intangible assets in connection with internally generated as well as acquired software. Share-based compensation expenses amounted to €2.0 million in the three months ended March 31, 2018, a comparably high level resulting from the introduction of recent long-term incentive programs during that period (see "*17.4 Long-Term Incentive Programs*").

10.4.4.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

In 2017, administrative expenses saw a slight increase from €44.0 million in 2016 by €2.7 million, or 6.1%, to €46.7 million, primarily resulting from a significant increase in share-based compensation expenses by €4.0 million as a result of the introduction of the LTIP 2017 and the Brazilian LTIP (see "*17.4 Long-Term Incentive Programs*"). In addition, depreciation and amortization increased by €1.6 million in 2017 due to higher amortization of intangible assets in connection with our existing software for our fulfillment platform. These developments were only partially offset by a reduction of employee expenses by €1.1 million in 2017 due to higher productivity of our IT-teams and our focus on fulfillment efficiency. Our office rent expenses decreased by €0.5 million in 2017 as the former headquarters of fashion4home was used as a customer service center instead of an office.

10.4.4.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

Administrative expenses increased from €41.0 million in 2015 by €3.0 million, or 7.3%, to €44.0 million in 2016, primarily due to an increase of share-based compensation expenses, which increased by €4.4 million mainly as a result of the granting of 25,851 options for the purchase of shares of the Company. In addition, depreciation and amortization increased by €4.4 million in 2016 due to the partial amortization of the "Fashion For Home" brand as well as its customer information. These developments were only partially offset by a reduction of employee expenses by €1.0 million in 2016 as we streamlined our operations, resulting in a decrease of our workforce by 275 FTEs. In addition, other administrative expenses decreased by €3.0 million in 2016, in particular due to a reduction of consulting and legal fees, while other freelancer expenses decreased by €1.9 million.

10.4.5 Other Operating Income

Other operating income comprises currency translation gain as well as miscellaneous other operating income.

The following table provides a breakdown of our other operating income for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	**2016**	**2017**	**2017**	**2018**
		(audited) (in € million)		**(unaudited)** (in € million)	
Currency translation gain	1.1	0.5	0.4	0.1	0.1
Rental income	0.2	–	0.2	0.0	0.1
Miscellaneous	0.4	0.4	0.8	0.0	0.1
Other operating income	**1.7**	**0.9**	**1.4**	**0.2**	**0.3**

10.4.5.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

In the three months ended March 31, 2018, other operating income increased from €0.2 million in the three months ended March 31, 2017 by €0.1 million, or 50.0%, to €0.3 million.

10.4.5.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

Other operating income increased from €0.9 million in 2016 by €0.5 million, or 55.6%, to €1.4 million in 2017, primarily as a result of gains from release of a provision for bad debts due to our improved credit scoring algorithms and the release of legal provisions in connection with certain employee benefit disputes, where a settlement for lower than anticipated amounts was reached.

10.4.5.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

In 2016, other operating income decreased from €1.7 million in 2015 by €0.8 million, or 47.1%, to €0.9 million, primarily due to a significant decrease in currency translation gain by €0.6 million. This decrease primarily resulted from the fact that there was no comparable one-off effect from the strong appreciations of the Swiss Franc in 2016, which significantly impacted currency translation gain in 2015.

10.4.6 Other Operating Expenses

Other operating expenses comprise bad debt expense, foreign exchange losses as well as miscellaneous other operating expenses.

The following table provides a breakdown of our other operating expenses for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
		(audited) (in € million)		(unaudited) (in € million)	
Bad debt expense	3.3	1.7	0.1	0.3	0.2
Foreign exchange losses	1.3	0.4	0.6	0.1	0.2
Miscellaneous	0.9	0.2	0.1	0.0	0.1
Other operating expenses	**5.5**	**2.2**	**0.8**	**0.4**	**0.5**

10.4.6.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

Other operating expenses increased from €0.4 million in the three months ended March 31, 2017 by €0.1 million, or 25.0%, to €0.5 million in the three months ended March 31, 2018, driven by an increase in foreign exchange losses due to fluctuations of the U.S. Dollar and the Swiss Franc. During that same period, we were able to again reduce bad debt expense.

10.4.6.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

In 2017, other operating expenses decreased from €2.2 million in 2016 by €1.4 million, or 63.6%, to €0.8 million in 2017, primarily due to a significant decrease of bad debt expense by €1.6 million as a result of our continuous efforts to improve our credit scoring algorithms.

10.4.6.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

Other operating expenses decreased from €5.5 million in 2015 by €3.3 million, or 60.0%, to €2.2 million in 2016, driven by a reduction of bad debt expense by €1.6 million as a result of our continuous efforts to improve our credit scoring algorithms. In addition, foreign exchange losses, which mainly relate to the development of the U.S. Dollar, decreased by €0.9 million in 2016.

10.4.7 Operating Result (EBIT)

10.4.7.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

In the three months ended March 31, 2018, operating result (EBIT) deteriorated from a loss of €11.4 million in the three months ended March 31, 2017 by €1.5 million, or 13.2%, to a loss of €12.9 million. Operating result (EBIT) included depreciation and amortization as well as share-based compensation expenses. Adjusted for these items, Adjusted EBITDA improved from minus €7.2 million in the three months ended March 31, 2017 by €2.1 million and amounted to minus €5.1 million in the three months ended March 31, 2018, with such increase mainly due to our re-accelerated growth as well as benefits from economies of scale and from operating our optimized platform. In addition, the early application of IFRS 16 (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*") contributed €1.7 million to the increase of our Adjusted EBITDA in the three months ended March 31, 2018. These developments led to an improvement of our Adjusted EBITDA margin from minus 10.7% in the three months ended March 31, 2017 by 4.7 percentage points to minus 6.0% in the three months ended March 31, 2018.

For our European segment, our Adjusted EBITDA improved from minus €6.3 million in the three months ended March 31, 2017 by 7.9% to minus €5.8 million in the three months ended March 31, 2018, driven by the continued improvement of our Contribution Margin due to economies of scale as well as the early application of IFRS 16 (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*"). During that same period, our Adjusted EBITDA margin for our European segment improved by 3.0 percentage points to minus 8.7%. For our Latin America segment, Adjusted EBITDA reached breakeven as a result of growing external revenue and economies of scale, amounting to €0.7 million in the three months ended March 31, 2018, up from minus €0.9 million in the three months ended March 31, 2017, while our Adjusted EBITDA margin improved to 4.0% in the three months ended March 31, 2018.

10.4.7.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

In 2017, operating result (EBIT) improved from a loss of €57.6 million in 2016 by €10.8 million, or 18.8%, to a loss of €46.8 million. Operating result (EBIT) included depreciation and amortization as well as share-based compensation expenses, which increased significantly in 2017 as a result of the introduction of the LTIP 2017 and the Brazilian LTIP (see "*17.4 Long-Term Incentive Programs*"). Adjusted for these items, Adjusted EBITDA increased by €18.3 million and amounted to minus €21.8 million in 2017, driven by our growing revenue from which we were able to derive higher profits as a result of the increased scalability of our platform, in particular due to the optimization of our fulfillment infrastructure and higher sales of our private label products. This corresponded to an improvement of our Adjusted EBITDA margin by 8.5 percentage points to minus 7.9% in 2017.

Propelled by the successful optimization of our platform, Adjusted EBITDA for our European segment improved by 43.1% compared to 2016 to minus €19.7 million in 2017, with our Adjusted EBITDA margin improving by 8.6 percentage points to minus 9.1%. For our Latin America segment, Adjusted EBITDA improved by 61.8% to minus €2.1 million in 2017, while the Adjusted EBITDA margin improved by 7.9 percentage points to minus 3.5% in 2017. In the fourth quarter of 2017, our Latin America segment even achieved Adjusted EBITDA breakeven for this seasonally strong quarter, evidencing the positive development of our operations in Brazil.

10.4.7.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

Our operating result (EBIT) improved from a loss of €81.7 million in 2015 by €24.1 million, or 29.5%, to a loss of €57.6 million in 2016. Operating result (EBIT) included depreciation and amortization as well as share-based compensation expenses, which increased in 2016 due to options granted under our long-term incentive programs (see "*17.4 Long-Term Incentive Programs*"). Adjusted for these items, Adjusted EBITDA improved by €35.3 million to minus €40.1 million in 2016, driven by the significant decrease in selling and distribution costs and other benefits from the streamlining across our value chain. This corresponded to an improvement of our Adjusted EBITDA margin by 15.9 percentage points to minus 16.4% in 2016.

Compared to 2015, Adjusted EBITDA for our European segment improved by €23.6 million to minus €34.6 million in 2016, benefitting from our focus on improving our operations and margins. This also resulted in an improvement of our Adjusted EBITDA margin for our European segment by 14.1 percentage points to minus 17.7% in 2016. The Adjusted EBITDA for our Latin America segment also improved, rising by €11.6 million to minus €5.5 million in 2016, corresponding to an improvement of the Adjusted EBITDA margin for this segment by 22.5 percentage points to minus 11.4% in 2016.

10.4.8 Finance Costs – net

Finance costs – net is the difference between finance income and finance costs.

The following table provides a breakdown of our finance income and finance costs for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	**2016**	**2017**	**2017**	**2018**
		(audited)		**(unaudited)**	
		(in € million)		**(in € million)**	
Interest income	0.1	0.2	0.1	0.0	0.0
Gains from financial instruments at FVTPL	0.1	0.1	–	–	0.1
Foreign exchange gains	1.2	1.1	0.4	0.2	0.1
Finance Income	**1.4**	**1.4**	**0.5**	**0.2**	**0.2**
Interest expenses	(3.2)	(2.1)	(2.8)	(0.8)	(0.8)
Losses from financial instruments at FVTPL	0.0	–	(0.3)	(0.1)	0.0
Foreign exchange losses	(0.7)	(1.2)	(0.6)	(0.0)	(0.5)
Miscellaneous	0.0	–	0.0	–	–
Finance Costs	**(4.0)**	**(3.3)**	**(3.7)**	**(1.0)**	**(1.3)**
Finance Costs – net	**(2.6)**	**(1.9)**	**(3.2)**	**(0.7)**	**(1.1)**

10.4.8.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

In the three months ended March 31, 2018, our finance costs – net increased from €0.7 million in the three months ended March 31, 2017 by €0.4 million, or 57.1%, to €1.1 million, driven by an increase of our finance costs by €0.3 million due to unrecognized foreign exchange losses of cash balances in U.S. Dollars and Swiss Francs.

10.4.8.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

In 2017, our finance costs – net increased from €1.9 million in 2016 by €1.3 million, or 68.4%, to €3.2 million in 2017, resulting from both a reduction of our finance income and an increase of our finance costs caused by an increase of interest expenses by €0.7 million with respect to certain credit facilities and factoring arrangements.

10.4.8.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

Finance costs – net decreased from €2.6 million in 2015 by €0.7 million, or 26.9%, to €1.9 million in 2016. While our finance income remained unchanged at €1.4 million in both periods, our finance costs decreased by €0.7 million due to lower interest expenses in connection with our factoring activities in Germany, which were only partly offset by an increase of foreign exchange losses as a result of the development of the Swiss Franc and the U.S. Dollar.

10.4.9 Income Taxes

Income taxes comprise current tax expense or income and deferred tax expense or income.

The following table provides a breakdown of our income taxes for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
	(audited) (in € million)			(unaudited) (in € million)	
Current tax expense for the current period	0.0	0.1	0.0	(0.0)	(0.0)
Current tax (income)/expense for previous years	0.0	0.2	(0.0)	0.0	–
Current tax (income)/expense	**0.0**	**0.3**	**(0.0)**	**(0.0)**	**(0.0)**
Deferred tax (income)/expense	0.8	0.1	(0.2)	0.0	(0.2)
Income taxes	**0.8**	**0.3**	**(0.2)**	**(0.0)**	**(0.2)**

As of December 31, 2017, our unused tax loss carryforwards for which no deferred tax asset was recognized in our consolidated balance sheet comprised trade tax loss carryforwards in an amount of €242.7 million (December 31, 2016: €214.0 million), corporate tax loss carryforwards in an amount of €241.3 million (December 31, 2016: €210.4 million) and tax loss carryforwards incurred outside Germany in an amount of €66.6 million (December 31, 2016: €70.5 million). Such tax loss carryforwards can generally be carried forward indefinitely.

10.4.9.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

Compared to the three months ended March 31, 2017, our income taxes increased by €0.2 million to an income tax income in that same amount in the three months ended March 31, 2018 due to both a decrease of deferred tax liabilities in connection with the continuing amortization of intangible assets which are not capitalized for tax purposes, and an increase of deferred tax assets in connection with expenses for offline marketing services for which no liabilities are recognized for tax purposes.

10.4.9.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

Income taxes improved from an income tax expense of €0.3 million in 2016 by €0.5 million to an income tax income of €0.2 million in 2017, resulting from a significant decrease of deferred tax liabilities due to deferred income tax income from media agreements with respect to TV advertising and the amortization of intangible assets acquired in the course of the acquisition of fashion4home. These effects were partially compensated by an increase in deferred tax liabilities due to additional software developed in-house.

10.4.9.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

In 2016, our income taxes decreased from an income tax expense of €0.8 million in 2015 by €0.5 million to an income tax expense of €0.3 million in 2016, mostly driven by the capitalization of additional software developed in-house, which was partly offset by the amortization of intangible assets acquired in the course of the acquisition of fashion4home.

10.5 Assets, Equity and Liabilities

10.5.1 Assets

The following table provides an overview of our assets as of the dates presented:

	As of December 31,			As of March 31,
	2015	2016	2017	2018
		(audited) (in € million)		(unaudited) (in € million)
Non-current assets				
Property and equipment	8.3	8.3	8.1	7.6
Intangible assets	34.9	38.9	43.5	44.5
Right of use assets	–	–	–	33.2
Other financial assets(1)	0.0	0.1	0.1	0.1
Other non-current assets	0.1	–	–	–
Restricted funds	5.7	5.4	4.9	5.1
Total non-current assets	**49.0**	**52.7**	**56.6**	**90.6**
Current assets				
Inventories	28.3	27.1	29.6	30.0
Right to repossess goods from expected returns	–	–	0.5	0.5
Trade and other financial receivables	15.5	10.9	12.8	12.0
Other financial assets	0.1	0.2	0.0	0.0
Other non-financial assets	6.9	3.5	1.9	1.6
Cash and cash equivalents	45.9	34.0	19.9	8.8
Total current assets	**96.8**	**75.6**	**64.5**	**52.9**
Total assets	**145.7**	**128.3**	**121.1**	**143.4**

(1) Shown as financial assets in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2015.

10.5.1.1 March 31, 2018 Compared to December 31, 2017

In the three months ended March 31, 2018, our total assets increased from €121.1 million as of December 31, 2017 by €22.3 million, or 18.4%, to €143.4 million as of March 31, 2018, due to an increase of total non-current assets by €34.0 million. This increase primarily resulted from the recognition of right of use assets in an amount of €33.2 million due to the early application of IFRS 16 in 2018 (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*"). By comparison, our total current assets decreased by €11.6 million in the three months ended March 31, 2018, mainly resulting from the reduction of cash and cash equivalents by €11.1 million as we expanded additional resources in connection with our continued growth and invested in our IT-infrastructure.

10.5.1.2 December 31, 2017 Compared to December 31, 2016

Our total assets continued to decrease in 2017, declining from €128.3 million as of December 31, 2016 by €7.2 million, or 5.6%, to €121.1 million as of December 31, 2017, driven by a decline of total current assets. These current assets decreased by €11.1 million in 2017, reflecting our additional investments in our platform as well as our increased spending on marketing efforts to fuel our accelerating growth resulting in a corresponding decrease of cash and cash equivalents. By comparison, our total non-current assets increased as a result of the increase of our intangible assets by €4.6 million in 2017 caused by additional software investments, in particular the introduction of SAP ERP software across our European fulfillment platform.

10.5.1.3 December 31, 2016 Compared to December 31, 2015

In 2016, our total assets decreased by €17.4 million, or 11.9%, from €145.7 million as of December 31, 2015 to €128.3 million as of December 31, 2016 due to a reduction of our total current assets by €21.2 million. This reduction was the result of a decrease of our cash and cash equivalents by €11.9 million in 2016, driven by our ongoing investments in our platform as well as a decrease of our trade and other financial receivables by €4.6 million in 2016 due to the implementation of our factoring model with respect to accounts receivable for our European segment. At the same time, total non-current assets increased due to investments in new software, which resulted in an increase of our intangible assets by €4.0 million in 2016.

10.5.2 Equity

The following table provides an overview of our equity as of the dates presented:

	As of December 31,			As of March 31,
	2015	**2016**	**2017**	**2018**
		(audited) **(in € million)**		**(unaudited)** **(in € million)**
Issued capital	0.4	0.4	0.4	0.4
Treasury shares	–	–	(0.0)	(0.0)
Capital reserves	340.8	53.0	45.6	45.5
Other reserves	(5.6)	(5.9)	(5.4)	(5.2)
Accumulated profit/loss	(252.0)	24.0	18.0	6.3
Equity attributable to the owners of the parent company	**83.7**	**71.4**	**58.7**	**47.1**
Non-controlling interests	**(8.9)**	**(10.4)**	**(11.4)**	**(11.5)**
Total equity	**74.8**	**61.0**	**47.3**	**35.6**

10.5.2.1 March 31, 2018 Compared to December 31, 2017

Our total equity decreased from €47.3 million as of December 31, 2017 by €11.7 million, or 24.7%, in the three months ended March 31, 2018 to €35.6 million as of March 31, 2018, primarily due to the reduction of our accumulated profit by €11.7 million in the three months ended March 31, 2018 as a result of our ongoing losses. In addition, negative non-controlling interests increased by €0.1 million, with such increase primarily relating to losses attributable to non-controlling interests in Jade 1216. GmbH ("**Jade**") and VRB GmbH & Co. B-197 KG ("**VRB**"), the holding companies for our Latin America segment, in which we held 92.9% and 82.8% of the shares, respectively, as of March 31, 2018 (reflecting shares held by the entire Group, including shares held by intermediary holding companies).

10.5.2.2 December 31, 2017 Compared to December 31, 2016

In 2017, our total equity decreased by €13.7 million, or 22.5%, from €61.0 million as of December 31, 2016 to €47.3 million as of December 31, 2017 due to the decline of our capital reserves by €7.4 million and our accumulated profit by €6.0 million. This decline was the result of our loss for the period, which amounted to €49.8 million in 2017 and were only partly offset by several financing rounds (see "*16.2 Development of the Share Capital*"), resulting in proceeds from shares issued of €25.2 million in 2017 recorded under issued capital and capital reserves. Furthermore, free capital reserves were utilized in an amount of €32.6 million and reversed to accumulated profit. In addition, negative non-controlling interests increased by €1.0 million, with such increase primarily relating to losses attributable to non-controlling interests in Jade and VRB, the holding companies for our Latin America segment, in which we held 92.9% and 82.8% of the shares, respectively, as of December 31, 2017.

10.5.2.3 December 31, 2016 Compared to December 31, 2015

Our total equity decreased from €74.8 million as of December 31, 2015 by €13.8 million, or 18.4%, to €61.0 million as of December 31, 2016 as a result of our ongoing losses. The composition of our equity changed in 2016 as free capital reserves were utilized in an amount of €328.2 million and reversed to accumulated profit. In addition, negative non-controlling interests increased by €1.5 million, with such increase primarily relating to losses attributable to non-controlling interests in Jade and VRB, in which we held 92.9% and 82.8% of the shares, respectively, as of December 31, 2016.

10.5.3 Liabilities

The following table provides an overview of our liabilities as of the dates presented:

	As of December 31,			As of March 31,
	2015	2016	2017	2018
		(audited) (in € million)		(unaudited) (in € million)
Non-current liabilities				
Financial liabilities	–	–	–	26.7
Other financial liabilities	–	0.4	0.5	0.5
Other liabilities	–	1.3	1.2	0.2
Provisions	–	0.6	0.9	0.9
Deferred tax liabilities	1.5	1.5	1.3	1.1
Total non-current liabilities	**1.5**	**3.9**	**3.9**	**29.5**
Current liabilities				
Financial liabilities	0.8	–	2.0	9.1
Trade payables and other financial liabilities	46.6	45.4	45.6	47.7
Advance payments received	14.6	10.1	14.2	13.4
Income tax liabilities	0.2	0.3	0.1	0.1
Other liabilities	3.3	5.0	5.9	6.2
Refund obligation	–	–	1.5	1.3
Provisions	3.9	2.7	0.6	0.5
Total current liabilities	**69.5**	**63.4**	**69.9**	**78.3**
Total liabilities	**71.0**	**67.3**	**73.9**	**107.8**

10.5.3.1 March 31, 2018 Compared to December 31, 2017

In the three months ended March 31, 2018, our total liabilities increased from €73.9 million as of December 31, 2017 by €33.9 million, or 45.9%, to €107.8 million as of March 31, 2018, primarily due to the increase of our total non-current liabilities by €25.6 million. This increase was mainly the result of the recognition of non-current financial liabilities in connection with the early application of IFRS 16 (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*"). In addition, our total current liabilities increased by €8.4 million in the three months ended March 31, 2018 as a result of the increase of current financial liabilities by €7.1 million, also due to the early application of IFRS 16.

10.5.3.2 December 31, 2017 Compared to December 31, 2016

In 2017, our total liabilities increased by €6.6 million, or 9.8%, from €67.3 million as of December 31, 2016 to €73.9 million as of December 31, 2017 due to an increase of our total current liabilities. This increase was the result of rising advance payments received, which increased by €4.1 million in 2017 due to significant revenue growth towards the end of the year. In addition, we recorded financial liabilities in an amount of €2.0 million as of December 31, 2017 as a result of the drawdown of a corresponding amount under two existing credit facilities. Current other liabilities increased by €0.9 million in 2017, primarily due to deferred payments in connection with offline marketing services.

10.5.3.3 December 31, 2016 Compared to December 31, 2015

In 2016, our total liabilities decreased by €3.7 million, or 5.2%, from €71.0 million as of December 31, 2015 to €67.3 million as of December 31, 2016, driven by a decrease of total current liabilities by €6.1 million. This decrease was primarily due to the decrease of advance payments received by €4.5 million in 2016 as a result of an increased share of invoice-based payments as we expanded our offering of payment methods. Likewise, trade payables and other financial liabilities decreased by €1.2 million in 2016 as a result of this shift in our payment processes leading to an increased share of invoice-based payments as we increased the number of customers who were offered this payment method.

10.6 Liquidity and Capital Resources

10.6.1 Cash Flows

The following table provides a breakdown of our cash flows for the periods presented:

	As of and for the year ended December 31,			As of and for the three months ended March 31,	
	2015[1]	2016	2017	2017	2018
		(audited) (in € million)		(unaudited) (in € million)	
Loss before taxes	(84.2)	(59.5)	(50.0)	(12.2)	(14.0)
Adjustments for:					
Depreciation of property and equipment	1.1	1.7	1.9	0.5	0.4
Amortization of intangible assets	3.4	9.6	11.0	1.9	2.7
Depreciation of right of use assets	–	–	–	–	1.7
Loss/(gain) from the disposal of fixed assets	0.3	0.0	0.0	–	–
Share-based compensation expenses	1.8	6.2	12.0	1.8	3.0
Change in provisions	0.7	(0.7)	(0.5)	0.1	(0.1)
Other non-cash transactions	0.3	–	–	–	0.2
Changes in working capital related to operating activities					
Change in trade and other financial receivables	(10.1)	8.8	(1.9)	(2.3)	0.9
Change in inventories	(2.7)	2.2	(3.1)	(4.3)	(0.5)
Change in the right to repossess goods from expected returns	–	–	(0.2)	(0.0)	(0.0)
Change in financial instruments	(0.1)	(0.1)	0.3	0.1	(0.1)
Change in trade payables and other financial liabilities	(0.4)	(0.4)	(1.2)	(2.8)	3.4
Change in advance payments received	(6.4)	(5.4)	4.7	1.2	(0.7)
Change in refund obligation	–	–	(0.1)	0.1	(0.1)
Income taxes paid	(0.0)	(0.2)	(0.2)	0.0	(0.0)
Cash flow from operating activities	**(96.2)**	**(37.8)**	**(27.1)**	**(15.8)**	**(3.3)**

	As of and for the year ended December 31,			As of and for the three months ended March 31,	
	2015[(1)]	2016	2017	2017	2018
		(audited) (in € million)		(unaudited) (in € million)	
Purchase of property and equipment	(7.1)	(1.5)	(1.3)	(0.7)	(0.3)
Proceeds from sale of property and equipment	0.0	0.1	0.0	0.0	–
Purchase of intangible assets	(9.5)	(13.2)	(12.9)	(2.6)	(5.0)
Proceeds from disposal of intangible assets	0.0	0.0	–	–	–
Acquired cash from business combinations	0.4	–	–	–	–
Payments for/proceeds from the acquisition/disposal of consolidated companies[(2)]	–	0.0	(0.0)	–	–
Payments for/proceeds from investments in non-current financial assets[(3)]	(4.0)	0.3	0.5	(0.0)	(0.3)
Proceeds from the disposal of non-current financial assets	–	0.0	–	–	–
Proceeds from government grants	–	0.4	0.1	–	0.0
Cash flow from investing activities	**(20.2)**	**(13.9)**	**(13.7)**	**(3.3)**	**(5.6)**
Issue of shares	143.7	40.3	25.2	–	–
Acquisition of interest in a subsidiary	(9.9)	–	–	–	–
Cash paid to owners and non-controlling interests	–	–	(0.4)	–	(0.4)
Proceeds from borrowings	21.8	0.5	4.3	2.0	0.1
Repayment of debt	(22.2)	(1.2)	(2.3)	–	(0.2)
Redemption of leasing liabilities	–	–	–	–	(1.7)
Cash flow from financing activities	**133.3**	**39.6**	**26.8**	**2.0**	**(2.1)**
Change in cash and cash equivalents	**16.9**	**(12.1)**	**(14.0)**	**(17.1)**	**(11.0)**
Cash and cash equivalents at the beginning of the period	29.7	45.9	34.0	34.0	19.9
Effect of exchange rate changes on cash and cash equivalents	(0.7)	0.1	(0.1)	(0.1)	(0.0)
Cash and cash equivalents at the end of the period	**45.9**	**34.0**	**19.9**	**16.8**	**8.8**

(1) Taken from the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2016.

(2) Shown as proceeds from the disposal of consolidated companies and other business units in the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2016.

(3) Shown as payments for investments in non-current financial assets in the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2015 and the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018.

10.6.1.1 Cash Flow from Operating Activities

10.6.1.1.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

Our cash flow from operating activities improved from a cash outflow of €15.8 million in the three months ended March 31, 2017 to a cash outflow of €3.3 million in the three months ended March 31, 2018, aided by our improving profitability which allowed us to reduce our loss before taxes by €1.8 million. Adjustments for non-cash effective items increased by €3.6 million in the three months ended March 31, 2018 compared to the three months ended March 31, 2017, mainly due to higher share-based compensation expenses in connection with agreements for offline marketing services as well as depreciation of right of use assets in an amount of €1.7 million in the three months ended March 31, 2018 due to the early application of IFRS 16 (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*"). In addition, changes in working capital related to operating activities also positively affected our cash flow from operating activities by €10.9 million in the three months ended March 31, 2018 compared to the three months ended March 31, 2017, resulting from the development of trade and other financial receivables, inventories as well as trade payables and other financial liabilities.

10.6.1.1.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

In 2017, our cash flow from operating activities improved by €10.7 million from a cash outflow of €37.8 million in 2016 to a cash outflow of €27.1 million, primarily due to our improving profitability which enabled us to reduce our loss before taxes by €9.5 million. In addition, adjustments for non-cash effective items increased by €7.6 million, primarily due to higher share-based compensation expenses in connection with the introduction of our LTIP 2017 and our Brazilian LTIP (see "*17.4 Long-Term Incentive Programs*"). These effects were only partly offset by changes in working capital related to operating activities, which led to a cash outflow of €1.7 million in 2017 compared to a cash inflow of €4.9 million in 2016.

10.6.1.1.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

Our cash flow from operating activities improved by €58.4 million in 2016, up from a cash outflow of €96.2 million in 2015 to a cash outflow of €37.8 million, mainly as a result of our improving profitability resulting from our focus on operational excellence and scalability. This helped us reduce our loss before taxes by €24.7 million in 2016. Furthermore, adjustments for non-cash effective items amounted to €16.8 million in 2016, an increase by €9.2 million compared to 2015 which was mainly attributable to an increase in amortization and depreciation as well as higher share-based compensation expenses. In addition, changes in working capital related to operating activities led to a cash inflow of €4.9 million in 2016 compared to a cash outflow of €19.7 million in 2015, with the change primarily attributable to a decrease of trade and other financial receivables.

10.6.1.2 <u>Cash Flow from Investing Activities</u>

10.6.1.2.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

Our cash flow from investing activities decreased from a cash outflow of €3.3 million in the three months ended March 31, 2017 to a cash outflow of €5.6 million in the three months ended March 31, 2018, primarily due to an increase of cash outflow for the purchase of intangible assets in an amount of €2.4 million, mainly reflecting investments in internally developed software as well payments for the acquisition of SAP ERP software.

10.6.1.2.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

In 2017, cash flow from investing activities improved from a cash outflow of €13.9 million in 2016 to a cash outflow of €13.7 million, primarily due to lower cash outflow for the purchase of intangible assets. The cash outflow from the purchase of intangible assets amounted to €12.9 million in 2017 and mainly related to the expenditures for implementing SAP ERP software across our value chain in Europe.

10.6.1.2.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

In 2016, cash flow from investing activities improved from a cash outflow of €20.2 million in 2015 to a cash outflow of €13.9 million as we reduced our purchase of property and equipment by €5.6 million and also incurred no payments for investments in non-current financial assets. These developments were only partly offset by higher cash outflows for the purchase of intangible assets, which amounted to €13.2 million in 2016 and primarily related to investments in software developed in-house and third-party licenses to enhance our IT-platform to improve our operations.

10.6.1.3 <u>Cash Flow from Financing Activities</u>

10.6.1.3.1 Comparison of the Three Months Ended March 31, 2018 and March 31, 2017

In the three months ended March 31, 2018, our cash flow from financing activities decreased from a cash inflow of €2.0 million in the three months ended March 31, 2017 to a cash outflow of €2.1 million, mainly due to the recognition of a cash outflow from the redemption of leasing liabilities in an amount of €1.7 million in the three months ended March 31, 2018 in connection with the early application of IFRS 16 (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*"). In addition, cash paid to owners and non-controlling interests, which reflects cash paid for the acquisition of treasury shares from Marc Appelhoff and Christoph Cordes (see "*18.2.1.3 Acquisitions of Shares of the Company from Members of the Management Board*"), caused a cash outflow of €0.4 million in the three months ended March 31, 2018.

10.6.1.3.2 Comparison of the Fiscal Years Ended December 31, 2017 and December 31, 2016

Cash flow from financing activities decreased further in 2017 from a cash inflow of €39.6 million in 2016 by €12.8 million to a cash inflow of €26.8 million, mainly due to the fact that funds received in connection with financing rounds and recognized under cash inflow from the issue of shares decreased by €15.1 million in 2017 compared to 2016 as less financing was required to fund our continued growth in 2017.

10.6.1.3.3 Comparison of the Fiscal Years Ended December 31, 2016 and December 31, 2015

In 2016, our cash flow from financing activities decreased by €93.7 million from a cash inflow of €133.3 million in 2015 to a cash inflow of €39.6 million, primarily due to the fact that cash inflow from the issue of shares decreased by €103.4 million in 2016 compared to 2015. While cash flow from financing activities was strongly affected by the proceeds of borrowings under a shareholder loan in 2015, these were almost offset by the repayment of debt during the same period. In 2015, we also incurred cash outflow for the acquisition of interest in a subsidiary of €9.9 million in connection with the acquisition of non-controlling interests in Jade.

10.6.2 Cash and Cash Equivalents

As of March 31, 2018, all of our cash and cash equivalents were not subject to restrictions on the use of such cash and cash equivalents.

10.6.3 Net Working Capital

We define net working capital as the sum of (i) inventories and (ii) trade and other financial receivables less (iii) trade payables and other financial liabilities and (iv) advance payments received.

The following table provides a calculation of our net working capital as of the dates presented:

	As of December 31,			As of March 31,
	2015	2016	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)
Inventories	28.3	27.1	29.6	30.0
Trade and other financial receivables	15.5	10.9	12.8	12.0
Trade payables and other financial liabilities	(46.6)	(45.4)	(45.6)	(47.7)
Advance payments received	(14.6)	(10.1)	(14.2)	(13.4)
Net working capital (unaudited)	**(17.4)**	**(17.5)**	**(17.4)**	**(19.1)**

Net working capital is not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of our consolidated balance sheet prepared in accordance with IFRS. In addition, our definition of net working capital may not be comparable to similarly titled information published by other companies.

10.6.3.1 March 31, 2018 Compared to December 31, 2017

In the three months ended March 31, 2018, our net working capital decreased from a negative net working capital of €17.4 million as of December 31, 2018 by €1.7 million to a negative net working capital of €19.1 million as of March 31, 2018, driven by an increase of our trade payables and other financial liabilities by €2.1 million due to an increase of outstanding claims of our suppliers as well as a reduction of trade and other financial receivables by €0.8 million due to an increase in the anticipation of credit installments.

10.6.3.2 December 31, 2017 Compared to December 31, 2016

In 2017, net working capital increased only slightly from a negative net working capital of €17.5 million as of December 31, 2016 by €0.1 million to a negative net working capital of €17.4 million as of December 31, 2017. Our inventories and trade and other financial receivables increased by €2.5 million and €1.9 million, respectively, in 2017. These developments were driven by rising sales of our private label products as well as an increase in deferred payment options offered to our customers, but were almost offset by the increase in advance payments received by €4.1 million in 2017 due to rising demand for our products.

10.6.3.3 December 31, 2016 Compared to December 31, 2015

In 2016, net working capital remained stable, decreasing slightly from a negative net working capital of €17.4 million as of December 31, 2015 by €0.1 million to a negative net working capital of €17.5 million as of December 31, 2016. Trade and other financial receivables decreased by €4.6 million in 2016, resulting from improvements to our receivables management and our successful factoring of a significant share of our receivables. Inventories decreased as well. However, these developments were mostly offset by a reduction of advance payments received by €4.5 million in 2016 caused by an increase in deferred payment options.

10.6.4 Capital Expenditures

Our capital expenditures are defined as additions to property and equipment as well as intangible assets, including additions from business combinations.

The following table provides a breakdown of our capital expenditures for the periods presented:

	For the year ended December 31,			For the three months ended March 31,
	2015[1], [2]	**2016**	**2017**	**2018**
	(audited, unless otherwise specified) (in € million)			**(unaudited) (in € million)**
Additions to property and equipment	7.2	1.5	1.9	0.4
Additions to intangible assets	32.7	13.2	16.0	3.7
Capital expenditures[1]	**39.9**	**14.7**	**17.9**	**4.1**

(1) Unaudited.
(2) In 2015, additions include additions from business combinations.

Capital expenditures are not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of our consolidated balance sheet and consolidated statement of cash flow prepared in accordance with IFRS. In addition, our definition of capital expenditures may not be comparable to similarly titled information published by other companies.

10.6.4.1 Future and Planned Capital Expenditures

As of the date of this Prospectus, the planning of the Management Board provides for commitments on several future capital expenditures in an aggregate amount of approximately €11.1 million for the fiscal year ending December 31, 2018. These capital expenditures include:

- Approximately €6.6 million for additions to intangible assets for the ongoing implementation of SAP ERP software; and
- Approximately €4.5 million for additions to property and equipment in connection with the opening of our two new warehouses in Germany and Brazil as well as additional showrooms and outlets.

As of the date of this Prospectus, there were no other firm commitments relating to capital expenditures.

10.6.4.2 Capital Expenditures since December 31, 2017 and Ongoing Capital Expenditures

In the three months ended March 31, 2018, our capital expenditures amounted to €4.1 million, with the majority relating to investments in additions to intangible assets, in particular for internally developed software.

Between March 31, 2018 and the date of this Prospectus, our capital expenditures amounted to €4.5 million, primarily comprising investments in intangible assets, in particular internally developed software.

Our capital expenditures between December 31, 2017 and the date of this Prospectus were financed from the Shareholder Loan (see "*12.7.3.2 Shareholder Loan*") as well as our existing cash and cash equivalents.

10.6.4.3 Capital Expenditures in the Fiscal Years ended December 31, 2017, 2016 and 2015

Capital expenditures in 2017 amounted to €17.9 million and primarily comprised capital expenditures for additions to intangible assets, which amounted to €16.0 million. Such capital expenditures mainly related to the introduction of SAP ERP software across our value chain in Europe. Our capital expenditures with respect to additions to property and equipment were significantly lower, amounting to €1.9 million in 2017, and mainly relating to investments in our warehouse capacities for our warehouse in Walsrode.

In 2016, our capital expenditures amounted to €14.7 million. Capital expenditures with respect to additions to intangible assets amounted to €13.2 million and mainly comprised capital expenditures for internally developed software and software and other licenses. Our capital expenditures with respect to additions to property and equipment amounted to €1.5 million in 2016, and primarily comprised additional investments in our warehouse in Walsrode.

Our capital expenditures in 2015 amounted to €39.9 million and primarily comprised capital expenditures with respect to additions to intangible assets, which amounted to €32.7 million in 2015. Such capital expenditures were driven by significant additions from business combinations in connection with the acquisition of fashion4home. In addition, we increased our capital expenditures with respect to internally developed software in light of the continuous improvement of our IT-platform. Capital expenditures for additions to property and equipment amounted to €7.2 million in 2015 and were primarily driven by the opening of our new warehouse in Walsrode.

Our capital expenditures in 2017, 2016 and 2015 were primarily financed through the issuance of new shares to new and existing shareholders.

10.6.5 Off-Balance Sheet Arrangements

We have off-balance sheet commitments with respect to obligations under operating lease agreements regarding our offices and warehouses (see "*12.7.4 Lease Agreements*"). As of December 31, 2017, the future minimum lease payments under such non-cancellable operating leases amounted to €21.2 million.

10.7 Qualitative and Quantitative Disclosure on Financial Risks

In the course of its ordinary business activities, the Group is exposed to a number of financial risks, including credit default risks, market risks, in particular currency risk, interest rate risk and other price risks as well as liquidity risks. The primary objectives of the financial risk management functions are to establish risk limits and to ensure that exposure to risks stays within these limits.

The financial risk management is carried out by a central treasury department under the supervision of the Management Board. The Management Board provides principles for overall risk management as well as policies covering specific areas (*e.g.*, foreign exchange risk, interest rate risk and investment of excess liquidity).

10.7.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the respective other party by failing to fulfill on its payment obligations.

The Company's biggest risk of default is the carrying amounts of the financial assets and receivables as well as the carrying amounts of cash and cash equivalents.

The default risk in trade and other financial receivables arises from offering invoice payments as a payment method. In order to avoid bad debt losses, the Group implemented an extensive risk management. The remaining credit risk with commercial counterparties is limited since cash is received at the time of the sale (*i.e.*, prepayments, PayPal, credit card payments) or promptly after receipt of the order or secured through trade credit insurance for selected trade receivables.

The Company's bank deposits are distributed amongst different banking partners. The main partners have a Standard & Poor's long-term rating of between A- and BBB+ (2016: between BBB and BBB+). The respective rating is reviewed regularly.

The Company structures the level of credit risk it assumes by placing limits on the risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by Management Board. Such risks are monitored on a revolving basis and subject to an annual, or more frequent, review.

10.7.2 Market Risk

Market risk is the risk that the assumed fair value of future payment flows from a financial instrument change due to swings in market prices.

The Company is internationally active and especially vulnerable to foreign currency risk. The foreign currency risk stems from future business transactions as well assets and liabilities in foreign currencies. Such positions exist in U.S. Dollars, Swiss Francs as well as Polish Zloty and to a smaller extent in other currencies.

In the context of the foreign exchange risk management related to the U.S. Dollar, the Company's treasury department hedges risks of inventories bought in U.S. Dollars. Hedging is exclusively done with foreign exchange forwards and swaps with a period matching the underlying transaction.

In the following sensitivity analysis for currency risk it is assumed that one factor changes while all other factors remain constant. The following effects on earnings would result if the Euro were to appreciate or depreciate by 10%:

	For the year ended December 31,	
	2017 +/-	2016 +/-
	(audited) (in € million)	
U.S. Dollar	0.9	0.8
Swiss Franc	0.2	0.2
Polish Zloty	0.1	0.2

The Company did not experience any major changes in interest rates or other price risks in 2017.

10.7.3 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the Management Board, which monitors monthly rolling forecasts of the Company's cash flows. The Company also uses its negative net working capital to create a stable financial foundation for further growth.

The liquidity of the Company includes cash and cash equivalents. As of December 31, 2017, financial liabilities of the Company exclusively consisted of short-term debt with maximum maturities of 180 days. However, as of March 31, 2018, the Company's non-current financial liabilities amounted to €26.7 million due to the early application of IFRS 16 (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*").

The following table illustrates the development of the Group's liquidity for the dates presented, taking into account the short-term debt with maximum maturities of 180 days:

	As of December 31,	
	2017	**2016**
	(audited)	
	(in € million)	
Financial liabilities	**1.9**	**–**
Trade payables	**42.3**	**41.1**
Debtors with credit balances	**1.0**	**1.0**
Other payables	**2.2**	**3.2**
Gross payment derivative financial instruments		
Cash inflow	9.5	**7.3**
Cash outflow	(10.5)	(7.1)
Total	**(46.4)**	**(45.5)**

Gross payments of derivative financial instruments relate to foreign exchange forwards. Cash inflow and outflow from these transactions are shown as gross amounts.

10.7.4 Capital Management

The Group's capital management seeks to secure the short-term solvency as well as the capital base to continuously finance the intended growth and long-term increase of enterprise value. This requires the Company to ensure that all entities comprising the Group operate under the going concern principle. Capital management is performed by continuous monitoring key financial indicators. As of December 31, 2017, the Group's equity ratio (*i.e.*, total equity divided by total equity and liabilities) amounted to 39.1% (December 31, 2016: 47.5%).

10.8 Critical Accounting Estimates and Judgments in Applying Accounting Policies

Management makes estimates and assumptions that affect the amounts recognized in the Company's consolidated financial statements and the carrying amounts of assets and liabilities within the next fiscal year. Estimates and judgements are continually evaluated 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 judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next fiscal year include:

10.8.1 Going Concern

The Group's capital management seeks to secure the short-term solvency and an adequate capital base to growth targets, while increasing the business value in the long term.

In 2017 and the three months ended March 31, 2018, the Group still relied on external sources of financing to finance its ambitious growth plans. Therefore, the Company entered into the Shareholder Loan in May 2018 (see "*12.7.3.2 Shareholder Loan*"), which allows the Company to draw on amounts of up to €20.0 million in aggregate under certain conditions. The repayment of these amounts and the reimbursement of the costs of financing will be due in September 2019 at the latest.

Taking into account this Shareholder Loan, the Management Board is of the opinion that this secures the Group's solvency and the ongoing financing of the Group's growth plans until at least the end of June 2019. Thus, the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2017 and the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018 have been prepared under the going concern assumption.

The Management Board is of the opinion that the necessary funding to repay the liabilities under the Shareholder Loan will be secured by the intended capital measures or other debt financing agreements.

10.8.2 Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of (i) the fair value less costs of disposal and (ii) the value in use. Fair value less costs of disposal is calculated using a discounted cash flow model and available data from binding sales transactions conducted at arm's length for similar assets or observable market prices less costs of disposal that are directly attributable to the disposal.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the asset or cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangible assets with indefinite useful lives recognized by the Group.

10.8.3 Deferred Income Taxes

When assessing the likelihood of future realization of deferred tax assets, many factors are considered (*e.g.*, the Companies' recent earnings situation, expectations of future taxable income and the carryforward periods available to the Company for tax reporting purposes as well as other relevant factors). Due to inherent complexities arising from the nature of the Company's business, future changes in income tax laws or variances between actual and anticipated operating results, the likelihood of future realization of deferred tax assets is assessed based on judgments and estimates. Therefore, actual income taxes could materially differ from these judgments and estimates. Based on the Company's estimates, no deferred tax assets were recognized in the consolidated balance sheet as of March 31, 2018 due to the Group's history of incurring losses.

10.8.4 Trade Receivables

The risk of default on trade receivables is accounted for using valuation allowances. The amount of these valuation allowances is based on the aging structure of the receivables and the expected default and recovery rates.

10.8.5 Inventories

Inventories are recognized at the lower of cost or net realizable value. Appropriate impairments are considered for risks from overstocking or products that have already been classified as returns by the day of the closing day and will cause the Group to incur a loss on the relevant sales. To estimate the net realizable value, coverages, price elasticities and recovery rates are forecast. They are based on the Group's planning assumptions, which reflect the sales strategy. The estimations with respect to the realizable profit for returned products are based on realized recovery gains in the past.

10.8.6 Right to repossess Goods from Returns and Refund Obligations

In terms of customers' right of return, the Company bases its estimate of future returns on historical returns. Based on this past experience, the effects of returns are estimated and recorded against revenue and cost of sales. Revenue will only be recognized if data from past experience is available.

10.8.7 Share-Based Compensation

In determining the fair value of awards (both at Group level and subsidiary level) as of the grant date of each grant provided to members of the Management Board and employees, three generally accepted approaches are considered: income approach, market approach and cost approach.

The Group applies the "prior sale of company stock" method, a form of the market approach, to estimate the aggregate equity value at the Group level. The prior sale of company stock method considers any prior arm's length sales of the Company's equity securities. Considerations factored into the analysis include the:

- type and amount of equity sold;
- estimated volatility;
- estimated time to liquidity;
- relationship of the parties involved;
- risk-free interest rate;
- timing compared to the shares' valuation date; and
- financial condition and structure of the Company at the time of the sale.

To determine the value of the shares of Group entities in 2016 and 2017, the financing rounds in 2016 and 2017 were taken into account, which resulted in the issuance of preferred shares. Pricing of these shares is considered to be an insightful indication of fair value as they were issued to new and existing shareholders.

Given that there are multiple classes of equity at various entities of the Group, the hybrid method was applied to allocate equity to these various equity classes. The hybrid model is a mixture of the probability-weighted expected profit model and of the option pricing model. It estimates the probability-weighted value of certain exit scenarios, while at the same time applying the option pricing model to estimate the other unknown potential exit scenarios. A discount for lack of marketability was applied, corresponding to the time to exit under the various scenarios to reflect the increased risk arising from an inability to readily sell the relevant shares. When applying such discount for lack of marketability, the Finnerty option pricing model was used. Under this model, the cost of the put option, which can hedge the price change before the privately held shares can be sold, was considered as the basis to determine the discount for lack of marketability.

The Group measures the cost of equity-settled transactions with employees (see "*17.4 Long-Term Incentive Programs*") by reference to the fair value of the equity instruments at the date at which they are granted. This grant date fair value remains unchanged throughout the life of the granted instruments.

Equity instruments granted for media services (see "*12.7.1.2 Exit Participation Agreement with SevenVentures*" and "*12.7.2.2 Investment Agreement with GMP*") were measured at the fair value of the media volume when the service was performed. The fair value is the list price of the media service less the agreed discount.

Liabilities from share-based compensations that are settled in cash are measured based on the Company's equity as derived from transaction prices, taking into account the provisions in the compensation agreements.

10.9 New Accounting Standards

The Company's consolidated financial statements take into account all accounting policies under IFRS endorsed as of the reporting date and whose application is mandatory in the European Union.

Below is a description of relevant new accounting standards applied in 2017 and 2018. Any other amendments published by the International Accounting Standard Board regarding standards and interpretations issued, and new standards to be applied for the first time in the future are not expected to have a significant impact on the Company's consolidated financial statements.

10.9.1 Early Application of IFRS 15 (Revenue from Contracts with Customers) in 2017

As of January 1, 2017, the Company applied the new standard IFRS 15, which supersedes current revenue recognition guidance, including IAS 18, IAS 11 and related interpretations. According to the key principles of IFRS 15, revenue is recorded at the amount of the consideration to which the entity expects to be entitled in exchange for goods or services.

The new standard outlines a five-step model that is applicable to all contracts with customers.

1. Identify the contract with a customer;
2. Identify the separate performance obligation in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the individual contractually arranged performance obligations; and
5. Recognize revenue when the individual performance obligation is satisfied.

For a description of the effects resulting from the early application of IFRS 15 in 2017, see "*10.3.1-First Time Application of IFRS 15 (Revenue from Contracts with Customers)*".

10.9.1.1 Right of Return

If a contract with a customer grants the customer the right to return products within a certain timeframe, the Group recognizes a provision for expected returns corresponding to the gross earnings from the expected revenue and the expected cost of sales pursuant to IAS 18. According to the accounting policies applied in prior periods, the Group would accrue revenues and cost of sales in connection with expected returns and recognize the total amount under provisions.

Under IFRS 15, the Group may only record the amount of the consideration that it expects to be entitled to upon the transfer of products with a right of return once the right of return has expired. The Group recognizes a refund obligation for the expected returns and an asset for the right to receive products back from the respective customer when the refund obligation has been paid. Receivables from customers that relate to expected returns are derecognized.

The application of IFRS 15 does not affect income with regard to the measurement of revenue to be recognized from contracts with a right of return. However, as of January 1, 2017, the Group recognizes a refund obligation for expected returns instead of a provision and an asset for its right to repossess goods returned by the respective customer.

10.9.1.2 Financing Components

Contracts with different dates of receipt for the consideration and the transfer of goods to the customer contain a financing component. Under IAS 18, the difference between the fair value and the nominal value of the consideration was recorded as income under finance costs and reduced revenue.

According to IFRS 15, if there is a financing component, the Group has the option to adjust the amount of the consideration promised according to the effects of the financing component contained in the contracts, if at the beginning of the contract it is expected that the period between the transfer of the promised good to the customer and the payment for this good by the customer is not greater than one year. Applying IFRS 15, the Company does not recognize the financing components under finance costs, recording the total amount of the consideration in revenue instead, as the period between the transfer of, and the payment for, its products is less than one year for the contracts that the Group concludes with its customers. In terms of cost of sales, the Company also will not recognize financing components separately under finance costs.

The Company applies the modified retrospective transition model. According to the modified retrospective transition model the transition effect is recorded directly in equity as other reserves as of January 1, 2017.

10.9.2 Early Application of IFRS 16 (Leases) in 2018

As of January 2018, the Company applied the new standard IFRS 16. This new standard replaces the existing guidelines on leases, including IAS 17, IFRIC 4, SIC 15 and SIC 27. Under IFRS 16, the differentiation between operating and finance lease agreements, which was previously made by the lessee, no longer applies. If a contract is classified as a lease and falls within the scope of IFRS 16, it is recognized on the consolidated balance sheet. At the inception of the lease, the lessee records a liability for the obligation to make lease payments (*i.e.*, the lease liability) as well as an asset for the right granted to use the leased asset during the lease term (*i.e.*, the right of use). Lessees must record the interest expense for the lease liability and the depreciation expense for the right to use the leased asset.

The Company applied the modified retrospective transition model. According to such modified retrospective transition model, any transition effects are recorded directly in equity as other reserves as of January 1, 2018. For a description of the effects of the early application of IFRS 16, see "*10.3.2 First-Time Application of IFRS 16 (Leases)*".

10.10 Additional Information from the Unconsolidated Financial Statements of the Company

The Company's unconsolidated financial statements as of and for the fiscal year ended December 31, 2017 have been prepared in accordance with German generally accepted accounting principles of the HGB. These financial statements are used to calculate the Company's net retained profits (*Bilanzgewinn*). Dividends to shareholders of the Company may only be distributed from such net retained profits. German generally accepted accounting principles of the HGB differ from IFRS in material respects.

According to the Company's unconsolidated financial statements as of and for the fiscal year ended December 31, 2017, the Company's revenue increased from €207.2 million in 2016 by 5.7% to €219.1 million in 2017. During the same period the Company's loss for the period decreased by €96.2 million from a loss of €128.8 million in 2016 to a loss of €32.6 million in 2017.

According to the Company's unconsolidated financial statements as of and for the fiscal year ended December 31, 2017, the Company's issued capital remained stable at €0.4 million as of December 31, 2017.

For further information on the Company's unconsolidated financial statements, see the notes to the unconsolidated financial statements, which are set forth on pages F-126 *et seq.* of this Prospectus.

11. MARKETS AND COMPETITION

11.1 Markets

We consider ourselves the pure-play market leader and go-to destination for home & living online shopping in continental Europe, where we operate predominantly under our “home24” brand, and in Brazil, where we operate under our “Mobly” brand. In Europe, we operate in Germany, our home market, as well as in Austria, Belgium, France, Italy, the Netherlands and Switzerland. Our strong market position is evidenced by our approximately 1.1 million Active Customers (as of December 31, 2017), who placed approximately 1.6 million orders with an Average Order Value of €277 (both in 2017).

11.1.1 The Online Home & Living Market

The home & living industry is one of the largest consumer industries. In 2017, the aggregate market volume in our eight target markets Germany, Austria, Belgium, France, Italy the Netherlands, Switzerland and Brazil amounted to €117.2 billion (*source: Euromonitor*).

The following table provides a breakdown of the home & living market volume in our target markets in 2017:

	Total market volume(1)	**Online market volume(1)**	**Online penetration(1)**	**Expect growth of online market (CAGR for 2017 to 2021)**	
				(minimum)(1)	**(maximum)(2)**
	(in € billion)			**(in %)**	
Germany	44.7	2.6	*5.7*	*10*	*20*
France	18.1	0.6	*3.2*	*9*	*20*
Italy	15.0	0.2	*1.6*	*10*	*20*
Brazil	15.1	0.2	*1.1*	*10*	*20*
The Netherlands	8.5	1.2	*12.1*	*9*	*20*
Belgium	3.4	0.5	*12.6*	*14*	*20*
Austria	5.5	0.2	*3.6*	*12*	*20*
Switzerland	4.7	0.2	*4.3*	*7*	*20*
Total	**117.2**	**5.6**	***4.8***	***10***	*20*

(1) (*source: Euromonitor*).
(2) (*source: Company estimate*).

11.1.2 Key Trends

The online home & living industry is currently impacted by a number of key trends, which together influence the performance of individual home & living retailers, in particular:

11.1.2.1 <u>Increasing Online Engagement</u>

Online penetration in the home & living industry is currently comparably low, reaching just 4.8% in our target markets in 2017, compared to 23.7%, 20.0%, 13.9% and 12.0% for consumer electronics, traditional toys and games, consumer appliances and apparel, respectively, during that same period. The online penetration in our target markets is low compared even to home & living online penetration in other markets, in particular the United States and the United Kingdom, where online penetration amounted to 14.2% and 12.2%, respectively, in 2017. We believe that this signifies significant catch up potential, evidenced by the fact that online penetration in our target markets is forecast to grow at a CAGR of between 10% and more than 15%, with even 20% as a realistic target, between 2017 and 2021 (*source: Euromonitor; Company estimate*).

11.1.2.2 *Ageing of Millennials*

We believe that favorable demographic developments will further accelerate the migration from offline to online shopping in the home & living industry, primarily driven by so-called millennials (*i.e.*, people born after the early 1980s) with a high affinity for the Internet in general and e-commerce in particular. Therefore, millennials represent a key customer group in our target markets.

With older millennials only in their thirties, most members of this generation are at the beginning of their careers and so will be an important economic factor for decades to come. Millennials have been influenced by media and technology unlike any previous generation. They are the first generation of digital natives, and their affinity for technology will shape the direction of e-commerce. As a result of the increasing share of millennials entering the job market, the share of Europeans between the ages of 25 and 64 years who purchased products online increased from 35% to 63% between 2007 and 2017 (*source: Eurostat*).

11.2 Competition

The market for online home & living products is highly competitive, fragmented and rapidly changing. We face competition from a diversified group of competitors (*e.g.*, traditional brick and mortar furniture retailers, multi-category online retailers and marketplaces) operating under various brands. The competitors we face differ between our geographic markets as well as different product categories and include:

- traditional home & living retail chains (*e.g.*, XXXL/BUT, Höffner, porta, Conforama and SEGMÜLLER), including their respective online offerings;
- retail chains with a focus on certain product categories such as mattresses and bedroom furnishings (*e.g.*, Dänisches Bettenlager), including their respective online offerings;
- young living retail chain (*e.g.*, IKEA);
- home & living discounters (*e.g.*, POCO and ROLLER), including their respective online offerings;
- individual furniture stores, including stores relating to individual furniture brands;
- multi-category online retailers (*e.g.*, Amazon, OTTO and IMPRESSIONEN);
- multi-category online marketplaces (*e.g.*, eBay and MercadoLibre);
- pure-play online home & living retailers (*e.g.*, Wayfair and MADE.COM);
- pure-play online retailers for certain product categories such as mattresses and bedroom furnishings (*e.g.*, Schlafwelt and Emma Matratzen);
- retailers for the premium segment (*e.g.*, connox);
- pure-play online home & living shopping clubs (*e.g.*, Westwing); and
- home & living price comparison websites (*e.g.*, moebel.de).

While the home & living industry is one of the most relevant mass markets for consumer goods, it is still characterized by a high degree of fragmentation. This is most evident on the supplier side, where more than 97% of all suppliers generate less than €10 million revenue per annum (*source: PwC*).

Fragmentation is also pronounced at the retailer level. Measured by revenue, the top five retailers in our eight target markets accounted for approximately 28% of the overall market share in 2016 (*source: Euromonitor*).

12. BUSINESS

We consider ourselves the pure-play market leader and go-to destination for home & living online shopping in continental Europe, where we operate in seven countries predominantly under our “home24” brand, and in Brazil, where we operate under our “Mobly” brand. Our strong market position is evidenced by our approximately 1.1 million Active Customers (as of December 31, 2017), who placed approximately 1.6 million orders with an Average Order Value of €277 (both in 2017).

To satisfy different tastes, styles and budgets, we have built one of the largest and most relevant online offerings with over 100,000 SKUs of home & living products, including broad assortments of large furniture items (*e.g.*, living & dining furniture, upholstery and bedroom furniture) as well as small furniture items (*e.g.*, lighting products and accessories). We source these products from over 500 suppliers in more than 30 different countries, including directly from individual manufacturers for our private label offering.

Our products are marketed on our home24 platform which comprises two distinct business models:

- **Third-party and white label products:** approximately 76% of our SKUs are comprised of a broad selection of home & living products marketed under third-party and white label brands, which we generally do not keep in stock and which accounted for 44% of our revenue in 2017; and

- **Private label products:** approximately 24% of our SKUs are comprised of our bestsellers marketed under our own private labels, which we source at highly competitive prices directly from selected manufacturers and other suppliers and often keep in stock and which accounted for 56% of our revenue in 2017.

Our broad selection of products marketed under third-party and white label brands allows us to offer our customers a wide range of relevant mass market products, which is crucial to satisfy the diverse customer base in our markets where brands for individual products are of little importance and variety is key, without taking on inventory risk or tying up net working capital, while also providing us with essential data on customer preferences and behavior. By marketing our bestsellers under our own private labels, we can leverage our in-depth knowledge of customers’ preferences to minimize inventory risk, improve our gross profit margins and offer our bestsellers at attractive prices and with relatively short delivery times.

To derive the maximum value from our home24 platform, we constantly try to optimize our customers’ shopping experience. Through our state of the art, scalable IT-platform, including our advanced big data analysis tools based on proprietary software, we tailor our marketing efforts and product offering to enable a maximum number of new and existing customers to find products they need and love even when using generic search terms. The superior customer experience we provide to them is based on our clear focus on customer needs and customer service, including both free deliveries and free returns in our European markets. Deliveries are handled by reliable third-party carriers and our platform is geared towards a smooth fulfillment process from sourcing, through warehousing, packaging, delivery, payment processing and customer service. In Brazil, we have supplemented these third-party carriers by successfully implementing a highly customer-centric and efficient delivery network for the last mile. As a result of our optimized logistics infrastructure, we can deliver a broad product offering with relatively short delivery times at low inventory levels, resulting in increasing recognition of, and loyalty to, our home24 platform.

We launched our online offering in 2009, subsequently focusing on compiling a broad and relevant home & living product offering and rapidly expanding our business. To this end, we acquired Mobly Comercio Varejista Ltda. (“**Mobly**”) in 2012, which today heads our Latin America segment. In 2015, we acquired fashion4home to further solidify our competitive position in our largest market Germany while also integrating showrooms which had previously been operated by fashion4home into our operations. During these expansion efforts, our revenue grew rapidly at a CAGR of 129% between 2010 and 2015, reaching €233.7 million in 2015.

In 2016, we began taking the next step to support future growth, making significant investments to scale our home24 platform across the value chain, in particular by investing in end-to-end process optimization and automatic back-end fulfillment systems. In 2017, we re-accelerated our growth, which resulted in period-over-period revenue growth rates at constant currency of 1%, 7%, 17% and 23% in the three months ended March 31, June 30, September 30 and December 31, 2017, with revenue for 2017 amounting to €275.7 million. In the three months ended March 31, 2018, our period-over-period revenue growth rate at constant currency of 30% was even higher and revenue amounted to €84.5 million during that period. While we remain loss making on a Group level, the successful optimization of our platform has allowed us to increase our growth from quarter to quarter, while improving our Adjusted EBITDA margin from minus 32.3% in 2015 to minus 6.0% in the three months ended March 31, 2018. Our strategic goal is to reach Adjusted EBITDA breakeven on a Group level within approximately the next 18 months.

12.1 Our Mission and Our Unique Value Propositions

Our mission is to be the online destination for home & living.

12.1.1 Our Value Proposition to Customers

We offer four key value propositions to our customers:

1. **Choice:** We want to offer customers an unparalleled large and relevant selection when looking for home & living products that fit their unique homes. Therefore, our broad product offering is constantly updated to reflect changing trends by using the data we collect from observing user and customer behavior. As a mass market player, we focus on product categories and price levels that are most relevant to a majority of potential customers.

2. **Convenience:** We seek to make home & living shopping as convenient as possible, allowing customers to access our websites and apps from wherever they are and whenever they want. Adding to the high degree of convenience are our comparably short delivery times and high reliability, free delivery and return policies in Europe, engaged and reachable customer service and the option to choose the delivery window for product delivery via two-man handling, a combination we believe will provide us with a competitive advantage in our industry.

3. **Value for Money:** We aim to offer our customers attractively priced products to enable them to make as much use of our broad, relevant and convenient offering as possible. To this end, we leverage our direct contacts to individual manufacturers and other suppliers to negotiate attractive discounts and partially pass these purchasing advantages on to our customers. We are so confident in the attractiveness of our prices that we generally offer our customers a best price guarantee for identical products in Europe, making sure that no competitor can beat us on price.

4. **Shopping Experience:** We seek to offer a superior shopping experience, reflecting the fact that home & living products are shopped for based on visuals and that customers browse our websites and apps to be inspired and find products they need and love. To this end, we operate seven showrooms in key metropolitan areas in Germany and Austria and constantly invest in premier, curated and personalized content on our websites and apps, inspiring our customers and helping them find products and designs that they need and love.

12.1.2 Our Value Proposition to Suppliers

We also offer three key value propositions to our suppliers:

1. **Volume:** We constantly aim for growth and increased sales. As a result, we source significant volumes of top sellers marketed under our private label brands and other bestsellers which often have particularly long product life cycles (*i.e.*, most of them are in demand for several years), allowing our suppliers to plan with stable and even increasing demand. In addition, we offer suppliers the opportunity to showcase their products under their own brands or white label brands on our websites and apps, helping them to create new bestsellers.

2. **Presentation:** We seek to present our product offering as attractively as possible. To this end, we constantly invest in the design of our websites and apps and ensure that our products are displayed with high quality photographs and detailed descriptions. Furthermore, our curated offerings, including our specific themes and guides, help ensure that our suppliers' products meet their best customer match.

3. **Access:** We strive to create the best fulfillment platform. Suppliers benefit from our well-established and efficient logistics, delivery and payment infrastructure, in particular where they have no other online platform with a similar execution setup. Our websites and apps thereby enable them to access our markets in Europe and Brazil, participate in the migration from offline to online and expand their own operations.

12.2 Our Market Opportunity

The home & living industry is one of the largest consumer industries and the aggregate market volume in our eight target markets Germany, Austria, Belgium, France, Italy, the Netherlands, Switzerland and Brazil amounted to €117.2 billion in 2017. However, online penetration in the home & living industry is relatively low, reaching just 4.8% in our target markets in 2017, compared to 23.7%, 20.0%, 13.9% and 12.0% for consumer electronics, traditional toys and games, consumer appliances and apparel, respectively, during that same period. The online penetration in these target markets is low compared even to home & living online penetration in other geographic markets, in particular the United States and the United Kingdom, where online penetration amounted to 14.2% and 12.2%, respectively, in 2017 (*source: Euromonitor*).

We believe that these characteristics signify significant catch up potential, driven by the fact that favorable demographic developments will further accelerate the migration from offline to online in the home & living industry. Between 2007 and 2017, the share of Europeans between the ages of 25 and 64 years who purchased products online increased from 35% to 63% (*source: Eurostat*), driven by so-called millennials with a high affinity for the Internet in general and e-commerce in particular coming of age and beginning to spend their increasing income on online purchases.

In addition, the home & living industry appears particularly attractive to a disruptive online offering given that it is still characterized by a high degree of fragmentation, both with respect to suppliers and retailers. Given that there is no dominant online or offline player, customers have little regard for brands, focusing instead on quality and pricing of individual products as well as the effectiveness and convenience of the respective retailer's platform. In addition, the fragmented supply base provides significant bargaining power to any market participant that can achieve a critical size. Furthermore, the online home & living industry benefits from other positive characteristics such as the limited fashion risk of furniture in general, high average order values due to the high investments associated with furniture purchases and low return rates compared to other e-commerce verticals. We believe that compared to our competitors we offer a superior shopping experience, a broad selection of relevant products at highly competitive prices, as well as relatively short delivery times, and therefore are in a pole position to become the category killer in the online home & living industry.

A strong market position in this industry is particularly attractive due to the particular challenges of the home & living online market that are hard to master for new market participants. The need compile a broad but relevant assortment in a market without product brands, the challenge of limiting inventory risk, highly complex logistics and delivery operations due to the large size of most furniture items as well as strong competition for online marketing channels, in particular search engines. We believe that we have successfully mastered these challenges and that our market position will thus be protected by the significant barriers to entry resulting from such challenges of the home & living online market.

12.3 Our Strengths

12.3.1 Leading pure-play online destination brand for home & living in continental Europe and Brazil.

Our rapid expansion since launching our online offering has enabled us to achieve a unique market position. We consider ourselves the pure-play market leader and go-to destination for home & living online shopping in continental Europe and Brazil, with approximately 1.1 million Active Customers (as of December 31, 2017), who placed approximately 1.6 million orders with an Average Order Value of €277 (both in 2017). In our estimate, our external revenue for our Latin America segment, which amounted to €59.4 million in 2017, exceeds the revenue generated by any other pure-play home & living retailer in Brazil during that period. We believe that there is no other pure-play home & living online player with a similar size geographic footprint in continental Europa and Brazil in terms of the aforementioned metrics and expect that this market position already provides us with a significant competitive advantage in the highly fragmented home & living industry.

Our strong competitive position is the result of our targeted marketing efforts, which we believe have helped us create a leading brand for pure-play home & living online shopping in Germany with the highest brand awareness in a market where recognition of, and trust in, a retailer's brand is crucial. At the same time, we continuously seek to further enhance the recognition of our brands. For example, we believe that we had the second highest TV marketing budget for home & living in Germany in the three months ended March 31, 2018, behind only IKEA. In the three months ended March 31, 2018, our app was one of the two most downloaded home & living shopping app in Germany (*source: App Annie*). We believe that our well-established brand leadership and scalable platform will position us at the forefront of the transition of the home & living industry from offline to online, allowing us to capitalize on this highly attractive market opportunity.

12.3.2 Unique business model driving superior economics and customer proposition.

By combining two different business models, we have mastered the unique challenge posed by the online home & living industry to source a product offering that is both relevant and broad, while at the same time limiting our inventory risk and maximizing our profits. Our broad selection of products marketed under third-party and white label brands, which account for approximately 76% of our SKUs and generated 44% of our revenue in 2017, allows us to offer our customers a wide range of relevant mass market products, which is crucial to satisfy the diverse customer base in our markets where brands for individual products are of little importance and variety is key. We believe that we have compiled a unique offering where only approximately 35% of our SKUs overlap with SKUs offered by our key competitors in Germany and consider the breadth of this product offering a crucial competitive advantage, as it not only allows us to offer a better choice but also provides us with the information needed to complement our product offering.

By constantly analyzing the performance of products marketed under third-party and white label brands, we can identify particularly successful items. Capitalizing on the longstanding experience of our design and product experts and sourcing team as well as trusted partnerships with relevant, highly specialized manufacturers, we are generally able to develop or identify similar products for our private label offering and launch such products after a period of between three and nine months, depending on the relevant product category and complexity. Many of these products have particularly long product life cycles, allowing our customers to complement earlier purchases with additional items, while we constantly benefit from the resulting high-volume and high-margin sales. As a result of our strong development capabilities, we have been able to compile a private label assortment accounting for approximately 24% of our SKUs and generating 56% of our revenue in 2017.

Due to the large volumes of private label products we order and our well-established direct relationships with individual manufacturers and other suppliers, we have been able to negotiate particularly attractive prices to source our bestsellers. This enables us to pass some of our superior gross profit margin on to our customers by offering them superior prices, contributing to the strong demand for our private label offering. At the same time, this offering has allowed us to improve our gross profit margin from 38.3% in 2015 to 41.9% in 2016, 44.6% in 2017 and most recently 44.9% in the three months ended March 31, 2018. At the same time, the fact that most of the products marketed under third-party and white label brands are only ordered once customers have actually ordered such products and that we only hold bestsellers in stock significantly limits our inventory risk, leading to just 39 average inventory days (*i.e.*, the number of days which our products remain in our warehouses on average) for our products in 2017 and helping us maintain a negative net working capital (see "*10.6.3 Net Working Capital*"). We believe that our unique business model, which combines a broad, relevant and attractively priced product offering with superior gross profit margins and negative net working capital, will enable us to become the dominant online home & living player in our target markets.

12.3.3 Scalable, end-to-end automated and vertically integrated value chain.

We have invested heavily in our automated fulfillment platform in order to optimize our end-to-end fulfillment process and thereby master the particular complexity of the online home & living industry. Our IT-systems allow us to automatically monitor our broad supplier base, helping us to ensure high product quality and reliability for our fulfillment process. Our highly integrated inventory management system keeps track of which products are already in stock at, or currently in transit to, our three centralized warehouses in Germany and Brazil. We operate these warehouses in-house, which provides us with significant control over our inventories and fulfillment processes, and expect that our aggregate warehouse capacity will reach approximately 137,000 square meters ("**sqm**") by the end of 2018 as we plan to open our latest warehouse in Halle, Saxony, which will also be operated in-house. We also plan to further expand our logistics capacities to match the rapid growth we envision by opening two new warehouses in the near- to mid-term.

Our state of the art platform also steers our delivery operations, where we follow a lean and cost-efficient fulfillment process geared towards customer satisfaction through high reliability and low delivery times. Over time, we have constantly increased our control over logistics and deliveries. Starting with the introduction of our own warehouse capacities, we then further optimized our European fulfillment process by taking control of the middle mile and organizing the delivery of our products to local distribution centers of third-party carriers. In Brazil, where we operate under our "Mobly" brand, we have expanded our fulfillment capabilities even further, contracting a fleet of over 30 independent truck operators in key metropolitan areas to complement the fragmented carrier base in Brazil and control the last mile. This efficient fulfillment process, combined with our focus on customer service and a targeted strategy to actively minimize returns along the customer journey (*e.g.*, free fabric samples, a rigid quality control, a multi-channel customer support and the provision of spare parts as well as discounts and vouchers), the success of which is evidenced by return rates of less than 10% in 2017. We believe that our optimized end-to-end fulfillment process drives customer loyalty, provides us with a key advantage compared to other players in the online home & living industry and will help us to further expand our market position.

12.3.4 Scalable, first order profitable customer acquisition.

Our marketing activities are aimed at driving the maximum relevant traffic to our websites and apps. In order to reach a diverse customer base, we employ a wide range of both paid and unpaid marketing channels. We primarily focus on online marketing (*e.g.*, search engine marketing, retargeting, affiliate marketing, price comparison marketing as well as paid social media), while also using traditional marketing channels such as TV advertising for Germany, Austria and Switzerland. These marketing efforts are driven by our state of the art data gathering and analysis capabilities, helping us derive the maximum value from our marketing expenses. The breadth of our product offering also provides us with key advantages in our marketing efforts since customers shopping online mostly rely on search engine providers such as Google and Bing, but rarely search for particular items or product brands, using generic search terms (*e.g.*, red leather sofa) instead. Our broad offering, relatively short delivery times and attractive prices, combined with our automated data gathering and analysis capabilities, increase our conversion rates (*i.e.*, the share of potential customers visiting our websites and apps who actually place an order), allowing us to increase the value we can derive from paying for high rankings in search results, and consequently enable us to outbid our competitors for a large number of search terms.

Our optimized marketing efforts enable us to attract a large amount of traffic to our websites and apps, leading to an increasing number of orders placed by new customers as well as an increase of the share of our revenue generated from sales to existing customers, which rose from 23.3% in 2015 to 29.3% in 2017. By analyzing recent cohorts of customers accessing our websites and apps, we can track the effectiveness of our optimized operations. We believe that due to our significant optimization efforts, such recent cohorts have all been first order profitable (*i.e.*, we have been able to generate a positive contribution after deducting Customer Acquisition Costs applicable to the relevant cohort), evidencing the sustainability of our re-accelerated growth (see "*10.2.6 Marketing*").

12.3.5 Best-in-class IT-platform empowering data-driven decision making and automation.

We analyze a vast volume of data on a daily basis in order to optimize our decision making across all steps of our value chain. To this end, we collect data from four different input points: we store customer data, in particular our customers' order history, session data, the time lag between initial visits to our websites and their reviews. We also collect data that is relevant to our assortment such as information on our suppliers, the availability and prices of the products we source from them and the individual features of these products. In addition, we track data that is relevant to our fulfillment process such as our inventory levels, the location of products that have entered our fulfillment process as well as available carriers and relevant delivery modes. Finally, we also analyze certain third-party data (*e.g.*, prices and delivery times offered by our competitors, home & living design trends as well as third-party marketing costs). To base our decisions on the broadest available database, we collect and analyze approximately 45 terabytes of additional data per month.

This accurate big data warehouse allows us to efficiently steer our operations across the value chain: to compose our product offering, we utilize our database to identify and fill white spaces in our product offering, predict and optimize the availability of our products and identify new products that we can introduce as part of our private label offering. We also use our unique knowledge with respect to our customers in order to optimize our websites and apps, helping us improve the shopping experience we can provide and enhance our curated and personalized content. Our data-driven approach is especially crucial to our marketing efforts as it enables us to optimize these efforts with respect to our diverse customer base and multi-channel marketing approach. In addition, we steer our fulfillment process through our IT-systems, helping us to automatically restock our inventories and optimize our warehouse utilization, thereby allowing us to further minimize delivery times. We believe that our best-in-class IT-platform has allowed us to establish a superior decision making process which provides us with a key competitive advantage over other home & living retailers.

12.3.6 Strong combination of accelerating growth and a clear path to profitability.

Our management team has longstanding experience in the online home & living, consumer Internet and technology industries as well as a proven track record of advancing our business. Their decision to focus on optimizing our operations and offering has allowed us to significantly improve the scalability of our home24 platform for future growth in connection with becoming the online category killer in the home & living market in continental Europe and Brazil. After focusing on the buildup of this scalable platform and the improvement of our customer experience in 2016, we re-accelerated our growth, which resulted in period-over-period revenue growth rates at constant currency of 1%, 7%, 17% and 23% in the three months ended March 31, June 30, September 30 and December 31, 2017. In the three months ended March 31, 2018, our period-over-period revenue growth rate at constant currency of 30% was even higher, evidencing our ability to utilize the scalability of our expanded home24 platform.

In addition, we believe that our growth will be highly sustainable since we have not only been able to continuously expand our business, but also achieved first order profitability (see "*10.2.6 Marketing*"). This evidences the strong gains we can generate by attracting new customers due to our high gross profit margins and efficient fulfillment platform. At the same time, the superior customer experience we provide has allowed us to continuously improve our profitability, evidenced by the uplift of our Adjusted EBITDA margin from minus 32.3% in 2015 by 26.3 percentage points to minus 6.0% in the three months ended March 31, 2018. With respect to our Latin America segment, which accounted for 20.9% of our revenue in the three months ended March 31, 2018, we already achieved Adjusted EBITDA breakeven in the seasonally strong three months ended December 31, 2017 and our strategic goal is to build on these successes and continue to improve our margins in order to reach Adjusted EBITDA breakeven on a Group level within approximately the next 18 months. This planning is based on our current geographic footprint and strategic decisions to target faster growth in order to solidify our competitive position may mean that we reach Adjusted EBITDA breakeven later or record a negative Adjusted EBITDA for certain periods.

12.4 Our Strategy

12.4.1 Benefit from the large, untapped market opportunity in the home & living industry.

Online penetration in the home & living industry is relatively low, reaching just 4.8% in our target markets in 2017, compared to 23.7%, 20.0%, 13.9% and 12.0% for consumer electronics, traditional toys and games, consumer appliances and apparel, respectively, during that same period. The online penetration in these target markets is low compared even to home & living online penetration in other geographic markets, in particular the United States and the United Kingdom, where online penetration amounted to 14.2% and 12.2%, respectively, in 2017 (*source: Euromonitor*).

At the same time, increased online penetration is driven in all industries by so-called millennials and other younger people with a high affinity for the Internet in general and e-commerce in particular coming of age and beginning to spend their increasing income on online purchases. To us, the currently low levels of online penetration combined with favorable demographic developments indicate the huge upside potential for home & living online shopping, evidenced by the fact that online penetration in our target markets is forecast to grow at a CAGR of between 10% and more than 15%, with even 20% as a realistic target, between 2017 and 2021 (*source: Euromonitor; Company estimate*). We strive to be at the forefront of the migration from offline to online in the home & living industry to become the category killer in this industry.

12.4.2 Roll-out of our full go-to-market approach across our target markets in order to accelerate customer adoption and market penetration.

Operating under our "home24" brand, we are active in seven countries in Europe, in particular our largest market Germany. In 2016 and 2017, we complemented our go-to-market approach in this key market and in Austria by introducing our showrooms and high-class printed catalogues. As we see vast untapped potential in our other European markets Belgium, France, Italy the Netherlands and Switzerland, we intend to increase our market penetration by providing the same superior customer experience as we extend our full go-to-market approach to these countries. In a first phase, we plan to open additional showrooms, distribute high-class printed catalogues, offer free fabric samples and may also increase our marketing efforts by airing TV ads. In a second phase, we may further complement our European go-to-market approach by introducing our own fulfillment capabilities for the last mile.

Furthermore, we soon intend to open our first Brazilian showroom for our Latin America segment under our well-known "Mobly" brand in São Paulo. This showroom will be operated through a franchise system, ensuring that our risk exposure and capital requirements remain limited. In the future, we may also decide to employ additional marketing channels currently not used for our Latin America segment (*e.g.*, TV and radio ads as well as printed catalogues). By utilizing our proven go-to-market approach across our target markets, we expect to significantly increase our market position in these markets.

12.4.3 Develop our platform to drive further growth, increase purchase frequency and brand loyalty.

We believe there is significant potential to further improve our platform in order to drive our future growth. To this end, we plan to enhance our home & living product offering while maintaining our focus on high gross profit margins. To this end, we seek to fill any remaining white spots in our overall assortment, including by introducing products with different price points. Our private label offering comprises various style trends as well as unique labels for certain product categories, bestsellers or certain special collections. We constantly analyze our offering for these style trends in order to identify white spots in our product offering to find additional products that meet the criteria for our bestsellers and plan to further expand these offerings to ensure that our private labels become of key relevance to our customers when furnishing their homes in comprehensive and consistent style trends. We also seek to expand into additional, or complement existing, product categories for our European segment (*e.g.*, by introducing decoration articles, home textiles, kitchenware and modular kitchens), predominantly under third-party or white label brands.

In addition, we intend to offer third-party suppliers the opportunity to use our highly attractive websites and apps as a marketplace where they can distribute their products as part of a commission-based model. Products marketed under this marketplace model will still benefit from our curation capabilities and will be delivered to customers via drop-shipping. We believe that we will benefit from this marketplace model as it will not only allow us to further complement our overall assortment, but also help us strengthen our customer relationship and thereby increase customer engagement and purchasing frequency, while also providing us with additional data which we can then utilize in our own offering of third-party, white label and private label brands.

While we have already created a best-in-class home & living online shopping platform, we constantly seek to enhance our customers' shopping experience. To this end, we plan to upgrade our fulfillment capabilities in order to offer more flexible delivery times, offer deferred payment options to customers with sufficient credit scores, increase the personalization of our websites and apps and further optimize our customer service. As a technology company, we also strive to be at the forefront of innovation by constantly adopting new technologies, including artificial intelligence to better anticipate customer behavior, intelligent data control as well as augmented and virtual reality. We believe that by constantly investing time and funds in the improvement of our platform, we will be able to continue our strong growth, increase purchase frequency and solidify our position as a leading pure-play home & living online brand in our target markets.

12.4.4 Expand into additional target markets and capitalize on the high degree of fragmentation in the home & living industry.

In the mid- to long-term, we may also decide to enter additional target markets on an opportunistic basis, in particular for our European segment, where we see ample room for regional expansion in Northern Europe, Western & Southern Europe and Eastern Europe. Such expansion efforts will, however, be limited to selected markets that we consider particularly attractive and for which we expect that the integration into our complex value chain can be achieved in a cost effective manner. In order to capitalize on the high degree of fragmentation in the home & living industry, we may also decide to acquire other online home & living retailers as part of our selective and disciplined acquisition strategy. Such external growth will be aimed at competitors that allow us to expand or complete our product offering (*e.g.*, by providing product categories currently not included in, or part of the focus of, our product offering), help us enter additional target markets or provide new technologies and services. We believe that our expansion efforts will allow us to create significant additional value as we build the home & living online category killer.

12.5 Our Operations

We consider ourselves the pure-play market leader and go-to destination for home & living online shopping in continental Europe, where we operate in seven countries, including in our largest market Germany, under our "home24" brand, and in Brazil, where we operate under our "Mobly" brand. Our operations serve a large and diversified customer base across these eight countries, with approximately 1.1 million Active Customers as of March 31, 2018 and approximately 4.8 million orders between January 1, 2015 and March 31, 2018.

We consider ourselves the true mass market player in home & living in continental Europe and Brazil, as we have tailored our product offering and operations to meet the demands of varied groups of customers, resulting in a customer base with an average income that particularly values our attractive prices. In 2017, more than half of our European customers were aged between 25 and 45 years and approximately 59% of them were female. Our relevant product offering and curated shopping experience enable these customers to fit their homes with furniture they love, sold to them at highly attractive prices.

Our operations are accounted for under our two segments Europe and Latin America. The following table provides a breakdown of the external revenue of these two segments for the periods presented:

	For the fiscal year ended December 31,			**For the three months ended March 31,**	
	2015	**2016**	**2017**	**2017**	**2018**
	(audited, unless otherwise specified) (in € million)			**(unaudited) (in € million)**	
Europe	183.2[(1)]	195.4	216.3	53.7	66.8
Latin America	50.5[(1)]	48.4	59.4	13.8	17.7
Total revenue	**233.7**	**243.8**	**275.7**	**67.5**	**84.5**

(1) Unaudited.

For further information on our two segments, see "*9.5 Consolidated Quarterly Financial Information*" and "*9.6 Segment Information*".

12.5.1 Our Product Offering

Our broad and relevant product offering comprises over 100,000 SKUs of home & living products, including assortments of large furniture items (*e.g.*, living & dining furniture, upholstery and bedroom furniture) as well as small furniture items (*e.g.*, lighting products and accessories). We believe that this is one of the most competitive product offerings in our target markets, putting us in the perfect position to be the dominant mass market player in these markets.

In 2017, we derived 90% of our revenue from large furniture items, with 36% being attributable to living & dining furniture (*e.g.*, chairs, tables and drawers), 22% to upholstery (*e.g.*, sofas, armchairs and ottomans), 22% to bedroom furniture (*e.g.*, beds, wardrobes and mattresses) and 10% to other large furniture items (*e.g.*, garden, office and bathroom products). The remaining 10% of our revenue was attributable to small furniture items, of which 5% was attributable to lighting products (*e.g.*, interior and ceiling lights as well as table lamps), 2% to accessories (*e.g.*, decorations, curtains and pillows) and 3% to other small furniture items (*e.g.*, mirrors, shelves and cabinets).

While products marketed under third-party and white label brands account for approximately 76% of our SKUs, only 44% of our revenue was derived from sales of these products in 2017. The remaining approximately 24% of our SKUs are attributable to our broad assortment of products marketed under our private labels, which accounted for 56% of our revenue in 2017. Our European private label offering comprises six style trends (*i.e.*, Industrial, Scandinavian, Country, Modern, Glamour and Nature). To address these styles, we have introduced a number of brands for particular home & living offerings such as our "ars manufacti", "Ars Natura", "Fredriks", "Jack & Alice", "Maison Belfort" and "mooved". This private label assortment is complemented by unique brands for certain special collections or bestsellers (*e.g.*, our "Eva Padberg" collection and our "Smood" mattress).

To help us achieve the optimum pricing for our products (*i.e.*, the price which allows us the maximum gross profit from the respective product), we continuously monitor and adjust prices for approximately 35% of our SKUs in Germany by utilizing data obtained on the offerings of our competitors as well as previous customer behavior. We believe that these efforts help us set prices at the level that is best for both our customers and our own business needs, helping us derive the maximum value from our attractive product offering.

12.5.2 Our Customer Experience

Our operational set-up is designed to meet our customers' needs and we cater towards convenience by providing free deliveries and returns in Europe and a similarly attractive service for our Latin America segment. By passing on significant purchasing advantages to our customers, we strive to offer our customers a highly attractive price. We are so confident in the competitiveness of our prices that we offer our European customers a best price guarantee (*i.e.*, if customers provide us with proof that they could have obtained a better price for products with an identical SKU, taking into account the respective shipping costs, if any, from a competitor, we will reimburse them for the price difference).

In addition, we seek to provide customers with the best online shopping experience through our high-quality websites and apps. Our purpose-built IT-systems, data collection capabilities and automated processes support our operational set-up and increase our efficiency. Furthermore, our customer service ensures that even without a traditional storefront setup we remain reachable for our customers and provides us with valuable feedback from our customers.

12.5.2.1 Our Websites

As we believe in the importance of customer satisfaction, we have constantly invested in the design of our websites and expanded curated and personalized elements in order to help customers identify products they love. We believe there are three situations in which customers will access our websites in order to browse our product offering:

- **Search:** Our customers want to search for a certain type of product (*e.g.*, a red leather sofa). To help them find the desired products, we cooperate with major search engine providers such as Google as well as Bing and optimize our use of search terms in order to ensure that our relevant products are properly placed and attract potential customers to our websites and apps. Here we also offer targeted search capabilities such as filters and search algorithms and detailed product descriptions that enable easy product discovery. As a result, customers searching for specific products will generally be able to find matching items at attractive prices on our websites and apps, leading to high conversion rates and a growing base of Active Customers.

- **Browse:** Our customers want to browse through certain types of products (*e.g.*, browse through bathroom furniture to furnish a new bathroom). These customers can browse through different sections on our website, each dedicated to specific types of rooms and subdivided into relevant product categories and types of furniture. In addition, we provide curated content such as background information on certain types of furniture and expert advice on how to furnish specific types of rooms.

- **Be inspired:** Our customers want to be inspired (*e.g.*, look through the latest home & living trends for the summer season). To attract and retain such customers, we have created a separate "Inspiration" section, where we regularly publish new articles on new furniture trends, offer selection and interior design advice as well as special promotions for different seasons and events (*e.g.*, Christmas, Easter, Black Friday and Valentine's Day).

12.5.2.2 Our Apps

To meet the demands and expectations of our customer base, which largely consists of young and online oriented people, we have created country-specific apps. These serve as a tool to keep our customers engaged with our offering and brands while also allowing them to search for products online and enjoy our curated content anywhere and anytime. Having already introduced them for our Brazilian apps, we plan to add functions that allow customers to display three-dimensional models of our products on their mobile devices to better test how these products fit into their existing furnishings.

Mobile traffic to our websites and apps from smartphones and tablets, including traffic through our apps, accounted for approximately 58% of our overall traffic in 2017. In the three months ended March 31, 2018, our German app was one of the two most downloaded home & living shopping app in Germany (*source: App Annie*).

Our apps provide us with valuable data on which products and content is most relevant to our customers and our ability to track cross-device journeys (*i.e.*, customers utilizing both our apps and websites during the course of a certain purchase) enables us to analyze and improve the success of our marketing efforts, product offering and website and app content. In the future, we plan to further upgrade our analytics capabilities, thereby significantly increasing the benefits we can derive from tracking cross-device journeys.

12.5.2.3 *Our Fabric Samples*

To make our customers' online shopping experience even more convenient, customers in Germany, Austria and Switzerland can order free fabric samples of major furniture items from our websites and apps, allowing them to see for themselves which fabric best fits their individual homes. By offering such fabric samples, we provide our customers with a particularly convenient option to plan their purchases, thereby also helping us avoid expensive returns for many larger items (*e.g.*, sofas).

12.5.2.4 *Our Pre-Sales Services*

In line with our aim of providing the best customer experience possible, we place a significant emphasis on pre-sales services. To this end, we employ a specialized team of service experts who will answer customer requests with respect to specific products, delivery modalities and other matters of importance for potential customers when making their purchase decisions. We believe that offering our customers the opportunity to approach us via our chat, email or telephone prior to placing an order helps significantly improve the acceptance of our online offering and clearly sets us apart from other pure-play online retailers.

12.5.2.5 *Our Showrooms*

In addition to our websites and apps, we also operate seven showrooms in key metropolitan areas in Germany and Austria. These showrooms allow us to directly showcase our products, in particular those marketed under our private labels, thereby helping us accelerate the migration from offline to online in the home & living industry in these areas as an additional marketing channel. We consider it important that customers can directly interact with our products while still benefiting from our highly attractive prices as we believe that this increases their trust in our brands. In addition, we offer them advice from interior designers working in our showrooms who will design a full furnishing that fits their individual homes based on our broad product offering. As customers can only order from our showrooms by utilizing specific online terminals, we remain a pure-play online retailer and revenue from orders placed in such showrooms only account for a small portion of our revenue.

Furthermore, we soon intend to open our first Brazilian showroom for our Latin America segment under our well-known "Mobly" brand in São Paulo. This showroom will be operated through a franchise system, ensuring that our risk exposure and capital requirements remain limited. We see our showrooms as a prime possibility to offer customers a multi-channel shopping experience and an opportunity to further enhance our brand.

12.5.2.6 *Our Catalogue*

To meet our customers' expectations, we also offer a high gloss catalogue in Germany, Austria and Switzerland. This catalogue showcases our key products and product areas, while also containing certain curated content, all on par with our branding and content of our websites and apps. Our catalogue is published every quarter with a circulation of at least 250,000 copies. This catalogue can be ordered free of charge from our websites, is directly provided to customers with a high order volume, constantly on display in our showrooms and will sometimes be circulated as an add-on to relevant home & living magazines. We believe that displaying our broad offering in a high gloss catalogue not only enhances the image of our brands, but also help us leave a lasting impression with the recipients of such catalogues who typically keep them in their homes to be inspired over time. In addition, we obtain contact information on the customers who sign up for delivery of our catalogue, allowing us to use such data in our other marketing efforts.

12.5.3 Our Sourcing & Product Innovation Capabilities

The breadth and quality of our product offering is the result of a structured, quality and data-driven approach to product introduction and sourcing backed by our capabilities for data gathering and analysis. Our sourcing strategy, which has been designed with a view to minimizing inventory risk and obtaining the best prices as well as delivery times, differs between products marketed under third-party and white label brands on the one hand and products marketed under our private labels on the other hand. Both of these offerings form an integral part of our strategy aimed at maintaining an offering that is both broad in terms of choice as well as light in terms of assets and inventory risk. In 2017, 56% of our revenue derived from products marketed under our private labels, with the remaining 44% being attributable to products marketed under third-party and white label brands.

The product offerings for our two segments Europe and Latin America are specifically tailored to local demand since customer preferences and purchasing power across these markets vary. While we operate as a mass market player in both Europe and Brazil, price levels in Brazil are significantly lower and we can offer competitive prices by sourcing products with cheaper materials and fewer applications. For our European segment, we source our products from Central Europe, Eastern Europe and Asia, while the vast majority of the products for our Latin America segment are manufactured by Brazilian suppliers, with the remainder originating from China. Based on cost of sales in 2017, 26% of our products were sourced from Germany, 21% from Latin America, 17% from China and 11% from Southeast Asia, with the remainder being sourced from central and Eastern Europe.

To further improve our sourcing, we established a local office in Shenzhen, China, in 2010, which enables us to get closer to our manufacturers in this key sourcing market. Our local employees not only improve our quality control and ensure close and personal contact with key suppliers, but also play an integral role in identifying new products for our third-party and white label product offering as well as developing or identifying additional products for our private label offering.

Given that sourcing is a key part of our operations, we have invested in the latest SAP ERP software to integrate the key steps of our value chain, starting with the sourcing process. This allows us to integrate our sourcing with the orders we receive in real time and keep track of which products are already in stock at, or currently in transit to, our warehouses. Our IT-systems analyze this data as well as other relevant information to provide us with constantly updated forecasts of future sourcing needs. However, in order to ensure our inventory risk remains limited, we employ qualified experts to review such forecasts before actually placing orders, thereby reducing the risk of failures of our algorithms and IT-systems. In addition, we have recently consolidated our supplier base to approximately 500 suppliers in order to optimize our sourcing operations. Our successful sourcing strategy is evidenced by just 39 average inventory days (*i.e.*, the number of days which our products remain in our warehouses on average) for our products in 2017.

12.5.3.1 <u>Third-Party and White Label Brands</u>

Our experienced category management and sourcing team constantly observes the assortments of relevant suppliers and competitors to ensure that our product offering includes all products required to provide a broad and relevant offering in the respective markets. These experts also identify new furniture trends and ensure we can source the relevant products to meet such trends as soon as they become available, helping us ensure that our mass market offering remains up to date. Even after the relevant products have been included in our product offering, we often only purchase the products after we have actually received orders from customers for them.

We stay in constant contact with our over 500 suppliers in more than 30 different countries and these suppliers often provide us with new and innovative products we can add to our already broad product offering. We continuously seek to optimize our supplier base by adding new suppliers with a relevant product offering if we are convinced that these suppliers will be capable of meeting our quality standards and performance expectations, in particular with respect to delivery reliability. By maintaining direct contact with a broad supplier base, we can also ensure that we do not become overly dependent one any single supplier, giving us a higher bargaining power when negotiating our sourcing prices.

12.5.3.2 Private Label Offering

By constantly analyzing the performance of products marketed under third-party and white label brands, we can identify particularly successful items. Capitalizing on the longstanding experience of our design and product experts and sourcing team as well as trusted partnerships with relevant, highly specialized manufacturers, we are generally able to develop or identify similar products for our private label offering and launch such products after a period of between three and nine months, depending on the relevant product category and complexity. Our careful selection process significantly reduces the risk of excess inventories and recording losses on such inventories.

The supplier selection for our private label offering is handled by our experienced sourcing team which has longstanding contacts with highly specialized manufacturers and other suppliers. When identifying new products that would complement our private label offering, these experts will approach the relevant suppliers and together with them develop or identify products that are manufactured to our specifications and which we can then market under our private label offering. The high quality of this offering is evidenced by our private label mattress "Smood", which in 2016 was awarded the highest grade by Stiftung Warentest (*i.e.*, the leading independent product testing institute in Germany) among five mattresses marketed by pure-play online retailers and is among our bestsellers in the relevant product category.

We constantly analyze our private label offering in order to identify white spots in our product offering to find products that meet the criteria for our bestsellers and plan to further expand this offering to ensure that our private labels become of key relevance to our customers when fitting their homes in comprehensive and consistent style trends. In addition, we strive to increase the number of customizable products to enable our customers to express a greater degree of individuality and taste. Many of the products marketed under our private labels have particularly long product life cycles, allowing our customers to complement earlier purchases with additional items, while we constantly benefit from the resulting high-volume and high-margin sales.

By ordering large volumes of products and capitalizing on our well-established relationships with our many suppliers around the world, we are able to negotiate particularly attractive prices for our bestsellers, allowing us to both generate higher margins on these products while also providing our customers with attractive prices for our private label offering. At the same time, our offering is not dependent on any single supplier, and based on our cost of sales, our top ten suppliers only accounted for 22% of our sourcing in 2017, with the top 20 only accounting for 32%.

12.5.3.3 Our Quality Control Processes

A rigid quality control is crucial to our sourcing process, as reliability and product quality are essential in ensuring that our customers are satisfied with their shopping experience. Therefore, new suppliers have to undergo a strict audit process before we will include their products in our offering, and have to contractually agree that they will comply with our high standards at all times. Such standards include a commitment to the timely and reliable delivery of products meeting the required specifications as well as adherence to relevant laws and regulations (*e.g.*, labor laws, product safety requirements and environmental standards).

To enforce our performance standards, we have been able to enter into what we consider a particularly rigid standard supply contract with most of our suppliers, ensuring that these suppliers will formally commit to our rigid quality standards and requirements. To monitor their compliance, we have established an automated process which provides us with key information on the performance of almost all of our suppliers on a weekly basis.

We delist any products or suppliers who fail to meet those standards or whose offering is no longer sufficiently relevant. Before doing so, however, we take into account a broad range of criteria, including the effects on our overall product offering, product quality, delivery time and reliability, price as well as corporate conduct. The effectiveness of our quality management approach is evidenced by the fact that we have constantly increased the number of products we actually inspect, while at the same time being able to reduce our inventory losses caused by defective products.

12.5.4 Our Logistics & Delivery

Our fulfillment processes cover payment, logistics and customer care. We focus on customer satisfaction and cost efficiency and believe that the quality of our services and our ability to anticipate and satisfy our customers' needs and expectations are a key competitive advantage. We follow a lean and cost-efficient fulfillment process geared towards customer satisfaction through high reliability and comparably low delivery times. In 2017, less than 50% of our revenue was generated through sales of products not held in stock.

Over time, we have constantly increased our control over logistics and deliveries. Starting with the introduction of our inventory model and the corresponding warehouse capacities, we then further optimized our fulfillment process by reducing the number of warehouses to three main warehouses directly operated by us, taking control of the middle mile and organizing the delivery of our products to local distribution centers of third-party carriers and even added a directly controlled delivery setup for the last mile of our Latin America segment.

Our current logistics setup is the result of significant investments we made in 2016 and 2017 to scale our home24 platform across the value chain, in particular by investing in end-to-end process optimization and automatic back-end fulfillment systems. While we currently only have a partially automated fulfillment infrastructure in place, we plan to further increase the degree of automatization for our fulfillment processes going forward, in particular through the latest version of SAP ERP software, which we recently introduced across our value chain in Europe.

12.5.4.1 Our Inventory Management

Our fulfillment process tends to differ for our two business models:

12.5.4.1.1 Third-Party and White Label Brands

While we do hold certain bestsellers with high turnover in stock, we generally do not keep inventories of products marketed under third-party and white label brands and in several cases they are made-to-order. As a result, delivery times for these products vary. While they are generally higher than those for products marketed under our private labels held in stock, we are still able to offer what we consider a comparably short delivery time.

By offering a wide assortment of products marketed under third-party and white label brands, we can sufficiently expand our product offering to provide our customers the best choice, allowing us to meet the demands of a diverse customer base in our mass markets. At the same time, not building up inventories of these products allows us to offer them with little to no inventory risk, ensures that our business model remains relatively asset light and enables us to maintain a negative net working capital.

There are two methods of fulfillment for products not held in stock:

- Certain major furniture suppliers for these products prefer to directly deliver them to third-party carriers who will then handle the last mile (drop-shipping). As a result, these products never enter our warehouses.

- The majority of the products marketed under third-party and white label brands are not delivered via drop-shipping and are therefore initially transitioned to our warehouses upon ordering, from where we subsequently take care of the delivery process (cross-docking). Our suppliers can thus benefit from our well-established logistics and service network. At the same time, customers enjoy the familiar convenience and shopping experience, even when ordering outside our private label offering.

12.5.4.1.2 Private Label Offering

We maintain sufficient inventories for bestselling products included in our private label offering as well as certain bestsellers marketed under third-party and white label brands. Many of these products are manufactured by trusted and highly specialized manufacturers and other third-party suppliers we carefully select from among our over 500 suppliers. By building up relevant inventories, we can secure relatively short delivery times for our bestsellers, providing us with a key competitive advantage over other pure-play online home & living retailers.

The exact volume of products we source is based on our constantly updated forecasts, which in turn are compiled by analyzing our extensive customer database with the help of proprietary software tools. Our warehouse automatization allows for live updates on inventory levels, enabling us to meet growing demand for certain private labels well in advance. In addition, we are in many instances able to further reduce our inventory risks by negotiating staggered deliveries with suppliers for our private label offering (*i.e.*, while we order a high volume in advance, the relevant supplier will retain a significant volume of such orders in its own warehouses and only release them to us over time).

12.5.4.2 Our Warehouses and Middle Mile Delivery Processes

For our European segment, we operate two centralized warehouses strategically located in Germany. Our largest warehouse is located in Walsrode, Lower-Saxony, and we distribute all products shipped through two-man handling as well as a number of products delivered via parcel service from this warehouse. The facility has a capacity approximately 51,000 sqm and we employ approximately 219 people. Our second warehouse is located in Ludwigsfelde near Berlin and serves as a major distribution hub for products delivered via parcel service. Here we employ approximately 160 people and the warehouse has a capacity of approximately 30,000 sqm.

In October 2018, we expect to open a new warehouse in Halle, Saxony, for both products delivered via parcel service and two-man handling. We believe that this new state of the art warehouse will further enhance our fulfillment capabilities and that it will be easier to find qualified personnel for our continued expansion at this location. In 2019, we have an option to close the Ludwigsfelde warehouse and subsequently increase the capacity of our new Halle warehouse to approximately 56,000 sqm.

For our Latin America segment, we currently operate a main centralized warehouse near São Paulo with a capacity of over 30,000 sqm. This facility serves as the hub for our operations across Brazil, allowing us to process products supplied by our multiple suppliers and ensure particularly low delivery times in the metropolitan area of São Paulo, which is one of our most important local markets. In 2019, we plan to open an additional warehouse for our Latin America segment in the state of Santa Catarina, one of the wealthiest states in Brazil with geographic proximity to neighboring countries such as Argentina. We believe that this new warehouse will greatly improve our fulfillment capacities for our Latin America segment.

In 2016 and 2017, we reduced the number of our European warehouses by closing three warehouses that were operated by third parties and focusing on the Walsrode and Ludwigsfelde warehouses for our European segment instead. As a result of this decision, all of our warehouses are operated in-house, providing us with significant control over our inventories and fulfillment processes.

In 2017, we decided to further increase our control over the delivery process by directly organizing middle mile deliveries between our warehouses and the distribution centers of our third-party carriers. To this end, we contract third-party freight carriers who will transport bulk deliveries of our products from our strategically located warehouses to these distribution centers. Our control over the middle mile has helped us improve the reliability of our fulfillment process, while also reducing fulfillment costs.

12.5.4.3 *Our Last Mile Delivery Processes*

Our delivery process is focused on a positive customer experience and cost efficiency, especially since a large share of our sales comprises heavier and/or bulky items. While our business continues to expand, we constantly try to optimize our carrier network, reduce costs and improve our service quality.

Since the majority of our products is either initially stored in our warehouses or passes through these warehouses, we have established specific delivery processes for the last mile of the fulfillment process (*i.e.*, the transportation from warehouses to customers) for these products for our two different segments:

12.5.4.3.1 Europe

For our European segment, last mile deliveries are handled by reliable third-party carriers. All deliveries within Europe are free of charge. In addition, customers can agree on a specific delivery time and have their products assembled, in each requiring a certain surcharge.

For products delivered via parcel service (*i.e.*, most products with a weight of less than 30 kilograms), we have partnered with large, renowned carriers such as DHL and DPD to benefit from their scale and to retain favorable rates. In order to offer our customers a superior shopping experience, such carriers deliver our products right to the doorstep of our customers. In case of heavy and/or bulky items, a specialized two-man handling service (*e.g.*, Rhenus in Germany) will deliver such products into our customers' homes, allowing them to avoid any heavy handling.

Products for which we build up inventories as well as products delivered via cross-docking are delivered from our two German warehouses to local warehouses of the relevant third-party carriers taking care of the last mile. This helps us ensure that we can keep transition times between products exiting our warehouses and final delivery relatively low. In line with our forward integration strategy, we may in the future also contract independent smaller carriers on an exclusive basis in key metropolitan areas in order to increase our control over the last mile, further reduce our fulfillment costs and improve our delivery reliability.

For products that are delivered via drop-shipping, the relevant supplier is responsible for actually effecting delivery, while we assume the delivery risk as the retailer of the relevant products. However, the vast majority of the suppliers of products delivered via drop-shipping actually choose to deliver such products through our third-party carriers, thereby benefitting from the favorable rates we have negotiated with such carriers.

12.5.4.3.2 Latin America

For our Latin America segment, we have complemented last mile delivery by over 20 third-party carriers through the establishment of over 30 independent contractors in the metropolitan areas of São Paulo and Rio de Janeiro. This decision became necessary since the market for third-party carriers is highly fragmented in Brazil. Our independent contractors are paid on a delivery-by-delivery basis and while they are not exclusively bound to us by contract, we believe that we are the key or even sole client for all of them. In addition, many of our contractors receive additional fees to display our "Mobly" brand on their trucks and vans, helping us draw further attention to our branding.

We consider our added delivery capabilities for our Latin America segment a key competitive advantage in this market and believe that this unique fulfillment network allows us to provide our customers with unparalleled delivery certainty and convenience. Furthermore, since all vehicles are owned by the relevant contractor, we can operate this fleet without tying up additional capital and therefore keep our operations asset light. At the same time, as most contractors work exclusively for us, they provide us with relatively attractive rates, which has helped us significantly improve our margins.

While we generally charge delivery costs to our customers in Brazil, the actual costs will vary based on a number of factors (*e.g.*, order value, number of products and location of the relevant customer). The individual delivery costs are calculated in real time by our proprietary software solutions. Due to our relatively short delivery capabilities, we are actually able to offer customers in the relevant metropolitan areas free or significantly cheaper deliveries, providing us with a key competitive advantage.

12.5.5 Our Customer Service

In line with our philosophy of providing a superior shopping experience, we consider customer service a key element of our value chain. To provide such customer service, we pursue a multi-channel support approach, responding by email and live chat, through our hotlines and via social media. The high quality of our customer service helps us ensure that only a comparably small number of customer complaints result in returns. The result of our clear focus on customer service has been the generally high satisfaction among our customers, evidenced by a constantly increasing share of customers willing to recommend our customer experience. We assess such satisfaction by submitting customer surveys as part of our post-sale customer service, providing us with crucial feedback on the success of our customer service.

For our European segment, we operate a central service center in Berlin and we take great care to ensure that available service employees cover all languages spoken in our eight European target markets. In order to further optimize our operations, we have also added two upstream service centers outside Europe, which are operated by third-party service providers and employ German-speaking employees who handle initial complaints before rerouting them to our Berlin service center.

For our Latin America segment, our customer service team is accessible via phone, email and live chat, speaking both English and Portuguese and working from a call center in Itupeva, São Paulo.

12.5.6 Returns

In addition to free deliveries, we also offer our European customers free returns to provide them with the certainty that they will only keep those products that they truly love. Products are eligible for free returns within a period of 30 days from delivery and this policy is generally more generous than the legally required return periods. The ability to easily return undesired products free of charge is a fundamental pillar of our value proposition to customers and we believe that it significantly helps us to increase customer trust.

We seek to minimize the costs associated with this free return policy, in particular by improving the presentation of our products and the information available thereon, by providing free fabric samples for major furniture items to enable our European customers to identify the desired fabric on their furniture of choice before ordering and by further optimizing our return processes. In order to avoid returns, we may also offer discounts or vouchers in case of smaller defects or spare parts if items are damaged or missing. In addition, the vast majority of products returned passes our rigid quality controls and is therefore again available for sale. As a result of our targeted strategy to actively minimize returns along the customer journey, we achieved return rates of less than 10% in 2017.

To handle the European return process, we operate a centralized return center in our Ludwigsfelde warehouse to ensure convenient and fast return and reimbursement processes in line with the overall shopping experience we provide. At the same time, this setup allows us to reduce logistics costs by bundling return transports. Products delivered through drop-shipping (*i.e.*, directly from the relevant supplier to the third-party carrier) are also returned to our Ludwigsfelde facility and we will then include most of these products in our inventory or otherwise utilize them.

To this end, we operate two outlets in Germany, where customers can purchase return items at significant discounts. These outlets provide us with an attractive opportunity to sell off products that no longer meet our high quality standards for products sold through our online offering, while generally still recording a profit from such sales. In addition, we sell suitable returns through third-party channels (*e.g.*, online auction houses) to efficiently utilize them. Our efficient use of returns has allowed us to ensure that there is only a very limited number of returns we are unable to sell.

For our Latin America segment, we offer free returns within a period of seven days from delivery (30 days in case of product deficiencies) in line with legal requirements in Brazil. To handle the return process in Brazil, we operate a centralized return center in our warehouse near São Paulo, where returned products are inspected and either included in our inventory, returned to the relevant supplier or otherwise utilized. While we do not operate outlets for our Latin America segment ourselves, we are nevertheless able to successfully market the majority of the remaining returns through third-party outlets.

12.5.7 Payments

In order to provide the best online shopping experience, we offer a broad range of payment options, in particular credit card payments (*e.g.*, VISA and Mastercard), PayPal, invoicing and advance payments. All payment options are free of charge, in line with our efforts to provide our customers with the maximum choice and convenience. However, the availability of payment options varies across countries. In general, we believe that offering customers their preferred payment methods helps us increase customer satisfaction and significantly improves conversion (*i.e.*, the share of customers visiting our websites and apps who actually order our products).

As certain payment methods currently offered by us in Europe, in particular invoicing, require us to take on certain credit risks, we have developed highly-advanced risk management systems based on proprietary software which utilize highly complex algorithms analyzing approximately 100 different criteria (*e.g.*, customers' email names, basket sizes and customers' locations). Our innovative fraud prevention systems help us determine what payment methods should be offered to specific customers, thereby reducing our credit risk and we consider these systems superior to any solutions offered by third-party providers. Furthermore, we employ a dedicated fraud prevention team which analyzes individual cases and continuously seeks to improve our fraud detection algorithms.

For our Latin America segment, we generally only accept credit card payments or advance payments (*Boleto Bancário*) to ensure that we do not take on any credit risk with respect to our customers. To further enhance the quality of our offering and in line with Brazilian legal requirements, we also offer our customers instalments, assigning the ensuing claims to banks via factoring.

Our focus on a disciplined credit risk management through proprietary scoring algorithms has allowed us to significantly reduce the share of bad debts and credit card chargebacks, while at the same time re-accelerating growth.

12.5.8 Marketing

Our marketing activities are aimed at driving the maximum relevant traffic to our websites and creating an international home & living brand that our customers both love and trust. We consider these activities a key component of our operations, which is why we utilize what we believe is the largest marketing budget among pure-play online home & living retailers in our key markets and the second highest TV marketing budget for home & living in Germany in the three months ended March 31, 2018, behind only IKEA. In 2017 and the three months ended March 31, 2018, our marketing expenses amounted to €51.2 million and €17.8 million, respectively. We believe that further enhancing our leading brand will help us reduce customer acquisition costs, increase customer loyalty and thereby increase both the number of our existing and new customers. Going forward, we intend to continue to strengthen our brand, use targeted marketing efforts when expanding our product offering to adjacent product categories as well as adjacent geographic markets and to achieve an even higher return-on-investment on our marketing expenses.

After initially utilizing marketing campaigns to establish our "home24" and "Mobly" brands in our key markets, we decided to shift the focus of our marketing efforts in 2016. To this end, we began to utilize our data-driven analytics capabilities based on our proprietary software in order to link marketing expenses with respect to individual marketing channels and campaigns in our various target markets to the relevant benefits we derive from them (*i.e.*, visits to our websites and apps as well as subsequent orders from the respective customers). Our sophisticated algorithms enable us to account for the time lag between marketing efforts and actual conversions, which is particularly important in the home & living industry. As a result of this decision, we have been able to achieve accelerating growth by more efficient spending of our marketing budget, allowing us to already reach first order profitability (see "*10.2.6 Marketing*"). We believe that our targeted marketing efforts result in high conversion rates and that we will be able to further improve these efforts by increasing our data gathering capabilities and by strictly adhering to our data-driven approach.

In order to reach a diverse customer base in the home & living industry, we employ a wide range of both paid marketing channels, which we believe helped generate 63% of the visits to our German websites and apps in 2017, and unpaid marketing channels, which helped generate the remaining 37% of visits in Germany in 2017:

12.5.8.1 Paid Marketing Channels

Online marketing is our most important marketing channel in Europe, and we have completely taken the marketing efforts for our Latin America segment online as this best fits our young and innovative customer base in this market. Our online marketing channels include search engine marketing (in particular in cooperation with Google and Bing), which we believe helped generate 47% of the paid visits to our German websites and apps in 2017. To this end, we also constantly analyze a large number of search terms in languages relevant to our target markets in order to find the most relevant terms for any given season and ensure a high ranking of our websites and apps. In addition, we engage in retargeting, affiliate marketing, price comparison marketing as well as paid social media, and we cooperate in these efforts with well-known Internet companies such as Facebook, Criteo and Google. By analyzing the data on website visits and conversions through our automated marketing IT-systems, we are able to reallocate our online marketing budget in real time, helping us to efficiently utilize our significant resources.

In addition to paying for search terms and ads, we offer relevant online players (*e.g.*, bloggers, home & living portals and online magazines) the option to participate in our affiliate partner program. Under this program, they can receive commissions of up to 10% if they are able to achieve referrals that generate revenue surpassing certain thresholds. We believe that the affiliate partner program helps us leverage our online marketing efforts with little or no additional marketing investments. We also selectively work with bloggers and other influencers, providing them with free furniture in exchange for relevant online content and product placement.

In addition to online marketing, our European segment also uses traditional marketing channels such as TV advertising for Germany, Austria and Switzerland. To this end, we have entered into strategic partnerships with leading TV networks in these markets (see "*12.7.1 Agreements with SevenVentures*" and "*12.7.2 Agreements with GMP*"). We believe that such efforts help us to reach target groups that would otherwise not come into contact with our online offering and enhances the recognition and overall perception of our brands. In addition, we have selectively taken out billboard ads, in particular in proximity to opening new showrooms in order to draw attention in local markets to these openings. Furthermore, we publish a high gloss catalogue with a circulation of at least 250,000 every quarter (see "*12.5.2.6 Our Catalogue*").

While our marketing expenses help drive attention to our websites and apps and thereby directly increase the number of orders, our products are generally not subject to impulse purchases. Consequently, our customers generally take significant time before they place their orders, with on average approximately three months elapsing between the moment when our marketing efforts trigger interest in our product offering and the time our customers have finished browsing our websites and apps and comparing different product offerings to place an order with us. Moreover, additional time elapses between order intake and the time we record the corresponding revenue and profits (*i.e.*, upon delivery of the relevant products). As a result, approximately four months elapse on average between the moment when increased marketing expenses first make customers' aware of our product offering and the time when we record the revenue from their purchases.

12.5.8.2 Unpaid Marketing Channels

In order to further enhance our brand recognition and perception, we also use certain unpaid marketing channels (*i.e.*, marketing efforts that do not require us to make payments to any third parties). These channels include our communication through social channels such as Facebook, Instagram and Twitter. As of March 31, 2018, we had approximately 190,000 followers on Facebook for our European brands and approximately 1.4 million followers for our "Mobly" brand. All of these social channels help us improve the recognition of our brands, generate additional word-of-mouth-referrals and thereby new customers.

Furthermore, we regularly distribute newsletters and other messages to our customers. Going forward, we plan to increase the number of subscribers and the degree of customization for our newsletters in order to derive the maximum value from this low-cost marketing tool.

In addition, we endeavor to enhance the ranking of our websites in organic searches, a process known as search engine optimization. By analyzing the relevance of key search terms and ensuring that our websites and apps are designed to best utilize such relevant terms, we constantly work to improve our design to ensure that our websites and apps are ranked high in organic searches and the maximum relevant traffic is directed to them.

12.5.9 Information Technology and Data

As a leader in the online home & living industry in continental Europe and Brazil, we consider ourselves a technology company and believe that we have the most advanced and sophisticated IT-platform in our target markets. This platform is operated by more than 130 highly qualified IT-experts, providing us with significant innovative potential as we continually seek to expand and optimize our IT-infrastructure. Between January 1, 2015 and March 31, 2018, we recorded capitalized development costs in an aggregate amount of €54.4 million in connection with the development of our IT-systems, evidencing the high value we put on our high-quality IT-infrastructure.

12.5.9.1 IT-Platform

Our IT-platform is both scalable and integrated across our value chain, processing 45 terabytes of additional data per month. To this end, we have developed our websites and apps, which are programed and updated in-house, as a highly resilient storefront for our home & living product offering, focusing on a reduction of downtimes while at the same time providing a state of the art customer experience. Going forward, we plan to further upgrade the features we offer, in particular by adding more varied content and increasing innovative features (*e.g.*, artificial intelligence for certain customer service functions) to further enhance the competitiveness of our online offering.

To further integrate our IT-functions across our value chain, we recently successfully introduced the latest version of SAP ERP software across our value chain in Europe, allowing us to optimize our operations and increase the number of automated functions. This software helps us keep track of the entire product journey from sourcing, through inbound logistics and warehouse management, transport and delivery to our customers as well as our customer service. Given that this SAP ERP software is designed for large multinational corporations, it is highly scalable, helping us ensure that our operations remain efficient even when we experience the anticipated rapid growth.

We believe that our ability to collect and analyze data provides us with a key competitive advantage, which is why we have designed our IT-platform with a view to integrating the collection of data from multiple relevant access points (*e.g.*, by using Google Analytics to track customer journeys as well as the information on product journeys provided by our SAP ERP software). In the future, we seek to further improve our ability to track cross-device journeys, which is crucial for us to analyze and improve the success of our product offering and the content of our websites and apps.

By utilizing over 600 servers and integrating the data gathering and analysis across our value chain, we have created what we consider a best-in-class setup, allowing us to utilize our increased knowledge in various ways:

- We can tailor our marketing efforts and the allocation of marketing expenses across different marketing channels based on the data we obtain with respect to the net contribution of such marketing channels.
- By constantly analyzing our data with respect to competitors' product offerings and past customer behavior, we can optimize the pricing of our products in order to achieve higher gross profit margins.
- By analyzing customer behavior, we can tailor the content of our websites and apps to ensure that they stay relevant to our customers and we can provide them with an attractive shopping experience.
- Our in-depth knowledge of expected customer behavior as well as current and future inventory levels enables us to base our sourcing decisions on generally accurate forecasts.
- Our integrated IT-functions across our value chain provide us with high visibility on the journey of our products and the effectiveness of our fulfillment operations.
- Our ability to analyze various relevant operational performance indicators in real time helps us steer our business more efficiently and enables us to analyze potential adverse developments earlier.

Given that our IT-platform is fully cloud based by utilizing Amazon Web Services, we benefit from the increased flexibility and security of operating in this high-quality cloud.

12.5.9.2 IT-Security

When expanding and operating our IT-platform, we constantly focus on security and reliability. To this end, we have implemented various state of the art security measures, in particular:

- cloud storage;
- firewalls;
- automated backups;
- encryption of sensitive data;
- specialized software to prevent so-called distributed denial-of-service attacks;
- disaster recovery systems;
- internal audits;
- penetration and security testing;
- a VPN network;
- information sharing based on a strict need-to-know principle;
- code reviews by at least two programmers;
- multi-factor authentication; and
- central password authentication.

Our software platforms in Europe and Brazil operate independently of each other, ensuring that software issues in any one operation do not automatically affect the other

12.6 Intellectual Property

12.6.1 Trademarks and Registered Designs

As of the date of this Prospectus, we have registered, or filed for the registration of, more than 50 trademarks, including our most important brands "home24", "Mobly" and "Fashion For Home". The registration of the latest design of our "home24" word and figurative trademark with the European Union Intellectual Property Office (the "**EUIPO**") is currently pending.

We constantly monitor our trademarks in order to maintain and protect these key assets, including by pursuing any infringements by third parties.

12.6.2 Domains

As of the date of this Prospectus, we are the legal or beneficial owners of various domains, including the following domains that are essential to our business:

- www.home24.com
- www.home24.de
- www.home24.fr
- www.home24.nl
- www.home24.at

- www.home24.ch
- www.home24.be
- www.home24.it
- www.mobly.com.br
- www.fashionforhome.de
- www.fashionforhome.nl
- www.fashionforhome.at

12.6.3 Proprietary Software

Our operations utilize a broad range of proprietary software, in particular for our data analysis tools as well as our websites and apps. For our operations in Brazil, almost our entire software platform is based on proprietary software solutions.

12.7 Material Agreements

The following is an overview of agreements that are material to our business or profitability. Apart from these agreements, there are no other agreements which are material our business as of the date of this Prospectus.

12.7.1 Agreements with SevenVentures

12.7.1.1 Media Agreement with SevenVentures

On July 31/August 4, 2017, the Company and SevenVentures, a subsidiary of ProSiebenSat.1 Media SE, entered into an advertising agreement, which was amended on February 7/14, 2018 and pursuant to which SevenVentures agreed to render certain media services to the Company (the "**SevenVentures Media Agreement**"). In particular, SevenVentures agreed to provide home24 with the ability to air TV ads produced by home24 for a certain air time on some of the TV channels operated by ProSiebenSat.1 Media SE and its group entities in Germany. In addition, SevenVentures undertook to develop a media strategy with home24.

The SevenVentures Media Agreement stipulates that a certain amount of air time provided by SevenVentures needs to be utilized during the period from August 1, 2017 up to and including July 31, 2018, with the remainder to be utilized in the period from August 1, 2018 up to and including December 31, 2019. However, the SevenVentures Media Agreement also provides for off periods from December 1, 2017 up to and including December 31, 2017 as well as in June and July 2018. During such off periods, SevenVentures is not required to provide home24 with air time, while home24 is likewise not required to utilize any air time. In addition, the SevenVentures Media Agreement enables both parties to shift air time under certain conditions.

In the SevenVentures Media Agreement, the Company agreed to pay SevenVentures a fixed fee for airing home24's TV ads and to provide SevenVentures with monthly reports on the effectiveness of such ads to help SevenVentures optimize the effectiveness of such ads. To secure the claims of SevenVentures under the SevenVentures Media Agreement, the Company and SevenVentures also entered into a security agreement on July 31, 2017, pursuant to which the Company has assigned its "fashionforhome" brand and the domain www.fashionforhome.de to SevenVentures. The security agreement will expire once all secured payment claims of SevenVentures under the SevenVentures Media Agreement have been met.

The SevenVentures Media Agreement has a term until December 31, 2019, but may be terminated by both parties for an important reason (*wichtiger Grund*). In addition, the SevenVentures Media Agreement provides SevenVentures with further termination rights, in particular if (i) the Company were to violate its reporting obligations and not remedy such violation within four weeks, (ii) RTL Group S.A. and/or any of its affiliates were to acquire more than 50.0% of the shares or voting rights in the Company or (iii) the Company were to terminate the security agreement, unless such termination is based on an important reason (*wichtiger Grund*).

12.7.1.2 Exit Participation Agreement with SevenVentures

In July 2017, the Company and SevenVentures entered into an exit participation agreement (the "**Exit Participation Agreement**"), pursuant to which the Company agreed to provide an exit participation in case of an exit event in exchange for more favorable terms under the SevenVentures Media Agreement. The Exit Participation Agreement expires once all claims for an exit participation of SevenVentures have been fulfilled.

Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will constitute an exit event under the Exit Participation Agreement.

Under the Exit Participation Agreement, SevenVentures is entitled to a payment corresponding to the value of the Company multiplied by an exit quota determined in the Exit Participation Agreement. The value of the Company corresponds to the Offer Price multiplied by the number of shares of the Company as of the date of this Prospectus. Assuming placement of 6,818,181 New Shares at the mid-point of the Price Range, the Company expects that the claims of SevenVentures that become due upon completion of the Offering would amount to approximately €2.4 million. The remaining claims of SevenVentures under the Exit Participation Agreement of up to approximately €3.0 million become due in monthly installments once SevenVentures has rendered the corresponding media services.

The claims of SevenVentures under the Exit Participation Agreement generally become due on the 20th banking day following the first day of trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). However, SevenVentures can only claim the share of the exit payment which corresponds to the share of media services already rendered under the SevenVentures Media Agreement. SevenVentures may claim the remaining portion of the exit payment in monthly installments, depending on the share of media services rendered in any given month.

12.7.2 Agreements with GMP

12.7.2.1 Media Agreement with GMP

On July 13/24, 2017, the Company and GMPVC German Media Pool GmbH ("**GMP**") entered into an advertising agreement, pursuant to which GMP agreed to render certain media services to the Company (the "**GMP Media Agreement**"). In particular, GMP agreed to provide home24 with the ability to air ads produced by home24 for a certain air time on some of the channels operated by the media partners of GMP (*i.e.*, RTL 2 Fernsehen GmbH & Co. KG, 3 Plus TV Network AG and PLAKATUNION Außenwerbe-Marketing GmbH & Co. KG (together, the "**Media Partners**")).

The GMP Media Agreement stipulates the amount of airtime applicable to individual Media Partners and the periods in 2017/2018 during which such airtime needs to be utilized by home24. Any airtime not utilized during the relevant periods is forfeited. In addition, the GMP Media Agreement provides the Company with various options to utilize additional airtime in 2017/2018 and a subsequent option to utilize additional airtime in 2018/2019. The Company determines the actual utilization of airtime by entering into individual schedules with the relevant Media Partners.

In the GMP Media Agreement, the Company agreed to pay GMP a fixed fee for airing home24's ads which depends on the Media Partners that has rendered the relevant media services, provided that no fixed fee is payable for media services rendered by 3 Plus TV Network AG. In addition, the GMP Media Agreement provides that GMP will receive new shares in the Company as compensation for the media services rendered to home24. The number of shares depends on which Media Partners rendered such media services and the amount of airtime utilized by home24. In order to settle GMP's claims for new shares of the Company under the GMP Media Agreement, the Company and GMP entered into the GMP Investment Agreement (see "*12.7.2.2 Investment Agreement with GMP*").

The GMP Media Agreement has a term until December 31, 2019, but may be terminated by both parties for an important reason (*wichtiger Grund*). In addition, the GMP Media Agreement provides GMP with further termination rights, if (i) the Company were to be liquidated or become insolvent, or (ii) fails to provide the required number of new shares.

12.7.2.2 Investment Agreement with GMP

On July 28, 2017, the Company, GMP and the shareholders of the Company at the time entered into an investment agreement (the "**GMP Investment Agreement**"). The GMP Investment Agreement originally entitled GMP to subscribe to up to 4,500 new shares of the Company against contributions in cash of €1.00 per share. The new shares will be issued from the Company's Authorized Capital 2017 (see "*16.3.3 Authorized Capital 2017*"). In addition to the cash contribution, GMP must waive or transfer claims in an amount of €1,037.00 per share under the GMP Media Agreement to subscribe for the new shares (together with the €1.00 cash contribution per share, the "**Issue Price**") (see "*12.7.2.1 Media Agreement with GMP*").

The maximum amount of equity remuneration for media services GMP may receive under the GMP Investment Agreement amounts to approximately €4.6 million. Such remuneration is split over the periods of (i) August 1, 2017 to December 31, 2017, (ii) January 1, 2018 to June 30, 2018 and (iii) July 1, 2018 to December 31, 2018. Following the end of the first of the aforementioned periods, GMP subscribed for a total of 423 new shares of the Company (see "*16.2 Development of the Share Capital*").

The GMP Investment Agreement stipulates that the Issue Price is to be adjusted to reflect any capital increase from the Company's own resources (*Kapitalerhöhung aus Gesellschaftsmitteln*). Therefore, the Issue Price was reduced to €24.14 per share as a result of the changes in the Company's share capital in May 2018 (see "*16.2 Development of the Share Capital*").

The number of shares which GMP may subscribe to is calculated by dividing the equity remuneration earned by GMP during the aforementioned periods by the difference between (i) the adjusted Issue Price of €24.14 per share and (ii) the lowest issue price per share of €1.00. The GMP Media Agreement requires GMP to inform the Company within three weeks after the end of each of the relevant periods whether GMP intends to exercise its right, if any, to subscribe for new shares of the Company.

Assuming GMP were to render the media services the Company still expects to draw on for the periods from (i) January 1, 2018 to June 30, 2018 and (ii) July 1, 2018 to December 31, 2018 and to exercise its right to subscribe for the corresponding number of new shares under the GMP Investment Agreement, GMP would be entitled to subscribe for a total of 42,239 new shares of the Company against contributions in cash of €1.00 per share to be issued from the Company's Authorized Capital 2017 (see "*16.3.3 Authorized Capital 2017*"). In addition, GMP would be required to waive or transfer outstanding claims under the GMP Media Agreement in an aggregate amount of approximately €1.0 million.

12.7.3 Financing Agreements

The following is a description of our material financing agreements:

12.7.3.1 Overdraft Facility with Deutsche Kontor Privatbank AG

On July 21, 2017, the Company and Deutsche Kontor Privatbank AG entered into an overdraft facility (*Kontokorrentkredit*) pursuant to which the Company could draw a loan amount of up to €3.0 million (the "**Overdraft Facility**"). The Overdraft Facility was amended on April 10, 2018 and the maximum loan amount was increased to €4.0 million. The Overdraft Facility requires the Company to draw a loan amount of at least €0.3 million. As of March 31, 2018, an amount of €0.3 million was drawn under the Overdraft Facility.

The Overdraft Facility bears at a rate of 8.75% per annum. Deutsche Kontor Privatbank AG may, in its reasonable discretion (*billigem Ermessen*), adjust this interest rate if the Euro Interbank Offered Rate ("**EURIBOR**") increases by more than 0.25%. In addition, Deutsche Kontor Privatbank AG may increase the interest rate for the Overdraft Facility by 2.5% per annum if the Company fails to comply with certain information requirements.

The Overdraft Facility has an indefinite term and is secured by the assignment of our inventories in our Ludwigsfelde warehouse.

12.7.3.2 *<u>Shareholder Loan</u>*

Replacing an existing shareholder loan agreement entered into in April 2018, the Company and GGC EUR S.á r.l., an affiliate of the Lending Shareholder, entered into an agreement for a shareholder loan for an aggregate amount of up to €20.0 million on May 2, 2018, to which Felix Jahn, a direct shareholder of the Company, subsequently acceded as a second Lender (the "**Shareholder Loan**"). As of the date of this Prospectus, an aggregate amount of €7.5 million has been drawn under the Shareholder Loan. The remaining amounts are to be drawn in installments of €2.5 million, provided that the Company may terminate the obligation to take out any additional amounts. We currently intend to repay the Shareholder Loan by utilizing parts of the proceeds from the Offering (see "*5. Reasons for the Offering and the Listing; Use of Proceeds*").

The Shareholder Loan bears interest at the EURIBOR plus a margin of 5.0% per annum for the period from the signing date to the date falling six months after the signing date, 7.0% per annum from the date falling six months after the signing date to the date falling twelve months after the signing date and 9.25% per annum thereafter. If the EURIBOR is negative, the Shareholder Loan will bear interest at the respective margin applicable at the time.

The Shareholder Loan is secured by the assignment of various fixed assets (*e.g.*, products in our warehouses, showrooms and outlets). Furthermore, the Shareholder Loan provides for customary events of default, including a material adverse effect, the non-payment of debts or a default under any other financial indebtedness of the Company for an amount of €2.0 million or more (cross-default). The Shareholder Loan also contains a number of covenants with regards to the Group, including restrictions on the payment of dividends, a negative pledge and limitations on the disposal of assets.

The maturity date for the Shareholder Loan is September 2, 2019. However, the Company, in its sole discretion, has the right to repay the Shareholder Loan on the dates falling three, six, nine and twelve months after the signing date. In addition, the Shareholder Loan provides the Lenders with the option to require the Company to repay the Shareholder Loan in case the Company (i) raises financial indebtedness in an aggregate amount exceeding €25.0 million or (ii) places new shares of the Company for aggregate gross proceeds of at least €25.0 million in the course of a listing of the Company's shares. Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will enable the Lenders to require the Company to repay the Shareholder Loan.

In connection with the Shareholder Loan, the Company and the Lenders entered into a fee agreement. The fee agreement provides that the Lenders will receive an additional fee if the Company places new shares of the Company for aggregate proceeds of at least €25.0 million in the course of a listing of the Company's shares, with such fee depending on the implied valuation of the Company's shares and the amounts outstanding under the Shareholder Loan. Assuming placement of 6,818,181 New Shares at the mid-point of the Price Range, the Company estimates that the fee due to the Lenders would amount to approximately €0.2 million, to be split between the Lenders on a *pro rata* basis depending on the loan amount provided by the respective lender.

12.7.4 Lease Agreements

12.7.4.1 *Berlin Headquarters*

On March 13, 2012, FP Commerce GmbH ("**FP Commerce**") (now the Company), as tenant, and Prime Management GmbH & Co. KG, as landlord, entered into a lease agreement with respect to our Berlin headquarters located at Greifswalder Straße 212 – 213, 10405 Berlin, Germany.

The lease commenced on April 1, 2012 and the regular term of such lease originally extended until March 31, 2017. However, the Company had the option to extend the lease for an additional term of five years (*i.e.*, until March 31, 2022), which it exercised in September 2016.

12.7.4.2 *Walsrode Warehouse*

On December 8/9, 2014, Home24 eLogistics GmbH & Co. KG, as tenant, and Goodman Celadon Logistics (Lux) S.à r.l. (now Logicor (Shine) Walsrode S.à r.l.), as landlord, entered into a lease agreement with respect to our warehouse in Walsrode. On August 1, 2017, the Company replaced Home24 eLogistics GmbH & Co. KG as tenant under the lease agreement.

The lease commenced on September 1, 2015 and the regular term of such lease is six years. However, the Company has the option to extend the lease up to three times, in each case for an additional term of three years.

12.7.4.3 *Ludwigsfelde Warehouse*

On March 10, 2014, the Company, as tenant, and GELF Ludwigsfelde (Lu) S.à r.l., as landlord, entered into a lease agreement with respect to our warehouse in Ludwigsfelde. On March 18, 2018, Home24 eLogistics GmbH & Co. KG replaced the Company as tenant under the lease agreement. On July 21, 2017, the Company again replaced Home24 eLogistics GmbH & Co. KG as tenant under the lease agreement.

The lease commenced on October 15, 2014 and the regular term of such lease expires on January 1, 2020. While the Company has the option to extend the lease up to three times, in each case for an additional term of three years. As we plan to open a new warehouse in Halle during the course of 2018, we may decide not to exercise this option and shut the Ludwigsfelde warehouse down in 2019 (see "*12.5.4.2 Our Warehouses and Middle Mile Delivery Processes*").

12.7.4.4 *Halle Warehouse*

On March 1/28, 2018, the Company, as tenant, and Goodman Artemis Logistics (Lux) S.à r.l., as landlord, entered into a lease agreement with respect to our new warehouse in Halle. The initially rental area amounts to 64,900 sqm and the Company has an option to lease an additional rental area of 65,000 sqm which it may exercise within four years after signing of the lease agreement.

The lease will commence once the rental area has been handed over to the Company, which is scheduled to occur by November 30, 2018. The regular term of such lease is six years. However, the Company has the option to extend the lease for initially five years and subsequently twice for three years each.

12.7.4.5 *São Paulo Offices*

On April 4, 2013, Mobly, as tenant, and Montecchio do Brasil Empreendimentos Immobiliários Ltda., as landlord, entered into a lease agreement with respect to our offices in São Paulo. The lease commenced on April 4, 2013 and the regular term of such lease will expire on April 3, 2022. However, Mobly has the option to extend the lease, which it must exercise 90 days before termination at the latest.

12.7.4.6 *São Paulo Warehouse*

On July 30, 2014, Mobly, as tenant, and Rio Saliceto Empreendimentos e Participações Ltda., as landlord, entered into a lease with respect to our main warehouse near São Paulo. The lease commenced on July 30, 2014 and the regular term of such lease will expire on March 29, 2020. However, Mobly has the option to extend the lease, which it must exercise 90 days before termination at the latest.

12.7.5 Agreements relating to the Acquisition of Certain Minority Interests

As of the date of this Prospectus, the Company indirectly holds 92.9% and 82.8% of the shares in Jade and VRB, respectively, both functioning as holding companies with respect to our Latin America segment. With respect to the remaining shares in Jade and VRB (the "**Minority Interests**"), such Minority Interests are attributable to certain current and former senior managers, employees and early investors of Mobly (the "**Beneficiaries**"). The Beneficiaries have entered into trust agreements pursuant to which Bambino 53. V V UG (haftungsbeschränkt) ("**Bambino**") and Juwel 181. V V UG (haftungsbeschränkt), respectively, hold the Minority Interests in trust on behalf of the Beneficiaries. These trust agreements set forth the rights and obligations with respect to the individual trust relationships.

As of the date of this Prospectus, the Company has entered into various angel agreements with the Beneficiaries, which generally include vesting-rights, call-option arrangements and non-compete obligations with respect to the respective Beneficiary. Pursuant to these angel agreements, the Lending Shareholder may exercise the call-options with respect to the Minority Shares held by a Beneficiary in case the employment of such Beneficiary is terminated or expires.

In addition, the participation agreements of the current managing directors of Mobly, Victor Noda, Mario Carlos Fernandes Filho and Marcelo Rodrigues Marques, provide for put- and call-option arrangements with respect to their Minority Interests in case of certain exit events. Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will constitute an exit event under the participation agreements. Following such exit event and after expiration of the lock-up period agreed with the Management Board, (i) the relevant Beneficiaries are entitled to sell and transfer their Minority Interests to the Company against payment of a certain put price, and (ii) the Company is entitled to acquire such Minority Interests from the relevant Beneficiaries against payment of a certain call price.

The price to be paid by the Company for the Minority Interests is calculated based on (i) the volume weighted closing price of the Company's shares in XETRA-trading during the three months prior to the day such options were exercised and (ii) the value of the entities which comprise our Latin America segment (based on the share of the Group value attributable to these entities based on the development of external revenue and Adjusted EBITDA for our Latin America segment compared to our Group revenue and Adjusted EBITDA at certain ratios), and (iii) the direct or indirect shareholding of the Company in Mobly. Assuming placement of 7,291,666 New Shares at the mid-point of the Price Range and based on the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, the Company expects that the aggregate claims of Victor Noda, Mario Carlos Fernandes Filho and Marcelo Rodrigues Marques would amount to approximately €7.9 million.

The Company may, in its sole discretion, decide whether to settle such claims of the relevant Beneficiaries in cash or in shares of the Company. If the Company choses to settle the compensation claims in shares, the fair market value of the shares to be provided to the Beneficiaries must correspond to such Beneficiaries' claims in connection with their Minority Interests.

Furthermore, the participation agreements of Victor Noda, Mario Carlos Fernandes Filho and Marcelo Rodrigues Marques stipulate that the Company may request them to transfer their Minority Interests to the Company in exchange for shares in the Company. In such case, the aforementioned put- and call-options will no longer be applicable.

12.7.6 Profit Transfer Agreement with Home24 Outlet GmbH

On March 10, 2017, the Company, as the controlling entity, and Home24 Outlet GmbH, as the controlled entity, entered into a profit transfer agreement with retroactive effect from January 1, 2017. Pursuant to this profit transfer agreement, Home24 Outlet GmbH is required to transfer its entire profits, if any, to the Company, which in turn is required to assume Home24 Outlet GmbH's losses in any given fiscal year, if any (in each case, as determined by the unconsolidated financial statements of Home24 Outlet GmbH prepared in accordance with HGB for a given fiscal year).

The profit transfer agreement has a minimum term of five years and may generally be terminated with a three-month notice period and with effect from the end of the respective fiscal year. In addition, both parties have the right to terminate the profit transfer agreement for due cause without prior notice.

12.8 Insurance Coverage

We have taken out a number of group insurance policies that are customary in our industry (*e.g.*, property and loss of earnings insurance, business liability insurance, including insurance for product liability, transport insurance and environmental liability insurance) and cover all entities of the Group. Our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider our insurance coverage market standard insurance coverage customary in our industry. There is, however, no guarantee that we will not suffer any losses for which no insurance coverage is available or that the losses will not exceed the amount of insurance coverage under existing insurance policies.

We have also taken out a directors and officers ("**D&O**") insurance policy that covers the current and future members of the Management Board and Supervisory Board as well as equivalent bodies of other entities of home24, with a total coverage of up to €50.0 million per year and various sub-limits depending on the specific nature of claims. The D&O insurance provides for a deductible for all of the members of the Management Board in line with the AktG.

12.9 Employees

As of the date of this Prospectus, home24 employs a total of 1,303 FTEs.

The following table provides a breakdown of home24's FTEs for our two segments for the periods and dates, respectively, presented:

	For the fiscal year ended December 31,			As of March 31,
	2015(1)	2016(1)	2017(1)	2018
	(audited, unless otherwise indicated)			(unaudited)
Europe (unaudited)	885	736	834	919
Latin America (unaudited)	466	340	365	380
Number of employees	**1,351**	**1,076**	**1,199**	**1,299**

(1) Shows the average number of employees during the respective period.

As of the date of this Prospectus, home24 had no pension commitments.

12.10 Real Property

Our headquarters are located at Greifswalder Straße 212 – 213, 10405 Berlin, Germany.

As of the date of this Prospectus, home24 does not own any real property.

The following table provides an overview of all real property currently leased by home24:

Location	Approximate size of effective area	Primary use
	(unaudited) (in sqm)	
Home24 Straße 1, Walsrode, Germany	118,647	Warehouse
Alfred-Kühne-Straße 1, Ludwigsfelde, Germany	35,043	Warehouse
Avenida Emílio Chechinato, 2257 – Chácara Paraíso, Itupeva, Brazil	23,254	Warehouse
Greifswalder Straße 212-213, Berlin, Germany	4,776	Office/Administration
Hermann-Blankenstein Straße 20, Berlin, Germany	3,248	Office and Outlet
Avenida Engenheiro Roberto Zuccolo, 115 – Vila Leopoldina, São Paulo, Brazil	2,282	Warehouse
Rua Major Paladino, 128 Vila Leopoldina, São Paulo, Brazil	1,477	Office/Administration
Hochstraße 42, Bottrop, Germany	1,187	Outlet
Julius-Raab-Platz 4, Vienna, Austria	708	Showroom
Königstraße 43b, 70173 Stuttgart, Germany	631	Showroom
Grünstraße 15, Dusseldorf, Germany	562	Showroom
Bleichstraße 1, Frankfurt am Main, Germany	513	Showroom
Große Elbstraße 68, Hamburg, Germany	411	Showroom
Behrenstraße 28, Berlin, Germany	374	Showroom
Thierschstraße 3, Munich, Germany	320	Showroom

In addition, the Company has entered into a lease agreement with respect to its new warehouse in Halle and such lease is expected to begin by November 30, 2018 at the latest (see "*12.7.4.4 Halle Warehouse*").

12.11 Legal Proceedings

In the ordinary course of our business activities, we are regularly exposed to litigation, particularly in the areas of product warranty, guarantee claims, delivery and payment delays, competition law, intellectual property disputes, labor disputes and tax matters (see "*1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.*").

However, we are currently not involved in any legal dispute with a value exceeding €0.5 million, and have not been involved in any such proceedings during the past twelve months. Consequently, we are not aware of any governmental, legal or arbitration proceedings (whether pending or threatened) which may have, or have had, a significant effect on our financial position or profitability during the past twelve months.

13. REGULATORY AND LEGAL ENVIRONMENT

We operate in six countries in the European Union as well as in Brazil and Switzerland. Therefore, our business is subject to various regulatory requirements under European law and regulations of the EEA, the applicable national laws of the European countries in which we operate as well as the laws of Brazil and Switzerland.

While the relevant laws and regulations are typically of a national scope, within the European Union, a considerable degree of regulatory harmonization exists in a number of areas relevant to our business. The European Union has created a common regulatory framework that applies not only in our most important market Germany but in all member states of the European Union and comprises directives and regulations. Directives only become effective once they are transposed into national law in the respective member state of the European Union and the implementation of directives may vary between member states. Regulations, however, do not require implementation into national law and apply directly and uniformly in all member states of the European Union. In addition, member states of the EEA (e.g., Switzerland) have enacted national regulatory frameworks that are somewhat similar to the framework applicable in the European Union.

The following description provides an overview of selected regulations applicable to our business.

13.1 Data Protection and Data Privacy

The collection, processing and other use of personal data is extensively regulated by European and national legislation. At the EU level, Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**Data Protection Regulation**") entered into force on May 25, 2018. In Germany, the Data Protection Regulation is supplemented and modified by the German Federal Data Protection Act (*Bundesdatenschutzgesetz* (the "**Data Protection Act**")), which was recently amended with effect from May 25, 2018.

In general, European data protection and data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how it may be transferred. The Data Protection Regulation contains strict requirements for obtaining the consent of data subjects (*i.e.*, the persons to whom personal data relates) to the use and processing of their personal data. Such consent may be withdrawn at any time and without causing, preventing the continued use of the affected data. In addition, a transfer of personal data to entities outside the EEA is subject to specific requirements.

The Data Protection Regulation also requires organizational measures such as the installation of a data protection officer (*Datenschutzbeauftragter*) who, *inter alia*, monitors compliance with the Data Protection Regulation. In addition, it may require so-called privacy impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals.

In addition to the Data Protection Regulation and the Data Protection Act, various sector-specific statutes set forth specific rules which apply to certain industries or businesses and prevail over the general provisions of the Data Protection Act. Online retailers have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz* (the "**Tele Media Act**")), which takes into consideration particular aspects of online communication and may deviate from the Data Protection Act. For example, the Tele Media Act provides for additional information obligations which are stricter than the general requirements of the Data Protection Act (*e.g.*, a requirement to include an imprint on websites and apps).

The following selected areas of data protection and data privacy are of particular relevance to our business:

13.1.1 Individual Rights of Data Subjects

Under the Data Protection Regulation data subjects, *inter alia*, have a right to require information about what data has been recorded with respect to them, how their data is being processed, the right to data portability as well as the right to restrict certain processing of their data. Furthermore, the Data Protection Regulation establishes a "right to be forgotten". Therefore, data subjects may require online retailers that data relating to such data subjects is deleted when there is a problem with the underlying legality of the processing or where the data subjects have withdrawn their consent to the use and storage of such data.

13.1.2 Web Analysis

Web analysis technologies such as cookies or tracking tools (*e.g.*, Google Analytics) enable us to utilize traffic to our websites and apps to personalize our offering and marketing efforts to better match the interests of our customers. Even though most web analysis tools allow for the anonymization of data (*i.e.*, by collecting only a part of the users' IP addresses) and do not allow for a subsequent allocation of such data to individual users, the use of such tools may still be subject to data privacy laws.

The use of cookies, which is currently regulated by, *inter alia*, the Data Protection Regulation, may be restricted further by the Regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications (Regulation on Privacy and Electronic Communications), which is currently undergoing the European legislative process and provides for an opt-in regime pursuant to which the use of cookies requires a clear affirmative act establishing a freely given, specific, informed and unambiguous indication of the respective user in the relevant website or app.

13.1.3 Profiling

The Data Protection Regulation imposes various restrictions on profiling. Profiling can be defined as any form of automated processing of personal data intended to evaluate certain personal aspects relating to a natural person or to analyze or predict such person's performance at work, economic situation, location, health, personal preferences, reliability or behavior. Such restrictions impede the ability of online retailers to offer more curated and personalized content which may require an analysis that could be considered profiling.

13.1.4 Email Advertisements

Subject to certain exceptions, email advertisements (*e.g.*, newsletters) may only be sent to recipients who have given their explicit prior consent to receiving such communication. In Germany, case law demands that in certain cases consent must be obtained by way of a so-called double-opt-in procedure. This procedure requires that recipients give their consent twice (*i.e.*, once by filling out an online registration form, a second time by confirming their email address after they have registered).

When obtaining the relevant consents, the respective sender has to clearly inform the recipients on the scope and consequences of their consent. For example, a declaration of consent may not be hidden in general terms and conditions but must be clearly highlighted. Consent may be withdrawn at any time without cause.

As an exception from the consent requirement, personalized product recommendations may be sent to customers by email without their explicit prior consent provided, *inter alia*, that such recommendations only relate to products identical or similar to those previously purchased by the respective customer and that the customer has been duly informed about his right to object to receiving such recommendations.

13.1.5 Social Plugins

Online retailers use social plugins (*e.g.*, Facebook's "Like" or "Share" buttons) to promote their websites and apps through social media and to communicate with their customers and followers. However, the use of social plugins may infringe data privacy laws depending on the technical design of the relevant plugin. Therefore, some German data protection authorities recommend the use of a two-click-solution pursuant to which users must first activate the relevant social plugins before being able to actually click on the relevant buttons. This two-click-solution is aimed at ensuring that no personal data is collected through social plugins without the consent of the relevant user and assumes that consent is not already given by activating social plugins with the first click.

13.1.6 Payment Processes

Directive (EU) 2015/2366 of the European Parliament and of the Council of November 25, 2015 on payment services in the internal market covers, *inter alia,* online-based payment services, provides for a uniform regulation of payments via Internet and mobile phones and increased customer protection and requirements for user authentication.

13.1.7 Consequences of Non-Compliance

Under the Data Protection Regulation, any non-compliance with the relevant regulations may result in severe fines. Depending on the relevant infringement, fines of up to the higher of 4% of the annual worldwide turnover for the last fiscal year or €20.0 million may be imposed. In addition, the Data Protection Regulation grants individual data subjects the right to claim damages for violations of their rights under the Data Protection Regulation.

13.1.8 New Proposal for a Data Privacy Regulation

On January 10, 2017 the European Commission released a proposal for a regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications. While the proposal is still subject to legislative procedure and debate, it contains several provisions aimed at ensuring the confidentiality of electronic communications and also sets forth strict requirements for unsolicited communication as part of direct marketing efforts.

13.2 Cybersecurity

We are also required to comply with various cybersecurity requirements. In particular, the Data Protection Regulation and the Data Protection Act stipulate that entities that collect and process personal data (*e.g.*, most online retailers including home24) must implement certain technical and organizational measures to ensure that such data is processed and stored safely, remains confidential and can be restored and accessed again after interruptions. These measures may include physical security against unauthorized access and manipulation (*e.g.*, secure storage and transportation of physical data carriers), password security, authorization concepts, logging of subsequent changes of data, separation of data that has been collected for different purposes, reasonable encryption as well as protection against accidental loss, destruction or damage of data. Furthermore, the effectiveness of such measures must be tested regularly.

In addition, online retailers must ensure that appropriate compliance measures cover the detection and control of IT-related risks. In Germany, the German Act to Increase the Security of Information Technology Systems (*Gesetz zur Erhöhung der Sicherheit informationstechnischer Systeme*) amended the Tele Media Act in 2015. German law requires operators of websites and apps to protect their IT-infrastructure, particularly any data they collect and store, against outside attacks in accordance with the current standards of technology (*Stand der Technik*).

Directive (EU) 2016/1148 of the European Parliament and of the Council of July 6, 2016 concerning measures for a high common level of security of network and information systems (the "**NIS Directive**"), which was implemented in Germany on June 23, 2017, provides for additional requirements. The NIS Directive, *inter alia*, requires digital service providers (*e.g.*, online marketplaces) to

- carefully review their existing network security mechanisms;
- implement state of the art security measures aimed at ensuring a level of security appropriate to the risk of the respective provider; and
- establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the European Union.

Furthermore, the Data Protection Regulation generally requires us to inform the competent supervisory authority of any breaches of personal data stored or processed by us within 72 hours of becoming aware of such breach. Where the relevant breach is likely to result in a high risk to the rights and freedoms of the affected data subjects, we are also required to inform these data subjects of such breach without undue delay.

13.3 Consumer Protection

13.3.1 Consumer Protection in Europe

As an online retailer of consumer products in the home & living industry, our products must comply with various consumer protection laws. Throughout the European Union, consumer protection is extensively regulated on the basis of various directives, in particular:

- Council Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts;
- Directive 1999/44/EC of the European Parliament and of the Council of May 25, 1999 on certain aspects of the sale of consumer goods and associated guarantees;
- Directive 2000/31/EC of the European Parliament and of the Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market;
- Directive 2005/29/EC of the European Parliament and of the Council of May 11, 2005 concerning unfair business-to-consumer commercial practices in the internal market; and
- Directive 2011/83/EU of the European Parliament and of the Council of October 25, 2011 on consumer rights (the "**Consumer Rights Directive**").

The aforementioned European directives on consumer protection and the national laws implementing or complementing these directives impose extensive duties and responsibilities on us, in particular:

13.3.1.1 Information Requirements

Online retailers are subject to extensive and formalized information requirements. For example, they have to provide potential customers with detailed and accurate information on the main characteristics of their products, price and payment details and on statutory withdrawal rights (see "*13.3.1.3 Withdrawal Rights*"). Online retailers have to observe these requirements when designing and structuring their websites and apps as well their ordering, payment and fulfillment processes.

As a result of changing legislation, online retailers are regularly required to adapt their offering and processes. For example, the Consumer Rights Directive requires online retailers to ensure that during the order process consumers explicitly acknowledge that their order implies an obligation to pay. If placing an order requires activating a button or a similar function, such button must be labelled "order with obligation to pay" or similarly labelled, and the retailer must ensure that consumers are made aware of certain key information relating to the purchase directly before placing orders by activating such button.

13.3.1.2 Warranty Rights

Online retailers, including home24, are responsible for the conformity of their products with the agreed condition and liable to consumers for any lack thereof at the time of delivery. In case of product defects, consumers may require the relevant retailer to repair or replace the relevant products free of charge. Consumers may even request the removal of the originally delivered products and the reassembly or installation of the replacement products.

13.3.1.3 Withdrawal Rights

Consumers have the right to withdraw from online purchases without cause within 14 days from the day on which the consumer comes into possession of the relevant products. Certain online retailers, including home24, may voluntarily extend such period for the exercise of withdrawal rights (*i.e.*, to 30 days for our European segment). Online retailers are required to inform consumers of their statutory withdrawal rights and failure to do so results in an extension of the withdrawal period by twelve months. Consumers must exercise their withdrawal rights by explicitly declaring their withdrawal (*e.g.*, in writing, per email or phone). A return of the relevant products without comment does not constitute a valid declaration of withdrawal.

Following a valid exercise of the statutory withdrawal right, the consumer is required to return the relevant products within 14 days. During the same period, the retailer is required to reimburse the purchase price, including shipping costs, if any. However, the retailer is not required to reimburse the consumer for any additional costs, if the consumer has expressly opted for a more expensive type of delivery (*e.g.*, express delivery). The consumer generally has to bear the expenses for the return, unless the retailer has agreed to bear them or failed to properly inform the consumer that he will have to bear such expenses in case of a withdrawal. In addition, the consumer is also required to compensate the seller for any loss in the value of the returned products, unless (i) such loss was caused by the customary handling of the products in order to examine their condition, features and functionalities or (ii) the seller has failed to properly inform the customer of his statutory withdrawal rights.

13.3.1.4 Advertising

Advertising efforts (*e.g.*, promotional games, newsletters and personalized product recommendations) are heavily regulated, in particular if distributed via email or telephone. Advertisements may not be misleading, harassing, coercing or unreasonably or otherwise unduly influence consumers. These criteria leave wide room for interpretation, resulting in significant uncertainty as to how and other competent bodies will apply them.

13.3.1.5 Consequences of Non-Compliance

Failure to comply with provisions on consumer protection may give rise to civil liability, administrative orders or fines and may even result in the invalidity of the affected agreements with the relevant purchasers.

13.3.2 Consumer Protection in Brazil

In Brazil, we are subject to various consumer protection laws. Legal consumer relations in Brazil are primarily regulated by the Brazilian Consumer Protection Code pursuant to Decree Law no. 8078 of September 11, 1990 ("**CPC**"). The CPC seeks to protect the rights of consumers and governs the interactions and responsibilities between suppliers and end consumers, establishing standards of behavior, periods for delivery and penalties. For the purpose of the CPC, suppliers include retailers such as Mobly.

13.3.2.1 Basic Consumer Rights

Under the CPC, suppliers are required to observe various basic consumer rights, including extensive information requirements. For instance, they have to provide consumers with adequate and clear information on their products and services (*e.g.*, exact specifications with respect to quantity, characteristics, composition, quality, taxes, prices, and potential risks). Online retailers have to observe these requirements when designing their websites and apps as well their ordering, payment and fulfillment processes.

13.3.2.2 *Warranty Rights*

Under the warranty liability provisions of the CPC, suppliers of durable products as well as non-durable products have a joint liability for any quality or quantity defects that make such products improper or inadequate for their intended use and for defects that diminish the value of such products as well as for those defects caused by improper packaging, labeling or advertisements.

When consumers become aware of product defects, consumers are entitled to demand replacement of the defective parts of products. If the supplier is not able to remedy such defect within 30 days, consumers may generally demand that (i) the defective product is replaced, (ii) they receive a refund (subject to adjustments, notwithstanding eventual losses and damages), or (iii) that the purchase price is reduced to reflect the lower value of the defective product. However, if remedying the defect adversely affects the quality of a product, its characteristics, or its value, or when the product is otherwise essential, consumers may demand that the defect is remedied immediately.

Consumers must raise warranty claims under the CPC within a 90-day warranty period for durable products and services from the date of (i) delivery of the product for immediately and easily verifiable defects, or (ii) discovery of concealed defects.

13.3.2.3 *Withdrawal Rights*

Under the CPC, consumers may terminate contracts within seven days following the (i) execution of the relevant contract, or (ii) delivery or provision of the product or services if the contract was entered into outside the commercial establishment of the respective supplier (*e.g.*, online or over the phone).

13.3.2.4 *Commercial Practices and Advertising*

Suppliers are generally required to protect their customers against improper conduct and may not engage in misleading or abusive advertising, coercive or dishonest commercial practices, and abusive practices and clauses when supplying their products and services.

Advertising efforts (*e.g.*, promotional games, newsletters and personalized product recommendations) are heavily regulated by the CPC, in particular if distributed via email or telephone. Any information or communication for advertising purposes that is entirely or partially false or which could otherwise mislead consumers, even by omission, about the nature, characteristics, quality, quantity, properties, origin, price and any other data related to products or services, qualifies as misleading under the CPC.

13.3.2.5 *Consequences of Non-Compliance*

Failure to comply with provisions of the CPC may give rise to criminal and civil liability, administrative orders or fines and may even result in the invalidity of the affected agreements with the relevant purchasers.

13.4 Product Safety

13.4.1 Requirement to ensure Product Safety

Online retailers in the home & living industry who market their products in the European Union have to act with due care to help ensure that their products are safe. To this end, Directive 2001/95/EC of the European Parliament and of the Council of December 3, 2001 on general product safety, as amended (the "**Product Safety Directive**"), which has been implemented in Germany by the German Act on Product Safety (*Produktsicherheitsgesetz*) as well as various governmental regulations (*Rechtsverordnungen*) on the safety of specific products and product groups, imposes various obligations on manufacturers and retailers.

Under the Product Safety Directive, retailers are required to act with due care to ensure compliance of their products with the applicable safety requirements, in particular by not marketing products, if they know, or should have presumed, that such products do not comply with such safety requirements. The Product Safety Directive applies to all products which are intended for consumers, or likely to be used by consumers even if not intended for them, whether new, used or reconditioned. However, the Product Safety Directive does not apply to secondhand products supplied as antiques or as products that need to be repaired or reconditioned prior to being used, if the retailer clearly informs the consumer of this condition.

In addition, retailers are generally required to participate in the monitoring of the safety of their products, especially by passing on information with respect to product risks, by keeping and providing the documentation necessary for tracing the origins of their products, and by cooperating with manufacturers and competent governmental authorities to mitigate risks from defective products. Retailers may also become subject to the even more extensive regulations relating to producers under the Product Safety Directive, for example if they modify their products in a way that affects the safety of such products.

13.4.2 Safety Requirements for Individual Products

Depending on the nature of our home & living products, in particular the individual materials used in the manufacture of such products, certain products may be subject to additional regulations, including:

- Regulation (EC) no. 1907/2006 of the European Parliament and of the Council of December 18, 2006 concerning the registration, evaluation, authorization and restriction of chemicals (REACH), as amended;
- the German Act on Food, Feed and Consumer Products (*Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch*);
- the German Consumer Goods Ordinance (*Bedarfsgegenständeverordnung*); and
- Regulation (EU) No. 995/2010 of the European Parliament and of the Council of October 20, 2010 laying down the obligations of operators who place timber and timber products on the market.

Such regulations are primarily aimed at protecting the health of consumers that come into contact with certain products and grant extensive powers to the competent governmental authorities in order to supervise the compliance of retailers with their legal duties. In addition, they relate to the correct labelling of our products.

13.4.3 Consequences of Non-Compliance

A violation of European or national product safety laws and related regulations may be sanctioned with fines and in severe cases even with criminal sanctions.

The German Product Liability Act (*Produkthaftungsgesetz* (the "**Product Liability Act**")) provides for an additional liability regime with respect to products that cause injury or death of a natural person or damage to property and such liability generally applies irrespective of fault (*verschuldensunabhängig*). Under the Product Liability Act, retailers are generally considered manufacturer with respect to establishing their product liability obligations. The Product Liability Act provides for a liability limit (*Haftungshöchstbetrag*) in an amount of €85.0 million. In addition, in case of damage to property, the owner of such property is required to bear damages in an amount of €500.00 himself.

Under the product liability provisions of the CPC, suppliers are subject to strict liability with respect to the delivery of insufficient or inadequate information on the use of products and the risks associated with them as well as the harm to consumers due to defects in the design, manufacture, construction, assembly, formulas, handling, presentation or packaging of their products. A product is deemed defective when it does not provide the safety consumers can legitimately expect. Consumers are entitled to claim damages with respect to harm caused by defective products or services within five years from the date the damage and the liable party become known to them.

13.5 Trademarks

The registration and protection of trademarks is regulated by international, European and national legislation:

- On an international level, trademark registration and protection are, *inter alia*, governed by the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on September 28, 1979 (the "**MMA**"), the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on November 12, 2007 (the "**PMMA**"), and the Paris Convention for the Protection of Industrial Property of March 20, 1883, as last amended on September 28, 1979.

- On the European level, trademarks are governed by Directive 2008/95/EC of the European Parliament and of the Council of October 22, 2008 on the approximation of the laws of the member states relating to trademarks and, with respect to the creation of a union-wide trademark registration and protection regime, by Council Regulation (EC) 207/2009 of February 26, 2009 on the on the community trademark. In March 23, 2016, Regulation (EC) 207/2009 was amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council of December 16, 2015, which provides for different trademark fees, technical changes as well as institutional changes to the EUIPO. As part of a legislative package to reform the European trademark regime, the Directive 2008/95/EC will be replaced by Directive (EU) 2015/2436 of the European Parliament and of the Council of December 16, 2015 to approximate the laws of the member states relating to trademarks, which will become effective on January 15, 2019.

- In Germany, trademarks are governed by the German Federal Trademark Act (*Markengesetz*).

- In Brazil, trademarks are regulated by the Law No. 9.610 of February 19, 1998 on Copyright and Neighboring Rights, as amended.

Trademarks may be registered with the respective national trademark authority (*e.g.*, the German Patent and Trade Mark Office (*Deutsches Patent- und Markenamt*) or the Brazilian National Institute of Industrial Property (*Instituto Nacional de la Propiedad Industrial*)), as well as with EUIPO for union-wide registration, and, following either national or union-wide registration, via the World Intellectual Property Organization in countries which are parties to the MMA or PMMA for 10-year periods. Such registrations may be renewed repeatedly. Upon receiving an application, the EUIPO will examine whether there are grounds for refusal of granting the trademark registration (*e.g.*, due to earlier, identical or similar trademarks registered in a member state of the European Union or a lack of distinctive character of the relevant trademark). Furthermore, proprietors of earlier trademarks may oppose the application for registration within three months of the publication of the application (*e.g.*, if the new trademark and the products or services sold thereunder are identical or similar to their trademark and the products or services sold thereunder). Upon registration of a European trademark, the proprietor is entitled to prohibit any third party from using such trademark commercially without his prior consent. In addition, national trademark laws of the member states of the European Union stipulate that the proprietor of a European trademark is entitled to, *inter alia*, receive compensation for damages arising from the illegal use his trademark.

13.6 Internet Domains

The reservation, transfer and renewal of generic top-level Internet domains (*e.g.*, ".com") and national top-level Internet domains (*e.g.*, ".de") are administered by the Internet Corporation for Assigned Names and Numbers ("**ICANN**"), which is a US-based non-profit organization. The reservation, transfer and renewal of second-level Internet domains are administered by certain registrars which are accredited by ICANN. In Germany, Internet domains ending with ".de" are administered by DENIC eG ("**DENIC**"), a German non-profit organization. Reservations of second level Internet domains are made by DENIC depending on who is the first applicant for the relevant domain.

If a domain infringes on trademarks or name rights, the proprietor of the relevant trademarks or name rights can under certain conditions file an injunction to prevent the registration or use of such domain. Such proprietor may also be entitled to compensation for damages arising from infringements on such rights. Furthermore, specific dispute resolution proceedings are available for disputes over domains, including with respect to infringements of trademark or name rights. For example, the Uniform Domain-Name Dispute Resolution Policy of the ICANN applies to disputes over the abusive reservation and use of domains for generic and certain national top-level domains.

In Germany, DENIC refers to the German courts for any disputes arising from the reservation and use of national domains. German courts may, *inter alia*, approve requests for the cancellation of domains, but not for the transfer of the disputed domains. However, if an entry on the disputed domain has been made with DENIC, such domain is transferred automatically to the claimant upon cancellation of the relevant domain by the courts. In addition, holders of domains who are also proprietors of trademarks corresponding to such domains can under certain conditions defend their domains *vis-à-vis* third parties against abusive reservation or use on the grounds of trademark protection.

14. SHAREHOLDER INFORMATION

14.1 Current Shareholders

As of the date of this Prospectus, the following shareholders of the Company directly hold a notifiable interest in the Company's share capital and voting rights within the meaning of Sections 33 *et seq.* WpHG (the "**Major Shareholders**"):

- Rocket Internet SE, registered in the commercial register of the local court of Charlottenburg Germany, under the docket number HRB 165662 B, with its registered address at Charlottenstraße 4, 10969 Berlin, Germany;

- Kinnevik Internet Lux S.à r.l. ("**Kinnevik**"), registered in the Luxembourg business registers under B190646, with its registered address at 7 Avenue Jean-Pierre Pescatore, L-2324 Luxembourg;

- Scottish Mortgage Investment Trust plc., registered with the companies house in the United Kingdom under company number SC007058, with its registered address at Calton Square, l Greenside Row, Edinburgh, EH1 3AN, United Kingdom;

- Vanguard World Fund, on behalf of its fund series Vanguard International Growth Fund, with its registered address at P.O. Box 2600, Valley Forge, Pennsylvania 19482, United States;

- Domus Rheno B.V., registered in the companies register in the Netherlands (*The Netherlands Chamber of Commerce*) under no. 60961910, with its registered address at Rijnkade 1, 3511 LC Utrecht, the Netherlands;

- Freemont Management SA, registered in the commercial register at the canton Vaud under no. CH-550-1.000.845-3, with its registered address at Rue des Remparts 2, 1095 Lutry, Switzerland;

- Zimmermann Investment Holding GmbH, registered in the commercial register of the local court of Iserlohn, Germany under the docket number HRB 8917, with its registered address at Eicken 1, 58791 Werdohl, Germany; and

- Dr. Philipp Kreibohm, a member of the Management Board with his business address at the Company's registered office at Greifswalder Straße 212 – 213, 10405 Berlin, Germany.

The following table sets for (i) the direct shareholdings of the Major Shareholders as well as other entities related to their respective ultimate controlling shareholder and (ii) the ultimate controlling shareholders of the Major Shareholders immediately prior to the Offering, as well as (iii) their expected shareholdings, together with the expected shareholdings of the public float upon completion of the Offering, assuming placement of 6,818,181 New Shares at the mid-point of the Price Range and final placement of 1,022,727 shares from the Greenshoe Option:

		Beneficial (Indirect) Ownership of the Company		
Ultimate Shareholder	**Direct Shareholder**	**immediately prior to the Offering**	**upon completion of the Offering**	
			(no exercise of Greenshoe Option)	**(full exercise of Greenshoe Option)**
			(in %)	
Rocket Internet SE[1], [2]	Rocket Internet SE/ Bambino 53. V V UG (haftungsbeschränkt)	41.22	30.11	28.94
Verdere S.à r.l.[3]	Kinnevik Internet Lux S.à r.l.[2]	16.84	12.30	11.82
Scottish Mortgage Investment Trust plc[4]	Scottish Mortgage Investment Trust plc	6.60	4.82	4.64
Vanguard World Fund[5]	Vanguard World Fund	5.50	4.02	3.86
Stichting Administratiekantoor Lauwerecht[6]	Domus Rheno B.V.	4.32	3.15	3.03
Nabuco Foundation[7]	Freemont Management SA	3.67	2.68	2.58
Reinhold Zimmermann[8]	Zimmermann Investment Holding GmbH	3.60	2.63	2.53
Dr. Philipp Kreibohm[9]	Dr. Philipp Kreibohm/ Bambino 53. V V UG (haftungsbeschränkt)/ PK Projects GmbH	3.21	2.34	2.25
Treasury shares[10]		0.18	0.13	0.13
Other shareholders[11], [12]		15.26	11.15	10.71
Public float[12]		–	26.95	29.79
Total[12]		**100.00**	**100.00**	**100.00**

(1) The Lending Shareholder directly holds 7,526,032 shares in the Company. In addition, Bambino, a wholly-owned subsidiary of the Lending Shareholder, holds 90,429 shares in the Company, predominately as trustee for various persons. Due to its ownership of all shares in Bambino, these shares in the Company are attributed to the holdings of the Lending Shareholder. However, the voting rights attached to the shares in the Company held by Bambino as trustee are exercised at the direction of the relevant trustor and therefore are also attributable to such trustor.

(2) The voting rights held by Kinnevik are attributable to the Lending Shareholder and *vice versa* due to an acting in concert within the meaning of Section 34 para. 2 WpHG between these entities.

(3) Kinnevik is a subsidiary of Kinnevik AB. Verdere S.à r.l. controls approximately 40.1% of the voting rights in Kinnevik AB and therefore has control over Kinnevik AB.

(4) Scottish Mortgage Investment Trust plc is a publicly listed company, and no person holds a controlling stake in Scottish Mortgage Investment Trust plc. Baillie Gifford & Co is the sole investment manager of Scottish Mortgage Investment Trust plc. Baillie Gifford & Co is owned by its partners, none of which holds a controlling stake in Baillie Gifford & Co.

(5) Vanguard World Fund is an investment company registered in the United States, and no person holds a controlling stake in Vanguard World Fund. Baillie Gifford Overseas Limited acts as investment advisor to Vanguard International Growth Fund, a fund series of Vanguard World Fund, but control over the votes remains with Vanguard International Growth Fund.

(6) Domus Rheno B.V. directly holds the shares in the Company. Stichting Administratiekantoor Lauwerecht indirectly holds all shares in Domus Rheno B.V. through SHV Holdings N.V. and SHV Nederland B.V.

(7) Freemont Management SA, in its capacity as a professional asset management company, holds a shareholding in the Company in its own name but for the account of its client, Regia Ltd., which also bears the risks from this investment. Nabuco Foundation is the sole shareholder of Regia Ltd.

(8) Mr. Zimmermann is the sole shareholder of Zimmermann Investment Holding GmbH.

(9) Dr. Kreibohm directly holds 511,700 shares in the Company. In addition, Bambino holds 90,429 shares in the Company as trustee for various persons, including 75,723 shares held as trustee for Dr. Kreibohm, with the voting rights attached to the shares held on behalf of Dr. Kreibohm to be exercised at his direction. Furthermore, PK Projects GmbH, in which Dr. Kreibohm is the sole shareholder, holds 5,547 shares in the Company.

(10) As of the date of this Prospectus, the Company holds 33,282 treasury shares.
(11) Refers to all shareholders with shareholdings of less than 3% in the Company's share capital immediately prior to the Offering excluding treasury shares.
(12) Does not add up to numbers shown above due to the 75,723 shares in the Company that are held by Bambino, a wholly-owned subsidiary of the Lending Shareholder, as trustee for Dr. Kreibohm and which are therefore attributable to both the Lending Shareholder and Dr. Kreibohm.

Rocket Internet SE, as the Lending Shareholder, will provide the Stabilization Manager with up to 1,153,846 Over-Allotment Shares in the form of a securities loan, provided that the total number of Over-Allotment Shares will not exceed 15.0% of the New Shares actually placed in the Offering. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (see "*19.3 Greenshoe Option and Securities Loan*").

14.2 Controlling Interest

As of the date of this Prospectus, the Lending Shareholder holds more than 30% of the voting rights in the Company and is therefore considered to hold a controlling interest in the Company within the meaning of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* ("**WpÜG**")).

In addition, the Lending Shareholder and Kinnevik have entered into a voting agreement (the "**Voting Agreement**"), pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting with respect to the composition of the Supervisory Board as well as the nomination of the chairpersons of the Supervisory Board and certain committees of the Supervisory Board. The Voting Agreement expires upon the earlier of (i) 24 months after the closing of the Offering, (ii) the date on which either the Lending Shareholder or Kinnevik directly or indirectly holds less than 10% of the shares in the Company, or (iii) the date on which either the Lending Shareholder or Kinnevik has sold or otherwise transferred (other than to an affiliate of the transferring party) a number of shares corresponding to 25% of the shares in the Company held by such party as of the date of this Prospectus.

As a result of the coordination of the exercise of voting rights with respect to the aforementioned matters under the Voting Agreement, the Lending Shareholder and Kinnevik will be considered persons acting in concert and their respective shareholdings will be mutually attributed pursuant to Sections 29 para. 2 and 30 para. 2 WpÜG. For the duration of the Voting Agreement, both the Lending Shareholder and Kinnevik will therefore be considered to hold a controlling interest in the Company within the meaning of the WpÜG.

Following completion of the Offering, the Lending Shareholder will continue to directly and indirectly hold at least 27.9%, and Kinnevik and the Lending Shareholder together will continue to directly and indirectly hold at least 39.3%, of the Company's shares (assuming completion of the Offering at the low end of the Price Range, issuance of 7,692,307 New Shares and exercise of the Greenshoe Option for 1,153,846 shares). As a result, the Lending Shareholder and Kinnevik will together continue to hold a controlling interest in the Company within the meaning of the WpÜG at least for the duration of the Voting Agreement.

The voting rights of the Lending Shareholder and Kinnevik do not differ from the rights attached to any other shares, including the Offer Shares. The limits imposed under German law, in particular the AktG and the rules and regulations applicable to a European company (*Societas Europaea* (*SE*)) on the ability of a controlling shareholder to exercise control have been observed by both the Lending Shareholder and the Company. There are no special provisions in the Articles of Association to ensure that such control is not abused.

15. GENERAL INFORMATION ON THE COMPANY AND HOME24

15.1 Formation, Incorporation, Commercial Name and Registered Office

The Company's legal predecessor was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law by memorandum of association (*Gesellschaftsvertrag*) dated April 8, 2009. Its legal name was Jade 909. GmbH, with its registered office in Berlin, Germany, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 119267 B.

By resolution of the shareholders' meeting of May 25, 2009, the memorandum of association was amended and the Company's legal name was changed to FP Commerce GmbH.

By resolution of the shareholders' meeting of June 12, 2012, the memorandum of association was amended and the Company's legal name was changed to Home24 GmbH.

By resolution of the shareholders' meeting of May 7, 2015, the Company changed its legal form to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to Home24 AG. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the Company's new docket number HRB 167157 B on May 13, 2015.

By resolution of the shareholders' meeting of May 14, 2018, the Company changed its legal form from a stock corporation (*Aktiengesellschaft*) under German law into a European company (*Societas Europaea* (*SE*)) organized under European and German law by way of a change of legal form (*formwechselnde Umwandlung*) and changed its legal name to home24 SE. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 16, 2018.

The Company is organized under European law as a European company (*Societas Europaea* (*SE*)) and therefore subject to European legislation on such companies, especially to the SE Regulation. As a company registered in Germany, the Company is also subject to German law. If any matter is not covered or only partially covered by the SE Regulation, the provisions of German law that apply to a German stock corporation (*Aktiengesellschaft*) are also applicable to the Company. Therefore, the Company is generally governed by German law, subject to the provisions of the SE Regulation. Thus, the AktG as well as other laws applicable to German stock corporations (in particular the German Transformation Act (*Umwandlungsgesetz* ("**UmwG**")), the HGB, the WpHG and the WpÜG may apply to the Company. In particular German law applies to capital measures of the Company (*e.g.*, capital increases and reductions), the Company's shareholders' meetings and the Company's accounting.

The Company's legal name is home24 SE. The Company is the parent company of the Group and primarily operates under the commercial name "home24". The Group also operates under additional commercial names, in particular "Fashion for Home" and "Mobly", as well as individual brands for specific products, in particular with respect to the Group's private label offering.

The Company has its registered office at Greifswalder Straße 212 – 213, 10405 Berlin, Germany (telephone: +49 (0) 30 609 88 00 19), and is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 196337 B.

15.2 Fiscal Year and Duration

The Company's fiscal year is the calendar year. The Company has been established for an unlimited duration.

15.3 Our History

The Company was founded in Berlin, Germany, in 2009. We launched our online offering that same year, subsequently focusing on compiling a broad and relevant home & living product offering and rapidly expanding our business. To this end, we acquired Mobly in 2012, which today heads our Latin America segment. In 2015, we acquired fashion4home to further solidify our competitive position in our largest market Germany while also integrating showrooms which had previously been operated by fashion4home into our operations. During these expansion efforts, our revenue grew rapidly at a CAGR of 129% between 2010 and 2015, reaching €233.7 million in 2015.

In 2016, we began taking the next step to support future growth, making significant investments to scale our home24 platform across the value chain, in particular by investing in end-to-end process optimization and automatic back-end fulfillment systems. In 2017, we re-accelerated our growth, which resulted in revenue of €275.7 million. Going forward, we intend to further increase our position as a pure-play market leader and go-to destination for home & living online shopping in continental Europe and Brazil.

15.4 Corporate Purpose

Pursuant to Section 2 of the Articles of Association, the Company’s corporate purpose is the marketing and sale of any kind of goods, in particular furniture and similar consumer products, primarily via Internet, including the development and operation of e-commerce platforms as well as development, marketing and provision of related services, the provision of logistic services and any other activities relating to the aforementioned line of business. The Company may also establish or acquire enterprises in Germany or abroad and participate in such enterprises, manage such enterprises or confine itself to the management of its participations. It may fully or partially leave its operations, including the operation of its participations, to affiliated companies or transfer or outsource its operations to such affiliated companies. Furthermore, the Company may establish branch offices in Germany or abroad and may transact any and all businesses that are suited to promote the object of the Company.

15.5 Group Structure

The Company is the parent company of the Group. The Group’s business is conducted by the Company and its various subsidiaries. The Group comprises all companies whose financial and business policy can be controlled by the Company, either directly or indirectly, and the equity interests of the Group whose financial and business policy can be influenced by the Company to a significant extent. As of the date of this Prospectus, the Group comprises 20 companies, of which 12 are based in Germany.

15.6 Significant Subsidiaries

The following table presents an overview of the Company’s significant direct and indirect subsidiaries:

As of the date of this Prospectus		**As of and for the fiscal year ended December 31, 2017**				
Name and registered office	**Company’s share of capital**	**Issued capital**	**Capital reserves**[(1)]	**Profit/ loss**	**Payables to the Company**[(1)]	**Receivables from the Company**[(1)]
	(in %)			**(in € million)**		
Home24 eCustomers GmbH & Co. KG, Germany	N/A[(2)]	0.0	0.0	0.0	0.2	0.1
Home24 eLogistics GmbH & Co. KG, Germany	N/A[(3)]	0.0	0.0	0.0	5.4	0.1
Home24 Outlet GmbH, Germany	100.00	0.0	0.0	0.0	2.6	1.2
Mobly Comercio Varejista Ltda., Brazil....	82.83	75.1[(4)]	2.5	5.9[(4), (5)]	0.0	0.0

(1) Calculated in accordance with IFRS.

(2) The Company is the sole limited liability partner (*Kommanditist*) of Home24 eCustomers GmbH & Co. KG. In addition, the Company holds all shares in Home24 Verwaltungs GmbH, the sole general partner (*Komplementär*) of Home24 eCustomers GmbH & Co. KG.

(3) The Company is the sole limited liability partner (*Kommanditist*) of Home24 eLogistics GmbH & Co. KG. In addition, the Company holds all shares in Home24 Verwaltungs GmbH, the sole general partner (*Komplementär*) of Home24 eLogistics GmbH & Co. KG.
(4) Based on an exchange rate provided by the ECB of 3.9729 Brazilian Reals per €1.00 as of December 29, 2017.
(5) Based on the financial statements of Mobly as of and for the fiscal year ended December 31, 2017 prepared in accordance with Brazilian generally accepted accounting principles.

15.7 Auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Friedrichstraße 140, 10117 Berlin, Germany, has audited in accordance with Section 317 HGB and German generally accepted standards for financial statement audits (i) the Company's German-language unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the HGB as of and for the fiscal year ended December 31, 2017, and (ii) the Company's German-language consolidated financial statements prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB as of and for the fiscal year ended December 31, 2017 as well as the Company's German-language consolidated financial statements prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a para. 1 HGB as of and for the fiscal years ended December 31, 2016 and 2015.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has issued unqualified German-language independent auditor's reports (*uneingeschränkte Bestätigungsvermerke des unanbhängigen Abschlussprüfers*) on the aforementioned unconsolidated financial statements and consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2017 and unqualified German-language audit opinions (*uneingeschränkte Bestätigungsvermerke*) on the aforementioned consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2016 and 2015.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

15.8 Announcements and Paying Agent

Pursuant to the Articles of Association, the Company's announcements are published in the German Federal Gazette (*Bundesanzeiger*), unless provided otherwise by mandatory law.

Pursuant to Section 14 para. 2 WpPG, this Prospectus, as well as any supplements thereto, will be published on the Company's website www.home24.com under the "Investor Relations" section. Printed copies of this Prospectus are available from the Company free of charge during normal business hours at the following address: home24 SE, Greifswalder Straße 212 – 213, 10405 Berlin, Germany.

The paying agent is Citibank, N.A., London Branch, United Kingdom. The mailing address of the paying agent is: Citigroup Centre, Canada Square, London E14 5LB, United Kingdom.

16. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

16.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €18,476,756.00 and is divided into 18,476,756 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany.

As of the date of this Prospectus, the Company holds 33,282 treasury shares. The remaining 18,443,474 existing shares of the Company are held by the existing shareholders, including the Major Shareholders (for further information, see "*14. Shareholder Information*").

16.2 Development of the Share Capital

The Company's share capital has developed as follows:

The Company was initially incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) with a share capital of €25,000.00.

The following table sets forth the increases of the Company's share capital up until the transformation of the Company into a German stock corporation (*Aktiengesellschaft*):

Date of shareholder or Management Board resolution	Nominal amount of capital increase	Resulting share capital	Date of registration in the commercial register
	(in €)		
June 17, 2009(1)	22,336.00	47,336.00	July 23, 2009
November 12, 2009(2)	13,524.00	60,860.00	November 23, 2009
May 26, 2010(3)	8,693.00	69,553.00	June 16, 2010
October 29, 2010(4)	7,324.00	76,877.00	November 18, 2010
February 18, 2011(5)	10,983.00	87,860.00	March 4, 2011
July 20, 2011(6)	14,832.00	102,692.00	August 4, 2011
October 4, 2011(7)	15,010.00	117,702.00	October 20, 2011
April 25/26, 2012(8)	134,690.00	252,392.00	May 10, 2012
May 16, 2012(9)	14,197.00	266,589.00	June 11, 2012
July 30/31, 2012(10)	5,133.00	271,722.00	August 21, 2012
August 30, 2013(11)	7,881.00	279,603.00	September 26, 2013
November 8, 2013(12)	15,774.00	295,377.00	November 21, 2013
April 30, 2014(13)	3,154.00	298,531.00	May 26, 2014
July 1, 2014(14)	15,745.00	314,276.00	July 10, 2014
December 18, 2014(15)	5,809.00	320,085.00	January 15, 2015
March 2, 2015(16)	1,671.00	321,756.00	March 17, 2015
April 16, 2015(17)	1,462.00	323,218.00	May 4, 2015

(1) The shares were issued against contributions in cash in an amount of €12.20 per share.
(2) The shares were issued against contributions in cash in an amount of €73.94 per share.
(3) The shares were issued against contributions in cash in an amount of €115.02 per share.
(4) The shares were issued against contributions in cash in an amount of €136.59 per share.
(5) The shares were issued against contributions in cash in an amount of €182.11 per share.
(6) The shares were issued against contributions in cash in an amount of €227.63 per share.
(7) The shares were issued against contributions in cash in an amount of €1,265.92 per share.
(8) The capital increase comprised three subsequent capital increases: (i) a capital increase by €790.00, (ii) an additional capital increase by €12,232.00 and (iii) a third capital increase by €121,668.00, in each case against contributions in cash and in kind in the form of shares in various entities in an aggregate amount of €1,265.92 per share.
(9) The shares were issued against contributions in cash in an amount of €1,584.84 per share.
(10) The shares were issued against contributions in cash in an amount of €1,584.84 per share.
(11) The shares were issued against contributions in cash in an amount of €1,584.84 per share.
(12) The shares were issued against contributions in cash in an amount of €1,584.84 per share.
(13) The shares were issued against contributions in cash in an amount of €1,584.84 per share.
(14) The shares were issued against contributions in cash in an amount of €1,584.84 per share.
(15) The shares were issued against contributions in cash in an amount of €2,545.53 per share.
(16) The shares were issued against contributions in cash in an amount of €2,545.53 per share.
(17) The shares were issued against contributions in cash in an amount of €2,545.53 per share.

By resolution of the shareholders' meeting of May 7, 2015, the Company changed its legal form to a stock corporation (*Aktiengesellschaft*) under German law. The change in legal form was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 13, 2015.

The following table sets forth the increases of the Company's share capital up until the transformation of the Company into a European company (*Societas Europaea* (*SE*)):

Date of shareholder or Management Board resolution	Nominal amount of capital increase	Resulting share capital	Date of registration in the commercial register
	(in €)		
May 29, 2015(1)	47,141.00	370,359.00	July 23, 2015
November 6, 2015(2)	7,071.00	377,430.00	December 14, 2015
February 24, 2016(3)	3,928.00	381,358.00	March 7, 2016
March 21, 2016(4)	3,997.00	385,355,00	April 12, 2016
September 7, 2016(5)	19,635.00	404,990.00	October 10, 2016
May 24, 2017(6)	19,312.00	424,302.00	June 27, 2017
October 27, 2017(7)	4,967.00	429,269.00	November 20, 2017
May 17, 2018(8)	423.00	429,692.00	May 23, 2018

(1) The shares were issued against contributions in cash in an amount of €2,545.53 per share.
(2) The shares were issued against contributions in cash in connection with the acquisition of fashion4home. For further information on the acquisition of, and subsequent merger with, fashion4home, see "*18.2.1.2 Acquisition of fashion4home*".
(3) The shares were issued against contributions in cash in an amount of €2,545.53 per share.
(4) The shares were issued against contributions in cash in an amount of €2,545.53 per share.
(5) The shares were issued against contributions in cash in an amount of €1,038.00 per share.
(6) The shares were issued against contributions in cash in an amount of €1,038.00 per share.
(7) The shares were issued against contributions in cash in an amount of €1,038.00 per share.
(8) The shares were issued to GMP against contributions in cash in an amount of €1.00 per share from the Company's Authorized Capital 2017 to fulfill the Company's obligations under the GMP Investment Agreement (see "*12.7.2.2 Investment Agreement with GMP*").

On May 18, 2018, the Company's shareholders' meeting resolved to increase the Company's share capital by €18,047,064.00 from €429,692.00 to €18,476,756.00 by transforming an amount of €18,047,064.00 of the Company's capital reserves (*Kapitalrücklage*) into share capital. The consummation of the capital increase was registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 23, 2018.

Upon registration of the IPO Capital Increase, the Company's share capital will be increased from €18,476,756.00 by up to €7,692,307.00 to up to €26,169,063.00. The consummation of the IPO Capital Increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on or about June 14, 2018.

Assuming placement of all New Shares at the low end of the Price Range and full exercise of the Greenshoe Option for 1,153,846 shares, the Company's share capital will be increased by €1,153,846.00 by issuing 1,153,846 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00, from the Authorized Capital 2018 (see „*16.3.4 Authorized Capital 2018*").

Assuming placement of 7,692,307 New Shares at the low end of the Price Range and full exercise of the Greenshoe Option for 1,153,846 shares, the Company's share capital would amount to €27,322,909.00 following completion of the Offering.

16.3 Authorized Capital

As of the date of this Prospectus, the Articles of Association provide for the following authorized capitals:

16.3.1 Authorized Capital 2015/II

Pursuant to Section 4 para. 3 of the Articles of Association, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company once or repeatedly by up to €281,650.00 by issuing up to 281,650 no-par value bearer shares against contributions in cash until May 17, 2023 ("**Authorized Capital 2015/II**"). The subscription rights of the shareholders are excluded.

The Authorized Capital 2015/II serves to fulfill the Call Options for new shares in the Company granted to current and former members of the Management Board (see "17.*4.6 Various Call Options*"). The Management Board may only issue shares from the Authorized Capital 2015/II for this purpose. The issue price for up to 210,829 new shares amounts to €1.00 per share and for an additional up to 70,821 new shares to €36.86 per share.

Furthermore, the Management Board is authorized, with the consent of the Supervisory Board, to determine the further details of the shareholders' rights pertaining to the new shares and the additional conditions of the issuance of such new shares. The issuance of shares to members of the Management Board also requires the consent of the Supervisory Board.

16.3.2 Authorized Capital 2015/III

Pursuant to Section 4 para. 4 of the Articles of Association, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company once or repeatedly by up to €277,350.00 by issuing up to 277,350 no-par value bearer shares against contributions in kind until May 17, 2023 ("**Authorized Capital 2015/III**"). The subscription rights of the shareholders are excluded.

The Authorized Capital 2015/III serves to fulfill current or future payment claims against the Company under the VSOP. The Management Board may only issue shares from the Authorized Capital 2015/III for this purpose. The issue price for up to 277,350 new shares is €1.00 per share. The contributions in kind for the new shares will be made by contributing the payment claims option holders under the VSOP have against the Company.

Furthermore, the Management Board is authorized, with the consent of the Supervisory Board, to determine the further details of the shareholders' rights pertaining to the new shares and the additional conditions of the issuance of the new shares. The issuance of shares to members of the Management Board also requires the consent of the Supervisory Board.

16.3.3 Authorized Capital 2017

Pursuant to Section 4 para. 6 of the Articles of Association, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company once or repeatedly by up to €175,311.00 by issuing new no-par value bearer shares against contributions in cash until May 17, 2023 ("**Authorized Capital 2017**"). The authorization may be utilized once or several times in tranches, which, however, may not exceed €175,311.00 in total. The subscription rights of the shareholders are excluded.

The Authorized Capital 2017 exclusively serves to fulfill subscription rights of GMP. The Management Board may only issue shares from the Authorized Capital 2017 for this purpose. The issue price equals the lowest issue price at the time the authorization is utilized.

Furthermore, the Management Board is authorized, with the consent of the Supervisory Board, to determine the further details of the shareholders' rights pertaining to the new shares and the additional conditions of the issuance of the new shares.

16.3.4 Authorized Capital 2018

Pursuant to Section 4 para. 7 of the Articles of Association, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company once or repeatedly, by up to €8,504,065.00 through the issuance of up to 8,504,065 new no-par value bearer shares against contributions in cash and/or kind until May 17, 2023 ("**Authorized Capital 2018**").

In principle, shareholders are to be offered subscription rights. The shares may also be subscribed for by one or more banks or enterprises within the meaning of Article 5 of the SE Regulation in conjunction with Section 186 para. 5 sentence 1 AktG with the obligation to offer the shares to the shareholders of the Company.

The subscription rights of shareholders are excluded for one or more capital increases from the Authorized Capital 2018:

- if the utilization of the Authorized Capital 2018 occurs to effect the IPO Capital Increase; or
- if the utilization of the Authorized Capital 2018 occurs to issue new shares to fulfill the Greenshoe Option.

Furthermore, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders for one or more capital increases from the Authorized Capital 2018:

- in order to exclude fractional amounts of subscription rights; or
- in the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price of the shares of the Company already listed. However, in accordance with Article 5 of the SE Regulation in conjunction with Section 186 para. 3 sentence 4 AktG the registered share capital attributable to the shares sold under the exclusion of shareholders' subscription rights may neither exceed 10% of the registered share capital of the Company at the time the Authorized Capital 2018 comes into effect nor – in case such amount is lower – at the time the Authorized Capital 2018 is exercised. Towards this threshold of 10% of the registered share capital shall also count the *pro rata* amount of the share capital (i) attributable to any shares that are sold during the term of the Authorized Capital 2018 on the basis of an authorization to sell treasury shares according to Article 5 of the SE Regulation in conjunction with Sections 71 para. 1 no. 8 sentence 5 and 186 para. 3 sentence 4 AktG if shareholders' subscription rights are excluded; (ii) attributable to any shares that are issued, or to be issued, to satisfy subscription or conversion or option rights or obligations, arising from convertible bonds and/or warrant bonds, profit participation rights and/or income bonds (or any combination of these instruments), provided that such instruments are issued during the term of the Authorized Capital 2018 under exclusion of shareholders' subscription rights in analogous application of Article 5 of the SE Regulation in conjunction with Section 186 para. 3 sentence 4 AktG; and (iii) attributable to any shares that are issued, or to be issued, during the term of the Authorized Capital 2018 on the basis of other capital measures under exclusion of shareholders' subscription rights in analogous application of Article 5 of the SE Regulation in conjunction with Section 186 para. 3 sentence 4 AktG; or
- to the extent necessary in order to be able to grant new shares of the Company to holders or creditors of convertible bonds and/or warrant bonds, profit participation rights and/or income bonds (or any combination of these instruments) that will be issued by the Company or the subordinated companies of the Group upon their exercise of conversion or option rights or fulfilment of conversion or option obligations, and to the extent necessary in order to grant holders of convertible or option rights or creditors of convertible bonds or warrant bonds with conversion obligations that will be issued by the Company or the subordinated companies of the Group a subscription right to new shares in the amount to which they would be entitled to as shareholders upon exercise of the option or conversion rights or fulfillment of their conversion or option obligations;

- in the event of a capital increase against contributions in kind, in particular in the context of mergers or acquisitions, including indirect acquisitions, of companies, businesses, parts of companies, participations or other assets or claims on the acquisition of assets, including claims against the Company or any of the companies of the Group; or

- in order to distribute a dividend in kind, in the context of which shares of the Company (also in part or subject to election) may be issued against contribution of dividend claims (scrip dividend).

The Management Board is authorized, with the consent of the Supervisory Board, to determine any further details of the capital increase and its implementation. This also includes the determination of the profit participation of the new shares, which may, in deviation from Article 9 para. 1 lit. c) (ii) of the SE Regulation in conjunction with Section 60 para. 2 AktG, also participate in the profits of already completed fiscal years.

16.4 Conditional Capital

16.4.1 Conditional Capital 2017

Pursuant to Section 4 para. 5 of the Articles of Association, the share capital of the Company is conditionally increased by up to €1,180,350.00 through the issuance of up to 1,180,350 no-par value bearer shares ("**Conditional Capital 2017**").

The Conditional Capital 2017 exclusively serves to fulfill subscription rights granted under the LTIP 2017 on the basis of the authorization of the Company's shareholders' meetings of March 10, 2017, as amended by resolutions of the Company's shareholders' meetings of July 28, 2017 and of May 24, 2018.

The new shares are issued at the lowest issue price of €1.00. The new shares are issued against contribution in kind in the form of the remuneration claims of the beneficiaries resulting from the 2017 Performance Shares granted to them. The conditional capital increase may be executed only insofar as in accordance with the resolution of the Company's shareholders' meetings of March 10, 2017, as amended by resolutions of the Company's shareholders' meetings of July 28, 2017 and of May 24, 2018, 2017 Performance Shares or 2018 Performance Shares have been granted, the beneficiaries have exercised their rights under the terms of the LTIP 2017 and the Company does not fulfill the beneficiaries' subscription rights with treasury shares or by settlement in cash.

The new shares generally participate in the profits from the beginning of the fiscal year in which they are created. However, the new shares participate in the profits from the beginning of the fiscal year preceding the fiscal year in which such new shares are created, if the Company's shareholders' meeting has not yet adopted a resolution of the appropriation of the distributable profit for the fiscal year preceding the fiscal year in which such new shares are created.

16.4.2 Conditional Capital 2018

The Company's shareholders' meeting expected to be held on or around June 13, 2018 is expected to resolve a conditional increase of the share capital of the Company by up to €8,058,025.00 through the issuance of up to 8,058,025 new no-par value bearer shares ("**Conditional Capital 2018**").

The Conditional Capital 2018 is expected to serve to grant shares upon exercise of conversion or option rights or for the fulfilment of conversion or option obligations to the holder or creditor of convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) issued on the basis of the authorizing resolution of the Company's shareholders' meeting expected to be held on or around June 13, 2018.

The new shares will be issued on the basis of the conversion or option price to be determined in accordance with the authorizing resolution of the Company's shareholders' meeting expected to be held on or around June 13, 2018. The conditional capital increase will only be implemented to the extent that holders or creditors of convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) which are issued or guaranteed by the Company or by a subordinated company of the Group or companies in which the Company directly or indirectly holds a majority of the shares, on the basis of the authorizing resolution of the shareholders' meeting expected to be held on or around June 13, 2018, exercise their conversion or option right or satisfy the conversion or option obligations under such convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) until June 1, 2023, or to the extent the Company grants shares in the Company instead of paying any amount due as well as to the extent the conversion or option rights or conversion or option obligations are not serviced by treasury shares but rather by shares from authorized capital or other consideration.

The new shares will participate in profits from the beginning of the fiscal year in which they are created and for all subsequent fiscal years. The Management Board is expected to be authorized to determine the additional details of the implementation of the conditional capital increase.

16.5 Authorization to Issue Convertible Bonds and Other Instruments

The Company's shareholders' meeting expected to be held on or around June 13, 2018 is expected to authorize the Management Board, with the consent of the Supervisory Board, to issue once or several times until June 1, 2023 bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) for a total nominal amount of up to €150.0 million, with or without a limited term, and to grant the creditors or holders of such instruments conversion or option rights to shares in the Company with a proportionate amount of the share capital of up to €8,058,025.00 in accordance with the terms of the respective instruments. Such terms may also provide for mandatory conversions, including the obligation to exercise the conversion or option rights. Bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) may also be issued against contributions in kind. For this purpose, the Company's shareholders' meeting created the Conditional Capital 2018 (see "*16.4.2 Conditional Capital 2018*").

In addition to Euros, bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) may also be issued – subject to the limitation of their aggregate value to corresponding Euro value – in the statutory currency of any country that is a member of the Organization for Economic Co-operation and Development. Such instruments may also be issued by subordinated companies of the Group or entities in which the Company directly or indirectly holds a majority of the shares. In such case, the Management Board is authorized to guarantee these instruments for the issuing entity of the Group or the majority-owned entity and to grant the creditors of the bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) conversion or option rights for shares in the Company.

In principle, the shareholders of the Company are to be granted subscription rights. Pursuant to Article 5 of the SE Regulation in conjunction with Section 186 para. 5 of the AktG, the aforementioned instruments may also be assumed up by one or more financial institutions with an obligation to offer them to shareholders of the Company (indirect subscription rights).

However, the Management Board is expected to be authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders to bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments):

- in order to exclude fractions of subscription rights; or
- if necessary to grant holders of such instruments which were or will be issued by the Company or by a subordinated entity of the Group or an entity in which the Company directly or indirectly holds a majority of the shares, subscription rights to which they would be entitled to as a shareholder after the exercise of the option or conversion rights or fulfilment of the conversion or option obligations; or
- if bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) with conversion or option rights or conversion or option obligations are issued against cash payments and the issue price is not significantly below the theoretical value of the partial bonds calculated by recognized financial mathematical methods within the meaning of Article 5 of the SE Regulation in conjunction with Sections 221 para. 4 sentence 2 and 186 para. 3 sentence 4 AktG. This authorization to exclude subscription rights only applies to bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) for which the right to shares does not exceed a total of 10% of the share capital either at the time of the coming into effect or the time of the exercise of the authorization. Treasury shares of the Company sold during the term of this authorization under exclusion of subscription rights of shareholders pursuant to Article 5 of the SE Regulation in conjunction with Section 71 para. 1 no. 8 sentence 5 half sentence 2 AktG and Section 186 para. 3 sentence 4 AktG are also to be credited against this limit. In addition, those shares issued during the term of the authorization out of authorized capital under exclusion of subscription rights according to Section 203 para. 2 sentence 1 AktG in conjunction with Section 186 para. 3 sentence 4 AktG are also to be credited against the aforementioned limit; or
- if bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) are issued against contributions in kind to the extent that the value of the contribution in kind is in reasonable relation to the market value of these instruments.

If profit participation rights or income bonds are issued without conversion or option rights or conversion or option obligations, the Management Board is also authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders as a whole if these profit participation rights or income bonds are subject to similar obligations (*i.e.*, if they do not establish a membership right in the Company, do not grant any participation in the liquidation proceeds and the amount of interest is not calculated on the basis of the amount of the annual surplus, the profit according to the balance statement of financial position or the dividends). In such case, the interest and the issue amount of the profit participation rights or income bonds has to correspond to the actual market conditions for a comparable acquisition of funds at the time of the issuance.

Furthermore, the Management Board is expected to be authorized, with the consent of the Supervisory Board, to stipulate other particulars and terms of the bearer or registered convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments) in accordance with the parameters of the authorization of the Company's shareholders' meeting expected to be held on or around June 13, 2018.

16.6 Authorization to Purchase and Sell Treasury Shares

16.6.1 Authorization relating to Current Treasury Shares

With respect to the 33,282 treasury shares held by the Company as of the date of this Prospectus, the Company's shareholders' meeting of May 18, 2018 authorized the Management Board, with the consent of the Supervisory Board, to acquire up to 33,282 treasury shares pursuant to Section 71 para. 1 no. 8 AktG until June 30, 2022 (or up to 10% of the share capital at the time the authorization is utilized). To this end, treasury shares acquired prior to the registration of the capital increase from the Company's own resources resolved by the Company's shareholders' meetings of May 18, 2018 are multiplied with a factor of 43. Following the registration of such capital increase in the commercial register, treasury shares may only be acquired for a price of €24.14 per share. As of the date of this Prospectus, the authorization has been fully utilized.

The Management Board is authorized to redeem treasury shares and implement such redemption without any further resolution by the Company's shareholders' meeting. A redemption may be effected without reduction of the Company's registered share capital in such way that the redemption leads to an increase of the nominal amount of the share capital of the remaining shares, in which case the Management Board is authorized to adjust the number of shares in the Articles of Association. The redemption of treasury shares may also be combined with a reduction of the share capital, in which case the Management Board is authorized to reduce the Company's registered share capital by an amount corresponding to the redeemed shares and to adjust the number of shares accordingly.

16.6.2 Authorization to relating to Additional Treasury Shares

The Management Board is authorized, with the consent of the Supervisory Board and in compliance with the principle of equal treatment (Article 9 para. 1 c) (ii) of the SE Regulation in conjunction with Section 53a AktG), to acquire treasury shares amounting to up to 10% of the Company's share capital at the time of the resolution or – if this amount is lower – at the time the authorization is exercised until May 23, 2023.

The shares acquired on the basis of this authorization, together with other treasury shares which the Company has already acquired and still holds or which are attributable to it according to Article 5 of the SE Regulation in conjunction with Sections 71a *et seq.* AktG, may not exceed 10% of the Company's share capital at any point in time.

These authorizations may be exercised, in whole or in part, by the Company once or several times in pursuit of one or more of the Company's objectives, but also by companies of the Group or third parties for the account of the Company or for companies of the Group. The authorization may not be exercised for the purpose of trading in treasury shares.

The acquisition of treasury shares takes place at the discretion of the Management Board (i) through a stock exchange or (ii) by means of a public offer directed to all shareholders of the Company or by means of a public invitation to shareholders to make a sales offer ("**Public Offer**") or (iii) by means of a public offer or a public request to make an offer to exchange liquid shares admitted to trading on an organized market within the meaning of the WpÜG against shares of the Company ("**Exchange Offer**"). The authorizations provide for certain thresholds by defining a minimum and maximum consideration for the acquisition of treasury shares.

If treasury shares are acquired through the stock exchange, the purchase price per share paid by the Company, excluding ancillary costs, may not be 10% higher or lower than the Company's share price in XETRA-trading (or an equivalent successor system) ascertained by the opening auction on the trading day.

In case of a Public Offer, the Company may either determine a fixed purchase price or a purchase price range. In case a purchase price range is determined, the Company will set the final purchase price based on the offers to sell that have been made. The offered purchase price, or the start and end values of the purchase price range per share (excluding transaction costs), may not be more than 10% higher or lower than the volume-weighted average stock exchange price of the share of the Company in the XETRA-trading (or an equivalent successor system) on the Frankfurt Stock Exchange on the last five trading days before the day of publication of the Public Offer. Adjustments may be made in case of not only insignificant price movements after the publication of a Public Offer.

The volume of the Public Offer may be limited. If the shares offered by the shareholders for purchase exceed the total number of the Public Offer, the shares offered shall be taken into account or accepted in proportion to the total number of the Public Offer to the total of shares offered by the shareholders. However, the Public Offer may provide that lower numbers of up to 100 shares for each shareholder are acquired on a preferential basis. The Public Offer may include additional conditions.

In case of an acquisition by Exchange Offer, the Company may set either an exchange ratio or a corresponding exchange range. Payment in cash may be made as additional payment or in compensation for fractional amounts. In the Exchange Offer, the Company may determine a period for the acceptance or making of the offer and the possibility and the conditions for adjustments of the exchange range. The exchange ratio will be ascertained in the event of an exchange range on the basis of the exchange ratio and/or other data stated in the acceptance or offer declarations of the shareholders and the acquisition volume set by the Management Board after the expiration of the offer period.

In case of an Exchange Offer of the Company, the offered exchange ratio or the exchange range (and the exchange ratio determined on the basis of the offers received) may not, in either case, exceed the crucial value of a share of the Company by more than 10% or fall below the said value by more than 20%. The volume-weighted average price of an exchange share and a share of the Company in XETRA-trading (or an equivalent successor system) or on an organized market within the meaning of the WpÜG on the last five stock exchange trading days prior to the day of the public notification of the offer is to be charged in each case.

The volume of the Exchange Offer or the request to make an Exchange Offer may be restricted. If the shares offered by the shareholders for exchange exceed the total amount of the Exchange Offer or the request of the Company to make an Exchange Offer, they will be taken into account or accepted in proportion of the total amount of the Exchange Offer or the request to make an Exchange Offer to the total of the shares of the Company offered by the shareholders. However, the offer may provide that minor numbers of up to 100 shares per shareholder are acquired on a preferential basis. The Exchange Offer or the request to make an Exchange Offer may include additional conditions.

Furthermore, the Management Board is authorized to use treasury shares already held by the Company and treasury shares of the Company acquired on the basis of the aforementioned authorizations, apart from a sale on the stock exchange or by means of an offer to all shareholders, including in the following manner:

(i) They may be redeemed and the Company's share capital may be reduced by that part of the share capital allotted to the redeemed shares without the redemption or its implementation requiring a further resolution by the Company's shareholders meeting. The Management Board may redeem the shares also in a simplified procedure without reducing the share capital so that by the redemption the proportion of the other shares in the share capital is increased.

(ii) They may, with the consent of the Supervisory Board, be offered and transferred, in particular in the course of company mergers or the acquisition of companies, parts of companies or holdings, enterprises or interests to third parties in exchange for contributions in kind. The treasury shares may also be used for purposes of finalizing, or for the settlement of, appraisal proceedings relating to companies affiliated with the Company under German corporate law.

(iii) They may, with the consent of the Supervisory Board, be sold to third parties against cash payment if the price at which the shares of the Company are sold is not significantly lower than the stock exchange price of one share of the Company at the time of sale (Article 5 of the SE Regulation in conjunction with Section 186 para. 3 sentence 4 AktG).

(iv) They may be used to serve acquisition obligations or acquisition rights to shares of the Company out of, and in connection with, conversion or warrant bonds or profit participation rights issued by the Company or companies of the Group, with conversion or option rights or conversion or option obligations or similar arrangements.

(v) They may be used to satisfy any and all obligations arising out of, or in connection with, the GMP Investment Agreement and the GMP Media Agreement.

The aforementioned authorizations may be utilized once or multiple times, in whole or in part for treasury shares acquired on an individual or joint basis. They may not be utilized to grant acquisition rights to employees or members of the management of the Company or a member of the Group and their use may not fall within the scope of Section 192 para. 2 no. 3 AktG.

In addition, the Management Board is authorized, with the consent of the Supervisory Board, to acquire until May 23, 2023 treasury shares for up to 5% of the registered share capital existing at the time of the adoption of the resolution by use of derivatives (put or call options or a combination of both). The acquired shares count towards the 10% threshold of the authorization for the acquisition and use of treasury shares. The option transactions must be entered into with a financial institution or through the stock exchange at terms close to market conditions. Shareholders are not entitled to enter into option transactions with the Company. The authorization provides for certain thresholds with regard to the exercise price (excluding acquisition costs and including certain other costs) which may not be more than 10% higher or lower than the volume-weighted stock exchange price of the Company's shares in XETRA-trading (or an equivalent successor system) on the Frankfurt Stock Exchange during the last five exchange trading days prior to the conclusion of the respective option transaction. Shareholders have a right to tender their shares only to the extent that, by virtue of the derivative transactions, there is an obligation on the part of the Company to purchase these shares. Any further tender right is excluded.

16.7 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, Article 63 of the SE Regulation in conjunction with the AktG provide that any assets remaining once all of the Company's liabilities have been settled shall be distributed amongst the Company's shareholders in proportion to their shareholdings. The AktG provides certain protections for creditors in the event of a liquidation of the Company.

16.8 General Provisions Governing a Change in the Share Capital

Pursuant to Articles 5, 57 and 59 of the SE Regulation in conjunction with the AktG, a resolution of the shareholders' meeting passed by a majority of at least 75% of the share capital represented at the vote is required to increase the share capital of a European company (*Societas Europaea* (*SE*)) and change the articles of association accordingly. However, the articles of association may provide that, instead of the 75% majority, a simple majority of the share capital represented at the vote suffices to increase the Company's share capital, provided that at least 50% of the Company's share capital is represented at the vote. Section 20 of the Articles of Association has made use of this option, and consequently capital increases may be resolved by the Company's shareholders' meeting with a simple majority of the share capital represented at the vote, if at least 50% of the Company's share capital is represented at the vote.

The shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (*i.e.*, at the time the authorized capital is registered in the commercial register).

In addition, the shareholders' meeting can create conditional capital through a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) preparing for a merger with other companies; or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

16.9 General Provisions Governing Subscription Rights

Article 5 of the SE Regulation in conjunction with Section 186 AktG generally grants all shareholders the right to subscribe for new shares of the Company issued in case of a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have the right to demand admission to trading for subscription rights. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. Exclusion of shareholders' subscription rights, wholly or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares with no subscription rights does not exceed 10% of the share capital at issue, both at the time when the authorization takes effect and at the time when it is authorized; and
- the price at which the new shares are being issued is not materially lower than the stock exchange price of the Company's shares.

16.10 Exclusion of Minority Shareholders

16.10.1 Squeeze-Out under Stock Corporation Law

Under Articles 5, 57 and 59 of the SE Regulation in conjunction with Sections 327a *et seq.* AktG, which govern the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash payment offered to minority shareholders must to reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash payment.

16.10.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b WpÜG, in case of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover offer or mandatory offer, may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an adequate compensation. Such transfer does not require a resolution of the shareholders' meeting. The consideration paid in connection with the takeover offer or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover offer or mandatory offer, while at all times a compensation in cash must also be offered.

In addition, following a takeover offer or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (Section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

16.10.3 Squeeze-Out under Reorganization Law

Pursuant to Section 62 para. 5 sentence 1 UmwG, a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft* (*AG*)), a partnership limited by shares (*Kommanditgesellschaft auf Aktien* (*KGaA*)), or a European Company (*Societas Europaea* (*SE*)) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

16.10.4 Integration

Under Article 9 para. 1 lit. c) (ii) of the SE Regulation in conjunction with Section 319 *et seq.* AktG, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. In such case, Section 305 para. 3 sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

16.11 Shareholder Notification Requirements; Mandatory Takeover Bids; Directors' Dealings

Once the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will be subject to WpHG provisions governing, *inter alia*, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the MAR provisions governing, *inter alia*, directors' obligations to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

16.11.1 Notification Requirements of Shareholders

16.11.1.1 <u>Notification Thresholds and Attribution Rules</u>

Pursuant to Section 33 para. 1 WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to concurrently notify both the Company and BaFin of such occurrence. Subsequent notifications are required if such person (i) acquires additional shares or in any other way reaches or exceeds a higher threshold or (ii) sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (*e.g.*, fundamental changes to the Group's business model or a sale of a substantial part of the Group's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting in concert.

Except for the 3%-threshold, similar notification requirements towards the Company and BaFin exist, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, again except for the 3% threshold.

16.11.1.2 Exceptions to Notification Requirements

There are certain exceptions to the notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 para. 1 WpHG. If the Company's parent company is itself a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in a member state of the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

16.11.1.3 Fulfillment of Notification Requirements

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice may be submitted either in German or English, in writing or via fax. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all member states of the EEA. Such publications shall only be made in the English-language. The Company is also required to transmit these publications to BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

16.11.1.4 Consequences of Violations of Notification Requirements

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. However, it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations.

16.11.1.5 Special Notification Requirements for more than 10% of the Voting Rights

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to Section 43 WpHG it receives without undue delay and no later than within three trading days.

16.11.2 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the Internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights exceeds 30% of the voting rights of the Company, such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30%-threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

16.11.3 Managers' Transactions

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR (*i.e.*, the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €5,000.00 *de-minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities.

16.12 Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) no. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

17. GOVERNING BODIES OF THE COMPANY

17.1 Overview

The Company is a (*Societas Europaea* (*SE*)) and has a two-tier management and control system, and the Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The responsibilities and powers of these governing bodies are determined by the SE Regulation, the German Act on the SE-Implementation (*SE-Ausführungsgesetz* ("**SEAG**")), the AktG, the Articles of Association and the internal rules of procedure of both the Supervisory Board and the Management Board.

The shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board is entitled to remove any member of the Management Board under certain circumstances. Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the SE Regulation, as the Supervisory Board's is tasked with supervising the management of the Company by the Management Board. However, in exceptional cases and for an interim period, a member of the Supervisory Board may take a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board. In addition, the duration of such stand-in arrangements may not exceed one year.

The Management Board is responsible for managing the Company in accordance with applicable European and German law, the Articles of Association and its rules of procedure, including the schedule of responsibilities. The Management Board represents the Company in dealings with third parties. As set out in Article 40 of the SE Regulation in conjunction with the AktG, the Supervisory Board advises and oversees the Management Board's administration of the Company, but is itself generally not authorized to manage or represent the Company. The Supervisory Board may amend the Articles of Association if such amendments are purely semantic.

The Articles of Association may designate types of transactions that may only be conducted with the prior approval of the Supervisory Board. In addition, the Supervisory Board may itself determine that certain types of transactions are subject to its prior approval. Matters subject to the prior approval of the Supervisory Board or of a committee of the Supervisory Board pursuant to the Articles of Association or the rules of procedure of the Management Board currently include the:

- A modification of the lines of business of the Company and a termination of existing, and the commencement of new fields of business;
- making of any individual investments in fixed assets exceeding an amount of €2.5 million individually or the agreed annual investment budget by an amount of €12.5 million in aggregate;
- the creation of encumbrances over shares in material companies as well as a liquidation of material companies;
- the acquisition, sale or the creation of encumbrances over, real estate and similar rights or rights in real estate with a value exceeding €5.0 million in individual cases; and
- the institution and termination of court cases or arbitration proceedings involving a disputed amount exceeding €1.0 million in individual cases.

The Management Board is also required to obtain the prior approval of the Supervisory Board to certain transactions concluded by subsidiaries of the Company if such transactions require approval of the Supervisory Board had they been undertaken by the Company.

In addition to the aforementioned transactions and measures, the Supervisory Board may make other types of transactions and measures subject to its prior approval by amending the rules of procedure of the Management Board or the Supervisory Board or through a resolution of the Supervisory Board. The Supervisory Board may also grant revocable consent in advance to a certain group of transactions in general or to individual transactions that meet certain requirements.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damages the Company has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The German Federal Supreme Court (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. However, such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court shall appoint such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court shall appoint different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Shareholders and shareholder associations may solicit via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses his or her influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. Moreover, in this context, the members of the Management Board and Supervisory Board are jointly and severally liable in addition to the person using his influence if such members acted in breach of their duty of care towards the Company.

17.2 Management Board

Under the Articles of Association, the Management Board consists of one or more members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board may appoint members of the Management Board for a maximum term of up to five years. Reappointments or extensions, each for a maximum term of up to five years, are permissible.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for an important reason (*wichtiger Grund*) (*e.g.*, a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

The Supervisory Board is also responsible for entering into, amending and terminating service agreements with members of the Management Board and, in general, for representing the Company in and out of court *vis-à-vis* the members of the Management Board.

Pursuant to Article 9 para. 1 lit. c) (ii) of the SE Regulation in conjunction with Section 84 para. 2 AktG, the Supervisory Board may appoint any member of the Management Board as chairperson of the Management Board and any other member as deputy chairperson.

If the Management Board consists of only two members, it has a quorum if both members participate in the vote. If the Management Board consists of three or more members, it has a quorum if at least half of its members take part in the vote. Members of the Management Board who abstain from voting are also counted for purposes of calculating the quorum. Resolutions of the Management Board may also be adopted outside of meetings through votes cast in writing, orally, by telefax, by email or any other customary (including electronic) means of communication or in a combination of the aforementioned forms, including by way of circular resolutions, as well as by combining a meeting with adopting resolutions outside of meetings. Resolutions are passed with a simple majority of the votes cast by the participating members of the Management Board, unless other majorities are required by compulsory law, the Articles of Association or the rules of procedure of the Management Board. The chairperson of the Management Board does not have a deciding vote. If the Management Board consists of only two members, resolutions can only be passed unanimously.

The Company is represented *vis-à-vis* third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with any authorized representative (*Prokurist*), if the Management Board consists of several members. If only a single member of the Management Board is appointed or if the Supervisory Board has authorized a single member of the Management Board to represent the Company alone, such member may solely represent the Company *vis-à-vis* third parties.

The rules of procedure of the Management Board stipulate that the delegation of responsibilities to individual members of the Management Board is established on the basis of the business allocation plan (*Geschäftsverteilungsplan*). The business allocation plan is an annex to the rules of procedure of the Management Board and may only be amended by resolution of the Supervisory Board.

Additional provisions regarding, *inter alia*, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which were adopted by the Supervisory Board on May 30, 2018.

17.2.1 Members of the Management Board

The following table sets forth the current members of the Management Board, their respective age and position, and the duration of their respective current term:

Name/Position	Age	First appointed	Appointed until	Responsibilities
Dr. Philipp Kreibohm	42	2009(1)	2018	• Investor relations; • Corporate communication; • Business development; • Human resources; • Legal; • Administration; and • Insurance.
Marc Appelhoff	39	2016(2)	2020	• Finance, including investors' reporting; • Accounting; • Marketing; • International (Latin America); • Retail & pre-sales services; • Tax; • Risk management; and • Compliance.
Christoph Cordes	38	2016(2)	2020	• Sourcing; • Assortment; • Pricing; • Product quality & product safety; and • Operations, including warehouses, logistics and customer service.
Johannes Schaback	36	2018(2)	2019	• All technology related matters (information technology and ERP).

(1) Dr. Kreibohm was initially appointed as a managing director of FP Commerce, the Company's legal predecessor.
(2) Messrs. Kreibohm, Appelhoff, Cordes and Schaback were initially appointed as members of the management board of Home24 AG, the Company's legal predecessor.

Dr. Philipp Kreibohm was born in Arnsberg, Germany, on May 28, 1976.

Dr. Kreibohm graduated from Freie Universität Berlin and obtained a license to practice law from the higher regional court (*Kammergericht*) in Berlin. He also holds a Ph.D. in law from Freie Universität Berlin. In 2005, Dr. Kreibohm joined law firm Freshfields Bruckhaus Deringer LLP. In 2007, he joined The Boston Consulting Group GmbH as a senior associate. During the same year, Dr. Kreibohm joined Rocket Internet SE (then Rocket Internet GmbH) as one of the founding managing directors. In 2009, he was one of the two founders of FP Commerce, the Company's legal predecessor, and has been a member of its Management Board ever since. He was also an angel investor in various Internet and technology companies.

Alongside his office as a member of the Management Board, Dr. Kreibohm is a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside home24:

- HeavenHR GmbH (member of the advisory board);
- Morpheus Capital GmbH (managing director); and
- PK Projects GmbH (managing director).

Marc Appelhoff was born in Frankfurt am Main, Germany, on August, 29, 1978.

In 2003, Mr. Appelhoff graduated from WHU – Otto Beisheim Graduate School of Management and holds a degree in Business Administration *(Diplom Kaufmann)*. Upon graduation, Mr. Appelhoff worked for The Boston Consulting Group GmbH. In 2006, he joined Cinven Limited, a private equity firm headquartered in London, United Kingdom, where he most recently worked as a principal. In 2009, Mr. Appelhoff was one of the founders of fashion4home and served as a managing director on fashion4home's board. Following fashion4home's merger into the Company in 2016, Mr. Appelhoff joined the Management Board.

Alongside his office as a member of the Management Board, Mr. Appelhoff is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside home24:

<u>Current:</u>

- Appelhoff Invest UG (haftungsbeschränkt) (managing director); and
- Avenso GmbH (member of the advisory board).

<u>Previously:</u>

- fashion4home GmbH (managing director).

Christoph Cordes was born in Berlin, Germany, on July 5, 1979.

From 1999 to 2003, Mr. Cordes studied at WHU – Otto Beisheim Graduate School of Management, where he graduated with a degree in business administration. Mr. Cordes began his career as a consultant for The Boston Consulting Group GmbH in 2004. In 2007, he joined adidas AG, where he held various functions, most recently head of sourcing strategy and operations in Hong Kong. In 2009, he was one of the founders of fashion4home and served as a managing director on fashion4home's board. Following fashion4home's merger into the Company in 2016, Mr. Cordes joined the Management Board.

Alongside his office as a member of the Management Board, Mr. Cordes is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside home24:

<u>Current:</u>

- Cordes Invest Unternehmergesellschaft (haftungsbeschränkt) (managing director); and
- TJECC Beratungs- und Beteiligungsgesellschaft mbH (managing director).

<u>Previously:</u>

- fashion4home GmbH (managing director).

Johannes Schaback was born in Göttingen, Germany, on January 27, 1982.

After obtaining a master in computer science from Jiao Tong University in Shanghai in 2006, Mr. Schaback obtained a master's degree in computer science (*Diplom-Ingenieur*) from the Technical University of Berlin in 2007. During his studies, he worked for acrolinx GmbH and Fraunhofer-Institut für Rechnerarchitektur und Softwaretechnik (FIRST). Upon graduation, he joined Rocket Internet GmbH (now Rocket Internet SE) as a software developer and contributed to the programming of the websites of "Zalando", "Panfu" (now Fox & Sheep) and "Toptarif". In 2009, he became one of the founders of Visual Meta GmbH, a price comparison platform operating the "LadenZeile.de" website and the "ShopALook" app. In 2011, Axel Springer SE acquired the majority of the shares in Visual Meta GmbH. Mr. Schaback remained a shareholder and a member of the board of managing directors of Visual Meta GmbH until joining the Management Board in April 2018.

Alongside his office as a member of the Management Board, Mr. Schaback is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside home24:

Current:

- Volatile GmbH (managing director); and
- Whiletrue Ltd. (managing director).

Previously:

- Visual Meta GmbH (managing director).

The members of the Management Board can be reached at the Company's registered office at Greifswalder Straße 212 – 213, 10405 Berlin, Germany (telephone: +49 (0) 30 609 88 00 19).

17.2.2 Remuneration and Other Benefits of the Members of the Management Board

17.2.2.1 Management Service Agreements

Each member of the Management Board entered into a service agreement with the Company governed by German law and based on substantially similar terms:

- The service agreement between Dr. Philipp Kreibohm and the Company was entered into on May 11, 2016, and subsequently amended by two amendments dated May 9, 2017 and October 9, 2017. The agreement expires on August 31, 2018.
- Marc Appelhoff and Christoph Cordes executed their respective service agreements with the Company on March 30, 2017. These agreements were also subsequently amended by two amendment agreements dated August 15/23, 2016 and March 13, 2018, respectively. The agreement expires on December 31, 2020. The service agreements stipulate that an extension of the appointment will be negotiated and discussed six months prior to the expiration of the respective service agreement.
- The service agreement with Johannes Schaback was entered into on March 16, 2018. The agreement expires on March 31, 2019. The service agreement stipulates that an extension of the appointment will be negotiated and discussed three months prior to the expiration of the respective service agreement.

17.2.2.2 Fixed Remuneration

Under the service agreements, the members of the Management Board receive a fixed annual remuneration, excluding ancillary benefits, of between €135,000.00 and €250,000.00 per annum.

17.2.2.3 Variable Remuneration

In addition to their respective fixed remuneration, all members of the Management Board, except for Dr. Kreibohm, are entitled to a variable remuneration. To this end, the Supervisory Board may, in its sole discretion, award such members of the Management Board a variable remuneration of up to €50,000.00 per annum, taking into account the achievement of the business objectives agreed between the Supervisory Board and individual members of the Management Board from time to time. For the fiscal year ending December 31, 2018, the Supervisory Board has set the successful completion of the listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the successful completion of the Offering for a certain valuation as the relevant business objectives.

17.2.2.4 Reimbursement for Expenses

In addition to fixed and variable remuneration, the management service agreements require the Company to reimburse the members of the Management Board for all out-of-pocket expenses, including travel expenses, properly and reasonably incurred by them in the course of their services in accordance with applicable guidelines and policies of the Company.

17.2.2.5 Non-Competition and Non-Solicitation

Each member of the Management Board is subject to customary confidentiality obligations, including with respect to business and trade secrets. Furthermore, their service agreements provide for non-competition and non-solicitation undertakings. If a member of the Management Board intentionally (*vorsätzlich*) or negligently (*fahrlässig*) fails to comply with these undertakings, the respective service agreement requires such member of the Management Board to pay a penalty the amount of which depends on the severity relevant violation.

In addition, any commercial sideline activity (*Nebentätigkeit*) of any type, either for consideration or not, including memberships in supervisory boards, advisory boards or similar assignments as well as voluntary activities within for any enterprise and the assumption of political functions requires the prior written approval of the Supervisory Board. Such approval will not be withheld, if the type and scope of such activity do not adversely affect the Company's best interests.

For information on the historical compensation of the members of the Management Board, see "*18.2.1.1 Compensation of Members of the Management Board*".

17.2.3 Shareholdings of the Members of the Management Board

As of the date of this Prospectus, Dr. Philipp Kreibohm, directly and indirectly through PK Projects GmbH, holds 517,247 shares in the Company, representing 2.3% of the Company's share capital. In addition, Bambino 53. V V UG (haftungsbeschränkt) holds 90,429 shares in the Company as trustee for various persons, including 75,723 shares held as trustee for Dr. Kreibohm. Furthermore, Dr. Kreibohm holds:

- 21,887 2017 Performance Shares with a base price of €0.02 per share and 21,887 2017 Performance Shares with a base price of €24.14 per share under the LTIP 2017;
- 14,749 Virtual Options with a base price of €0.02 per option as well as 23,306 Virtual Options with a base price of €24.14 per option under the VSOP; and
- 108,532 Call Options with an exercise price of €1.00 per option for new shares in the Company.

As of the date of this Prospectus, Marc Appelhoff and Christoph Cordes each hold

- 93,740 2017 Performance Shares with a base price of €0.02 per share as well as 93,740 2017 Performance Share with a base price of €24.14 per share under the LTIP 2017; and
- 31,949 Virtual Options with a base price of €0.02 per option as well as 36,507 Virtual Options with a base price of €24.14 per option under the VSOP.

As of the date of this Prospectus, Johannes Schaback holds 23,435 2017 Performance Shares with a base price of €0.02 per share and 36,353 2017 Performance Shares with a base price of €24.14 per share under the LTIP 2017.

For further information on the Group's long-term incentive programs, see "*17.4 Long-Term Incentive Programs*".

17.3 Supervisory Board

In accordance with Article 9 para. 1 lit. c) (i) and 40 para. 3 of the SE Regulation in conjunction with Sections 95 and 96 AktG and Section 9 para. 1 of the Articles of Association, the Supervisory Board consists of six members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to Article 9 para 1 lit. c) (ii) of the SE Regulation in conjunction with Section 100 para. 5 AktG, the members of the Supervisory Board as a whole shall be familiar with the industry in which the Company conducts its business.

According to the Articles of Association, members of the Supervisory Board are elected for a term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the second fiscal year after the commencement of the term of office, unless a different term is specified at the time of their election. The fiscal year in which the term of office commences is not counted towards the aforementioned term. For members of the Supervisory Board who leave office before the end of their term, a successor shall be elected for the remaining term of the leaving member, unless the Company's shareholders' meeting specifies a different term for such successor. The same applies if a reelection becomes necessary due to a challenge of a previous election. Reelection of members of the Supervisory Board is permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who shall replace any members of the Supervisory Board leaving their office before the end of their term or whose election has been successfully contested. The term of office of such substitute members shall terminate at the end of the Company's shareholders' meeting in which a successor is elected and, at the latest, at the end of the term of office of the leaving member of the Supervisory Board. If the relevant substitute member whose term of office was terminated due to the election of a successor was appointed as substitute member for several members of the Supervisory Board, its position as substitute member shall revive.

The Supervisory Board elects a chairperson and a deputy chairperson from among its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election. If the chairperson or his deputy leaves office before the end of his term, the Supervisory Board holds a new election without undue delay.

Each member of the Supervisory Board and each substitute member may resign from office with or without good cause, giving written notice one month in advance to the Management Board and the Management Board shall inform the chairperson of the Supervisory Board or, in case of a resignation by the chairperson, to his deputy. The chairperson of the Supervisory Board, or – in case of a resignation by the chairperson – his deputy, may consent to shorten or waive such one month notice periods. In addition, members of the Supervisory Board may be removed by resolution of the shareholders' meeting adopted with a simple majority of the votes cast.

The Supervisory Board shall hold at least one meeting during each quarter of the calendar year. Meetings of the Supervisory Board are usually called at least 14 calendar days in advance by the chairperson of the Supervisory Board, not including the day on which the invitation is sent and the day of the meeting itself. Notice of meetings may be given in writing, by telefax, by email or any other customary means of communication (including electronic means of communication). In urgent cases, the chairperson may shorten this period and may call the meeting orally or by telephone.

The Articles of Association and the rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board shall generally be passed in meetings. At the order of the chairperson or with the consent of all members of the Supervisory Board, the meetings of the Supervisory Board may also be held in the form of a telephone conference or by other electronic means of communication (*e.g.*, by video conference). Individual members of the Supervisory Board may be connected to the meetings via telephone or by other electronic means of communication (*e.g.*, by video conference). In such cases, resolutions may also be passed by way of telephone conference or by other electronic means of communication (*e.g.*, by video conference).

Absent members of the Supervisory Board, or members who do not participate in, or are not connected to, the telephone or video conference, may also participate in the voting by submitting their votes in writing through another Supervisory Board member. In addition, such absent members may also cast their vote in oral form, by telephone, by telefax, by email or any other customary means of communication (including electronic means of communication) prior to or during the meeting or following the meeting within a reasonable period as determined by the chairperson of the Supervisory Board. Objections to the form of voting determined by the chairperson are not permitted.

Resolutions may also be adopted outside of meetings in writing, orally, by telephone, by telefax or by email or any other comparable means of communication, whereas the aforementioned forms may also be combined, including by way of a circular resolution, or in combination with adopting resolutions in a meeting at the order of the chairperson of the Supervisory Board, if preceded by reasonable notice or if all members of the Supervisory Board participate in the vote. Objections to the form of voting determined by the chairperson are not permitted.

The Articles of Association and the rules of procedure for the Supervisory Board provide that the Supervisory Board has a quorum if at least half of the members of which the Supervisory Board shall consist (*i.e.*, at least three members) participate in the vote. Absent members of the Supervisory Board who cast their vote in writing or in any other way permitted by the Articles of Association or the rules of procedure of the Supervisory Board as well as any members who abstain from voting are considered present for purposes of calculating the quorum.

Unless otherwise provided for by mandatory law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. Any abstentions do not count as votes cast. If a vote by the Supervisory Board results in a tie, the chairperson, or in case of an absence of the chairperson, the deputy chairperson, shall have a deciding vote.

The Supervisory Board may adopt rules of procedure and form committees in accordance with applicable laws and the Articles of Association. The Supervisory Board shall determine the composition, competences and procedures of such committees, if any. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to the chairperson, to any of the Supervisory Board member(s) or to any committee(s) established from amongst its members. The current version of the Supervisory Board's rules of procedure was adopted by resolution of the Supervisory Board on May 30, 2018.

17.3.1 Members of the Supervisory Board

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their respective current term:

Name	Age	Member since(1)	Appointed until(2)	Principal occupation
Lothar Lanz (Chairperson)	69	2015	2019	Supervisory board member
Franco Danesi (Deputy Chairperson)	46	2018	2019	Investment Director of Kinnevik AB
Verena Mohaupt	50	2015	2019	Partner and Investment Manager of Findos Investor GmbH
Alexander Samwer	43	2015	2019	Entrepreneur
Christian Scherrer(3)	31	2015	2019	Investment Professional of Kinnevik AB
Christian Senitz	40	2015	2019	Senior Vice President Finance International of Rocket Internet SE

(1) Prior to the Company's change of legal form into a European company (*Societas Europaea* (*SE*)), membership in the Supervisory Board refers to the supervisory board of Home24 AG.

(2) The current term of the members of the Supervisory Board expires by the end of the Company's annual shareholders' meeting to be held in the fiscal year ending December 31, 2019.

(3) Mr. Scherrer is expected to resign from the Supervisory Board with effect from the end of the Company's shareholders' meeting expected to be held on or around June 13, 2018. Such shareholders' meeting is expected to elect Magnus Agervald as his replacement (see "*17.3.1.2 Future Members of the Supervisory Board*"). Mr. Agervald is also expected to be elected the new deputy chairperson of the Supervisory Board following his appointment to the Supervisory Board.

17.3.1.1 Current Members of the Supervisory Board

Lothar Lanz was born in Bihlafingen, Germany, on October 1, 1948.

From 1969 to 1974, Mr. Lanz studied at the universities in Stuttgart and Berlin, and holds a degree in Business Administration (*Diplom Betriebswirt*). Mr. Lanz started his professional career as an audit assistant to an auditor and tax advisor in Berlin. In 1977, Mr. Lanz joined Bayerische Hypotheken- und Wechselbank Aktiengesellschaft, where he worked as a branch manager from 1983 until 1990. In 1991, Mr. Lanz became a member of the managing board of H S B. HYPO Service-Bank Aktiengesellschaft, Munich. In 1996, he transferred to Nassauische Sparkasse, Wiesbaden, where he also became a member of the management board. In the same year, Mr. Lanz joined former ProSieben Media Aktiengesellschaft (now ProSiebenSat.1 Media SE) as Chief Financial Officer, an office he held until 2008. From 2009 until 2014, Mr. Lanz was a member of the managing board of Axel Springer Aktiengesellschaft (now Axel Springer SE), serving as Chief Financial and Operating Officer.

Alongside his office as chairperson of the Supervisory Board, Mr. Lanz is a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside home24:

- Axel Springer SE (member of the supervisory board);
- BAUWERT Aktiengesellschaft (member of the supervisory board);
- Dermapharm Holding SE (member of the supervisory board);
- Kinnevik AB (member of the board of directors);
- TAG Immobilien AG (deputy chairman of the supervisory board); and
- Zalando SE (chairman of the supervisory board).

Franco Danesi was born in Rovato, Italy, on April 21, 1972.

Mr. Danesi studied at the Politecnico di Milano, where he graduated with a degree in Industrial Engineering in 1997. He subsequently obtained a master in Business Administration from London Business School in 2003. In 1998, Mr. Danesi started his career as a management consultant with Ernst & Young – Management Consultant Services, London. In 2002, he started working in the investment banking division of Morgan Stanley Investment Management Limited, London, as a senior associate. Subsequently, Mr. Danesi joined the investment banking division of Goldman Sachs International, London, in 2005. In 2008, he joined Qatar-based investment group QINVEST as head of investment management. In 2014, Mr. Danesi assumed the position of investment director at Swedish investment group Kinnevik AB, where he is responsible for overviewing portfolio companies, in particular Internet-related businesses.

In addition to his office as deputy chairperson of the Supervisory Board and his position in various informal bodies (*e.g.*, advisory boards), Mr. Danesi is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside home24:

Current:

- Bayport Management Limited (non-executive director);
- Black Earth Farming Ltd. (non-executive director);
- E-Motion Advertising Limited (non-executive director);
- G3 Good Governance Group Ltd. (non-executive director);
- Iroko Limited (non-executive director); and
- Metro International S.A. (non-executive director).

Previous:

- Al Nakheel Agriculture and Trading WLL (non-executive director);
- Ambit Pvt. Ltd. (non-executive director);
- Intercat Hospitality Ltd. (non-executive director);
- Konga Online Shopping Limited (non-executive director);
- Metro International Aktiebolag (non-executive director);
- Metro International Sweden AB (non-executive director);
- Metro Nordic Sweden Aktebolag (non-executive director);
- Offerta Group AB (non-executive director);
- Proven Legal Technologies Limited (non-executive director);
- Proven (UK) Limited (non-executive director);
- Tidnings Aktiebolaget Metro (non-executive director); and
- Vireo Energy AB (non-executive director).

Alexander Samwer was born in Cologne, Germany, on January 31, 1975.

From 1995 to 1998, he studied at Balliol College, Oxford University, where he graduated with a master's degree in politics, philosophy and economics. In his graduate studies, Mr. Samwer earned a master of business administration from Harvard Business School, where he studied from 2003 to 2005. In January 1999, Mr. Samwer was one of the founders of the online auction company alando.de Aktiengesellschaft, which was sold to eBay Inc. during that same year and he subsequently assumed the role of managing director of eBay Germany. In 2000, Mr. Samwer became one of the founders and a member of the management board of mobile entertainment company Jamba! AG, which was acquired by Verisign Inc. in 2004. From 2006 to 2013, Mr. Samwer served as managing director of Global Founders GmbH, an investor in various innovative Internet enterprises. Furthermore, Mr. Samwer holds, and has within the last five years held, managerial, director and/or partnership positions in various private investments and real estate holdings.

In addition, Mr. Samwer is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside home24:

Current:

- Zalando SE (member of the supervisory board).

Previous:

- ACALDO Management GmbH (liquidator);
- Pacifico Capital GmbH (managing director); and
- Prato Immobilien GmbH & Co. KG (managing director).

Verena Mohaupt was born in Essen on February 23, 1968.

From 1988 to 1993, Ms. Mohaupt studied business administration at the University of Münster, where she earned a master of business administration. In 1993, she joined Goldman Sachs AG as an investment banking analyst. In 1997, Ms. Mohaupt joined McKinsey & Co., where she served as engagement manager. In 1999, she was one of the founders of ciao.com AG (subsequently acquired by Microsoft, Inc.), where she served as a member of the management board until 2002. From 2003 through 2010, Ms. Mohaupt was an investment manager with Allianz Capital Partners GmbH. Subsequently, she joined Findos Investor GmbH, where she has held the role of a partner ever since.

Alongside her office as member of the Supervisory Board, Ms. Mohaupt is a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside home24:

- Mos Mosh A/S (member of the advisory board);
- Reinhold Fleckenstein Jeanswear GmbH (chairwoman of the advisory board); and
- Rhenoflex GmbH (member of the advisory board).

Christian Scherrer was born in Zurich, Switzerland, on November 5, 1986.

Mr. Scherrer studied at the University of Zurich, where he graduated with a degree in economics and business administration in 2009. He started his career in financial markets analysis at the Swiss National Bank. In 2011, Mr. Scherrer obtained a master in finance from the Imperial College London. After a short period in proprietary trading at JP Morgan, he joined the investment banking division of JP Morgan, London, in the technology, media and telecommunications coverage team in 2012. In 2014, Mr. Scherrer assumed the position of investment associate at Swedish investment group Kinnevik AB, where he is responsible for overseeing certain portfolio companies, in particular e-commerce and health technology related businesses.

Alongside his office as member of the Supervisory Board, Mr. Scherrer is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside home24:

Current:

- Urbanoga Ltd. (member of the board of directors).

Previous:

- Konga Online Shopping Ltd. (member of the board of directors).

Mr. Scherrer is expected to resign from the Supervisory Board with effect from the end of the Company's shareholders' meeting expected to be held on or around June 13, 2018. Such shareholders' meeting is expected to elect Magnus Agervald as his replacement (see "*17.3.1.2 Future Members of the Supervisory Board*").

Christian Senitz was born in Aschersleben, Germany, on January 27, 1978.

From 1997 to 2001, Mr. Senitz studied business law at the University of Applied Sciences Nordostniedersachen in Lüneburg, and holds a degree in Business Law (*Diplom Wirtschaftsjurist (FH)*). In addition, he has passed both the auditor and tax advisor.

Mr. Senitz started his professional career as an auditor and tax advisor with Arthur Andersen (now Ernst & Young) in Berlin and New York City. In 2010, he joined FREO, a private equity real estate fund in Luxembourg, where he served as director of finance and investment manager. In June 2012, Mr. Senitz joined Rocket Internet GmbH (now Rocket Internet SE) as international chief financial officer and was later promoted to senior vice president of finance international. Mr. Senitz is in charge of the investment portfolio of Rocket Internet SE with respect to finance, tax and legal.

Alongside his office as member of the Supervisory Board, Mr. Senitz is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside home24:

Current:

- AEH New Africa eCommerce I GmbH (managing director);
- AEH New Africa eCommerce II GmbH (managing director);
- Africa Internet Holding GmbH (managing director);
- Asia Internet (GP) S.à r.l. (class A manager);
- Asia Internet Holding S.à r.l. (class A manager);
- Atrium 122. Europäische VV SE (managing director);
- Bambino 106. V V UG (haftungsbeschränkt) (managing director);
- Bambino 107. V V UG (haftungsbeschränkt) (managing director);
- Bambino 110. V V UG (haftungsbeschränkt) (managing director);
- Bambino 50. V V UG (haftungsbeschränkt) (managing director);
- Bambino 52. V V UG (haftungsbeschränkt) (managing director);
- Bambino 53. V V UG (haftungsbeschränkt) (managing director);
- Bambino 54. V V UG (haftungsbeschränkt) (managing director);
- Bambino 83. V V UG (haftungsbeschränkt) (managing director);
- BGN Other Assets Verwaltungs UG (haftungsbeschränkt) (managing director);
- Brillant 1442. GmbH (managing director);
- Car Classifieds Sri Lanka Holding S.à r.l. (class A manager);
- Carmatch (GP) S.à r.l. (class A manager);
- Carmatch Holding S.à r.l. (class A manager);
- Carmudi (GP) S.à r.l. (class A manager);
- Carmudi Global S.à r.l. (class A manager);
- Carmudi Middle East S.à r.l. (class A manager);
- Carspring Beteiligungs UG (haftungsbeschränkt) (managing director);
- Caterwings Holding S.à r.l. (class A manager);
- Clickbus (GP) S.à r.l. (class A manager);
- Clickbus Peru S.A.C. (managing director);
- Clickbus Top-Holding II S.à r.l. (class A manager);
- Clickbus Turkey S.à r.l. (class A manager);

- Convenience Food Group S.à r.l. (class A manager);
- Digital Guardian Services S.à r.l. (class A manager);
- Digital Services LIII S.à r.l. (class A manager);
- Digital Services LV (GP) S.à r.l. (class A manager);
- Digital Services LV S.à r.l. (class A manager);
- Digital Services LVII (GP) S.à r.l. (class A manager);
- Digital Services LVII S.à r.l. (class A manager);
- Digital Services XLI (GP) S.à r.l. (class A manager);
- Digital Services XLI S.à r.l. (class A manager);
- Digital Services XLIII S.à r.l. (class A manager);
- Digital Services XLIX (GP) S.à r.l. (class A manager);
- Digital Services XLIX S.à r.l. (class A manager);
- Digital Services XLVI (GP) S.à r.l. (class A manager);
- Digital Services XLVII (GP) S.à r.l. (class A manager);
- Digital Services XLVII S.à r.l. (class A manager);
- Digital Services XLVIII (GP) S.à r.l. (class A manager);
- Digital Services XXV (GP) S.à r.l. (class A manager);
- Digital Services XXVIII (GP) S.à r.l. (class A manager);
- Digital Services XXVIII S.à r.l. (class A manager);
- Digital Services XXX (GP) S.à r.l. (class A manager);
- Digital Services XXX S.à r.l. (class A manager);
- Digital Services XXXI S.à r.l. (class A manager);
- Digital Services XXXIV (GP) S.à r.l. (class A manager);
- Digital Services XXXV (GP) S.à r.l. (class A manager);
- Digital Services XXXV S.à r.l. (class A manager);
- Digital Services XXXVI (GP) S.à r.l. (class A manager);
- Digital Services XXXVI S.à r.l. (class A manager);
- ECommerce Holding I S.à r.l. (class A manager);
- ECommerce Holding III S.à r.l. (class A manager);
- ECommerce Holding IV S.à r.l. (class A manager);
- Ecommerce Pay Holding S.à r.l. (class A manager);

- ECommerce Taxi (GP) S.à r.l. (class A manager);
- ECommerce Taxi Asia S.à r.l. (class A manager);
- Emerging Markets Asia eCommerce Holding GmbH (managing director);
- Everjobs Holding GP S.à r.l. (class A manager);
- Everjobs Holding S.à r.l. (class A manager);
- Food Delivery Holding 23 S.à r.l. (class A manager);
- Food Delivery Holding 27 S.à r.l. (class A manager);
- GFC Global Founders Capital GmbH (managing director);
- GFC US Invest I UG (haftungsbeschränkt) (managing director);
- GFC Western Europe S.A.S. (president);
- Global Fin Tech Holding S.à r.l. (class A manager);
- Global Growth Capital Advisors Limited (managing director);
- Global Online Takeaway Group S.A. (class A member of the management board);
- Goldcup 7089 AB (managing director);
- Hauptstadtallee 115. V V UG (haftungsbeschränkt) (managing director);
- HC Brillant Services GmbH (managing director);
- HC Brillant Services Verwaltungs UG (haftungsbeschränkt) (managing director);
- Helpling (GP) S.à r.l. (class A manager);
- Helpling Group Holding S.à r.l. (class A manager);
- Instafreight Beteiligungs UG (haftungsbeschränkt) (managing director);
- Jade 1085. GmbH (managing director);
- Jade 1318. GmbH (managing director);
- Jade 1363. GmbH (managing director);
- Jovago Asia S.à r.l. (class A manager);
- Juwel 131. V V UG (haftungsbeschränkt) (managing director);
- Juwel 136. V V UG (haftungsbeschränkt) (managing director);
- Juwel 138. V V UG (haftungsbeschränkt) (managing director);
- Juwel 138. V V UG (haftungsbeschränkt) (managing director);
- Juwel 139. V V UG (haftungsbeschränkt) (managing director);
- Juwel 140. V V UG (haftungsbeschränkt) (managing director);
- Juwel 149. V V UG (haftungsbeschränkt) (managing director);

- Juwel 158. V V UG (haftungsbeschränkt) (managing director);
- Juwel 160. V V UG (haftungsbeschränkt) (managing director);
- Juwel 161. V V UG (haftungsbeschränkt) (managing director);
- Juwel 164. V V UG (haftungsbeschränkt) (managing director);
- Juwel 168. V V UG (haftungsbeschränkt) (managing director);
- Juwel 170. V V UG (haftungsbeschränkt) (managing director);
- Juwel 190. V V UG (haftungsbeschränkt) (managing director);
- Juwel 195. V V UG (haftungsbeschränkt) (managing director);
- Juwel 214. V V UG (haftungsbeschränkt) (managing director);
- Juwel 219. V V UG (haftungsbeschränkt) (managing director);
- Juwel 223. V V UG (haftungsbeschränkt) (managing director);
- Kaymu Holding S.à r.l. (class A manager);
- Lamudi (GP) S.à r.l. (class A manager);
- Lamudi Global S.à r.l. (class A manager);
- Lamudi Middle East S.à r.l. (class A manager);
- Lindentor 226. V V GmbH (managing director);
- Lindentor 227. V V GmbH (managing director);
- Middle East Internet (GP) S.à r.l. (class A manager);
- Middle East Internet Holding S.à r.l. (class A manager);
- Middle East Internet I S.à r.l. (class A manager);
- MKC Brillant Services GmbH (managing director);
- Moneda Top-Holding S.à r.l. (class A manager);
- New BGN Other Assets I GmbH (managing director);
- Printvenue Asia S.à r.l. (class A manager);
- Real Estate Classifieds Sri Lanka Holding S.à r.l. (class A manager);
- Rocket US, Inc. (managing director);
- R-SC Internet Services Luxembourg S.à r.l. (class A manager);
- R-SC Liquidation Services Luxembourg (GP) S.à r.l. (class A manager);
- R-SC Liquidation Services Luxembourg S.à r.l. (class A manager);
- ShopWings Asia S.à r.l. (class A manager);
- UShift Asia S.à r.l. (class A manager);

- Visito Beteiligungs UG (haftungsbeschränkt) (managing director);
- Wadi Middle East S.à r.l. (class A manager);
- Zanui Holding GmbH (managing director);
- Zenrooms Holding S.à r.l. (class A manager); and
- ZipJet Global S.à r.l. (class A manager).

Previous:

- 20140519 Holding S.à r.l. (class A manager);
- 20140726 Holding S.à r.l. (class A manager);
- 20140728 Holding S.à r.l. (class A manager);
- 20140824 Holding S.à r.l. (class A manager);
- 20140825 Holding S.à r.l. (class A manager);
- 20140826 Holding S.à r.l. (class A manager);
- Africa eCommerce Holding GmbH (managing director);
- Agixo S.à r.l. (class A manager);
- Alice Capital I GmbH (managing director);
- Bambino 109. V V UG (haftungsbeschränkt) i.L. (managing director);
- Bambino 49. V V UG (haftungsbeschränkt) (managing director);
- Bambino 61. V V UG (haftungsbeschränkt) i.L. (managing director);
- Bambino 77. V V UG (haftungsbeschränkt) (managing director);
- Bambino 79. V V UG (haftungsbeschränkt) i.L. (managing director);
- Bambino 80. V V UG (haftungsbeschränkt) (managing director);
- Bambino 81. V V UG (haftungsbeschränkt) i.L. (managing director);
- Bambino 82. V V UG (haftungsbeschränkt) i.L. (managing director);
- Bambino 84. V V UG (haftungsbeschränkt) (managing director);
- Bambino 91. V V UG (haftungsbeschränkt) i.L. (managing director);
- Bigfoot GmbH (managing director);
- Bigfoot Other Assets Verwaltungs UG (haftungsbeschränkt) i.L. (managing director);
- Brillant 1257. GmbH (managing director);
- Brillant 1260. GmbH (managing director);
- Brillant 1261. GmbH (managing director);
- Brillant 1390. GmbH i.L. (managing director);

- Brillant 1403. GmbH i.L. (managing director);
- Brillant 1433. GmbH i.L. (managing director);
- Brillant 1439. GmbH (managing director);
- Brillant 1762. GmbH (managing director);
- Car Classifieds Asia S.à r.l. (class A manager);
- CIS Internet Holding (GP) S.à r.l. (class A manager);
- Classifieds Asia Extra S.à r.l. (class A manager);
- Classifieds Asia S.à r.l. (class A manager);
- Clickbus Germany GmbH i.L. (managing director);
- Clickbus Holding I S.à r.l. (class A manager);
- Dafiti Latam UG (haftungsbeschränkt) (managing director);
- Daraz Asia S.à r.l. (class A manager);
- Digital Services Holding I S.à r.l. (class A manager);
- Digital Services Holding III S.à r.l. (class A manager);
- Digital Services Holding IV S.à r.l. (class A manager);
- Digital Services Holding VII S.à r.l. (class A manager);
- Digital Services Holding X S.à r.l. (class A manager);
- Digital Services Holding XXI (GP) S.à r.l. (class A manager);
- Digital Services Holding XXII (GP) S.à r.l. (class A manager);
- Digital Services Holding XXIII (GP) S.à r.l. (class A manager);
- Digital Services I (GP) S.à r.l. (class A manager);
- Digital Services LI (GP) S.à r.l. (class A manager);
- Digital Services LI S.à r.l. (class A manager);
- Digital Services LII (GP) S.à r.l. (class A manager);
- Digital Services LII S.à r.l. (class A manager);
- Digital Services LIII (GP) S.à r.l. (class A manager);
- Digital Services LIV (GP) S.à r.l. (class A manager);
- Digital Services LIV S.à r.l. (class A manager);
- Digital Services XL (GP) S.à r.l. (class A manager);
- Digital Services XL S.à r.l. (class A manager);
- Digital Services XLIII (GP) S.à r.l. (class A manager);

- Digital Services XLV (GP) S.à r.l. (class A manager);
- Digital Services XLV S.à r.l. (class A manager);
- Digital Services XVI (GP) S.à r.l. (class A manager);
- Digital Services XVI S.à r.l. (class A manager);
- Digital Services XVII (GP) S.à r.l. (class A manager);
- Digital Services XVII S.à r.l. (class A manager);
- Digital Services XVIII (GP) S.à r.l. (class A manager);
- Digital Services XVIII S.à r.l. (class A manager);
- Digital Services XXIV (GP) S.à r.l. (class A manager);
- Digital Services XXIV S.à r.l. (class A manager);
- Digital Services XXIX (GP) S.à r.l. (class A manager);
- Digital Services XXIX S.à r.l. (class A manager);
- Digital Services XXVII (GP) S.à r.l. (class A manager);
- Digital Services XXVII S.à r.l. (class A manager);
- Digital Services XXXI (GP) S.à r.l. (class A manager);
- Digital Services XXXIII (GP) S.à r.l. (class A manager);
- Digital Services XXXIII S.à r.l. (class A manager);
- Digital Services XXXIX (GP) S.à r.l. (class A manager);
- Digital Services XXXIX S.à r.l. (class A manager);
- Digital Services XXXVII (GP) S.à r.l. (class A manager);
- ECommerce Business 11 S.à r.l. (class A manager);
- ECommerce Holding II S.à r.l. (class A manager);
- Ecommerce Pay Emerging Markets S.à r.l. (class A manager);
- Ecommerce Pay Middle East S.à r.l. (class A manager);
- ECommerce Taxi Eastern Europe S.à r.l. (class A manager);
- ECommerce Taxi Middle East S.à r.l. (class A manager);
- EFF Nr. 2 Portfolio Management UG (haftungsbeschränkt) (managing director);
- EFF Nr. 2 Portfolio Verwaltungs GmbH (managing director);
- EFF Nr. 3 Portfolio Management UG (haftungsbeschränkt) (managing director);
- EFF Nr. 3 Portfolio Verwaltungs GmbH (managing director);
- Emerging Markets Online Food Delivery Holding S.à r.l. (class A manager);

- Emerging Markets Taxi Holding S.à r.l. (class A manager);
- Everdine Holding S.à r.l. (class A manager);
- Everjobs Global Services GmbH i.L. (managing director);
- Finverum Capital S.à r.l. (class A manager);
- Food Delivery Holding 13 S.à r.l. (class A manager);
- Food Delivery Holding 18 S.à r.l. (class A manager);
- Food Delivery Holding 28 S.à r.l. (class A manager);
- Food Delivery Holding 29 S.à r.l. (class A manager);
- Food Delivery Holding 30 S.à r.l. (class A manager);
- GFC Nr. 1 Portfolio Management UG (haftungsbeschränkt) (managing director);
- GFC Nr. 1 Portfolio Verwaltungs GmbH (managing director);
- GFG Deutschland Holdings GmbH (managing director);
- GGC EUR S.à r.l. (class A manager);
- GGC GBP S.à r.l. (class A manager);
- GGC USD S.à r.l. (class A manager);
- Global Fashion Group S.A. (class A member of the management board);
- Global Fashion Group UK Services Ltd. (managing director);
- Global Growth Capital GP S.à r.l. (class A manager);
- GMMS Global Mobile Marketplace Services GmbH (managing director);
- Great Labels BF GmbH i.L. (managing director);
- GSS Global Shopping Services GmbH i.L. (managing director);
- Helpling Asia (GP) S.à r.l. (class A manager);
- Helpling Asia Top Holding S.à r.l. (class A manager);
- Internet Services Australia 2 PTY Ltd. (managing director);
- Jade 1076. GmbH (managing director);
- Jade 1154. GmbH i.L. (managing director);
- Jade 1159. GmbH (managing director);
- Jade 1206. GmbH i.L. (managing director);
- Jade 1218. GmbH (managing director);
- Jade 1220. GmbH i.L. (managing director);
- Jade 1221. GmbH i.L. (managing director);

- Jade 1229. GmbH i.L. (managing director);
- Jade 1247. GmbH i.L. (managing director);
- Jade 1249. GmbH (managing director);
- Jade 1250. GmbH (managing director);
- Jade 1265. GmbH (managing director);
- Jade 1319. GmbH i.L. (managing director);
- Jade 1344. GmbH i.L. (managing director);
- Jade 1353. GmbH i.L. (managing director);
- Jade 1356. GmbH i.L. (managing director);
- Jade 1361. GmbH i.L. (managing director);
- Jade 1362. GmbH (managing director);
- Jade 1364. GmbH (managing director);
- Jade 1366. GmbH i.L. (managing director);
- Jade 1372. GmbH i.L. (managing director);
- Jade 1410. GmbH (managing director);
- Jade 1411. GmbH (managing director);
- Jade 1413. GmbH i.L. (managing director);
- Jade Group Korea Ltd. (managing director);
- Juwel 130. V V UG (haftungsbeschränkt) i.L. (managing director);
- Juwel 133. V V UG (haftungsbeschränkt) i.L. (managing director);
- Juwel 145. V V UG (haftungsbeschränkt) (managing director);
- Juwel 146. V V UG (haftungsbeschränkt) (managing director);
- Juwel 154. V V UG (haftungsbeschränkt) i.L. (managing director);
- Juwel 156. V V UG (haftungsbeschränkt) i.L. (managing director);
- Juwel 162. V V UG (haftungsbeschränkt) (managing director);
- Juwel 163. V V UG (haftungsbeschränkt) i.L. (managing director);
- Juwel 171. V V UG (haftungsbeschränkt) i.L. (managing director);
- Juwel 179. V V UG (haftungsbeschränkt) (managing director);
- Juwel 193. V V UG (haftungsbeschränkt) (managing director);
- Juwel 194. V V UG (haftungsbeschränkt) (managing director);
- Juwel 196. V V UG (haftungsbeschränkt) (managing director);

- Juwel 197. V V UG (haftungsbeschränkt) i.L. (managing director);
- Juwel 198. V V UG (haftungsbeschränkt) (managing director);
- Juwel 202. V V UG (haftungsbeschränkt) i.L. (managing director);
- Juwel 218. V V UG (haftungsbeschränkt) (managing director);
- Kaymu Middle East S.à r.l. (class A manager);
- Lamoda GmbH (managing director);
- Lamudi Beteiligungs UG (haftungsbeschränkt) (managing director);
- Lazada Group GmbH (managing director);
- Lendico Poland sp z.o.o. (managing director);
- LFG Limited (managing director);
- LFG Lux (GP) S.à r.l. (class A manager);
- Lindentor 190. V V GmbH (managing director);
- Lindentor 196. V V GmbH (managing director);
- Linio Management UG (haftungsbeschränkt) (managing director);
- Middle East eCommerce Holding GmbH (managing director);
- Middle East Internet II S.à r.l. (class A manager);
- Middle East Internet III S.à r.l. (class A manager);
- Moneda (GP) S.à r.l. (class A manager);
- New BGN Zalora GmbH (managing director);
- New Bigfoot Other Assets GmbH (managing director);
- New Middle East eCommerce I GmbH (managing director);
- New Middle East eCommerce II GmbH (managing director);
- New Middle East Other Assets GmbH i.L. (managing director);
- New TIN Lazada GmbH (managing director);
- New TIN Linio I GmbH (managing director);
- New TIN Linio II GmbH (managing director);
- New TIN Other Assets I GmbH (managing director);
- Philippines Internet Holding S.à r.l. (class A manager);
- PTH Brillant Services GmbH i.L. (managing director);
- Real Estate Classifieds Asia Extra S.à r.l. (class A manager);
- Rocket Bulgaria EOOD (managing director);

- Rocket Internet Scandinavia AB (managing director);
- Rocket Internet SRL (managing director);
- R-SC Internet Services II Hong Kong Ltd. (managing director);
- RSC Internet Services Korea Ltd. (managing director);
- ShopWings Global S.à r.l. (class A manager);
- Somuchmore (GP) S.à r.l. (class A manager);
- Somuchmore Global S.à r.l. (class A manager);
- Somuchmore GmbH i.L. (managing director);
- Somuchmore Holding S.à r.l. (class A manager);
- SpaceWays Asia S.à r.l. (class A manager);
- Spotcap (GP) S.à r.l. (class A manager);
- Spotcap Global S.à r.l. (class A manager);
- Tekcor 2. V V UG (haftungsbeschränkt) i.L. (managing director);
- TIN Jade GmbH (managing director);
- Tripda (GP) GmbH i.L. (managing director);
- Tripda Asia S.à r.l. (class A manager);
- Tripda Beteiligungs UG (haftungsbeschränkt) i.L. (managing director);
- Tripda Global (GP) UG (haftungsbeschränkt) i.L. (managing director);
- Vaniday Global S.à r.l. (class A manager);
- Vendomo Deutschland GmbH (managing director);
- Vendomo Deutschland GmbH i.L. (managing director);
- Vendomo Global Services GmbH i.L. (managing director);
- Wimdu Ireland Limited (managing director);
- Wimdu Italy S.r.l. (managing director);
- Zalora Group GmbH (managing director);
- Zencap (GP) S.à r.l. (class A manager); and
- Zencap Global S.à r.l. (class A manager).

The members of the Supervisory Board can be reached at the Company's registered office at Greifswalder Straße 212 – 213, 10405 Berlin, Germany (telephone: +49 (0) 30 609 88 00 19).

17.3.1.2 Future Members of the Supervisory Board

Current member of the Supervisory Board Christian Scherrer is expected to resign from the Supervisory Board with effect from the end of the Company's shareholders' meeting expected to be held on or around June 13, 2018. Such shareholders' meeting is expected to elect Magnus Agervald as his replacement.

Magnus Agervald was born in Råsunda, Sweden, on February 12, 1975.

From 1995 to 1999, he studied at the Royal Institute of Technology, Stockholm, where he obtained a master in engineering physics. In addition, Mr. Agervald studied at the Stockholm School of Economics and in 1999 also obtained an economics and business master. During that same year, he began his professional career as one of the founders of Icomera AB, a mobile Internet and data communications business. In 2002, Mr. Agervald joined private equity fund IDI AB as an analyst and was subsequently promoted to investment manager. In 2002, he joined McKinsey & Company as an associate and was later promoted to engagement manager. In 2006, Mr. Agervald joined Byggmax AB, a Swedish retailer, where he most recently served as chief operating officer. From 2016 to 2017, he held the same office at Ratos AB, a listed investment company. In addition, Mr. Agervald has been and is still active as an entrepreneur in various businesses.

Alongside his office as member of the Supervisory Board, Mr. Agervald is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside home24:

Current:

- FH Gruppen AS (chairman of the board of directors).

Previous:

- Aibel AS (member of the board of directors);
- Bisnode AB (member of the board of directors);
- Byggmax AB (chief operating officer);
- Granngården AB (member of the board of directors);
- Paroc Oy (member of the board of directors);
- Plantasjen AS (member of the board of directors);
- Ratos AB (chief operating officer); and
- Solera AB (member of the board of directors).

17.3.2 Supervisory Board Committees

Under the Articles of Association, the Supervisory Board can create committees in accordance with applicable laws. According to the Supervisory Board's internal rules of procedure, the Supervisory Board shall form an audit committee, a remuneration committee and a nomination committee from among its members. The Supervisory Board may set up additional committees. Each committee must comprise at least three members of the Supervisory Board. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to any committee(s) established from amongst its members.

As of the date of this Prospectus, the following committees have been established by the Supervisory Board:

17.3.2.1 Audit Committee

The audit committee (*Prüfungsausschuss*) of the Supervisory Board (the "**Audit Committee**") prepares the negotiations and resolutions of the Supervisory Board regarding the audit and, if applicable, the adoption and the approval of the annual unconsolidated financial statements of the Company and the approval of the consolidated financial statements of the Company, the proposed resolution of the Management Board regarding the allocation of the Company's net retained profits, as well as the Supervisory Board's proposal to the Company's shareholders' meeting regarding the appointment of the Company's auditor and the auditor of the Group.

In lieu of the Supervisory Board, the Audit Committee deals with accounting matters, in particular the treatment of fundamental topics (*e.g.*, the application of new accounting standards as well as the review of the accounting processes, review and discussion of the interim financial reports and any comparable financial reports as well as the supervision of the efficiency of the internal risk management systems, the internal controls, the internal revision as well as compliance matters, the implementation and supervision of the audit, in particular the required independence of the auditor and additional services provided by the auditor, the passing of resolutions on the audit mandate, the determination of the focal points of the audit and the auditor's compensation).

The Audit Committee consists of four members. The current members of the Audit Committee are:

Name	Responsibilities
Verena Mohaupt	Chairperson
Franco Danesi	Member
Lothar Lanz	Member
Christian Senitz	Member

Neither the chairperson of the Supervisory Board nor former members of the Management Board whose office expired within less than two years shall be appointed as chairperson of the Audit Committee.

Article 9 para. 1 lit. c (ii) of the SE Regulation in conjunction with section 107 para. 4 AktG require the Company to have at least one independent member of the Audit Committee with expertise in the fields of accounting or auditing within the meaning of Section 100 para. 5 AktG. Members of the Supervisory Board and the Audit Committee are considered to be independent if such members have no business or personal relations with the Company, its Management Board, controlling shareholders or related parties which could cause a substantial and not merely temporary conflict of interest. As concerns the Supervisory Board and its Audit Committee, Ms. Mohaupt is considered to possess the respective expertise and independence and is also the chairperson of the Audit Committee.

17.3.2.2 Remuneration Committee

The remuneration committee (*Vergütungsausschuss*) of the Supervisory Board (the "**Remuneration Committee**") considers the remuneration and terms of employment for the members of the Management Board, and in this regard (i) makes recommendations to, and prepares decisions for, the Supervisory Board, and (ii) prepares presentations to the shareholders' meeting, if applicable, with respect to the entering into, any amendments to, or the termination of, the service agreements of the members of the Management Board. In addition, the Remuneration Committee considers the remuneration and general employment terms for the executives below the Management Board and is authorized to make recommendations to the Management Board with respect thereto.

The Remuneration Committee may commission its own independent review of the remuneration guidelines and remuneration paid to the members of the Management Board to ensure that these guidelines reflects good practice and that the remuneration remains competitive and in line with market practice. It also presents an evaluation of the Management Board's performance to the Supervisory Board and assists the Supervisory Board to supervise the system through which the Company fulfils its obligations regarding the publication of information on the remuneration for the members of the Management Board and other senior managers.

The Remuneration Committee consists of three members, one of which is the chairperson of the Supervisory Board. The current members of the Remuneration Committee are:

Name	Responsibilities
Verena Mohaupt	Chairperson
Franco Danesi	Member
Alexander Samwer	Member

17.3.2.3 Nomination Committee

The nomination committee (*Nominierungsausschuss*) of the Supervisory Board (the "**Nomination Committee**") prepares the Supervisory Board's proposals to the Company's shareholders' meeting regarding the election of members of the Supervisory Board. When proposing candidates to the Supervisory Board, the Nomination Committee shall promote a reasonable representation of the largest shareholders on the Supervisory Board, taking into account the statutory requirements and the recommendations of the German Corporate Governance Code, as last amended on February 7, 2017 (the "**Code**"). Using its professional judgement (*pflichtgemäßes Ermessen*) and observing applicable laws, the Nomination Committee may consult any proposals with the Company's largest shareholders.

The Nomination Committee consists of the members of the Remuneration Committee.

17.3.2.4 IPO Committee

On April 23, 2018, the Supervisory Board established an ad-hoc committee in connection with the preparation and execution of the Offering (the "**IPO Committee**"). The IPO Committee is responsible for overseeing and approving various measures in connection with the Offering, in particular the entering into of the Underwriting Agreement, the determination of the Price Range, the final number of Offer Shares and the Offer Price as well as the application of for the admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). Unlike the chairperson of the Supervisory Board or the chairperson of other Supervisory Board committees, the chairperson of the IPO Committee does not have a deciding vote.

The IPO Committee consists of four members. The current members of the IPO Committee are:

Name	Responsibilities
Lothar Lanz	Chairperson
Franco Danesi	Member
Alexander Samwer	Member
Christian Scherrer	Member

Following completion of the Offering, the IPO Committee will be dissolved.

17.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board

Section 13 of the Articles of Association governs the remuneration of the members of the Supervisory Board. Each member of the Supervisory Board receives a fixed remuneration of €30,000.00 for every full fiscal year, with the chairperson of the Supervisory board receiving a fixed remuneration of €90,000.00 and the deputy chairperson receiving a fixed remuneration of €45,000.00 instead. The members of the Audit Committee receive an additional fixed remuneration of €10,000.00 for every full fiscal year, with the chairperson of the Audit Committee receiving an additional fixed remuneration of €30,000.00 instead. Persons who are members of the Supervisory Board for part of a fiscal year receive a *pro rata* share of this fixed remuneration.

The Company also reimburses the members of the Supervisory Board for any VAT due on their remuneration and reimbursement for out-of-pocket expenses. Furthermore, the members of the Supervisory Board are covered by the Group's D&O insurance, the terms of which we believe are in line with market practice (see "*12.8 Insurance Coverage*").

For information on the historical compensation of the members of the Supervisory Board, see "*18.2.2 Relationships with Members of the Supervisory Board*".

17.3.4 Shareholdings of the Members of the Supervisory Board

As of the date of this Prospectus, members of the Supervisory Board or parties related to members of the Supervisory Board hold an aggregate of 10,732,628 shares of the Company, representing 58.1% of the Company's share capital.

As of the date of this Prospectus, the Lending Shareholder and Bambino hold an aggregate of 7,616,461 shares of the Company. The Lending Shareholder is a party related to Christian Senitz and Alexander Samwer.

As of the date of this Prospectus, Kinnevik holds 3,111,953 shares of the Company. Kinnevik is a party related to Franco Danesi.

As of the date of this Prospectus, Verena Mohaupt holds 4,214 shares of the Company.

No other member of the Supervisory Board directly or indirectly holds any shares of the Company or options on shares of the Company.

17.4 Long-Term Incentive Programs

The following is a description of the long-term incentive programs which the Group has established as of the date of this Prospectus. In accordance with no. 4.2.2 para. 2 of the Code, the Supervisory takes into account the duties of individual members of the Management Board, their personal performance, the economic situation, the performance and future prospects of the Group as well as the customary level of remuneration of peer corporations as well as the remuneration structure in place elsewhere within the Group when determining the remuneration of the members of the Management Board. To comply with these requirements, the Supervisory Board will continue to review the long-term incentive programs of the Group to ensure that all members of the Management Board are adequately incentivized at all times.

For a description of the historical compensation paid by the Group to members of the Management Board and Supervisory Board, including equity-settled share-based compensation, see "*18.2 Relationships with Members of the Company's Governing Bodies*".

17.4.1 Long-Term Incentive Program 2018

In May 2018, the Company implemented a new long-term incentive program 2018 (the "**LTIP 2018**"), pursuant to which the Company may grant virtual performance shares ("**2018 Performance Shares**") to members of the Management Board and other key employees of the Group in annual tranches until December 31, 2021. So far, the Company has not granted 2018 Performance Shares. When granting 2018 Performance Shares, the Supervisory Board may stipulate certain conditions for such grant to become effective.

17.4.1.1 Conditions to Exercise of 2018 Performance Shares

2018 Performance Shares will only vest after a twelve-month period following the effective date determined when such 2018 Performance Shares were granted, provided that during this period the relevant holder of the 2018 Performance Shares must have been in a continued employment or service relationship with a member of the Group and may not have terminated such relationship.

In addition, the LTIP 2018 provides that 2018 Performance Shares may only be exercised if the following two conditions are met:

- a four-year waiting period following the effective date determined when such 2018 Performance Shares were granted has lapsed (*i.e.*, in 2023 with respect to 2018 Performance Shares granted in 2019); and
- the revenue growth of the Group meets or exceeds a CAGR of 15.0% during the four-year waiting period following the effective date determined when such 2018 Performance Shares were granted.

Furthermore, the exercise of 2018 Performance Shares may be subject to additional conditions, including individual targets set for a certain beneficiary, determined at the time such 2018 Performance Shares are granted.

Any vested 2018 Performance Shares that have become exercisable may only be exercised within a two-year period following the expiration of the aforementioned four-year waiting period. However, the LTIP 2018 provides for certain blackout periods during which 2018 Performance Shares may not be exercised in order to comply with applicable capital markets regulations (see "*16.11.3 Managers' Transactions*").

17.4.1.2 Calculation of Compensation Claims under the LTIP 2018

Upon exercise of 2018 Performance Shares, the holder of such 2018 Performance Shares is entitled to a compensation corresponding to the difference between:

- the exercise price (*i.e.*, the closing price of the Company's shares in XETRA-trading on the day such 2018 Performance Shares were exercised (or the closing price of the Company's shares in XETRA-trading on the following day, if there is no XETRA-trading on the day such 2018 Performance Shares are exercised)); and
- the base price determined when the relevant 2018 Performance Shares were granted.

The Company may, in its sole discretion, decide whether to settle such compensation claims in shares of the Company or in cash. If the Company choses to settle the compensation claims in shares, the total number of shares to be provided to the holder of the relevant 2018 Performance Shares is determined by dividing (i) the value increase (*i.e.*, the aforementioned difference between the exercise price and the base) achieved for all 2018 Performance Shares which the relevant holder has exercised by (ii) the exercise price. If holders of 2018 Performance Shares would be entitled to share fractions, such share fractions will be settled in cash.

The new shares will be issued from the Company's Conditional Capital 2018 (see "*16.4.2 Conditional Capital 2018*"), provided that the Company may also choose to provide treasury shares instead. If the compensation claims are settled through the issuance of new shares, such new shares are issued at an issue price of €1.00 per share as part of capital increases against contributions in kind (*Sachkapitalerhöhungen*). The relevant contribution in kind shall comprise the compensation claims of the relevant holder of 2018 Performance Shares under the LTIP 2018 (*i.e.*, such holder will be granted new shares of the Company free of charge in exchange for such compensation claims).

17.4.2 Long-Term Incentive Program 2017

In 2017, the Company implemented the long-term incentive program 2017 (the "**LTIP 2017**"), pursuant to which the Company could originally grant virtual performance shares ("**2017 Performance Shares**") to members of the Management Board and other key employees of the Group in annual tranches until 2021. Following the implementation of the LTIP 2018 (see "*17.4.1 Long-Term Incentive Program 2018*"), the Company may no longer grant additional 2017 Performance Shares from the LTIP 2017.

The LTIP 2017 provides that the number of 2017 Performance Shares and the base price for such 2017 Performance Shares are to be adjusted in case of (i) an issuance of shares from the Company's own resources (*Kapitalerhöhung aus Gesellschaftsmitteln*), (ii) a share split, (iii) a reduction of the number of shares of the Company without repayment of funds to shareholders or an acquisition of treasury shares against payment of consideration, or (iv) a merger of shares (*Zusammenlegung von Aktien*).

As a result of the changes in the Company's share capital in May 2018 (see "*16.2 Development of the Share Capital*"), the number of 2017 Performance Shares and the corresponding base prices were adjusted accordingly to reflect the changes in the Company's share capital in May 2018. Accordingly, a total of 825,815 2017 Performance Shares are outstanding as of the date of this Prospectus.

17.4.2.1 Conditions to Exercise of 2017 Performance Shares

2017 Performance Shares will only vest after a twelve-month period following the effective date determined when such 2017 Performance Shares were granted, provided that during this period the relevant holder of the 2017 Performance Shares must have been in a continued employment or service relationship with a member of the Group and may not have terminated such relationship.

In addition, the LTIP 2017 provides that 2017 Performance Shares may only be exercised if the following three conditions are met:

- a four-year waiting period following the effective date determined when such 2017 Performance Shares were granted has lapsed (*i.e.*, in 2021 with respect to 2017 Performance Shares granted in 2017);
- the EBITDA margin of the Group meets or exceeds certain thresholds (*i.e.*, minus 28.8% with respect to 2017 Performance Shares granted in 2017 and minus 27.2% with respect to 2017 Performance Shares granted in 2018); and
- an exit event under the LTIP 2017 has occurred.

Furthermore, the exercise of certain 2017 Performance Shares is subject to additional conditions determined at the time such 2017 Performance Shares were granted (*e.g.*, the successful implementation of certain projects or the assessment of the individual performance of the respective beneficiary).

Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will constitute an exit event under the LTIP 2017. Therefore, holders of 2017 Performance Shares have an interest in the aforementioned listing of the Company's shares as this will enable them to exercise their vested 2017 Performance Shares following the expiration of the respective four-year waiting period if the EBITDA margins for such 2017 Performance Shares have been met.

Any vested 2017 Performance Shares that have become exercisable may only be exercised within a two-year period following the expiration of the aforementioned four-year waiting period. However, the LTIP 2017 provides for certain blackout periods during which 2017 Performance Shares may not be exercised in order to comply with applicable capital markets regulations (see "*16.11.3 Managers' Transactions*").

17.4.2.2 Calculation of Compensation Claims under the LTIP 2017

Upon exercise of 2017 Performance Shares, the holder of such 2017 Performance Shares is entitled to a compensation corresponding to the difference between:

- the exercise price (*i.e.*, the closing price of the Company's shares in XETRA-trading on the day such 2017 Performance Shares were exercised (or the closing price of the Company's shares in XETRA-trading on the following day, if there is no XETRA-trading on the day such 2017 Performance Shares are exercised)); and
- the base price determined when the relevant 2017 Performance Shares were granted.

Assuming that all 2017 Performance Shares were vested and exercised as of the date of this Prospectus, all performance targets for such 2017 Performance Shares have been met, placement of 6,818,181 New Shares at the mid-point of the Price Range and exercise of the Greenshoe Option for 1,022,727 shares and an exercise price that corresponds to the Offer Price (*i.e.*, an exercise price of €22.00 per 2017 Performance share), the Company expects that claims under the LTIP 2017 would amount to approximately €8.7 million in aggregate as of the date of this Prospectus.

The Company may, in its sole discretion, decide whether to settle such compensation claims in shares of the Company or in cash. If the Company choses to settle the compensation claims in shares, the total number of shares to be provided to the holder of the relevant 2017 Performance Shares is determined by dividing (i) the value increase (*i.e.*, the aforementioned difference between the exercise price and the base) achieved for all 2017 Performance Shares which the relevant holder has exercised by (ii) the exercise price. If holders of 2017 Performance Shares would be entitled to share fractions, such share fractions will be settled in cash.

The new shares will be issued from the Company's Conditional Capital 2017 (see "*16.4.1 Conditional Capital 2017*"), provided that the Company may also choose to provide treasury shares instead. If the compensation claims are settled through the issuance of new shares, such new shares are issued at an issue price of €1.00 per share as part of capital increases against contributions in kind (*Sachkapitalerhöhungen*). The relevant contribution in kind shall comprise the compensation claims of the relevant holder of 2017 Performance Shares under the LTIP 2017 (*i.e.*, such holder will be granted new shares of the Company free of charge in exchange for such compensation claims).

17.4.2.3 Breakdown of Outstanding 2017 Performance Shares

The following table provides a breakdown of the outstanding 2017 Performance Shares as of the date of this Prospectus:

	Outstanding 2017 Performance Shares	**Base price per 2017 Performance Share**	**Vested 2017 Performance Shares**	**Unvested 2017 Performance Shares**
		(in €)		
	397,062	0.02	141,512	255,550
	428,753	24.14	153,509	275,244
Total	**825,815**	**–**	**295,021**	**530,794**

17.4.3 Virtual Option Program

In 2010, the Company introduced a virtual stock option program (the "**VSOP**"), which was revised in 2013 as well as 2014 and pursuant to which the Company may grant virtual options (the "**Virtual Options**") to certain employees of the Group at base prices to be determined by the Company.

The VSOP provides that the number of Virtual Options and the base price for such Virtual Options are to be adjusted in case of (i) an issuance of shares from the Company's own resources (*Kapitalerhöhung aus Gesellschaftsmitteln*) or (ii) a share split.

As a result of the changes in the Company's share capital in May 2018 (see "*16.2 Development of the Share Capital*"), the number of Virtual Options and the corresponding base prices were adjusted accordingly to reflect the issuance of new shares of the Company from the Company's capital reserves (*Kapitalrücklage*). Accordingly, a total of 451,290 Virtual Options are outstanding as of the date of this Prospectus.

17.4.3.1 Conditions to Exercise of Virtual Options

Virtual Options may only be exercised if an exit event under the VSOP has occurred. Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will constitute an exit event under the VSOP. Therefore, holders of Virtual Options have an interest in the aforementioned listing of the Company's shares as this will enable them to exercise their Virtual Options.

Holders of Virtual Options that have become exercisable are generally required to exercise such Virtual Options within one month following receipt of a notice by the Company which informs them of the occurrence of an exit event.

17.4.3.2 <u>Calculation of Compensation Claims under the VSOP</u>

Upon exercise of Virtual Options, the holder of such Virtual Options is entitled to a cash compensation corresponding to the difference between:

- the exercise price (*i.e.*, the more recent of (i) the Offer Price or (ii) the volume-weighted average price of the Company's shares in XETRA-trading during the last full fiscal quarter prior to the exercise of such Virtual Options); and

- the base price determined when the relevant Virtual Options were granted

Assuming that (i) all Virtual Options are exercised following the listing of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), (ii) the exercise price of such Virtual Options corresponds to the Offer Price, and (iii) placement of 6,818,181 New Shares at the mid-point of the Price Range and exercise of the Greenshoe Option for 1,022,727 shares, the Company expects that claims under the VSOP would amount to approximately €3.7 million as of the date of this Prospectus.

The VSOP provides for certain reductions of claims under the VSOP if the employment or service relationship of the respective holder of Virtual Options with the Group is terminated prior to the expiration of the period during which such Virtual Options may be exercised.

Under the VSOP, the Company may, at any time and at its sole discretion, choose to discharge any claims under the VSOP by making a payment to holders of Virtual Options corresponding to the fair market value of such Virtual Options.

Following the listing of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Company may also, at its sole discretion, choose to discharge claims under the VSOP by providing new shares and/or treasury shares of the Company. The value of such shares must equal the value of the claims under the VSOP at the time of the settlement of such Virtual Options. If new shares of the Company are provided, such shares will be issued from the Company's Authorized Capital 2015/III (see "*16.3.2 Authorized Capital 2015/III*") as part of capital increases against contributions in kind (*Sachkapitalerhöhungen*). The relevant contribution in kind shall comprise the compensation claims of the relevant holder of Virtual Options under the VSOP (*i.e.*, such holder will be granted new shares of the Company free of charge in exchange for such compensation claims).

17.4.3.3 <u>Breakdown of Virtual Options</u>

The following table provides a breakdown of the outstanding Virtual Options as of the date of this Prospectus:

	Outstanding Virtual Options	**Base price per Virtual Option**	**Vested Virtual Options**	**Unvested Virtual Options**
		(in €)		
	166,103	0.02	153,203	12,900
	1,075	2.67	1,075	–
	265,525	24.14	221,950	43,575
	15,419	36.86	14,738	681
	3,168	59.21	3,168	–
Total..........................	**451,290**	**–**	**394,134**	**57,156**

17.4.4 Brazilian Long-Term Incentive Program

In 2017, Jade, the holding company for our Latin America segment, implemented the Brazilian long-term incentive program 2017 (the "**Brazilian LTIP**"), pursuant to which Jade may grant virtual performance shares ("**Brazilian Performance Shares**") to the managing directors of Mobly in annual tranches until 2021. As of the date of this Prospectus, 3,066 Brazilian Performance shares with a base price of €1.00 and 3,066 Brazilian Performance with a base price of €1,038.00 are outstanding.

17.4.4.1 Conditions to Exercise of Brazilian Performance Shares

Brazilian Performance Shares will only vest after a twelve-month period following the effective date determined when such Brazilian Performance Shares were granted, provided that during this period the relevant holder of the Brazilian Performance Shares must have been in a continued employment or service relationship with a member of the Group and may not have terminated such relationship.

In addition, the Brazilian LTIP provides that Brazilian Performance Shares may only be exercised if the following three conditions are met:

- a four-year waiting period following the effective date determined when such Brazilian Performance Shares were granted has lapsed (*i.e.*, in 2021 with respect to Brazilian Performance Shares granted in 2017);
- the EBITDA margin of the Group meets or exceeds certain thresholds (*i.e.*, minus 28.8% with respect to Brazilian Performance Shares granted in 2017, minus 27.2% with respect to Brazilian Performance Shares granted in 2018, minus 25.6% with respect to Brazilian Performance Shares granted in 2019, minus 24.0% with respect to Brazilian Performance Shares granted in 2020, and minus 22.4% with respect to Brazilian Performance Shares granted in 2021); and
- an exit event under the Brazilian LTIP has occurred.

Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will constitute an exit event under the Brazilian 2017. Therefore, holders of Brazilian Performance Shares have an interest in the aforementioned listing of the Company's shares as this will enable them to exercise their vested Brazilian Performance Shares following the expiration of the respective four-year waiting period if the EBITDA margins for such Brazilian Performance Shares have been met.

Any vested Brazilian Performance Shares that have become exercisable may only be exercised within a two-year period following the expiration of the aforementioned four-year waiting period. However, the Brazilian LTIP provides for certain blackout periods during which Brazilian Performance Shares may not be exercised in order to comply with applicable capital markets regulations (see "*16.11.3 Managers' Transactions*").

17.4.4.2 Calculation of Compensation Claims under the Brazilian LTIP

Upon exercise of Brazilian Performance Shares, the holder of such Brazilian Performance Shares is entitled to a compensation which takes into account (i) the base price determined when the relevant Brazilian Performance Shares were granted, (ii) the value of the Group based on the closing price of the Company's shares in XETRA-trading on the day such Brazilian Performance Shares were exercised, (iii) the value of the entities which comprise our Latin America segment, and (iv) the direct or indirect shareholding of the Company in Mobly.

Assuming that all Brazilian Performance Shares were vested and exercised as of the date of this Prospectus, placement of 6,818,181 New Shares at the mid-point of the Price Range and exercise of the Greenshoe Option for 1,022,727 shares and a valuation of the relevant entities based on the Offer Price and the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, the Company expects that claims under the Brazilian LTIP would amount to approximately €7.2 million in aggregate as of the date of this Prospectus.

Jade may, in its sole discretion, decide whether to settle such compensation claims in cash or in kind. If Jade choses to settle the compensation claims in shares of the Company, the fair market value of the shares to be provided to the holder of the relevant Brazilian Performance Shares must correspond to such holder's claims under the Brazilian LTIP.

If the compensation claims are settled through the issuance of new shares of the Company, such new shares may be issued as part of capital increases against contributions in kind (*Sachkapitalerhöhungen*). Jade can request the relevant holder of Brazilian Performance Shares to transfer his compensation claims of under the Brazilian LTIP to the Company as contribution in kind (*i.e.*, such holder will be granted new shares of the Company free of charge in exchange for such compensation claims).

17.4.4.3 Breakdown of Outstanding Brazilian Performance Shares

The following table provides a breakdown of the outstanding Brazilian Performance Shares as of the date of this Prospectus:

	Outstanding Brazilian Performance Shares	**Base price per Brazilian Performance Share**	**Vested Brazilian Performance Shares**	**Unvested Brazilian Performance Shares**
		(in €)		
	3,066	1.00	768	2,298
	3,066	1,038.00	768	2,298
Total..........................	**6,132**	**–**	**1,536**	**4,596**

17.4.5 Virtual Option Program Brazil

In 2017, the Company introduced a virtual stock option program for the benefit of management board members, directors and employees of its subsidiaries (the "**Brazilian VSOP**"), pursuant to which the Company may grant virtual options (the "**Brazilian Virtual Options**") to these employees of the Group at base prices to be determined by the Company.

The VSOP provides that the number of Virtual Options and the base price for such Virtual Options are to be adjusted in case of (i) an issuance of shares from the Company's own resources (*Kapitalerhöhung aus Gesellschaftsmitteln*) or (ii) a share split.

As a result of the changes in the Company's share capital in May 2018 (see "*16.2 Development of the Share Capital*"), the number of Brazilian Virtual Options and the corresponding base prices were adjusted accordingly to reflect the issuance of new shares of the Company from the Company's capital reserves (*Kapitalrücklage*). Accordingly, a total of 275,222 Brazilian Virtual Options are outstanding as of the date of this Prospectus.

17.4.5.1 Conditions to Exercise of Brazilian Virtual Options

Brazilian Virtual Options may only be exercised if an exit event under the Brazilian VSOP has occurred. Assuming that the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), this will constitute an exit event under the Brazilian VSOP. Therefore, holders of Brazilian Virtual Options have an interest in the aforementioned listing of the Company's shares as this will enable them to exercise their Brazilian Virtual Options.

Holders of Brazilian Virtual Options that have become exercisable are generally required to exercise such Brazilian Virtual Options within one month following receipt of a notice by the Company which informs them of the occurrence of an exit event.

17.4.5.2 Calculation of Compensation Claims under the Brazilian VSOP

Upon exercise of Brazilian Virtual Options, the holder of such Brazilian Virtual Options is entitled to a compensation which takes into account (i) the base price determined when the relevant Brazilian Virtual Options were granted, (ii) the value of the Company's shares based on the Offer Price or the closing price of the Company's shares in XETRA-trading on the day such Brazilian Virtual Options were exercised, (iii) the value of the entities which comprise our Latin America segment, and (iv) the direct or indirect shareholding of the Company in Mobly.

Assuming that all Brazilian Virtual Options were exercised as of the date of this Prospectus, placement of 6,818,181 New Shares at the mid-point of the Price Range and exercise of the Greenshoe Option for 1,022,727 shares and a valuation of the relevant entities based on the Company's unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2018, the Company expects that claims under the Brazilian VSOP would amount to approximately €0.9 million in aggregate as of the date of this Prospectus.

The Brazilian VSOP provides for certain reductions of claims under the Brazilian VSOP if the employment or service relationship of the respective holder of Brazilian Virtual Options with the Group is terminated prior to the expiration of the period during which such Brazilian Virtual Options may be exercised.

Under the Brazilian VSOP, the Company may, at any time and at its sole discretion, choose to discharge any claims under the Brazilian VSOP by making a payment to holders of Brazilian Virtual Options corresponding to the fair market value of such Brazilian Virtual Options.

Following the listing of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Company may also, at its sole discretion, choose to discharge claims under the Brazilian VSOP by providing new shares and/or treasury shares of the Company. The value of such shares must equal the value of the claims under the Brazilian VSOP at the time of the settlement of such Virtual Options.

17.4.5.3 Breakdown of Brazilian Virtual Options

The following table provides a breakdown of the outstanding Brazilian Virtual Options as of the date of this Prospectus:

	Outstanding Brazilian Virtual Options	**Base price per Brazilian Virtual Option**	**Vested Brazilian Virtual Options**	**Unvested Brazilian Virtual Options**
		(in €)		
	137,611	0.02	70,208	67,403
	92,461	3.19	58,921	33,540
	45,151	4.74	11,288	33,863
Total..........................	**275,223**	**–**	**140,417**	**134,806**

17.4.6 Various Call Options

In 2012 and 2014, the Company entered into separate call option agreements with current member of the Management Board Philipp Kreibohm as well as former members of the Management Board Felix Jahn, Domenico Cipolla and Constantin Benedikt Eis that entitle the respective beneficiary to subscribe for a certain number of shares in the Company (the "**Call Options**").

Following the changes in the Company's share capital in May 2018 (see "*16.2 Development of the Share Capital*"), a total of 281,478 Call Options are outstanding as of the date of this Prospectus.

The following table provides an overview of the Call Options outstanding as of the date of this Prospectus:

	Outstanding Call Options	Subscription price per Call Option (in €)
	211,431	1.00
	70,047	36.86
Total	**281,478**	**N/A**

The number of Call Options will not be affected by the IPO Capital Increase. If the beneficiaries were to exercise all of their Call Options, the Company would be required to issue a total of 281,478 new shares to the respective beneficiaries (corresponding to approximately 1.1% of the Company's total share capital following completion of the Offering (assuming placement of 6,818,181 New Shares at the mid-point of the Price Range and exercise of the Greenshoe Option for 1,022,727 shares)).

Mr. Cipolla and Mr. Eis may only exercise their Call Options within a period of two weeks following the day of the publication of financial statements of the Company. The new shares required to fulfill the Call Options would be issued from the Company's Authorized Capital 2015/II (see "*16.3.1 Authorized Capital 2015/II*"), provided that the Company may also utilize treasury shares to fulfill Call Options.

17.5 Certain Information Regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been convicted of fraudulent offences in its capacity as a member of any administrative, management or supervisory body.

In the last five years, no member of the Management Board or the Supervisory Board has been associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body, except for Mr. Alexander Samwer and Mr. Christian Senitz.

Mr. Samwer was (i) a managing director and subsequently liquidator of ACALDO Management GmbH, which was liquidated in 2014, (ii) a managing director of Prato Immobilien GmbH & Co. KG, which was dissolved in 2017, and (iii) a managing director of Pacifico Capital GmbH, which was liquidated in 2016.

Mr. Senitz holds, or held within the last five years, a management function in the following companies undergoing a liquidation:

- Clickbus Holding I S.à r.l., which is undergoing liquidation since 2016 (class A manager);
- Digital Services Holding I S.à r.l., which was liquidated in 2017 (class A manager);
- Digital Services I (GP) S.à r.l., which was liquidated in 2017 (class A manager);
- Digital Services LI S.à r.l., which is undergoing liquidation since 2016 (class A manager);
- Digital Services XXIV (GP) S.à r.l., which is undergoing liquidation since 2016 (class A manager);

- ECommerce Taxi Eastern Europe S.à r.l. which was liquidated in 2017 (class A manager);
- Vendomo Deutschland GmbH i.L., which was liquidated in 2016 (managing director); and
- Vendomo Global Services GmbH i.L. which was liquidated in 2016 (managing director).

In addition, Mr. Senitz holds, or held within the last five years, a management function in the entity that is, or was, mandated as a liquidator for the following companies undergoing a liquidation:

- Bambino 55. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Brillant 1259. GmbH i.L., which is undergoing liquidation since 2016;
- Brillant 1418. GmbH i.L., which is undergoing liquidation since 2016;
- Brillant 1423. GmbH i.L., which is undergoing liquidation since 2016;
- Daraz Asia S.à r.l., which was liquidated in 2017;
- Digital Services Holding XXI (GP) S.à r.l., which was liquidated in 2017;
- Digital Services LI (GP) S.à r.l., which was liquidated in 2017;
- Digital Services XVI (GP) S.à r.l., which was liquidated in 2017;
- Digital Services XXIV S.à r.l., which is undergoing liquidation since 2017;
- Digital Services XXXIII (GP) S.à r.l., which was liquidated in 2017;
- Digital Services XXXIII S.à r.l., which was liquidated in 2017;
- ECommerce Business 11 S.à r.l., which was liquidated in 2017;
- Ecommerce Pay Middle East S.à r.l., which was liquidated in 2017;
- Emerging Markets Taxi Holding S.à r.l., which is undergoing liquidation since 2017;
- Food Delivery Holding 13 S.à r.l., which is undergoing liquidation since 2016;
- GSS Global Shopping Services GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1148. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1154. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1158. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1206. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1207. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1217. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1220. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1221. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1223. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1229. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1231. GmbH i.L., which is undergoing liquidation since 2016;

- Jade 1232. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1233. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1234. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1238. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1240. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1241. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1246. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1247. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1265. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1279. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1319. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1344. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1353. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1356. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1361. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1366. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1368. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1375. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 1413. GmbH i.L., which is undergoing liquidation since 2016;
- Jade 940. GmbH i.L., which is undergoing liquidation since 2016;
- Juwel 130. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 133. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 154. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 155. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 156. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 163. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 171. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 197. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 202. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Juwel 203. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Kin Shopping GmbH i.L., which is undergoing liquidation since 2017;

- Kristall 146. GmbH i.L., which is undergoing liquidation since 2016;
- New Bigfoot Other Assets GmbH, which is undergoing liquidation since 2016;
- New Middle East Other Assets GmbH i.L., which is undergoing liquidation since 2016;
- PTH Brillant Services GmbH i.L., which is undergoing liquidation since 2016;
- Rocket Internet Marketplace Solutions GmbH i.L., which is undergoing liquidation since 2016;
- ShopWings Global S.à r.l., which was liquidated in 2018;
- SOG Shopping Operations Germany GmbH i.L., which is undergoing liquidation since 2016;
- Somuchmore (GP) S.à r.l., which was liquidated in 2017;
- Somuchmore Global S.à r.l., which is undergoing liquidation since 2016;
- Somuchmore GmbH i.L., which is undergoing liquidation since 2017;
- Somuchmore Holding S.à r.l. which is undergoing liquidation since 2016;
- Somuchmore Marketplace UG i.L., which is undergoing liquidation since 2017;
- SpaceWays Global Services GmbH i.L., which is undergoing liquidation since 2016;
- Sparklist Services GmbH i.L., which is undergoing liquidation since 2016;
- Tekcor 2. V V UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016;
- Tripda (GP) GmbH i.L., which is undergoing liquidation since 2016;
- Tripda Beteiligungs UG (haftungsbeschränkt) i.L., which is undergoing liquidation since 2016; and
- Tripda Global (GP) UG (haftungsbeschränkt) i.L. which is undergoing liquidation since 2016.

In the last five years, no official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities, including designated professional bodies, against the members of the Management Board or Supervisory Board.

No court has ever disqualified any of the members of the Management Board or the Supervisory Board from acting as a member of the administrative, management, or supervisory body of an issuer.

No court has disqualified any of the members of the Management Board or the Supervisory Board from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

There are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board with respect to their duties to the Company on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other hand.

None of the members of the Management Board or the Supervisory Board has entered into a service agreement with a company of the Group that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the respective other body.

17.6 Shareholders' Meeting

17.6.1 Convening of Shareholders' Meetings

Pursuant to Section 15 para. 1 of the Articles of Association, the annual shareholders' meeting of the Company is held within the first six months of each fiscal year. At the choice of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company or in a German city or in a German city with a stock exchange or more than 100,000 inhabitants. The Company's shareholders' meeting is generally convened by the Management Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the receipt of the notice are disregarded when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "*17.6.2 Shareholders' Rights to participate in Shareholders' Meetings*").

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to 5% of the Company's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to 5% of the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

17.6.2 Shareholders' Rights to participate in Shareholders' Meetings

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance as well as evidence of their shareholdings are entitled to participate in the shareholders' meeting and to exercise their voting rights. The registration for participation must be received by the Company by the end of the sixth day prior to the date on which the shareholders' meeting is held, unless a shorter period of time was set forth in the convocation for the shareholders' meeting. When calculating this period, the day of the meeting and the day of the receipt of the notice are disregarded.

The shareholder's registration shall be submitted in the German- or English-language in writing (*Textform*) or by way of other electronic means as specified by the Company in greater detail. The evidence of shareholdings shall be submitted in the form of an account record by a depository institution in the German- or English-language and in writing (*Textform*). Such evidence shall refer to the start of the 21st day prior to the shareholders' meeting (record date) and be received by the Company at least six days prior to the meeting, unless a shorter period of time was set forth in the convocation notice for the shareholders' meeting. When calculating such period, the day of the meeting and the day of the receipt of the notice shall be disregarded.

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of power of representation to be provided to the Company shall be submitted in writing (*Textform*), unless the convening notice for the shareholders' meeting provides for a less restrictive form. The Management Board is authorized to allow audio-visual transmissions of the shareholders' meeting and to allow shareholders to cast their votes in writing or by means of electronic communication without attending the shareholders' meeting (absentee vote). The Management Board is further authorized to allow shareholders to participate in the shareholders' meeting without being present in person or represented at the shareholders' meeting by exercising all or specific shareholder rights in total or in part by electronic communication (online participation).

17.6.3 Conduct of Shareholders' Meetings

The shareholders' meeting is chaired by the chairperson of the Supervisory Board. The shareholders' meeting may also be chaired by any other member of the Supervisory Board or a third party who has been designated in advance by the chairperson of the Supervisory Board. If the chairperson of the Supervisory Board does not take the chair and neither another Supervisory Board member nor a third party has been designated to chair the shareholders' meeting or such designee is unable to attend, the chairperson of the meeting shall be elected by the members of the Supervisory Board present at such shareholders' meeting. If no member of the Supervisory Board is present at the shareholders' meeting and neither another Supervisory Board member nor a third party has been designated to chair the shareholders' meeting or such designee is unable to attend, the shareholders' meeting itself shall elect the chairperson of the shareholders' meeting, which vote shall be chaired by the shareholder, or his representative, with the highest number of shares present at the meeting.

The chairperson of the shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, the chairperson may exercise rules of order and make use of assistants. The chairperson shall determine the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. The chairperson may also, to the extent permitted by law, decide on the bundling of factually related items into a single resolution. The chairperson is further authorized to impose a reasonable time limit on the right to ask questions and to speak. In particular, the chairperson may establish a limit on the time allowed to speak or ask questions or on the combined time to speak and ask questions at any time during the shareholders' meeting. The chairperson may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual items on the agenda or individual speakers. If necessary, the chairperson may close the list of speakers and order the end of the debate in the shareholders' meeting.

17.6.4 Resolutions of the Shareholders' Meeting

Pursuant to Section 20 of the Articles of Association, resolutions of the shareholders' meeting may generally be passed with a simple majority of the votes validly cast. If a majority of the share capital is required by law, a simple majority of the registered share capital represented at the vote shall be sufficient, unless mandatory law or the Articles of Association stipulate a higher majority. Amendments of the Articles of Association may be passed with a simple majority of the votes, provided that at least half of the Company's share capital is represented and unless provided otherwise by mandatory law or the Articles of Association.

According to Articles 5, 57 and 59 of the SE Regulation, and Section 51 of the SEAG in conjunction with the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude, amend or terminate affiliation agreements (*Unternehmensverträge*);
- the creation of conditional or authorized capital;
- the issuance of, or authorization to issue, convertible and profit-sharing certificates and other profit-sharing rights;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting;
- an authorization on the use of treasury shares;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation or a squeeze-out of the Company's minority shareholders; and
- any actions within the meaning of the UmwG.

Neither European nor German law nor the Articles of Association limit the right of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise the voting rights associated therewith.

17.7 Corporate Governance

The Code contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to increase the transparency of the German system of corporate governance and supervision for investors. The Code includes recommendations and suggestions for management and supervision with regards to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. However, pursuant to Article 9 para. 1 lit. c (ii) of the SE Regulation in conjunction with Section 161 para. 1 AktG, the Management Board and the Supervisory Board are required to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain why the Management Board and the Supervisory Board do not or will not comply with certain recommendations. This declaration must be submitted annually and must be made permanently accessible to the shareholders. There is no requirement to disclose any deviations from the suggestions of the Code.

As of the date of this Prospectus, the Company complies with all recommendations of the Code, apart from the following:

- **No. 4.2.1 sentence 1 of the Code:** The Code provides that the Management Board shall have a chairman or spokesperson.

  The four members of the Management Board work together efficiently and collegially without any member performing the function of chairman or spokesperson. The Supervisory Board sees no reason to change this established and successful cooperation.

- **No. 4.2.3 para. 2 sentences 4, 6 and 7 of the Code:** When determining the compensation structure for the Management Board, the Code provides that such compensation structure shall comprise both fixed and variable elements and that the latter shall generally be based on a multi-year assessment period, taking into account both positive and negative developments. The amount of compensation shall be capped, both as regards variable components and in the aggregate and the variable compensation components shall be based on demanding and relevant comparison parameters.

  The LTIP 2018, the LTIP 2017 and the VSOP provide variable remuneration to members of the Management Board. While they are subject to certain performance targets and the development of the Company's share price, these schemes contain no explicit provisions accounting for negative developments. Furthermore, the amount of variable remuneration is not capped. In addition, the VSOP does not contain comparison parameters and the parameters and targets set forth in the LTIP 2017 and LTIP 2018 may not be demanding enough to fulfill the requirements of the Code. However, the Supervisory Board is convinced that the LTIP 2018, the LTIP 2017 and the VSOP are well-balanced and appropriate. In the opinion of the Supervisory Board, the compensation is sufficiently focused on the positive development of the Company in the long-term given that the share-based compensation component is linked to the Company's share price and the long-term nature of the defined targets.

- **No. 4.2.3 para. 4 sentences 1 and 3 of the Code:** The Code provides that contracts entered into with members of the Management Board shall ensure that payments, including fringe benefits, made to a member of the Management Board due to an early termination of such contracts do not exceed an amount equal to twice the annual remuneration of such member and do not exceed the remuneration for the remaining term of the contract. Such cap shall be calculated on the basis of the total remuneration paid for the previous fiscal year and, if appropriate, shall take into account the expected total remuneration for the current fiscal year.

  The current management service agreements of the members of the Management Board do not provide for any payments in case of an early termination and consequently do not include a severance cap.

- **No. 4.2.5 of the Code:** The Code provides that the remuneration report, which is part of the management report, shall include information on the nature of fringe benefits provided by the Company. The total compensation of every member of the Management Board is to be disclosed on an individual basis, divided into fixed and variable compensation granted and received. The model tables provided by the Code shall be used to disclose such information.

  On May 24, 2018, the Company's shareholders' meeting resolved that the compensation of the members of the Management Board will not be disclosed individually in the Company's individual or consolidated financial statements to be prepared for the fiscal year ending December 31, 2018 in accordance with Sections 286 para. 5 sentence 1, 285 no. 9, 315a paras. 1 and 2 and 314 para. 3 sentence 1 HGB in conjunction with Article 61 of the SE Regulation. Therefore, at least with respect to the fiscal year ending December 31, 2018, the Company will abstain from an individual disclosure of the aggregate compensation of the members of the Management Board and, to the extent legally permissible, from a disclosure of their individual compensation. The Company believes that the information it will provide in accordance with mandatory laws is sufficient for current and future shareholders and the public. With respect to the model tables, the Company will refrain from using these tables in its compensation report as it believes that it can display the relevant information in another suitable form in the notes or the management report.

- **No. 7.1.2 sentence 3 of the Code:** The Code provides that the consolidated financial statements and the Group management report shall be made publicly accessible within 90 days from the end of the respective fiscal year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the respective reporting period.

  In order to ensure a high quality of financial reporting, the Company cannot guarantee that it will in call cases comply with the recommended publication periods. However, the Company constantly seeks to improve its reporting systems and intends to comply with this recommendation of the Code to the extent possible.

18. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's audited consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and the Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and the Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is a summary of such transactions with related parties for the fiscal years ended December 31, 2017, 2016 and 2015 up to and including the date of this Prospectus. Addition information, with respect to related-party transactions, including quantitative amounts, is contained in the notes to the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2017, 2016 and 2015, which are all included in this Prospectus under "22. Financial Information" on pages F-1 et seq. Business relationships between companies of home24 are not included.

18.1 Relationships with Rocket Internet SE

On October 26, 2009, the Company and the Lending Shareholder entered into an agreement whereby the Lending Shareholder provides the Company with certain services (*e.g.*, advice and support in preparing Internet platforms and programming services) and charges the Company for such services on a short-term basis. With effect from December 1, 2015, the Company terminated most services provided by the Lending Shareholder under the service agreement.

The following table shows business transactions under the service agreement with the Lending Shareholder for the periods presented as well as outstanding balances under this agreement as of the dates presented:

	As of and for the fiscal year ended December 31,		
	2015	**2016**	**2017**
		(audited) **(in € million)**	
Receivables	0.0	–	–
Liabilities	0.0	0.0	–
Expenses for services	0.7	0.1	0.0

In the three months ended March 31, 2018, expenses for services under the service agreement with the Lending Shareholder amounted to less than €0.1 million. As of March 31, 2018, there were no material balances outstanding under this agreement.

In addition, the Company has entered into various angel agreements with certain Beneficiaries in connection with the Minority Interests in the holding companies for our Latin America segment (see "*12.7.5 Agreements relating to the Acquisition of Certain Minority Interests*"). These angel agreements generally include vesting-rights, call-option arrangements and non-compete obligations with respect to the respective Beneficiary. Pursuant to these angel agreements, the Lending Shareholder may exercise the call-options with respect to the Minority Shares held by a Beneficiary in case the employment of such Beneficiary is terminated or expires.

Furthermore, the Company has taken out the Shareholder Loan from GGC EUR S.á r.l., an affiliate of the Lending Shareholder, and Felix Jahn, a shareholder of the Company.

18.2 Relationships with Members of the Company's Governing Bodies

18.2.1 Relationships with Members of the Management Board

18.2.1.1 Compensation of Members of the Management Board

The following table provides a breakdown of the compensation paid or payable to the members of the Management Board at the time for the periods presented:

	For the fiscal year ended December 31,		
	2015	**2016**	**2017**
		(audited) **(in € million)**	
Salaries	0.3	0.6	0.5
Equity-settled share-based compensation	1.4	5.5	6.3
Compensation	**1.7**	**6.1**	**6.8**

18.2.1.2 Acquisition of fashion4home

On October 30, 2015, the Company and the shareholders of fashion4home, including current members of the Management Board Marc Appelhoff and Christoph Cordes who were members of the board of managing directors of fashion4home at the time, entered into a share purchase and transfer agreement, pursuant to which the Company acquired all shares in fashion4home as well as certain convertible shareholder loans with a total amount of €2.9 million outstanding.

As consideration for the shares and shareholder loans, the holders thereof obtained the right to subscribe for a total of 7,071 new shares of the Company for a nominal amount of €1.00 each. Consequently, the Company's registered share capital was increased by €7,071.00 to €370,359.00 and the capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on December 14, 2015. Upon completion of the acquisition, Mr. Appelhoff and Mr. Cordes (through Appelhoff Invest UG (haftungsbeschränkt) ("**Appelhoff UG**") and Cordes Invest Unternehmergesellschaft (haftungsbeschränkt) ("**Cordes UG**"), respectively) each acquired 387 new shares of the Company for an aggregate subscription price of €774.00.

On May 23, 2016, the Company and fashion4home entered into a merger agreement regarding the merger of fashion4home into the Company (merger through acquisition (*Verschmelzung zur Aufnahme*)). The merger was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on July 1, 2016.

18.2.1.3 Acquisitions of Shares of the Company from Members of the Management Board

18.2.1.3.1 Acquisitions of Shares of the Company from Marc Appelhoff

Based on the authorization of the Company's shareholders' meeting of July 28, 2017, the Company, as purchaser, and Appelhoff UG, an entity fully-owned by current member of the Management Board Marc Appelhoff, as seller, entered into a share purchase and transfer agreement with respect to the sale and transfer of 200 shares of the Company on November 11/December 5, 2017. In exchange for these shares, the Company paid Appelhoff UG a purchase price of €1,038.00 per share (*i.e.*, approximately €0.2 million in aggregate).

Based on the authorization of the Company's shareholders' meeting of July 28, 2017, the Company, as purchaser, and Appelhoff UG, an entity fully-owned by current member of the Management Board Marc Appelhoff, as seller, entered into a second share purchase and transfer agreement with respect to the sale and transfer of 187 shares of the Company on March 3/5, 2018. In exchange for these shares, the Company paid Appelhoff UG a purchase price of €1,038.00 per share (*i.e.*, approximately €0.2 million in aggregate).

18.2.1.3.2 Acquisitions of Shares of the Company from Christoph Cordes

Based on the authorization of the Company's shareholders' meeting of July 28, 2017, the Company, as purchaser, and Cordes UG, an entity fully-owned by current member of the Management Board Christoph Cordes, as seller, entered into a share purchase and transfer agreement with respect to the sale and transfer of 200 shares of the Company on November 11/December 5, 2017. In exchange for these shares, the Company paid Cordes UG a purchase price of €1,038.00 per share (*i.e.*, approximately €0.2 million in aggregate).

Based on the authorization of the Company's shareholders' meeting of July 28, 2017, the Company, as purchaser, and Cordes UG, an entity fully-owned by current member of the Management Board Christoph Cordes, as seller, entered into a second share purchase and transfer agreement with respect to the sale and transfer of 187 shares of the Company on March 3, 2018. In exchange for these shares, the Company paid Cordes UG a purchase price of €1,038.00 per share (*i.e.*, approximately €0.2 million in aggregate)

18.2.2 Relationships with Members of the Supervisory Board

In 2017, the members of the Supervisory Board received an aggregate compensation in an amount of €0.2 million (2016: €0.2 million; 2015: €0.1 million).

19. UNDERWRITING

On June 1, 2018, the Company, the Lending Shareholder and the Joint Bookrunners entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

Under the terms of the Underwriting Agreement and subject to certain conditions contained therein, including the execution of a pricing agreement, each Joint Bookrunner is required to acquire such number of Offer Shares as will be specified in the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth below opposite the relevant Joint Bookrunners name below:

Underwriters	Maximum Number of Offer Shares to be underwritten(1)	Percentage of Maximum Number of Offer Shares to be underwritten (in %)
Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany	2,948,719	*33.33*
Citigroup Global Markets Limited, Citigroup Centre, Canada Square, London E14 SLB, United Kingdom	2,948,717	*33.33*
Goldman Sachs International, Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom	2,948,717	*33.33*
Total	**8,846,153**	***100.00***

(1) Assuming an issuance of 7,692,307 New Shares at the low end of the Price Range and exercise of the Greenshoe Option for 1,153,846 shares.

In connection with the Offering, each Joint Bookrunner and any of their respective affiliates, acting as an investor for its own account, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be construed as including any offering or placement of Offer Shares to the Joint Bookrunners or any of their respective affiliates acting in such capacity. The Joint Bookrunners do not intend to disclose the extent of any such investments or transactions other than in accordance with any legal or regulatory obligation to do so. In addition, the Joint Bookrunners or their respective affiliates may enter into financing arrangements, including swaps with investors, due to which the relevant Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of Offer Shares.

19.1 Underwriting Agreement

In the Underwriting Agreement, the Joint Bookrunners, subject to certain conditions, including the execution of a pricing agreement to determine the Offer Price, agreed to underwrite and purchase the Offer Shares with a view to offering them to investors in this Offering. The Joint Bookrunners agreed to remit to the Company the Offer Price from the sale of the New Shares (less agreed upon commissions and expenses), at the time the Company's shares are delivered to investors, which is expected to be three banking days after admission to trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

For the purpose of potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 1,153,846 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the number of New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (*i.e.*, an option to acquire up to 1,153,846 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder.

The obligations of the Joint Bookrunners under the Underwriting Agreement are subject to various conditions, including (i) the agreement of the Joint Bookrunners and the Company on the Offer Price and the final number of New Shares to be purchased by the Joint Bookrunners, (ii) the absence of a material event (*e.g.*, a reasonably likely material adverse change in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity, or results of operations of the Group, or a suspension or material limitation in trading in securities in general on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)), the London Stock Exchange or the New York Stock Exchange, (iii) receipt of customary officers' certificates, legal opinions and comfort letters, and (iv) the admission of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Joint Bookrunners have provided, and may in the future provide, services to home24 in the ordinary course of business and may extend credit to, and have regular business dealings with home24 in their capacity as financial institutions. For a more detailed description of the interests of the Joint Bookrunners in the Offering, see "*3.12 Interests of Parties Participating in the Offering*".

19.2 Commissions

The Joint Bookrunners will offer the Offer Shares at the Offer Price. In return, the Joint Bookrunners will receive a fixed underwriting commission calculated as a percentage of the gross proceeds from the Offering. In addition, the Company may, in its sole discretion, decide to pay the Joint Bookrunners a discretionary fee, which is also calculated as a percentage of the gross proceeds from the Offering.

Assuming placement of 6,818,181 New Shares at the mid-point of the Price Range, exercise of the Greenshoe Option for 1,022,727 shares and payment of the discretionary fee in full, the Company estimates that the Joint Bookrunners would receive commissions in an aggregate amount of approximately €5.2 million in connection with the Offering.

The base fee may be withheld from the proceeds from the sale of the Offer Shares. The Company will decide whether to grant the discretionary fee, if any, within five banking days after the expiration of the Stabilization Period. The Company has also agreed to reimburse the Joint Bookrunners for certain expenses incurred in connection with the Offering.

19.3 Greenshoe Option and Securities Loan

For the purpose of potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 1,153,846 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the number of New Shares actually placed with investors.

In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (*i.e.*, an option to acquire up to 1,153,846 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after commencement of stock exchange trading of the Company's shares (*i.e.*, July 14, 2018). If and to the extent the Greenshoe Option is exercised, the Company will issue additional new shares to the Joint Bookrunners at the Offer Price which the Joint Bookrunners will then transfer to the Lending Shareholder in order to return the securities loan.

19.4 Termination; Indemnification

The Joint Bookrunners may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allocated and admitted to trading, up to closing of the Offering, in particular, if any of the following has occurred:

- a material adverse change, or any development involving a reasonable likely prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity or results of operations of the Company or the Group;

- the Company or the Group has incurred any liability or obligation, direct or contingent, or entered into any material transaction not in the ordinary course of business, other than in each case as set forth or contemplated in this Prospectus, the effects of which, in any such case, make it, in the joint judgment of the Joint Bookrunners, acting in good faith, after consultation with the Company, to the extent practicable, impracticable or inadvisable to proceed with the offering; or

- a suspension in trading on the stock exchanges in Frankfurt am Main, Germany, London, United Kingdom, or New York, United States;

- a general moratorium on banking activities is imposed in Frankfurt am Main, London, or New York by the relevant authorities;

- a material disruption in commercial banking or securities settlement;

- an outbreak or escalation of hostilities or the declaration of a national emergency or war which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States; or

- any acts of terrorism or any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or currency control which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allocations already made to investors will be invalidated and investors will have no claim for delivery of Offer Shares. Claims with respect to purchase fees already paid and costs incurred by an investor in connection with the purchase will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

In the Underwriting Agreement, the Company has agreed to indemnify the Joint Bookrunners against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

19.5 Selling Restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Lending Shareholder or the Joint Bookrunners to permit a public offering of the Offer Shares anywhere other than in Germany and Luxembourg or the transmission or distribution of this Prospectus into any other jurisdiction, where additional actions for that purpose may be required.

Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany and Luxembourg, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. The Offer Shares may only be sold in or into the United States to persons who are QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or transactions not subject to, the registration requirements of the Securities Act, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal requirements, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares may take place. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Securities Act. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act, if such offer or sale is does not comply with Rule 144A or another exemption from registration under the Securities Act.

In the United Kingdom, this Prospectus is only addressed and directed to investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order, and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). In the United Kingdom, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offer Shares in the United Kingdom will only be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No offer to the public of any Offer Shares which are the subject of this Offering has been and will be made in any member state of the EEA, other than the offers contemplated in this Prospectus in Germany and Luxembourg (once the Prospectus has been approved by BaFin, notified to the CSSF and published in accordance with Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**") and implemented in Germany and Luxembourg, respectively, except that offers to the public of Offer Shares in any member state of the EEA are permitted in accordance with the following exceptions under the Prospectus Directive:

- to legal entities which are qualified investors as defined in Article 2 para. 1 lit. e) of the Prospectus Directive;
- to fewer than 150 natural or legal persons per member state of the EEA (other than qualified investors as defined in Article 2 para. 1 lit. e) of the Prospectus Directive), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- in any other circumstances falling within Article 3 para. 2 of the Prospectus Directive.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any Offer Shares in any member state of the EEA means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

19.6 Other Interests of the Joint Bookrunners in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder.

The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms.

Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with home24 and its shareholders, including lending activities, or may perform services for home24 or its shareholders in the ordinary course of business.

20. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to shareholders of the Company. In particular, this summary does not cover tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. It is therefore recommended that shareholders consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares of the Company and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders.

20.1 Taxation of the Company

The Company's taxable income, whether distributed or retained, is generally subject to German corporate income tax at a uniform rate of 15% plus the solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 15.825%.

Dividends and other shares in profits which the Company receives from domestic and foreign corporations are generally not subject to corporate income tax; however, 5% of this type of income are deemed to be a non-deductible business expense and are thus taxable. The same generally applies to profits earned by the Company from the sale or disposal of shares in another domestic or foreign corporation. Losses incurred from the sale or disposal of such shares are not deductible for tax purposes, regardless of the percentage of shares held. Different rules apply to free-floating dividends (*i.e.*, dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the start of the respective calendar year ("**Portfolio Dividends**")). Portfolio Dividends are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% is deemed to have occurred at the beginning of the calendar year. Capital gains arising from the sale or disposal of shares held by the Company are effectively 95% tax exempt.

Participations in the share capital of other corporations which the Company holds through partnerships, including co-entrepreneurships (*Mitunternehmerschaften*), are attributable to the Company only on a *pro rata* basis at the ratio of the interest share of the Company in the assets of relevant partnership.

In addition, the Company is subject to trade tax with respect to its taxable trade profits from its permanent establishments in Germany. The trade tax rate depends on the local municipality/municipalities in which the Company maintains its permanent establishment(s). For the Company, the trade tax burden currently amounts to 8.4% of the taxable trade profit.

For trade tax purposes, dividends received from domestic and foreign corporations and capital gains from the sale or disposal of shares in other corporations are treated in principle in the same manner as for corporate income tax purposes. However, shares in profits received from domestic and foreign corporations are effectively 95% exempt from trade tax only if, *inter alia*, the company that is receiving the dividends has held or holds a stake of at least 15% in the share capital of the company making the distribution at the beginning or – in the case of foreign corporations – since the beginning of the assessment period. In the case of distributing companies within the meaning of Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended (the "**Parent-Subsidiary Directive**"), domiciled in another member state of the European Union, a stake of 10% at the beginning of the assessment period is sufficient. Additional limitations apply with respect to shares in profits received from foreign corporations domiciled outside the European Union which do not qualify as corporations within the meaning of Article 2 of the Parent-Subsidiary Directive.

The provisions of the interest barrier (*Zinsschranke*) restrict the extent to which interest expenses are tax deductible. Under these rules, net interest expenses (interest expenses minus interest income in any given fiscal year) are generally only deductible up to 30% of the taxable EBITDA (taxable earnings adjusted for, in particular, interest expenses, interest income, and certain depreciation and amortization), although there are certain exceptions to this rule. The interest barrier rules do not apply in any given fiscal year (i) if the annual net interest expense is less than €3.0 million, (ii) if the respective entity is not or only partially part of a consolidated group, or (iii) if the respective entity is part of a consolidated group but its equity ratio is no more than two percentage points below the equity ratio of the consolidated group. For the eligibility of exemption (ii), the entity must prove that it did not pay more than 10% of the net interest expense to shareholders with a (direct or indirect) shareholding in the entity of more than 25% or to an associated person. For the eligibility of exemption (iii), the entity must prove that the entity itself and any other company of the consolidated group did not pay more than 10% of the net interest expense to shareholders with a (direct or indirect) shareholding in a group company of more than 25% or to an associated person. Interest expense that is not deductible in any given fiscal year may be carried forward to subsequent fiscal years of the Company (interest carryforward) and will increase the interest expense in those subsequent years. Under certain conditions, non-offsettable EBITDA may also be carried forward to subsequent fiscal years (EBITDA carryforward). For the purpose of trade tax, however, the deductibility of interest expenses is further restricted to the extent that the sum of certain trade taxable add back items exceeds €100,000.00. In such cases 25% of the interest expenses, to the extent they were deducted for corporate income tax purposes, are added back for purposes of the trade tax base; consequently, in these cases the deductibility is limited to 75% of the interest expenses.

Losses of the Company can be carried forward to subsequent fiscal years and used to fully offset taxable income for corporate income tax and trade tax purposes only up to an amount of €1.0 million. If the taxable income for the year or taxable profit subject to trade taxation exceeds this threshold, only up to 60% of the amount exceeding the threshold may be offset by tax loss carryforwards. The remaining 40% are subject to taxation (minimum taxation). The rules also provide for a tax loss carryback in an amount of up to €1.0 million to the previous year with regards to corporate income tax. Unused tax loss carryforwards may generally be carried forward for an unlimited period of time.

If more than 50% of the subscribed capital or voting rights of the Company are directly or indirectly transferred to an acquirer (including parties related to the acquirer) within five years or comparable circumstances occur, all tax loss carryforwards and interest carryforwards are forfeited. A group of acquirers with aligned interests is also considered to be an acquirer for these purposes. In addition, any current annual losses incurred prior to the acquisition will not be deductible. If more than 25% up to and including 50% of the subscribed capital or voting rights of the Company are transferred to an acquirer (including parties related to the acquirer) or comparable circumstances occur, a proportional amount of tax loss carryforwards, unused current losses and interest carryforwards are forfeited. While the Federal Constitutional Court (*Bundesverfassungsgericht*) on March 29, 2017 ruled that the relevant provision of the German Corporate Tax Act (*Körperschaftsteuergesetz*) on this pro-rata forfeiture is unconstitutional, such decision only covers the time period up to and including December 31, 2015. Therefore, the Federal Constitutional Court (*Bundesverfassungsgericht*) ruled that a retroactive implementation of a new provision substituting the unconstitutional legislation will only be required for the period from January 1, 2008 up to and including December 31, 2015. However, the ruling of the Federal Constitutional Court (*Bundesverfassungsgericht*) does not address whether the loss expiry rules are compliant with the German Constitution (*Grundgesetz*) to the extent more than 50% of the subscribed capital or voting rights are transferred. This question is, however, addressed in several cases that are still pending with the Federal Fiscal Court (*Bundesfinanzhof*). Furthermore, the Federal Constitutional Court (*Bundesverfassungsgericht*) did not determine whether the loss expiry rules applicable since 2016 comply with the constitutional principle of equality in light of the enactment of the Going Concern Tax Loss Carryforward (as defined below). Therefore, it is currently unclear if and to what extent the German legislator may further amend the pertinent loss expiry rules.

The rules on the forfeiture of tax loss carryforwards, unused current losses and interest carryforwards do not apply to share transfers where (i) the acquirer directly or indirectly holds a participation of 100% in the transferring entity, (ii) the seller directly or indirectly holds a participation of 100% in the receiving entity, or (iii) the same natural or legal person or commercial partnership directly or indirectly holds a participation of 100% in the transferring and the receiving entity. Furthermore, tax loss carryforwards, unused current losses and interest carryforwards taxable in Germany will not expire to the extent that they are covered by built in gains taxable in Germany at the time of such acquisition.

In accordance with legislation enacted on December 23, 2016, a new rule was introduced to the German Corporate Tax Act (*Körperschaftsteuergesetz*) with retroactive effect from January 1, 2016. Based upon this legislation and assuming that the required application has been filed, any share transfer that would otherwise be subject to the aforementioned rules does not result in a forfeiture of tax loss carryforwards and interest carryforwards resulting from current business operations (*Geschäftsbetrieb*) of the Company, if, in addition to other requirements, the current business operations of the Company remained the same (i) from the time of its establishment; or (ii) during the last three business years prior to the share transfer and such business operations are maintained after the transfer (*fortführungsgebundener Verlustvortrag* ("**Going Concern Tax Loss Carryforward**")). The determination of whether the business operations have been maintained is assessed on the basis of qualitative factors (*e.g.*, produced goods and services, target markets, client and supplier bases). However, the relevant retained tax loss carryforwards and interest carryforwards will be subject to a special regime, providing, *inter alia*, that they will be forfeited in any event if, after the share transfer, the business operations of the Company become dormant or are amended, the Company becomes a partner in an operating partnership (*Mitunternehmerschaft*), the Company becomes a fiscal unity parent, or assets are transferred from the Company and recognized at a value lower than the fair market value. Whether any of the aforementioned detrimental circumstances occur is monitored until the retained tax loss carryforwards and interest carryforwards have been fully utilized.

20.2 Taxation of Shareholders

Shareholders are taxed in particular in connection with the holding of shares (taxation of dividend income), upon the sale or disposal of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

20.2.1 Taxation of Dividend Income

In the future, the Company may pay dividends out of a tax recognized contribution account (*steuerliches Einlagekonto*). To the extent that the Company pays dividends from the tax-recognized contribution account (*steuerliches Einlagekonto*), the dividends are not subject to withholding tax, personal income tax (including the solidarity surcharge and church tax, if any) or corporate income tax, as the case may be. However, dividends paid out of a tax-recognized contribution account lower the acquisition costs of the shares, which may result in a higher amount of taxable capital gains upon the shareholder's sale of the shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares (the details are outlined below).

20.2.2 Withholding Tax

Dividends distributed by the Company that are not paid out of the tax-recognized contribution account (*steuerliches Einlagekonto*) are subject to a deduction at source (withholding tax) at a 25% rate plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax (*Kirchensteuer*), if applicable. The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's shareholders' meeting.

In general, dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company's shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the Company is not responsible for withholding the withholding tax. Instead, one of the following entities in Germany is responsible and authorized to collect withholding tax and to remit it to the relevant tax authority for the account of the relevant shareholder: (i) a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks or financial service institutes) that holds the shares in custody or that manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or (ii) the central securities depository (*Wertpapiersammelbank*) holding the collective deposit shares in custody if it pays the investment income to a foreign entity, or (iii) the Company itself if and to the extent shares held in collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as stock being held separately (*abgesetzte Bestände*) (each person within the meaning of (i) through (iii) a "**Dividend Paying Agent**").

The Company assumes responsibility for the withholding of taxes on distributions at source, in accordance with statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes at source if it provides evidence that it has not breached its duties intentionally or grossly negligently.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of the Parent-Subsidiary Directive, withholding of the dividend withholding tax may not be required (withholding tax exemption) or may be refunded, provided that the required application is submitted and additional requirements are met. This also applies to dividends distributed to a permanent establishment located in another member state of the European Union of such parent company or of a parent company that is tax resident in Germany, if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. An important prerequisite for the exemption from withholding at the source or a refund of withholding tax under the Parent-Subsidiary Directive is that the shareholder has directly held at least 10% of the Company's registered share capital continuously for one year and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered office in An der Küppe 1, 53225 Bonn, Germany, has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met.

The dividend withholding tax rate for dividends paid to shareholders without a tax residence in Germany will be reduced in accordance with any applicable double taxation treaty between Germany and the relevant shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered office in An der Küppe 1, 53225 Bonn, Germany, for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which usually amounts to between 5% and 15%. Depending on the applicable double taxation treaty, a reduced withholding tax rate may be applicable, if the shareholder has applied for an exemption from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). The applicable double taxation treaty may also provide for a full exemption from the German dividend withholding tax, if the relevant shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure may be obtained from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), as well as German embassies and consulates.

Corporations that are not tax residents in Germany will upon application receive a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided for under the Parent-Subsidiary Directive or a double taxation treaty.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from, or (partial) refund of, German dividend withholding tax.

Pursuant to a special rule on the restriction of withholding tax credit, the aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for shares held as private and as business assets (see "*20.3 Taxation of Dividends of Shareholders with a Tax Residence in Germany*") is subject to the following three cumulative prerequisites: (i) the relevant shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties (the tests under (i) through (iii) together the "**Minimum Risk Test**").

Should any of the three prerequisites not be met, the following applies:

- As regards the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends may not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the withholding tax deduction which was omitted. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000.00 or who has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

- As regards the taxation of dividends of shareholders without a tax residence in Germany who have applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction does not apply to a shareholder (i) that directly holds at least 10% of the shares in the Company and that is subject to (corporate) income tax in the country of its tax residence without any exemptions, or (ii) that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double taxation treaty is at least 15%.

- In addition to the aforementioned statutory provisions, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) recently published a decree, which outlines the treatment of transactions where the credit of withholding tax will be denied even when the statutory minimum tests as described above are met, in order to prevent abuse. Shareholders of the Company should seek their own professional tax advice on the possibility of obtaining a tax credit or refund of withholding tax on dividends.

Prospective shareholders should seek their own professional advice as to whether they can obtain a tax credit or tax refund with respect to withholding taxes on dividends.

The Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called pots for the loss set off (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital income. A set off of negative capital income at one Dividend Paying Agent against positive capital income at another Dividend Paying Agent is not possible and can only be achieved in the course of the income tax assessment at the level of the respective shareholder. In this case, such shareholder has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pots for the loss set off exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward to the following year by the respective Dividend Paying Agent.

Withholding tax will not be withheld by a Dividend Paying Agent if the shareholder provides the Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent such shareholder's capital income does not exceed the annual lump sum allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the shareholder provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

20.3 Taxation of Dividends of Shareholders with a Tax Residence in Germany

20.3.1 Individuals who hold the Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if any) will generally serve as a final tax (*i.e.*, once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his or her annual tax return (the "**Flat Tax**")).

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned (*i.e.*, taxation that is irrespective of the individual's personal income tax rate). Shareholders may apply to have their capital investment income assessed in accordance with the general rules and with an individual's personal income tax rate if this results in a lower tax burden. In this case, the base for taxation is the gross dividend income less the savers' allowance of €801.00 (€1,602.00 for jointly filing individuals). Subject to the Minimum Risk Test, any tax and solidarity surcharge already withheld is credited against the income tax and solidarity surcharge so determined, and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case. The only possible deduction is the savers' allowance of €801.00 (€1,602.00 for jointly filing individuals) on all private capital income. Furthermore, dividend income can only be offset by losses from capital income, except for losses generated by the disposal of shares.

If the individual owns (i) at least 1% of the shares in the Company and is able to exercise a significant entrepreneurial influence on the business activity of the Company by virtue of his professional activity (*berufliche Tätigkeit*) for the Company, or (ii) at least 25% of the shares in the Company, the tax authorities may upon application allow for the dividends to be taxed under the partial-income method (see "*20.3.2.2 Sole Proprietors (Individuals)*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his or her private information regarding his affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense. However, 26.375% of the church tax withheld on the dividends is deducted from the withholding tax (including the solidarity surcharge) withheld. If no church taxes are withheld along with the withholding of the withholding tax, the shareholder who owes church tax is required to report his dividends in his income tax return. The church tax on the dividends will then be imposed during the assessment.

Contrary to the above, dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and are paid to shareholders who are tax resident in Germany whose shares are held as private assets, do not form part of the shareholder's taxable income. If the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the shareholder's acquisition costs, the German tax authorities take the view that negative acquisition costs will arise, which may result in a higher capital gain in case of a disposal of the shares. This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In case of a Qualified Participation, a dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) is considered a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In this case the taxation corresponds to the taxation of capital gains of shareholders maintaining a Qualified Participation (see "*20.5 Taxation of Capital Gains*").

20.3.2 Shares Held as Business Assets

The Flat Tax does not apply to dividends from shares of the Company held as business assets of shareholders who are tax resident in Germany. In this case, the taxation is based on whether the shareholder is a corporation, an individual or a partnership. Subject to the Minimum Risk Test, the withholding tax withheld and paid to the tax authorities, including the solidarity surcharge, is credited against the income or corporate income tax and the solidarity surcharge of the shareholder, and any overpayment will be refunded.

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and paid to shareholders who are tax resident in Germany and whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholders. At the same time, such dividend payments lead to a corresponding reduction of the acquisition costs/book value for the relevant shares. To the extent the dividend payments funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceed the acquisition costs/book value of the shares, a taxable capital gain should occur. The taxation of such gain corresponds to the taxation of shareholders whose shares are held as business assets (see "*20.5 Taxation of Capital Gains*"). However, as regards the application of the 95% exemption in case of a corporation, this is not undisputed.

20.3.2.1 Corporations

Dividends received by corporations that are tax resident in Germany are generally exempt from corporate income tax and solidarity surcharge. However, 5% of the dividends are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Portfolio Dividends are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% during a calendar year is deemed to have occurred at the beginning of the respective calendar year. Participations which a shareholder holds through a commercial partnership are only attributable to such shareholder on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Business expenses actually incurred and with a direct business relationship to the dividends may be fully deducted.

Any dividends (after deducting business expenses related to the dividends) are fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In such case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes.

20.3.2.2 Sole Proprietors (Individuals)

If the shares in the Company are held as part of the business assets of a sole proprietor (individual) with his or her tax residence in Germany, 40% of any dividend is tax exempt (so-called partial income method). Only 60% of the expenses economically related to the dividends are tax deductible. The partial income method also applies when individuals hold the shares indirectly through a partnership (with the exception of individual investors who hold their shares through partnerships that are neither commercial partnerships nor deemed to be commercial partnerships). However, the partial-income method does not apply with respect to church tax (if applicable). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the respective shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from trade tax. However, trade tax is generally credited, in full or in part, as a lump sum against the relevant shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

20.3.2.3 *Partnerships*

If a shareholder is a partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, dividends are generally 95% tax exempt. However, dividends from an indirect shareholding representing less than 10% of the share capital for the relevant partner are fully subject to taxation (see "*20.3.2.1 Corporations*"). If the partner is an individual and the shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax. In this case, the partial-income method does not apply with respect to church tax, if applicable (see "*20.3.2.2 Sole Proprietors (Individuals)*").

In addition, if the shares are held as business assets of a domestic permanent establishment of an actual or presumed commercial partnership, the full amount of dividend income is generally also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on the relevant partner's portion of the partnership's income is generally credited as a lump sum – fully or in part – against the individual's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after deduction of business expenses economically related thereto) should generally not be subject to trade tax. In this case, trade tax should, however, be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since this portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to partners other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax.

20.3.2.4 *Financial and Insurance Sector*

Special rules apply to companies operating in the financial and insurance sector, as well as pension funds (see "*20.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

20.4 Taxation of Dividends of Shareholders without a Tax Residence in Germany

Dividends paid to shareholders of the Company (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. Subject to the Minimum Risk Test, the withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to tax resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed with respect to dividend withholding tax (see "*20.2.2 Withholding Tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) are generally not taxable in Germany.

20.5 Taxation of Capital Gains

20.5.1 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

20.5.1.1 Shares Held as Private Assets

Gains on the sale or disposal of shares of the Company that are held as private assets by shareholders with a tax residence in Germany and which were acquired after December 31, 2008, are generally taxable regardless of the length of time held. The tax rate is generally a uniform 25% plus the 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as any church tax, if applicable.

The taxable capital gains are the difference between (i) the proceeds from the disposal of the shares after deducting the direct sales costs and (ii) the acquisition costs of the shares. Under certain conditions, prior payments from the tax-recognized contribution account (*steuerliches Einlagekonto*) may lead to reduced acquisition costs of the shares held as private assets and, as a consequence, increase the taxable sales gain. Losses on the sale or disposal of shares can only be used to offset gains made on the sale or disposal of shares during the same year or in subsequent years.

If the shares are held in custody or administered by a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks and financial service institutes), or if such entity or branch sells the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), such Domestic Paying Agent withholds a withholding tax of 25% plus 5.5% solidarity surcharge thereon and any church tax, if applicable, and remits such taxes to the tax authority. In such a case, the tax on the capital gain will generally be discharged. If the shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of taxes withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire such shares. However, the withholding tax rate of 25% plus the 5.5% solidarity surcharge thereon and any church tax, if applicable, will be applied to 30% of the gross sales proceeds, if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds required to, verify the original costs of the shares in his annual tax return.

Entities required to collect withholding taxes on capital investment income are also required to withhold the church tax for shareholders who are subject to church tax, unless the shareholder objects in writing to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense. However, 26.375% of the church tax withheld on the capital gain is deducted from the withholding tax (including the solidarity surcharge) withheld.

If withholding tax or, if applicable, church tax on capital gains is not withheld by a Domestic Paying Agent, the respective shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

A shareholder may request that all of his items of capital investment income, along with his other taxable income, are subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers his tax burden. In such case, the base for taxation would be the gross income less the savers' allowance of €801.00 (€1,602.00 for jointly filing individuals). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax already withheld would be credited against the income tax so determined, and any overpayment refunded.

One exception to this rule is that a shareholder's capital gains are subject to the partial income method and not the Flat Tax. Consequently, 60% of the proceeds from the sale or disposal of shares are subject to the individual income tax rate, if the shareholder, or his legal predecessor in case of acquisition without consideration, has directly or indirectly held shares equal to at least 1% of the Company's share capital at any time during the previous five years. 60% of the expenses economically related to the proceeds from the sale or disposal of shares are tax-deductible.

In the case of a Qualified Participation, withholding tax (including the solidarity surcharge) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is required to declare the gains from the sale in his income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax liability, and any overpayment will be refunded.

20.5.1.2 Shares Held as Business Assets

The Flat Tax does not apply to proceeds from the sale or disposal of shares held as business assets by shareholders tax resident in Germany. If the shares form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership. Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the original acquisition costs/book value. This may give rise to a higher taxable capital gain in case of a sale or disposal of shares. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain may arise.

1. **Corporations:** In general, capital gains earned from the sale or disposal of shares by corporations domiciled in Germany are exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the length of time the shares are held. However, 5% of the capital gains are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge thereon) and to trade tax.

2. **Sole proprietors (individuals):** If the shares of the Company were acquired after December 31, 2008 and form part of the business assets of a sole proprietor (individual) who is tax resident in Germany, 60% of the capital gains on their sale are subject to the individual's personal tax rate plus the solidarity surcharge thereon (partial income method). Correspondingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. For church tax, if applicable, the partial income method does not apply. If the shares are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

3. **Commercial partnerships:** If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains which are outlined in subsection 1 apply. If the partner is an individual, the tax principles applying to capital gains that are outlined in subsection 2 apply. Upon application and provided that additional prerequisites are met, an individual who is a partner may obtain a reduction of his personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale or disposal of shares attributable to a permanent establishment maintained in Germany by an actual or presumed commercial partnership are subject to trade tax at the level of the partnership. In such case, generally only 60% of the gains are subject to trade tax to the extent the partners in the partnership are individuals, while 5% are subject to trade tax to the extent the partners are corporations and shares are sold. Under the principles discussed above, losses on sales and other reductions in profit related to the shares sold are generally not deductible or only partially deductible, if the partner is a corporation. If the partner is an individual, the trade tax the partnership pays on his share of the partnership's income is generally credited as a lump sum – fully or in part – against his personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the respective shareholder.

Special rules apply to capital gains realized by companies operating in the financial and insurance sectors, as well as pension funds (see "*20.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

If a Domestic Paying Agent is involved, the proceeds from the sale or disposal of shares of the Company held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares are held as private assets (see "*20.5.1.1 Shares Held as Private Assets*"). However, the Domestic Paying Agent may refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the relevant shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any excess amount will be refunded.

20.5.2 Taxation of Capital Gains of Shareholders without a Tax Residence in Germany

Capital gains realized by a shareholder without a tax residence in Germany are only subject to German income tax if the selling shareholder holds a Qualified Participation or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

Most double taxation treaties provide for an exemption from German taxes and assign the right of taxation to the shareholder's country of tax residence in the former case.

20.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are fully taxable. This applies to dividends received on, as well as gains from the disposal of, shares in a trading portfolio within the meaning of Section 340e para. 3 HGB of credit institutions and financial services institutions, and shares that are, upon acquisition of the shares, allocable to the current assets of a financial enterprise within the meaning of the German Banking Act (*Kreditwesengesetz*) that is directly or indirectly held by a credit institution or financial services institution to more than 50%. The same applies to shares of the Company held as investments by life insurance providers, health insurance providers and pension funds. If the shareholding at the beginning of the relevant assessment period is 15% or higher, the dividends may, subject to certain conditions, be fully exempted from trade tax. However, an exemption to the foregoing (*i.e.*, a 95% effective tax exemption) applies to dividends obtained by the aforementioned companies, if such companies fall within the scope of the Parent-Subsidiary Directive.

20.7 Inheritance and Gift Tax

The transfer of shares to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

1. the decedent, donor, heir, beneficiary or other transferee maintained his domicile or habitual abode in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or

2. the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

3. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of No. 1. above, and also with certain restrictions in case of No. 2. above. Special provisions apply to certain German nationals living outside Germany and former German nationals.

The fair value of the shares represents the tax assessment base, which generally corresponds to the stock exchange price of the Company's shares. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

20.8 The Proposed Financial Transactions Tax

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transaction tax in certain participating member states of the European Union, including Germany, which, if introduced, could under certain circumstances apply to certain dealings in the Company's shares, including with respect to secondary market transactions. The issuance and subscription of shares should, however, be exempt. The Commission's Proposal remains subject to negotiations between the participating member states of the European Union and it is currently unclear in what form and when the Commission's Proposal will be implemented, if ever.

20.9 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

21. TAXATION IN THE GRAND DUCHY OF LUXEMBOURG

The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of this Prospectus and is subject to any change in law that may take effect after such date. It does not purport to be a comprehensive description of all tax considerations that might be relevant to an investment decision. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the listing and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. Prospective shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject, and as to their tax position.

Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in this section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. In addition, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu). Corporate Shareholders may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax, the solidarity surcharge and the net wealth tax invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

21.1 Withholding Taxes

Dividend payments made to shareholders by a non-resident company, such as the Company, as well as liquidation proceeds and capital gains derived therefrom, are not subject to a withholding tax in Luxembourg. Therefore, the Company does not assume liability for withholding Luxembourg taxes at the source.

21.2 Taxation of Dividend Income

Under certain conditions, a corresponding tax credit may be granted to the shareholders of the Company for foreign withholding taxes against Luxembourg income tax due on these dividends, without exceeding in any case Luxembourg tax on such income.

21.2.1 Luxembourg Resident Shareholders

Dividends and other payments derived from the shares of the Company held by resident individual shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the ordinary progressive rates with a current top effective marginal tax rate of 42% (45.78% including the maximum 9% solidarity surcharge), depending on the annual level of income of the shareholders.

Furthermore, actual income related expenses (*e.g.*, bank fees) are deducted, provided that they are supported by documents or a lump-sum deduction of €25.00 applies (doubled for individual taxpayers who are jointly taxable).

Under current Luxembourg tax laws, 50% of the gross amount of dividends received by resident individuals from the Company may however be exempt from income tax, since the Company is a company based in the European Union and covered by Article 2 of the Parent-Subsidiary Directive. In addition, a total lump-sum exemption of €1,500 (doubled for individual taxpayers who are jointly taxable) applies to the total investment income (dividends and interest) received during the tax year.

Dividends derived from the shares of the Company by fully taxable Luxembourg resident companies are subject to income taxes, unless the conditions of the participation exemption regime are satisfied.

Subject to the anti-abuse provisions of Article 166 of the Luxembourg Income Tax Law, the participation exemption regime provides that dividends derived from the shares of the Company may be exempt from income tax at the level of the shareholder if cumulatively:

- the Shareholder receiving the dividends is either (i) a fully taxable Luxembourg resident company, or (ii) a domestic permanent establishment of a company resident in the European Union falling under Article 2 of the Parent-Subsidiary Directive, or (iii) a domestic permanent establishment of a joint-stock company limited by shares (*société de capitaux*) that is resident in a state with which Luxembourg has concluded a double taxation treaty, or (iv) a domestic permanent establishment of a joint-stock company limited by shares (*société de capitaux*) or of a cooperative company which is a resident of a member state of the EEA (other than a member state of the European Union) (each an "**Eligible Parent**");

- the Company is (i) a Luxembourg resident fully-taxable joint-stock company limited by shares (*société de capitaux*), or (ii) a company covered by Article 2 of the Parent-Subsidiary Directive, or (iii) a non-resident joint-stock company limited by shares (*société de capitaux*) liable to a tax corresponding to Luxembourg corporate income tax at a rate of a minimum of 9.5% (and 9.0% from January 1, 2018) ("**Qualified Subsidiary**"); and

- at the date on which the relevant income is made available, the shareholder of the Company directly holds or commits to hold for an uninterrupted period of at least twelve months a shareholding representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary of an acquisition price of at least €1.2 million, or an equivalent amount in another currency ("**Qualified Shareholding**").

Liquidation proceeds are assimilated to a dividend received and may be exempt under the same conditions. Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity. To the extent that business expenses incurred during the year of receipt of the dividend are in an economic relation with the participation in the Company, these expenses will not be deductible up to the amount of exempt dividends and/or liquidation proceeds derived from the shareholding in the Company (during the year of receipt of the dividend).

If the participation exemption does not apply, dividends may benefit from the 50% exemption under the relevant conditions set out above.

Any shareholder of the Company which is a Luxembourg resident entity governed by the Luxembourg Law of December 17, 2010 on undertakings for collective investment, as amended, by the Luxembourg Law of February 13, 2007 on specialized investment funds, as amended, by the Luxembourg Law of May 11, 2007 on the family wealth management company, as amended, or by the Luxembourg Law of July 23, 2016 on reserved alternative investment funds (without having opted for the application of the venture capital regime), is exempt from Luxembourg income taxes, and profits derived from the shares in the Company are therefore not subject to Luxembourg income taxes.

21.2.2 Non-Resident Shareholders

Shareholders of the Company who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed place of business or a permanent representative in Luxembourg to which the shares are attributable are not liable to any Luxembourg income tax on dividends received from the Company.

Subject to the provisions of double taxation treaties, dividends on the shares received by non-resident shareholders holding the shares through a Luxembourg permanent establishment or through a Luxembourg permanent representative to which or whom the shares are attributable are subject to income tax at ordinary rates unless the conditions of the participation exemption as described above apply. If the conditions of the participation exemption are not fulfilled, 50% of the gross dividends of the Company received by a Luxembourg permanent establishment or permanent representative may, however, be exempt from Luxembourg income taxes, given that the Company is a company based in the European Union and covered by Article 2 of the Parent-Subsidiary Directive.

21.3 Taxation of Capital Gains

21.3.1 Luxembourg Resident Shareholders

Capital gains realized on the disposal of shares of the Company by individual shareholders resident in Luxembourg, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation ("**Substantial Participation**"). Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shares.

A participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company. A shareholder is also deemed to transfer a Substantial Participation if within the five years preceding the transfer he acquired free of charge a participation that constituted a Substantial Participation in the hands of the transferor (or the transferors in case of successive transfers free of charge within the same five-year period). Capital gains realized on a Substantial Participation more than six months after the acquisition thereof are subject to Luxembourg income tax according to the half-global rate method (*i.e.*, the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on a Substantial Participation) and may benefit from an allowance of up to €50,000.00 granted for a ten-year period (doubled for individual taxpayers who are jointly taxable).

Capital gains realized on the disposal of shares of the Company by individual shareholders resident in Luxembourg, who act in the course of their professional/business activity, are subject to income tax at ordinary rates.

Capital gains realized on the shares of the Company by (i) a fully taxable Luxembourg resident company or (ii) the Luxembourg permanent establishment or permanent representative of a non-resident foreign company to which the shares are attributable, are subject to Luxembourg income tax at the maximum global rate of 26.01% (in Luxembourg-City in 2018), unless the conditions of the participation exemption regime, as described below, are satisfied, provided that the acquisition price must amount to at least €6.0 million for capital gain exemption purposes. Shares held through a tax transparent entity are considered as a direct participation holding proportionally to the percentage held in the assets of the transparent entity. To the extent that expenses related to the (exempt) shareholding or write-downs deducted in relation to the participation have reduced the relevant shareholder's taxable profits (during the year of the sale or in prior years), the exempt amount of the capital gain will be reduced by the sum of the excess expenses and capital write-downs which are in direct economic connection with the participation and were deducted over current and previous years.

Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value. Any expenses in excess of the capital gains remain fully tax deductible.

Any shareholder of the Company which is a Luxembourg resident entity governed by the Luxembourg Law of December 17, 2010 on undertakings for collective investment, as amended, by the Luxembourg Law of February 13, 2007 on specialized investment funds, as amended, by the Luxembourg Law of May 11, 2007 on the family wealth management company, as amended, or by the Luxembourg Law of July 23, 2016 on reserved alternative investment funds (without having opted for the application of the venture capital regime), is not subject to any Luxembourg income taxes in respect of capital gains realized upon disposal of its shares.

21.3.2 Non-Resident Shareholders

Non-resident shareholders who have neither a permanent establishment nor a permanent representative in Luxembourg to which the shares in the Company are attributable, are not liable for any Luxembourg income tax on capital gains upon disposal of shares in the Company, except with respect to capital gains realized on a Substantial Participation prior to the acquisition or within the first six months of the acquisition thereof, in which case capital gains are subject to income tax in Luxembourg at ordinary rates (subject to the provisions of a relevant double taxation treaty).

Under Luxembourg tax laws and subject to the provisions of double taxation treaties, capital gains realized on the disposal of shares in the Company by a non-resident shareholder holding the shares through a Luxembourg permanent establishment or through a Luxembourg permanent representative to which or whom the shares are attributable are subject to income tax at ordinary rates unless the conditions of the participation exemption as described above are satisfied. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

21.4 Net Wealth Tax

Luxembourg resident shareholders of the Company, as well as non-resident shareholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the shares are attributable, are subject to Luxembourg net wealth tax on its net assets as determined for net wealth tax purposes on the net wealth tax assessment date (January 1 of each year), except if the relevant shareholder is (i) a resident or non-resident individual, (ii) governed by the Luxembourg Law of May 11, 2007 on family wealth management companies, as amended, (iii) governed by the Luxembourg Law of December 17, 2010 on undertakings for collective investment, as amended, (iv) governed by the Luxembourg Law of February 13, 2007 on specialized investment funds, as amended, (v) a securitization company governed by the Luxembourg Law of March 22, 2004 on securitization, as amended, (vi) a venture capital company governed by the Luxembourg Law of June 15, 2004 on venture capital vehicles, as amended, (vii) a professional pension institution governed by the Luxembourg Law of July 13, 2005, as amended, or (viii) a reserved alternative investment fund vehicle governed by the Luxembourg Law of July 23, 2016.

Furthermore, shares in the Company held by any shareholder who is an Eligible Parent may be exempt from net wealth tax for any given year, if at the net wealth tax assessment date, the shares represent a participation of at least 10% in the share capital of the Company or a participation of an acquisition price of at least €1.2 million.

Please note, however, that securitization companies governed by the Luxembourg Law of March, 22, 2004 on securitization, as amended, venture capital companies governed by the Luxembourg Law of June 15, 2004 on venture capital vehicles, as amended, professional pension institutions governed by the Luxembourg Law of July 13, 2005, as amended, or reserved alternative investment funds (opting to be treated as a venture capital vehicle for Luxembourg tax purposes) governed by the Luxembourg Law of July 23, 2016 on reserved alternative investment funds, may be subject to a minimum net wealth tax of €4,815.00 if they hold assets (*e.g.*, fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash) in a proportion that exceeds 90% of their total balance sheet value and if the total balance sheet value exceeds €350,000.00, or to a minimum net wealth tax between €535.00 and €32,100.00 based on the total amount of their assets.

21.5 Value Added Tax

There is no Luxembourg VAT payable in respect of payments in consideration for the subscription of the Company's shares or in respect of the payment of dividends or the transfer of the shares.

21.6 Other Taxes

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by shareholders upon the acquisition, holding or disposal of shares in the Company. However, a fixed registration duty of €12.00 may be due upon registration of the shares in Luxembourg on a voluntary basis.

A fixed registration duty of €75.00 is due upon incorporation, and any subsequent increase in the capital, of a Luxembourg company.

Under current Luxembourg tax law, where an individual shareholder of the Company is a resident of Luxembourg for inheritance tax purposes at the time of his death, the shares are included in his taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the shares if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

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22. FINANCIAL INFORMATION

The following English-language consolidated financial statements (F-13–F-51), (F-55–F-87) and (F-89–F-120) and the English-language unconsolidated financial statements (F-122–F-135) are translations of the respective German-language audited consolidated financial statements and the respective German-language audited unconsolidated financial statements.

Unaudited Condensed Consolidated Interim Financial Statements as of and for the three months ended March 31, 2018 (prepared in accordance with IFRS on interim financial reporting (IAS 34)) of home24 SE (formerly Home24 AG)

home24 SE, Berlin

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Financial Statements

Condensed Notes to the Consolidated Interim Financial Statements

home24 SE, Berlin

Consolidated Balance Sheet

	March 31, 2018	December 31, 2017
	in EUR k	
Assets		
Non-current assets		
Property and equipment	7,621	8,087
Intangible assets	44,505	43,522
Right of use assets	33,178	0
Other financial assets	142	142
Restricted funds	5,107	4,853
Total non-current assets	**90,553**	**56,604**
Current assets		
Inventories	30,006	29,580
Right to repossess goods from expected returns	461	466
Trade and other financial receivables	11,973	12,768
Other financial assets	23	5
Other non-financial assets	1,596	1,856
Cash and cash equivalents	8,800	19,858
Total current assets	**52,859**	**64,533**
Total assets	**143,412**	**121,137**
Equity		
Issued capital	429	429
Treasury shares	-1	-1
Capital reserves	45,524	45,573
Other reserves	-5,190	-5,352
Accumulated profit/ loss	6,344	18,043
Equity attributable to the owners of the parent company	**47,107**	**58,692**
Non-controlling interests	**-11,490**	**-11,434**
Total equity	**35,617**	**47,258**
Liabilities		
Non-current liabilities		
Financial liabilities	26,705	0
Other financial liabilities	479	455
Other liabilities	214	1,247
Provisions	909	906
Deferred tax liabilities	1,145	1,337
Total non-current liabilities	**29,452**	**3,945**
Current liabilities		
Financial liabilities	9,103	2,031
Trade payables and other financial liabilities	47,697	45,584
Advance payments received	13,380	14,172
Income tax liabilities	143	143
Other liabilities	6,160	5,883
Refund obligation	1,339	1,480
Provisions	521	641
Total current liabilities	**78,343**	**69,934**
Total liabilities	**107,795**	**73,879**
Total equity and liabilities	**143,412**	**121,137**

home24 SE, Berlin

Consolidated Statement of Comprehensive Income

	Jan 1 - March 31, 2018	Jan 1 - March 31, 2017
	in EUR k	
Revenue	84,509	67,512
Cost of sales	-46,628	-37,664
Gross profit	**37,881**	**29,848**
Selling and distribution costs	-38,488	-31,226
Administrative expenses	-12,073	-9,869
Other operating income	261	199
Other operating expenses	-485	-375
Operating result (EBIT)	**-12,904**	**-11,424**
Finance income	188	224
Finance costs	-1,263	-954
Finance costs - net	-1,075	-730
Loss before taxes (EBT)	**-13,979**	**-12,155**
Income taxes	171	13
Loss for the period	**-13,807**	**-12,141**
Loss attributable to:		
- Owners of the parent company	-13,700	-11,782
- Non-controlling interests	-107	-360
	-13,807	**-12,141**
Other comprehensive income:		
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	196	-97
Other comprehensive income/loss for the period, net of tax	**196**	**-97**
Total comprehensive loss for the period	**-13,611**	**-12,239**
Loss attributable to:		
- Owners of the parent company	-13,537	-11,862
- Non-controlling interests	-74	-377
	-13,611	**-12,239**
Earnings per share (in EUR); undiluted (= diluted)	-32	-29
Average number of shares in circulation; undiluted (=diluted)	429	405

home24 SE, Berlin

Consolidated Statement of Changes in Equity

	Equity attributable to the owners of the parent company			Other reserves						
	Issued capital	Treasury shares	Capital reserves	Currency translation reserve	Reserve for changes in accounting policies	Transactions with non-controlling interests	Accumulated profit / loss	Total	Non-controlling interests	Total equity
						in EUR k				
As of January 1, 2017	**405**	**0**	**52,987**	**1,381**	**0**	**-7,302**	**23,954**	**71,425**	**-10,443**	**60,982**
Loss for the period							-11,782	-11,782	-360	-12,142
Other comprehensive loss for the period				-80				-80	-17	-97
Total comprehensive loss for the period	0	0	0	-80	0	0	-11,782	-11,862	-377	-12,240
Effects from the changes in accounting policies recognized directly in equity					52			52		52
Equity-settled share-based compensation							1,776	1,776		1,776
As of March 31, 2017	**405**	**0**	**52,987**	**1,301**	**52**	**-7,302**	**13,948**	**61,391**	**-10,820**	**50,571**
As of January 1, 2018	**429**	**-1**	**45,573**	**1,898**	**52**	**-7,302**	**18,043**	**58,692**	**-11,434**	**47,258**
Loss for the period							-13,700	-13,700	-107	-13,807
Other comprehensive loss for the period				163				163	34	196
Total comprehensive loss for the period	0	0	0	163	0	0	-13,700	-13,537	-74	-13,611
Share buyback		0	-388					-388		-388
Equity-settled share-based compensation			339				2,001	2,340	18	2,358
As of March 31, 2018	**429**	**-1**	**45,524**	**2,061**	**52**	**-7,302**	**6,344**	**47,107**	**-11,490**	**35,617**

home24 SE, Berlin

Consolidated Statement of Cash Flow

	Jan 1 - March 31, 2018	Jan 1 - March 31, 2017
	in EUR k	
Cash flows from operating activities		
Loss before taxes	-13,979	-12,155
Adjustments for:		
Depreciation of property and equipment	411	513
Amortization of intangible assets	2,723	1,929
Depreciation of right of use asset	1,684	0
Share based compensation expenses	3,010	1,776
Change in provisions	-112	80
Other non-cash transactions	162	0
Changes in working capital related to operating activities		
Change in trade and other financial receivables	904	-2,295
Change in inventories	-543	-4,279
Change in the right to repossess goods from expected returns	-1	-2
Change in financial instruments	-127	127
Change in trade payables and other financial liabilities	3,357	-2,818
Change in advance payments received	-685	1,244
Change in refund obligation	-124	62
Income taxes paid	-20	14
Cash flow from operating activities	**-3,341**	**-15,804**
Cash flows from investing activities		
Purchase of property and equipment	-298	-702
Proceeds from sale of property and equipment	0	36
Purchase of intangible assets	-5,038	-2,579
Payments for investments of non-current financial assets	-254	-27
Proceeds from government grants	25	0
Cash flow from investing activities	**-5,566**	**-3,272**
Cash flows from financing activities		
Cash paid to owners and non-controlling interests	-388	0
Proceeds from borrowings	146	2,006
Repayment of debt	-163	0
Redemption of leasing liabilities	-1,728	0
Cash flow from financing activities	**-2,133**	**2,006**
Change in cash and cash equivalents	**-11,039**	**-17,070**
Cash and cash equivalents at the beginning of the period	19,858	33,979
Effect of exchange rate changes on cash and cash equivalents	-19	-62
Cash and cash equivalents at the end of the period	**8,800**	**16,847**

home24 SE, Berlin

Condensed Notes to the Consolidated Interim Financial Statements

1 Description of Business

home24 SE (formerly Home24 AG) was incorporated on April 20, 2009. Home24 GmbH was converted to a stock corporation (Aktiengesellschaft) entering the commercial register at the district court of Charlottenburg (Amtsgericht Charlottenburg) on May 13, 2015. The conversion is based on the transformation resolution of May 7, 2015. home24 SE is domiciled in Germany and has its registered office in Berlin. The Company's registered address is Greifswalder Straße 212-213, 10405 Berlin, Germany. The principal business activity of the Group is in e-commerce, focusing on marketing, logistics and sale of furniture and home furnishing in Europe and Latin America.

2 Accounting Principles

The unaudited condensed consolidated interim financial statements as of March 31, 2018, of home24 SE (hereinafter also referred to as the "Company") and its subsidiaries (collectively, the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial reporting, as they apply in the European Union (IAS 43). The condensed consolidated interim financial statements do not include all of the information and disclosures required for consolidated financial statements as of year-end and must therefore be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2017.

In general, the accounting policies as applied to the consolidated financial statements as of December 31, 2017, remain unchanged.

home24 SE still relies on external sources of financing to finance its ambitious growth plans. For this reason, home24 SE concluded financing agreements in April/May 2018 with shareholders, which allows the Company draw, on amounts of up to EUR 20m in total from the shareholders through the issuance of a loan, securities and under certain conditions. The repayment of these amounts and the reimbursement of the costs of financing are due in September 2019 at the latest.

Taking into account this financing agreement, the Management Board is of the opinion that this secures home24 SE's solvency and the ongoing financing of home24 SE's growth plans until at least the end of June 2019. Thus these condensed consolidated interim financial statements have been prepared under the going concern assumption.

The Management Board is also of the opinion that the necessary funding to repay the liabilities in the abovementioned financing agreement in September 2019 will be secured by the intended potential capital measures or other debt financing arrangements.

Aside from the explanations below, the first time application of new accounting standards as of January 1, 2018, did not have a material impact on the condensed consolidated interim financial statements, as was explained in the consolidated financial statements as of and for the year ended December 31, 2017.

The Company early adopted the new standard IFRS 16 "Leases" in the current financial year. The standard replaces the existing guidelines on leases, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The differentiation between operating and finance lease agreements, which was previously made by the lessee, does not apply as IFRS 16 takes effect. If a contract is classified as a lease and falls within the scope of IFRS 16, it generally (except for leases of low value assets and short-term leases) has to be recognized in the balance sheet. At the inception of the lease, the lessee records a liability for the obligation to make lease payments (i.e., the lease liability) as well as an asset for the right granted to use the leased asset during the lease term (i.e., the right of use). The right of use asset is initially measured at cost (EUR 34,636k), which comprise the lease liability (EUR 35,287k) adjusted for the costs to restore the underlying asset (EUR 455k), less any lease incentives (EUR 1,106k). The difference between the operating lease commitments disclosed applying IAS 17 at the end of the reporting period 2017 (EUR 21,248k) and the lease liabilities recognized according to IFRS 16 (EUR 35,287k) is due to renewal options (EUR 15,128k), discounting effects (EUR -2,304) and other effects (EUR 1,215k), which mainly relate to lease incentives.

According to IFRS 16, in Q1 2018, the Group recorded interest expenses for the lease liability (EUR 163k) and depreciation expenses for the right to use the leased asset (EUR 1,684k) rather than recognizing lease expenses (EUR 1,675k) as previously required by IAS 17. Furthermore, leasing payments (EUR 1,728k) were no longer recognized in cash flow from operating activities but in cash flow from financing activities.

The Company applies the modified retrospective transition model. According to the modified retrospective transition model any transition effects are recorded directly in equity in other reserves as of January 1, 2018.

The new standard has significant effects on the consolidated financial statements which are presented as follows:

	December 31, 2017	Adjustment of IFRS 16	January 1, 2018
		in EURk	
Assets			
Property and equipment	8,087	-455	7,632
Right of use assets	0	34,636	34,636
Liabilities			
Financial liabilities (non-current)	0	28,254	28,254
Financial liabilities (current)	2,031	7,033	9,064
Trade payables and other financial liabilities	45,584	-61	45,523
Other liabilities (non-current)	1,247	-1,027	220
Other liabilities (current)	5,883	-18	5,865

Early adoption of the new standard led to the following effects on comprehensive income and statement of cash flow in the current financial year:

	Q1 2018 (IFRS 16 applies)	Q1 2018 (IAS 17 applies)	Adjustment effect
		in EURk	
Selling and distribution costs	-38,488	-38,480	-8
Administrative expenses	-12,073	-12,072	-1
Operating result (EBIT)	-12,904	-12,895	-9
Finance costs - net	-1,075	-912	-163
Loss for the period	-13,807	-13,636	-172

	Q1 2018 (IFRS 16 applies)	Q1 2018 (IAS 17 applies)	Adjustment effect
		in EURk	
Cash flow from operating activities	-3,341	-5,069	1,728
Cash flow from financing activities	-2,133	-405	-1,728

The condensed consolidated interim financial statements are presented in euro (EUR). All amounts have been rounded to thousands of euros (EURk), unless otherwise indicated. This can result in rounding differences and the percentages presented may not precisely reflect the figures they refer to.

3 Selected Notes to the Consolidated Balance Sheet

Due to the early adoption of IFRS 16, the Group recognized **right of use assets** for the right granted to use the leased asset during the lease term. As at March 31, 2018, the right of use assets amounted to EUR 33.2m.

Intangible assets increased by EUR 1.0m to EUR 44.5m. This is mainly attributable to investments of EUR 3.8m in internally generated as well as acquired software products, while amortization of EUR 2.7m was charged.

Trade and other financial receivables decreased by EUR 0.8m to EUR 12.0m. Customer receivables totaling EUR 5.1m (December 31, 2017: EUR 4.3m) were sold to a factor under a factoring agreement.

Cash and cash equivalents decreased by EUR 11.1m to EUR 8.8m primarily due to the financing of the operating business and investments in IT infrastructure. Payments from the redemption of leasing liabilities totaling EUR 1.7m are disclosed in cash flow from financing activities after the adoption of IFRS 16 "Lease".

Total equity declined by EUR 11.6m to EUR 35.6m, mainly due to the loss of the period.

In the first three month of 2018, the Company repurchased 374 shares for a purchase price of EUR 0.4m in total and, as of the reporting date, holds these as **treasury shares**. In total, the Company holds 774 treasury shares as at March 31, 2018 (December 31, 2017: 400 shares)

Due to the early adoption of IFRS 16, the Group recognized a liability for the obligations to make lease payment to the lessor during the lease term. Accordingly, **non-current financial liabilities** increased by EUR 26.7m and **current financial liabilities** by EUR 7.1m as of March 31, 2018.

Non-current other liabilities decreased by EUR 1.0m to EUR 0.2m due to the netting of deferred rent subsidies with the right of use asset as required by IFRS 16 "Lease".

Trade payables and other financial liabilities increased by EUR 2.1m to EUR 47.7m primarily due to higher trade payables to suppliers.

Advance payments received result from contracts with customers that were concluded with the "prepayment" option. They reduced by EUR 0.8m to EUR 13.4m in the normal course of the business.

4 Selected Notes to the Consolidated Statement of Comprehensive Income

The Group achieved strong growth in the first quarter of 2018 and increased its **revenue** by 25% from EUR 67.5m to EUR 84.5m compared to the prior-year period. External revenue in the Europe segment rose by 24% from EUR 53.7m to EUR 66.8m and the LatAm segment increased its external revenue from EUR 13.8m by 28% to EUR 17.7m.

The increase in revenue is primarily due to a larger number of active customers and an increase of number of orders placed during the reporting period. As of March 31, 2018, the Group had a total of 1.1m active customers, which corresponds to an increase of 17% compared to March 31, 2017. The number of orders placed in Q1 2018 increased by 27% to 0.5m compared to the prior-year period.

In line with the revenue increase, **cost of sales** increased by EUR 8.9m to EUR 46.6m.

The Group increased **gross profit** in the first quarter of 2018 from EUR 29.8m to EUR 37.9m (up 27%). This corresponds to a slightly improved gross margin of 45%, compared with 44% in the first quarter of 2017.

Selling and distribution costs increased by EUR 7.3m from EUR 31.2m to EUR 38.5m, in particular due to increased marketing expenses and higher logistic expenses. In addition to expanding online marketing activities, home24 continued to invest in a TV campaign to build on its market position in key markets.

Administrative expenses increased by EUR 2.2m to EUR 12.1m, primarily due to higher depreciation and amortization and increased employee benefit expenses.

5 Selected Notes to the Consolidated Statement of Cash Flow

The Group generated a negative **cash flow from operating activities** of EUR -3.3m in the first quarter of 2018. The reason behind this was the net loss of the reporting period, whereas changes in working capital led to a positive cash flow effect of EUR 2.9m. Due to the early adoption of IFRS 16 "Lease", payments from the redemption of leasing obligations totaling EUR 1.7m are no longer disclosed in cash flow from operating activities but in cash flow from financing activities. Compared to Q1 2017, cash flow from operating activities improved significantly by 79% (Q1 2017: EUR -15.8m).

Cash flow from investing activities at EUR -5.6m primarily relate to investments in IT infrastructure (EUR -5.0m). The investments mainly include internally developed software as well payments for the acquisition of a new ERP system.

The **cash flow from financing activities** of EUR -2.1m mainly include payments from the redemption of leasing liabilities (EUR -1.7m) which were disclosed in cash flow from operating activities prior to the application of IFRS 16 "Lease".

6 Segment Reporting

The Group measures profitability based on adjusted EBITDA. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted amounts include share-based compensation expenses.

External revenue contains earnings from the Group's core business i.e., first and foremost the sale of furniture to end customers. There are no inter-segment sales.

No information on segment assets or liabilities is relevant for decision-making.

	Europe	LatAm	Total Q1 2018
		in EUR k	
External revenue	66,809	17,700	84,509
Adjusted EBITDA	-5,757	679	-5,078
Share-based compensation expenses			-3,010
Amortization of intangible assets and depreciation of property and equipment and right of use assets			-4,816
Finance costs - net			-1,075
Loss before taxes			**-13,979**

	Europe	LatAm	Total Q1 2017
		in EUR k	
External revenue	53,683	13,829	67,512
Adjusted EBITDA	-6,304	-902	-7,207
Share-based compensation expenses			-1,776
Amortization of intangible assets and depreciation of property and equipment			-2,442
Finance costs - net			-730
Loss before taxes			**-12,155**

7 Transactions with Related Parties

Rocket Internet SE, Berlin and Kinnevik Online AB, Stockholm, Sweden are the main shareholders of home24 SE. Both main shareholders are represented by agents in the Company's Supervisory Board and thus have a significant influence on the Company.

The following overview shows business transactions recorded in the first quarter 2018 and 2017.

	Jan 1 - March 31, 2018	Jan 1 - March 31, 2017
	in EUR k	
Expenses for services	-41	-6

There are no material outstanding balances originating from this agreement.

8 Events After the Reporting Period

Johannes Schaback was appointed as a member of the Management Board effective April 1, 2018. The other members of the Management Board, Marc Appelhoff and Christoph Cordes, had their terms extended until December 31, 2020.

home24 SE still relies on external sources of financing to fund its ambitious growth plans. For this reason, home24 SE concluded a financing agreement with a shareholder in April 2018. Replacing that financing agreement with a similar agreement, home24 SE concluded a new financing agreement with shareholders in May 2018 that allows home24 SE to call on amounts up to EUR 20m in total from the shareholders by raising a loan, providing collateral and adhering to certain conditions. These amounts and the financing costs are to be paid back by September 2019 at latest.

By resolution of the shareholders' meeting of May 14, 2018, the Company changed its legal form from a stock corporation (*Aktiengesellschaft*) under German law into a European company (*Societas Europaea* (*SE*)) organized under European and German law by way of a change of legal form (*formwechselnde Umwandlung*) and changed its legal name to home24 SE. The change in legal form and legal name was registered in the commercial register on May 16, 2018.

On May 17, 2018, the Management Board, with the consent of the Supervisory Board, resolved to issue 423 new shares to fulfill the obligations of the Company under an investment agreement against contributions in cash in an amount of €1.00 per share from the Company's authorized capital 2017, resulting in an increase of the Company's share capital from EUR 429,269.00 by EUR 423.00 to EUR 429,692.00.

On May 18, 2018, the Company's shareholders' meeting resolved to increase the Company's share capital by EUR 18,047,064.00 from EUR 429,692.00 to EUR 18,476,756.00 by transforming an amount of EUR 18,047,064.00 of the Company's capital reserves (*Kapitalrücklage*) into share capital.

No other events of special significance occurred after the closing date.

Berlin, May 29, 2018

Dr. Philipp Kreibohm

Marc Appelhoff

Christoph Cordes

Johannes Schaback

Audited Consolidated Financial Statements
as of and for the fiscal year ended December 31, 2017
(prepared in accordance with IFRS) of Home24 AG

Home24 AG, Berlin

Consolidated Financial Statements

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Notes to the Consolidated Financial Statements

Home24 AG, Berlin

Consolidated Balance Sheet

	Note	December 31, 2017	December 31, 2016
		in EUR k	
Assets			
Non-current assets			
Property and equipment	6	8,087	8,310
Intangible assets	7	43,522	38,864
Other financial assets	8, 22, 23	142	142
Restricted funds	9, 22, 23	4,853	5,358
Total non-current assets		**56,604**	**52,674**
Current assets			
Inventories	10	29,580	27,101
Right to repossess goods from expected returns	4	466	0
Trade and other financial receivables	11, 22, 23	12,768	10,869
Other financial assets	12, 22, 23	5	151
Other non-financial assets	13	1,856	3,496
Cash and cash equivalents	14, 22, 23	19,858	33,979
Total current assets		**64,533**	**75,596**
Total assets		**121,137**	**128,270**
Equity			
Issued capital	15	429	405
Treasury shares	15	-1	0
Capital reserves	15	45,573	52,987
Other reserves		-5,352	-5,921
Accumulated profit/ loss		18,043	23,954
Equity attributable to the owners of the parent company		**58,692**	**71,425**
Non-controlling interests		**-11,434**	**-10,443**
Total equity		**47,258**	**60,982**
Liabilities			
Non-current liabilities			
Other financial liabilities	22, 23	455	403
Other liabilities	16	1,247	1,309
Provisions	21	906	622
Deferred tax liabilities	32	1,337	1,536
Total non-current liabilities		**3,945**	**3,870**
Current liabilities			
Financial liabilities	17, 22, 23	2,031	0
Trade payables and other financial liabilities	18, 22, 23	45,584	45,365
Advance payments received	19	14,172	10,061
Income tax liabilities		143	266
Other liabilities	20	5,883	5,028
Refund obligation	4, 21	1,480	0
Provisions	21	641	2,698
Total current liabilities		**69,934**	**63,418**
Total liabilities		**73,879**	**67,288**
Total equity and liabilities		**121,137**	**128,270**

Home24 AG, Berlin

Consolidated Statement of Comprehensive Income

	Note	2017	2016
		in EUR k	
Revenue	4	275,668	243,807
Cost of sales	24	-152,648	-141,721
Gross profit		**123,020**	**102,086**
Selling and distribution costs	24, 25, 26	-123,695	-114,375
Administrative expenses	24, 25, 26	-46,656	-43,974
Other operating income	28	1,385	864
Other operating expenses	29	-845	-2,230
Operating result (EBIT)		**-46,791**	**-57,629**
Finance income	30	490	1,391
Finance costs	31	-3,737	-3,300
Finance costs - net		-3,247	-1,909
Loss before taxes (EBT)		**-50,038**	**-59,538**
Income taxes	32	207	-342
Loss for the period		**-49,832**	**-59,880**
Loss attributable to:			
- Owners of the parent company		-48,565	-58,431
- Non-controlling interests		-1,267	-1,449
		-49,832	**-59,880**
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign financial statements		624	-417
Other comprehensive income/ loss for the period, net of tax		**624**	**-417**
Total comprehensive loss for the period		**-49,208**	**-60,297**
Loss attributable to:			
- Owners of the parent company		-48,048	-58,776
- Non-controlling interests		-1,160	-1,521
		-49,208	**-60,297**

Home24 AG, Berlin

Consolidated Statement of Changes in Equity

		Equity attributable to the owners of the parent company									
					Other reserves						
	Note	Issued capital	Treasury shares	Capital reserves	Currency translation reserve	Reserve for changes in accounting policies	Transactions with non-controlling interests	Accumulated profit/ loss	Total	Non-controlling interests	Total equity
						in EUR k					
As of January 1, 2016		**377**	**0**	**340,848**	**1,726**	**0**	**-7,302**	**-251,953**	**83,696**	**-8,942**	**74,754**
Loss for the period								-58,431	-58,431	-1,449	-59,880
Other comprehensive loss for the period					-345				-345	-72	-417
Total comprehensive loss for the period		0	0	0	-345	0	0	-58,431	-58,776	-1,521	-60,297
Proceeds from shares issued	15	28		40,305					40,333		40,333
Utilization of free capital reserve	15			-328,166				328,166	0		0
Transactions regarding non-controlling interests									0	9	9
Equity-settled share-based compensation	27							6,172	6,172	11	6,183
As of December 31, 2016		**405**	**0**	**52,987**	**1,381**	**0**	**-7,302**	**23,954**	**71,425**	**-10,443**	**60,982**
As of January 1, 2017		**405**	**0**	**52,987**	**1,381**	**0**	**-7,302**	**23,954**	**71,425**	**-10,443**	**60,982**
Loss for the period								-48,565	-48,565	-1,267	-49,832
Other comprehensive income for the period					517				517	107	624
Total comprehensive income/loss for the period		0	0	0	517	0	0	-48,565	-48,048	-1,160	-49,208
Proceeds from shares issued	15	24		25,178					25,202		25,202
Share buyback	15		-1	-415					-416		-416
Utilization of free capital reserve				-32,585				32,585	0		0
Effects from the changes in accounting policies recognized directly in equity						52			52		52
Transactions regarding non-controlling interests										-8	-8
Equity-settled share-based compensation	27			408				10,069	10,477	177	10,654
As of December 31, 2017		**429**	**-1**	**45,573**	**1,898**	**52**	**-7,302**	**18,043**	**58,692**	**-11,434**	**47,258**

Home24 AG, Berlin

Consolidated Statement of Cash Flow

	Note	2017	2016
		In EUR k	
Cash flows from operating activities			
Loss before taxes		-50,038	-59,538
Adjustments for:			
Depreciation of property and equipment	6, 25	1,933	1,733
Amortization of intangible assets	7, 25	11,009	9,596
Loss/ (gain) from the disposal of fixed assets		8	13
Share-based compensation expenses	27	12,030	6,183
Change in provisions		-499	-715
Changes in working capital related to operating activities			
Change in trade and other financial receivables		-1,909	8,799
Change in inventories		-3,052	2,249
Change in the right to repossess goods from expected returns		-205	0
Change in financial instruments		327	-90
Change in trade payables and other financial liabilities		-1,167	-419
Change in advance payments received		4,711	-5,352
Change in refund obligation		-86	0
Income taxes paid		-160	-221
Cash flow from operating activities		**-27,099**	**-37,762**
Cash flows from investing activities			
Purchase of property and equipment	6	-1,307	-1,513
Proceeds from sale of property and equipment		4	98
Purchase of intangible assets	7	-12,939	-13,219
Proceeds from disposal of intangible assets		0	17
Payments/ proceeds from the acquisition/ disposal of consolidated companies		-9	9
Payments for/ proceeds from investments in non-current financial assets	9	505	310
Proceeds from the disposal of non-current financial assets		0	3
Proceeds from government grants		53	403
Cash flow from investing activities		**-13,693**	**-13,892**
Cash flows from financing activities			
Issue of shares	15	25,202	40,333
Cash paid to owners and non-controlling interests	15	-416	0
Proceeds from borrowings	33	4,327	453
Repayment of debt	33	-2,320	-1,221
Cash flow from financing activities		**26,793**	**39,566**
Change in cash and cash equivalents		**-13,999**	**-12,088**
Cash and cash equivalents at the beginning of the period	14	33,979	45,935
Effect of exchange rate changes on cash and cash equivalents		-122	132
Cash and cash equivalents at the end of the period	14	**19,858**	**33,979**

Home24 AG, Berlin

Notes to the Consolidated Financial Statements

1 Description of Business

The consolidated financial statements of Home24 AG (hereinafter also referred to as the "Company") and its subsidiaries (collectively, the "Group") for the year ended December 31, 2017, was signed off by the management on April 11, 2018. The principal business activity of the Group is in e-commerce, focusing on marketing, logistics and sale of furniture and home furnishing in Europe and Latin America.

Home24 AG was incorporated on April 20, 2009. Home24 GmbH was converted to a stock corporation (Aktiengesellschaft) entering the commercial register at the district court of Charlottenburg (Amtsgericht Charlottenburg) on May 13, 2015. The conversion is based on the transformation resolution of May 7, 2015. Home24 AG is domiciled in Germany and has its registered office in Berlin. The Company's registered address is Greifswalder Straße 212-213, 10405 Berlin, Germany.

2 Summary of Significant Accounting Policies

Basis of preparation: These consolidated financial statements have been prepared by application of Section 315e HGB in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretation Committee (IFRS IC) approved by the IASB, in effect and adopted by the European Union (EU) at the reporting date. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Changes to accounting policies applied in the previous year are described in section 4.

Presentation currency: The consolidated financial statements are presented in euro (EUR). All amounts have been rounded to thousands of euros (EURk), unless otherwise indicated. This can result in rounding differences and the percentages presented may not precisely reflect the figures they refer to.

Basis of consolidation: The consolidated financial statements comprise the financial statements of Home24 AG and its subsidiaries as of December 31, 2017. Subsidiaries are companies that are directly or indirectly controlled by Home24 AG. Control is achieved once the Group has decision-making power, is exposed to variable returns or has rights concerning returns and is able to affect the variable returns by controlling the associated company's relevant activities due to its decisive power.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., the Group has the possibility to control any of the investee's activities that have a material impact on returns as a result of its current rights)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

If the Company does not hold the majority of the voting rights or comparable rights in an investee, it considers all relevant issues and circumstances when determining whether or not it has control over the investee. This includes:

- A contractual arrangement with other holders of voting rights
- Rights resulting from other contractual agreements and
- Voting rights and potential voting rights of the Group.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

The subsidiaries' financial statements are prepared to the same closing date as the parent company's financial statements. If necessary, adjustments to the subsidiaries' financial statements are made to align their accounting policies with those of the parent company.

Consolidation of a subsidiary begins once the Group obtains control over the subsidiary. It ends when the Group loses control over the subsidiary. A subsidiary's assets, liabilities, income and expenses that were purchased or sold during the reporting period are recognized in the statement of comprehensive income and balance sheet from the day on which the Group obtained control over the subsidiary until the day on which the control ends.

The Group accounts for business combinations applying the acquisition method. The cost of acquisition corresponds to the fair value of the assets transferred, liabilities assumed and equity interests issued in exchange for the acquisition of shares. This includes the fair value of contingent considerations. Identifiable assets and liabilities as well as contingent liabilities are measured at their fair value at the acquisition date. Any difference between the purchase costs of the business combination and the acquired assets measured at fair value is shown as goodwill. Non-controlling interests of the acquired company are either measured at their fair value or proportionally at the fair value of the identifiable assets. Incidental acquisition costs are accounted for as other operating expenses. If the business combination is achieved by a step-by-step acquisition, the previously determined carrying amount of the shares is remeasured at fair value at the acquisition date. Differences in the valuation are accounted for. Contingent payments of the acquisition price are accounted for at fair value, changes in the fair value after acquisition date are accounted for in the income statement if the contingent contribution are reported as financial instruments. Contingent payments of the acquisitions price in form of equity instruments are not remeasured.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- Derecognizes the carrying amount of any non-controlling interests in the former subsidiary,
- Recognizes the fair value of the consideration received,
- Recognizes the fair value of any investment retained,
- Reclassifies the parent's share of components previously recognized in OCI through profit or loss or retained earnings, as appropriate, as it would be required if the Group had directly disposed of the corresponding assets or liabilities, and
- Recognizes any surplus or deficit through profit or loss.

The composition of the Group is described in section 40.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, where required.

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

Depreciation: Property and equipment are depreciated on a straight-line basis i.e., the depreciable amount, the difference between the acquisition or production cost of the item and its residual value, is released evenly over the estimated useful life.

	Useful lives in years
Furniture, fittings and equipment	3-20
Hardware	2-8

Leasehold improvements are depreciated over their estimated useful lives or the shorter lease term.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was 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.

Operating leases: Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the Company has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Intangible assets: The Company's intangible assets comprise acquired trademark rights and customer lists, internally developed and acquired software and other licenses, advance payments made for intangible assets as well as goodwill.

Trademark rights and customer lists obtained through company acquisitions are measured based on the fair value and are amortized using the straight-line method over their useful lives.

Internally developed software that is directly attributable to the design and testing of identifiable and unique software products controlled by the Company is recognized as intangible assets if the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development 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 include the software development employee cost. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Acquired software and other licenses are capitalized with the costs incurred to acquire and bring them to use.

Intangible assets (not including goodwill) are amortized on a straight-line basis over their respective useful lives:

	Useful lives in years
Internally developed software	3
Customer lists	4
Acquired software and other licenses	3-5
Trademark rights	10

Goodwill is recognized as an asset representing the future economic benefit arising from other, not individually identifiable and separately stated, assets acquired in a business combination. Goodwill arises as a positive difference between the costs of purchasing the shares and the fair value of the individual acquired assets, absorbed liabilities and contingent liabilities. The acquired goodwill is recognized at acquisition costs. It is annually reviewed in respect of necessary impairments and whenever there is an indicator for an impairment (a triggering event). For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGU's.

Impairment of non-financial assets

The following disclosures in the notes contain further details on the impairment of non-financial assets:

- Disclosures for significant assumptions (section 2)
- Goodwill (section 7)

The Group assesses, at each reporting date, whether there is an indication that an 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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. A CGU is defined as the smallest identifiable group of assets that generates cash inflows independent of other assets. The Group regularly carries out impairment testing on the CGUs. When the carrying amount of a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Expected future cash flows and recent market transactions are taken into account when determining fair value less costs of disposal.

The Group bases its assessment of impairment on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long term growth rate is determined after the fifth year and used to project future cash flows.

Impairment losses are recognized through profit or loss.

Goodwill is tested for impairment annually (as of 31 December). Impairment tests are also conducted when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in subsequent accounting periods.

Cash and cash equivalents: Cash and cash equivalents include cash on hand and bank deposits with terms of up to three months, for which the risk of change in value is deemed insignificant.

Trade and other financial receivables: Trade and other financial receivables are financial assets with fixed or determinable payments that are not listed in an active market. Trade and other financial receivables are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortized cost. Amortized cost primarily represents the original invoice amount less any impairment loss or an allowance for any uncollectible amounts. Provision is made if there is objective evidence that the Company may not be able to collect the trade receivable. Balances are written off when recoverability is assessed as being remote. The write-off is recognized in other operating expenses.

Trade receivables are derecognized, if one of the following criteria is met:

- The contractual rights to cash flows are expired; or

- The Company has transferred its contractual rights to receive cash flows from the trade receivables to third parties or assumed a contractual obligation to an immediate payment of the cash flow to a third party as part of an agreement, which satisfies the conditions of IAS 39.19 (pass-through arrangements), and hereby either transferred (a) substantially all risks and rewards of the ownership of the trade receivables or (b) neither transferred nor retained substantially all risks and rewards of the ownership of the trade receivables, but transferred control of the trade receivables.

If the Company transfers its contractual rights to receive cash flows through a trade receivable or enters a pass-through arrangement, it evaluates, if and to what extent the risks and rewards of the ownership of the trade receivable remain on its side. If the Company neither transfers nor retains substantially all risks and rewards of the ownership of the trade receivable, nor transfers the control of the asset, the Company continues to recognize the trade receivables to the extent of its continuing involvement. In this case, the Company also recognizes a connected liability. The transferred trade receivable and the associated liability are measured, so as to take into account the risks and rewards that remain with the Company.

If the continuing involvement guarantees the transferred trade receivable, the extent of the continuing involvement equals the lower amount of the trade receivable's initial carrying amount and the maximum amount of the consideration received, which the Company possibly has to pay back.

Foreign exchange forward contracts: Foreign exchange forward contracts are measured at fair value. Changes in the fair value are immediately recognized through profit or loss. The fair value is derived from observed market data.

Inventories: Inventories are recorded at the lower of cost and net realizable value. Cost of purchase and conversion is determined on the weighted average cost. The cost of purchase and conversion includes purchase costs and shipping and handling costs incurred to bring the inventories to their present location and condition.

In order to represent the value of inventories appropriately in the balance sheet, and to take into account impairment losses due to obsolete and slow-moving inventory, obsolescence provisions are deducted from the carrying amount of the inventories.

Provisions: Provisions are non-financial liabilities of uncertain timing or amount. They are accrued if the Company 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 reporting date, taking into account the risks and uncertainties surrounding the obligation.

Trade payables and other financial liabilities: Trade payables and other financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Liabilities are classified as current if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables and other financial liabilities are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate method.

Classification of financial assets: The Company's financial assets comprise loans, receivables and financial instruments held for trading. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are disclosed under current assets, except for those having maturities greater than 12 months at the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'other financial assets', 'restricted cash and cash equivalents', 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet. Financial instruments held for trading comprise foreign exchange forward contracts, which are shown among the other short-term financial assets. Loans and receivables are measured at amortized cost using the effective interest rate method. Financial instruments held for trading are measured at fair value; changes of the fair value are recognized in the income statement.

Classification of financial liabilities: Financial liabilities are recognized at amortized cost using the effective interest rate method and measured at fair value through profit or loss. The first category covers trade payables and other financial liabilities and loans recognized. The second category covers foreign exchange forward contracts held for trading.

Offsetting of financial instruments: Financial assets and financial liabilities are only offset and their net amount recognized in the balance sheet if the entity has a legally enforceable right to offset and intends to do so.

Issued capital: Issued 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 the Company's equity as a deduction (net of tax) from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as capital reserve in equity.

Treasury shares: Any treasury shares that the Group acquires are recognized at cost and deducted from equity. The acquisition, disposal, issue or cancellation of treasury shares is recognized directly in equity.

Foreign currency translation: The annual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group financial statements are presented in euro (EUR), which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the closing date, monetary items in foreign currency are translated according to the rate on the closing date and non-monetary items are translated according to the rate on the day of the transaction. Exchange differences are recognized through profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement under "Finance costs – net". All other foreign exchange gains and losses are presented in the income statement within other operating income/expenses.

The income statements and balance sheets of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the closing rate on the date of that balance sheet;

(b) income and expenses for the statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognized in other comprehensive income.

Share-based compensation: The Group holds a number of share-based compensation plans that are settled with equity instruments for which the Group receives services from employees in return for the Company's equity-instruments (shares and options).

The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based compensation award made. For share awards, the Company analyses whether the price paid by a participant, if any, is in line with the estimated market price of the underlying shares at the grant date. If a positive difference exists between (i) the estimated market value of the shares and (ii) the purchase price, this results in a fair value to be reported as a share-based compensation expense.

The fair value determined on the grant date is expensed on a straight-line basis over the vesting period (based on the number of shares the Group has estimated could be exercisable) with a corresponding counter entry in equity under accumulated losses. For awards with graded-vesting features, each tranche of the instrument is treated as a separate grant. This means that each instalment is separately expensed over the related vesting period.

Non-market performance and service conditions are included in assumptions about the number of options and shares that are expected to vest.

The vesting period usually starts with the grant date of the award.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding counter entry in accumulated losses in equity.

The Group also concluded share-based compensation arrangements for the purchase of media services. Expenses for media services are recorded at fair value in the period the service is performed. The counter entry for compensation agreements settled with equity instruments is carried out in equity against capital reserves, while the compensation agreements settled with cash are recorded in liabilities. The fair value of media services as part of agreements settled with equity instruments is determined when the service is performed. The corresponding liability for agreements settled with cash are recognized at fair value as of the reporting date.

Revenue: The Company generates revenue from the sale of furniture and home furnishing through its web shops.

The Company early adopted the new standard IFRS 15 “Revenue from contracts with customers” for the first time in the current financial year. The standard supersedes current revenue recognition guidance including IAS 18 “Revenue”, IAS 11 “Construction Contracts” and related interpretations. In the previous year, the Company recorded revenue according to the provisions of IAS 18. The change in accounting treatment results in two changes that affect the right of return and financing components. The effects of the accounting changes are described in detail below in section 4.

Revenue is generally recognized at an amount that reflects the consideration that the Company can expect to receive in return for transferring goods or services to customers (less promotional discounts, rebates, returns and value added tax). The Company recognizes revenue when the corresponding performance obligation is satisfied by the transfer of the goods promised. It is satisfied when the customer has gained control of the goods i.e., after the goods have been delivered to the customer.

The Group generally gives its customers the right to return purchased products. The right of return results in a variable consideration, which the Group is entitled to receive. The Group used the expected value method to estimate the variable consideration. No revenue is recorded for products that are expected to be returned. Unlike in the previous year, the Group simultaneously recorded the amount received for expected product returns as a refund obligation and an asset for its right to receive the products back from the customer when the return obligation is paid. In the previous year, the Group offset the effect of the right of return against revenue and cost of sales, recognizing it as a provision. The effects of the accounting changes are described in detail below in section 4.

Customer contracts are settled by prepayments, credit card, invoicing, PayPal and other country-specific payment methods. The Group offers its customers in the Brazilian Market installment payments, among other things, however payments are due within 12 months at the latest. Unlike in the previous year, the Group did not adjust the amount of the consideration promised for the effects of a significant financing component. The Group had recorded the effect of the financing component in finance income in the previous year. The effects of the accounting changes are described in detail below in section 4.

Cost of sales consists of the purchase price of consumer products and inbound shipping charges. Shipping charges for incoming goods are included in the inventory, and recognized as cost of sales upon sale of products to the customers.

Government grants are recorded if there is reasonable assurance that the grant will be issued and the Company or its subsidiaries meet the associated conditions. If it is uncertain that the conditions under which the grant was received will be satisfied, these grants are recorded under other liabilities.

Income taxes: Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge/ credit comprises current tax and deferred tax and is recognized through profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized in other comprehensive income or directly in equity.

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. However, in accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither the result for the period under IFRS nor the taxable result.

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 recorded only to the extent that it is probable that future taxable profit will be available against which the deductions 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.

3 Critical Accounting 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 judgements are continually evaluated 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 judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern: Home24's capital management objectives are short-term solvency and to secure an adequate capital base to growth targets, while increasing the business value in the long term.

Home24 still relies on external sources of financing to finance its ambitious growth plans. For this reason, Home24 concluded a financing agreement in April 2018 with a shareholder, which allows Home24 draw on amounts of up to EUR 20m in total from the shareholder through the issuance of a loan, securities and under certain conditions. The repayment of these amounts and the reimbursement of the costs of financing are due in August 2019 at the latest.

Taking into account this financing agreement, the Management Board is of the opinion that this secures Home24's solvency and the ongoing financing of Home24's growth plans until at least the end of June 2019. Thus these financial statements have been prepared under the going concern assumption.

The Management Board also assumes that the necessary funding to repay the liabilities in the abovementioned financing agreement until summer 2019 are ensured by the intended potential capital measures or other debt financing arrangements.

Impairment of non-financial assets: Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of fair value amount less costs of disposal and value in use. Fair value less costs of disposal is calculated using a discounted cash flow model and available data from binding sales transactions conducted at arm's length for similar assets or observable market prices less costs of disposal that are directly attributable to the disposal. A discounted cash flow model is used to calculate the value in use. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are presented and further explained in section 7.

Deferred income taxes: When assessing the likelihood of future realization of deferred tax assets, many factors are considered. Thereby the Companies' recent earnings situation, expectations of future taxable income, and the carryforward periods available to the Company for tax reporting purposes, as well as other relevant factors, are included. Due to inherent complexities arising from the nature of the Company's business, future changes in income tax law or variances between actual and anticipated operating results, the likelihood of future realization of deferred tax assets is assessed based on judgments and estimates. Therefore, actual income taxes could materially vary from these judgments and estimates. Based on estimations no deferred tax asset was recognized in the balance sheet due to the loss history. We refer to section 32 for deferred tax disclosures on tax loss carryforwards and other temporary differences on which no deferred tax assets have been recognized.

Trade receivables: The risk of default on trade receivables is accounted for using valuation allowances. The amount of these valuation allowances is based on the aging structure of the receivables and the expected default and recovery rates. See section 11.

Inventories: Inventories are recognized at the lower of cost or net realizable value. Appropriate impairments are being considered for risks from overstocking or goods, that have already been classified as returns by the day of the closing day and will lead to loss sales. For estimating the net realizable value, coverages, price elasticities and recovery rates are forecast. They are based on the Group's planning assumptions, which reflect the selling strategy. The estimations about the realizable profit for returned goods are based on realized recovery gains in the past. See section 10.

Right to repossess goods from returns and refund obligations: In terms of customers' right of return, the Company bases its estimate of returns on historical results. Based on this past experience the effects of returns are estimated and recorded against revenue and cost of sales. Revenue will be recognized only if data from past experience is available. See section 21.

Share-based compensation: In determining the fair values of ordinary shares (both at group level and subsidiary level) as of the award grant date of each award provided to members of the Management Board and employees, three generally accepted approaches were considered: income approach, market approach and cost approach.

The Group applies the "prior sale of company stock" method, a form of the market approach, to estimate the aggregate equity value at the Group level. The prior sale of company stock method considers any prior arm's length sales of the Company's equity securities. Considerations factored into the analysis include: the type and amount of equity sold, the estimated volatility, the estimated time to liquidity, the relationship of the parties involved, the risk-free interest rate, the timing compared to the ordinary shares valuation date and the financial condition and structure of the Company at the time of the sale. As such, the value per share to the external transactions of company stock and external financing rounds. For determining the value of the Group shares for 2016 and 2017, the financing rounds which took place in 2016 and 2017 were taken into account, which resulted in the issuance of preferred shares. Pricing of these shares is considered to be an insightful indication of fair value as they were issued to new and existing investors.

Given that there are multiple classes of equity at the Group level, the hybrid method was applied to allocate equity to the various equity classes. The hybrid model is a mixture of the probability-weighted expected profit model and of the option pricing model. It estimates the probability-weighted value of certain exit scenarios, while at the same time applying the option pricing model to estimate the other unknown potential exit scenarios. A Discount for Lack Of Marketability ("DLOM") was applied, corresponding to the time to exit under the various scenarios to reflect the increased risk arising from the inability to readily sell the shares. When applying the DLOM, the Finnerty option pricing model was used. Under this method, the cost of the put option, which can hedge the price change before the privately held shares can be sold, was considered as the basis to determine the DLOM.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. This grant date fair value remains unchanged throughout the life of the award. As the Group is currently unlisted, estimating fair value for share-based compensation transactions requires the use of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in section 27.

A further key assumption for the recognition of expense is the number of equity instruments expected to vest. At present, management assumes that 95 % of all unvested awards will be vested (2016: 95 %).

Equity instruments granted for media services were measured at the fair value of the media volume when the service was performed. The fair value is the list price of the media service less the agreed discount.

Liabilities from share-based compensation settled with cash are measured based on the Company's equity as derived from transaction prices, taking into account the provisions in the compensation agreements.

4 Changes in Accounting Policies and New Accounting Pronouncements

Effects of new or amended IFRSs that are relevant to financial year 2017

The consolidated financial statements take into account all IFRSs endorsed as of the reporting date and whose adoption is mandatory in the European Union.

Amendments to IFRS pertain to IAS 7, IAS 12 and IFRS 12. Their application is mandatory as of 2017. The amendments to IAS 7 require the Company to disclose changes to liabilities from financing activities in more detail (see section 33). None of the other standards applied for the first time in financial year 2017 has a significant impact on the presentation of the Group's financial position and performance or the disclosures in the notes.

Aside from the explanations below, the other amendments published by the IASB regarding standards and interpretations issued and new standards to be applied for the first time in the future are not expected to have any significant impact on the Company's consolidated financial statements.

IFRS 15 "Revenue from contracts with customers"

The Company early adopted the new standard IFRS 15 "Revenue from contracts with customers" in the current financial year. The standard supersedes current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. According to the core principle of the standard requires revenue to be recorded at the amount of the consideration to which the entity expects to be entitled in exchange for goods or services.

The new standard outlines a five-step model that is applicable for all contracts with customers.

1. Identify the contract with a customer

2. Identify the separate performance obligation in the contract

3. Determine the transaction price

4. Allocation of the transaction price to the individual contractually arranged performance obligations

5. Recognize revenue when the individual performance obligation is satisfied

Mainly the following adjustments to the consolidated financial statements have resulted from the application of IFRS 15:

a) Right of return: If a contract with a customer grants the customer the right to return products within a certain timeframe, the Group is to recognize a provision for expected returns at the amount of the gross earnings from revenue expected and the expected cost of sales pursuant to IAS 18. According to the accounting policies applied in prior periods, the Group would accrue revenues and cost of sales in connection with expected returns and recognize the total amount under the item "provisions".

Under IFRS 15, upon the transfer of products with a right of return the Group is only to record the amount of the consideration that it expects to be entitled to by the time the right of return has expired. The Group recognizes a refund obligation for the expected returns and an asset for the right to receive goods back from the customer when the refund obligation has been paid. Receivables from customers that relate to expected returns are derecognized.

The application of IFRS 15 does not have any effect on income with regard to the measurement of revenue to be recognized from contracts with a right of return. However, as of January 1, 2017, the Group recognizes a refund obligation for expected returns instead of a provision and an asset for its right to repossess goods returned by the customer.

b) Financing components: Contracts with a different date of receipt for the consideration and the transfer of goods to the customer contain a financing component. Under IAS 18, the difference between fair value and the nominal value of the consideration was recorded under finance costs income and reduces revenue.

According to IFRS 15, if there is a financing component the Group has the option to adjust the amount of the consideration promised according to the effects of the significant financing component contained in the contracts, if at the beginning of the contract it is expected that in the time between the transfer of the promised good to the customer and the payment for this good by the customer is not greater than one year. Applying IFRS 15, the Company does not recognize the financing components under finance costs, recording instead the total amount of the consideration in revenue as the period between the transfer of and payment for goods is less than one year for the contracts that the Group concludes with its customers. In terms of the cost of sales, the Company will now also not recognize financing components separately under finance costs.

The Company applies the modified retrospective transition model. According to the modified retrospective transition model the transition effect is recorded directly in equity as other reserves as of January 1, 2017.

The effects of the new standard on the consolidated financial statements are presented as follows:

	December 31, 2016	Adjustments of right of return	Adjustments of financing components	January 1, 2017
		In EUR k		
Assets				
Inventories	27,101	0	82	27,183
Right to repossess goods from expected returns	0	283	0	283
Trade and other financial receivables	10,869	-789	71	10,151
Liabilities				
Trade payables and other financial liabilities	45,365	0	101	45,466
Refund obligation	0	1,635	0	1,635
Provisions	3,320	-2,141	0	1,179
Equity				
Other reserves	-5,921	0	52	-5,869

Early adoption of the new standard did lead to subsequent effects on comprehensive income in the current financial year:

	2017 (IFRS 15 applies)	2017 (IAS 18 applies)	Adjustment effect
		In EUR k	
Revenue	275,668	274,582	1,086
Cost of sales	-152,648	-151,964	-684
Gross profit	123,020	122,618	402
Finance costs	-3,737	-3,269	-468
Loss for the period	-49,832	-49,765	-67

The accounting policies applied are generally those policies applied in the previous year, with the exception of the early adoption of IFRS 15. The new standards and interpretations which were mandatory for the first time in the financial year did not have any significant effects on the consolidated financial statements.

5 Standards, which are published but not yet mandatory

The standards and interpretations that are issued, but not yet mandatory, up to the date of issuance of the Group's financial statements are disclosed below.

IFRS 9 "Financial instruments: Classification and measurement" (to be adopted for financial years beginning on or after January 1, 2018): The new standard unifies the classification and valuation of financial assets and liabilities and introduces a new model to impair financial assets. Further, in November 2013 new rules on hedge accounting were introduced to IFRS 9. The current rules of IAS 39 will be replaced with the updated standard. On the whole, the Company does not anticipate any effects on the consolidated financial statements. The Company intends to apply the new standard as of January 1, 2018.

Amendments to IFRS 2 "Share-based payments" (to be adopted in financial years beginning on or after January 1, 2018): The IASB published a change of IFRS 2 *Share-Based compensation*, which addresses three main areas: the effect of vesting conditions on the valuation of share-based payment transactions with cash settlement; the classification of share-based payment transactions with net-settlement clauses and a statutory duty to retention of withholding tax and the accounting of cash-settled share-based payment transactions in case of a modification of the conditions that lead to a classification as an equity-settled share-based payments transaction. The Group is currently assessing the potential effects of the amendment on the consolidated financial statements. The Company intends to apply the new standard as of January 1, 2018.

IFRS 16 "Leases" (to be adopted for financial years beginning on or after January 1, 2019): The standard replaces the existing guidelines on leases, including IAS 17 *Leases*, IFRIC 4 *Determining whether an*

Arrangement contains a Lease, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The differentiation between operating and finance lease agreements, which was previously made by the lessee, does not apply as IFRS 16 takes effect. If a contract is classified as a lease and falls within the scope of IFRS 16, it has to be recognized in the balance sheet. Otherwise it is a service contract and to be expensed. At the inception of the lease, the lessee records a liability for the obligation to make lease payments (i.e., the lease liability) as well as an asset for the right granted to use the leased asset during the lease term (i.e., the right of use). Lessees must record the interest expense for the lease liability and the depreciation expense for the right to use the leased asset. The Group plans to early adopt IFRS 16 as of January 1, 2018.

The new standard will have significant effects on the consolidated financial statements. The recognition of the right of use assets and lease liabilities from contracts previously recognized as operating leases pursuant to IAS 17 will lead to an increase in total assets. It is expected that the increase in total assets and liabilities and equity will come to EUR 36m at the time of transition (January 1, 2018). The EBITDA will increase due to amortization of the right of use assets, rather than recognizing the lease expense. The effect is expected to range up to EUR 7m. On the whole, no material effects are expected for the net result for the year. Furthermore, leasing payments will no longer be recognized in cash flow from operating activities. Instead, they will be recognized in cash flow from financing activities and disclosures in the notes will be expanded. The reclassification will have an effect of up to EUR 7m on the consolidated statement of cash flows.

The Group plans to apply a modified version of the standard retroactively, without adjusting the comparative information.

6 Property and Equipment

	Leasehold improvements	Furniture, fittings and equipment	Total
		In EUR k	
Cost			
As of January 1, 2016	816	9,527	10,343
Additions	34	1,479	1,513
Disposals	0	-173	-173
Reclassifications	21	-21	0
Currency translation	212	350	562
As of December 31, 2016	**1,083**	**11,162**	**12,245**
Additions	33	1,875	1,908
Disposals	0	-441	-441
Currency translation	-152	-248	-400
As of December 31, 2017	**964**	**12,348**	**13,312**
Accumulated depreciation			
As of January 1, 2016	-226	-1,848	-2,074
Additions	-260	-1,473	-1,733
Disposals	0	62	62
Currency translation	-90	-100	-190
As of December 31, 2016	**-576**	**-3,359**	**-3,935**
Additions	-196	-1,737	-1,933
Disposals	0	429	429
Currency translation	100	114	214
As of December 31, 2017	**-672**	**-4,553**	**-5,225**
Carrying amount			
As of December 31, 2016	**507**	**7,803**	**8,310**
As of December 31, 2017	**292**	**7,795**	**8,087**

As of December 31, 2017 and as in the prior year, no property and equipment was pledged to third parties as security.

7 Intangible Assets

	Goodwill	Customer relationships	Brand	Internally developed software	Software and other licenses	Advance payments for intangible assets	Total
				In EUR k			
Cost							
As of January 1, 2016	3,119	4,086	14,962	13,451	8,472	892	44,982
Additions	0	0	0	7,427	3,389	2,403	13,219
Disposals	0	0	0	0	-26	0	-26
Reclassifications	0	0	0	0	854	-854	0
Currency translation	0	0	0	316	97	0	413
As of December 31, 2016	**3,119**	**4,086**	**14,962**	**21,194**	**12,786**	**2,441**	**58,588**
Additions	0	0	0	8,404	906	6,729	16,039
Disposals	0	0	0	0	-5,038	0	-5,038
Reclassifications	0	0	0	0	968	-968	0
Currency translation	0	0	0	-377	-169	0	-546
As of December 31, 2017	**3,119**	**4,086**	**14,962**	**29,221**	**9,454**	**8,202**	**69,043**
Accumulated amortization							
As of January 1, 2016	0	-441	-197	-3,272	-6,150	0	-10,060
Amortization charge	0	-1,124	-1,500	-4,664	-2,308	0	-9,596
Disposals	0	0	0	0	9	0	9
Currency translation	0	0	0	-59	-18	0	-77
As of December 31, 2016	**0**	**-1,565**	**-1,697**	**-7,995**	**-8,467**	**0**	**-19,724**
Amortization charge	0	-829	-1,496	-7,281	-1,403	0	-11,009
Disposals	0	0	0	0	5,038	0	5,038
Currency translation	0	0	0	122	48	0	170
As of December 31, 2017	**0**	**-2,394**	**-3,193**	**-15,154**	**-4,781**	**0**	**-25,522**
Carrying amount							
As of December 31, 2016	**3,119**	**2,521**	**13,265**	**13,199**	**4,319**	**2,441**	**38,864**
As of December 31, 2017	**3,119**	**1,692**	**11,769**	**14,067**	**4,673**	**8,202**	**43,522**

Internally developed software contains software in development of EUR 8,958k (2016: EUR 6,341k).

Research costs are recorded directly through profit or loss.

As of December 31, 2017, the brand was pledged to third parties as security.

Testing of goodwill for impairment

The Company recorded goodwill totaling EUR 3,119k as of December 31, 2017.

Goodwill is allocated to the Europe CGU. The annual impairment test was carried out on December 31 of the reporting year at the level of this CGU. The recoverable amount of the CGU was calculated based on fair value less costs of disposal. Due to the lack of availability of market prices and level 1 input methods within the meaning of IFRS 13, fair value less costs of disposal was calculated based on a combination of the discounted cash flow method (level 3) and a revenue multiplier method (level 3) to determine the final values.

The major assumptions that provide the basis for the cash flow projections for the time horizon of the underlying business plan (detailed planning horizon 2018 – 2019; technical transition phase 2020 – 2022) are as follows:

- Revenue growth: Steady growth rates during and beyond the detailed planning period (2020 – 2022),

- EBITDA development: Progressive increase in the EBITDA margin during and beyond the detailed planning horizon (until 2022) towards the expected target operating margin,

- WACC after taxes 14.2 %.

The annual impairment test did not result in goodwill impairment. Furthermore, it was tested whether potential changes to key assumptions could lead to the carrying value of the units exceeding their respective recoverable amounts. As of December 31, 2017, this was not the case.

8 Non-current Other Financial Assets

Other financial assets comprise deposit payments paid in full for rented properties of EUR 142k (2016: EUR 142k).

9 Restricted Funds

This item contains bank deposits that are used as security deposits for the leasers of warehouses. The Company's access to these accounts is restricted for a period of over one year.

10 Inventories

	December 31, 2017	December 31, 2016
	In EUR k	
Gross inventories	32,426	30,140
Provision for slow moving and obsolete inventories	-5,653	-4,818
Advance payments	2,807	1,779
	29,580	27,101

Advance payments are related to prepayments for ordered goods.

The cost of inventories recognized as expenses during the period representing cost of sales amounted to EUR 152,648k (2016: EUR 141,721k).

In the financial year of 2017 an impairment loss of EUR 835k for obsolete inventory was recorded (2016: EUR 2,431k).

The net realizable value of inventories in the balance sheet was EUR 6,039k (2016: EUR 2,124k).

As of December 31, 2017, the warehouse in Ludwigsfelde was pledged as security for a credit line. Of the total volume of the credit facility of EUR 3,000k (2016: EUR 2,000k), EUR 324k had been drawn as of the reporting date (2016: EUR 0k).

11 Trade and Other Financial Receivables

	December 31, 2017	December 31, 2016
	In EUR k	
Trade receivables	11,146	9,085
Deposits	372	279
Other receivables	1,250	1,505
	12,768	10,869

As of December 31, 2017, bad debt allowances for trade receivables amounting to EUR 1,230k (2016: EUR 2,751k).

No receivables were overdue but not impaired.

In financial year 2017, a factoring contract was agreed with a credit institution. The requirements of IAS 39 for derecognition of assigned claims were satisfied as of December 31, 2017. In connection with this agreement, customer receivables totaling EUR 4,315k (2016: EUR 3,855k) were sold to the factor as of the reporting date of December 31, 2017. There is a right but not an obligation to buy back overdue receivables. The del credere discount of EUR 112k recognized as of December 31, 2017 (2016: EUR 154k), for which the Company primarily bears default, is the ongoing engagement within the meaning of IFRS 7 *"Financial Instruments: Disclosures"* and is recorded under trade and other financial receivables. Along with the interest expense of 4% p.a. with regards to the provided liquidity by the factor up to the date of the transfer to the debt collector on the 60th day after due date, the maximum default risk as of December 31, 2017, amounts to EUR 141k (2016: EUR 180k). Expenses of EUR 93k were incurred in the past financial year 2017 (2016: EUR 36k). The maximum default risk is taken account of by an effective receivables management.

12 Current Other Financial Assets

Other current financial assets of EUR 5k stem entirely from foreign exchange forward contracts (2016: EUR 151k).

13 Other Non-Financial Assets

	December 31, 2017	December 31, 2016
	In EUR k	
VAT receivables	538	1,347
Prepayments	1,206	2,089
Miscellaneous	112	60
	1,856	3,496

14 Cash and Cash Equivalents

	December 31, 2017	December 31, 2016
	In EUR k	
Cash at bank	19,841	33,959
Petty cash	17	20
	19,858	33,979

15 Issued Capital and Capital Reserves

	Number of shares in thousands	Issued capital	Treasury shares	Capital reserves	Total
			In EUR k		
As of January 1, 2016	377	377	0	340,848	341,225
Proceeds from shares issued	28	28	0	40,305	40,333
Use of free capital reserves	0	0	0	-328,166	-328,166
As of December 31, 2016	**405**	**405**	**0**	**52,987**	**53,392**
Proceeds from shares issued	24	24	0	25,178	25,202
Share buyback	0	0	-1	-415	-416
Equity-settled share-based compensation	0	0	0	408	408
Use of free capital reserves	0	0	0	-32,585	-32,585
As of December 31, 2017	**429**	**429**	**-1**	**45,573**	**46,001**

Issued capital is divided into 429,269 shares (2016: 404,990 shares), each with a notional value of EUR 1 and increased by EUR 24k (2016: EUR 28k) in connection with capital increases by cash subscription. All shares are fully paid in. The capital reserves increased by EUR 25,177k through the issue of new shares. The capital reserves were fully paid in.

In financial year 2017, the Company repurchased 400 shares for a purchase price of EUR 415k in total and, as of the reporting date, holds these as treasury shares.

In the context of drawing up the balance sheet as of December 31, 2017, an amount of EUR 32,585k was reversed from the free capital reserves (2016: EUR 328,166k) and offset against Home24 AG's net loss for the year. Accordingly, the equity items were adjusted for both years for the purpose of the consolidated financial statements.

16 Non-current Other Liabilities

Non-current other liabilities of EUR 1,247k (2016: EUR 1,309k) include an item to recognize a deferred rent subsidy of EUR 1,027k (2016: EUR 1,309k).

17 Financial Liabilities

Financial liabilities relate to bank loans of EUR 1,851k (2016: EUR 0k) and liabilities from foreign exchange forward contracts of EUR 180k (2016: EUR 0k). Bank loans are bank overdrafts, of which an amount of EUR 1,527k (2016: EUR 0k) is subject to a fixed interest rate and EUR 324k to a variable rate of interest.

18 Trade Payables and Other Financial Liabilities

	December 31, 2017	December 31, 2016
	In EUR k	
Trade payables	42,338	41,118
Debtors with credit balance	1,044	1,033
Miscellaneous liabilities	2,202	3,214
	45,584	45,365

19 Advance Payments Received

Advance payments received of EUR 14,172k (2016: EUR 10,061k) result from contracts with customers that were concluded with the "prepayment" option.

20 Current Other Liabilities

	December 31, 2017	December 31, 2016
	In EUR k	
Employee benefit liabilities	3,104	2,996
Liabilities from share-based compensation	1,376	0
Value added tax	1,329	1,979
Other taxes	52	26
Miscellaneous	22	27
	5,883	5,028

21 Provisions

The changes in provisions are as follows:

	Provisions for returns	Restoration obligations	Miscellaneous	Total
		In EUR k		
As of January 1, 2016	3,706	0	238	3,944
Utilization	-3,706	0	-238	-3,944
Additions	2,534	0	750	3,284
Effect of translation to presentation currency	17	0	19	36
As of December 31, 2016	**2,551**	**0**	**769**	**3,320**
Change in accounting policy	-2,141	0	0	-2,141
Utilization	-414	0	-769	-1,183
Additions	0	906	671	1,577
Effect of translation to presentation currency	4	0	-30	-26
As of December 31, 2017	**0**	**906**	**641**	**1,547**

EUR 906k of provisions are due in more than one year (2016: EUR 622k). All other provisions are expected to be used during the course of the year.

As of January 1, 2017, refund obligations from expected returns for cash already collected will be recognized separately in the balance sheet due to the early adoption of IFRS 15.

22 Presentation of Financial Instruments by Measurement Category

For the subsequent measurement the financial instruments were categorized as follows:

	December 31, 2017	December 31, 2016
	In EUR k	
Loans and receivables		
Non-current other financial assets	142	142
Restricted funds	4,853	5,358
Trade and other financial receivables	12,768	10,869
Cash and cash equivalents	19,858	33,979
	37,621	50,348
Financial assets measured at fair value through profit or loss		
Currency forwards	5	151
Financial liabilities at amortized cost		
Non-current other financial liabilities	455	403
Trade payables and other financial liabilities	45,584	45,365
Loan liabilities	1,851	0
	47,890	45,768
Financial liabilities measured at fair value through profit or loss		
Currency forwards	180	0

The financial assets and liabilities which are recognized through profit or loss are categorized as held-for-trading according to IAS 39.

23 Fair Value of Financial Instruments

The fair value of cash and cash equivalents, trade and other financial receivables, trade payables and other financial liabilities largely correspond to the respective carrying amounts due to their short terms. The fair value of non-current financial assets is equal to the carrying amount due to variable interest rates. Foreign currency forward contracts are recognized in the balance sheet at fair value.

The fair value of the derivative assets and liabilities recognized in the balance sheet (EUR 5k and EUR 180k respectively) is derived from observable input factors (Level 2 of the valuation hierarchy under IFRS 13).

24 Expenses by Nature

Cost of sales, selling and distribution costs and administrative expenses for the year are comprised of the following:

	2017	2016
	In EUR k	
Purchase of consumer products	152,648	141,721
External services	43,797	47,143
Marketing expenses	51,174	41,756
Employee benefit expenses	44,286	39,962
Operating lease payments	12,412	13,358
Depreciation and amortization	12,942	11,329
Property-related expenses	3,243	2,337
Miscellaneous	2,497	2,464
	322,999	300,070

25 Depreciation and Amortization included in the Consolidated Statement of Comprehensive Income

The depreciation and amortization were included in the consolidated statement of comprehensive income as follows:

	2017	2016
	In EUR k	
Included in selling and distribution costs		
Amortization	2,337	2,638
Depreciation	1,064	745
Included in administrative expenses		
Amortization	8,672	6,958
Depreciation	869	988
	12,942	11,329

26 Employee Benefits

	2017	2016
	In EUR k	
Wages and salaries	38,650	34,101
Social security costs	5,636	5,861
	44,286	39,962

Employee benefits were recognized in the consolidated statement of comprehensive income as follows:

	2017	2016
	In EUR k	
Included in selling and distribution costs	22,371	20,114
Included in administrative expenses	21,915	19,848
	44,286	39,962

The contributions to the statutory pension scheme came to EUR 3,387k in the financial year (2016: EUR 3,525k).

27 Share-Based Compensation Expenses

The Group granted share-based compensation to members of the Management Board, employees and external service providers in exchange for media services.

Share-based compensation granted to members of the Management Board and to employees

The Group granted share-based compensation to members of the Management Board and employees of the parent company, Home24 AG, and its subsidiary, the Mobly Comercio Varejista Ltda., São Paulo, Brazil. These consist of shares and options to purchase shares in Home24 AG, Jade 1216. GmbH, Berlin, and in VRB GmbH & Co. B-197 KG, Berlin. Jade 1216. GmbH, Berlin, is the indirect parent and VRB GmbH & Co. B-197 KG, Berlin, the direct parent of Mobly Comercio Varejista Ltda., São Paulo, Brazil. All provisions fall in the category of equity settled share-based compensation as laid down in IFRS 2. Because the granted instruments generally vest in tranches, the expenses are recognized over the time period from the first pay-out opportunity to the vesting of each tranche.

The contents of the individual plans as well as each of the related figures are presented in detail below. The information was broken down according to the group companies that issued the instruments and according to the nature of the instrument issued and contractual terms. Methods and assumptions used to estimate the fair values are explained at the end of the section.

Shares and Options for the Purchase of Shares of Home24 AG

Shares

Shares of Home24 AG were issued to board members at a nominal value of EUR 1.00. Home24 AG grants call options to beneficiaries to purchase these shares at nominal value or, if lower than EUR 1.00, at market value, if the employment relationship terminates prior to May 1, 2019. The number of shares was as follows:

	2017 Number of shares	**2016 Number of shares**
Outstanding as of January 1	774.00	72.87
Granted during the year	0.00	774.00
Repurchased during the year	-400.00	0.00
Vested during the year	0.00	-72.87
Outstanding as of December 31	374.00	774.00

The weighted average of the remaining contractual terms is 1.3 years (2016: 2.3 years). The Company prematurely repurchased 400 shares with a share value of EUR 1,038, in order to ensure an early settlement in cash.

Option agreements and option plans

The options granted through the general option plan have exercise prices in a range between EUR 1.00 and EUR 2,545.53 respectively per share. The option rights vest in tranches between 6 and 48 months after the employment ends. If an “exit” event occurs, the options are exercisable. An “exit” event occurs at stock listing as well as when more than 50 % of shares or at least 75 % of assets are sold. The exercise prices of several commitments were reduced in financial year 2016 to compensate for decreases in the share price. The right to adjust the exercise price vests on June 30, 2018 at the earliest or according to the original commitment.

In the financial year, options were granted to employees as part of long-term incentive programs (LTIP). The options can be exercised in four years at the earliest. Similar to other programs, the right to exercise the options is dependent on financial ratios and partly on project objectives and the occurrence of “exit” events. The vesting period is the calendar year 2017 or ends when projects are concluded, if project objectives have been agreed.

Options granted on the basis of individual contracts have an exercise price of EUR 1.00 or EUR 1,584.84 per share. The option rights are vested in tranches after employment termination from 3 to 48 months. As soon as the options vest, they can be exercised at the beginning of the following calendar quarter. If an “exit” event occurs the Company can demand that the options be exercised in two weeks. An “exit” event occurs when more than 50 % of shares or at least 75 % of assets are sold. A part of the options will prematurely vest in case of an “exit”. Several of these commitments were modified or replaced in the financial year by another program (long-term incentive plan) to bring the existing commitments in line with the conditions of the current option plan (LTIP) and to compensate for the decline in the share price. The vesting periods of the modified commitments end on January 1 in the years 2018, 2019, 2020 and 2021. The options can be exercised in four years at the earliest. Similar to other programs, the right to exercise the option is dependent on financial figures and the occurrence of “exit” events.

Development of the number of options outstanding:

	2017		2016	
	Average exercise price in EUR	Number of shares	Average exercise price in EUR	Number of shares
Outstanding as of January 1	991.60	35,353	740.41	13,822
Granted during the year	752.70	4,627	1,037.70	25,851
Forfeited during the year	770.55	-6,371	1,636.58	-4,320
Modified during the year	519.50	-3,149	-	0
Outstanding as of December 31	579.99	30,460	991.60	35,353
Exercisable as of December 31	327.74	6,195	327.74	6,195

The weighted average of the remaining contractual terms is 3.6 years (2016: 3.6 years).

Exercise price of outstanding options:

In EUR Exercise price	2017 Number of shares	2016 Number of shares
1.00	15,302	7,751
115.00	25	25
1,038.00	12,390	4,634
1,272.72	0	20,592
1,584.84	1,899	1,894
2,036.42	729	272
2,545.53	115	185
Outstanding as of December 31	30,460	35,353

Fair value on the date of issuance and fair value changes at the time of contractual changes:

In EUR Exercise price	2017 Fair value	2016 Fair value
1.00	757.22	2,077.54
1,038.00	141.17	-
1,272.72	-	580.76
1,584.84	114.01	686.75
2,036.42	429.17	397.95
2,545.53	-	239.23
Change in fair value due to reducing the exercise price		
from EUR 1,584.84 to EUR 1,038.00	-	78.66
from EUR 2,036.42 to EUR 1,038.00	86.39	97.81
from EUR 2,545.53 to EUR 1,038.00	-	106.31
from EUR 1,272.72 to EUR 1,038.00	36.40 to 59.24	-
from EUR 1,272.72 to EUR 1	669.40 to 703.74	-

* Range due to various forms of

Option agreements with cost allocation agreements

Employees of the subsidiary Mobly Comercio Varejista Ltda., São Paulo, Brazil, were granted options to purchase shares in Home24 AG. There is an agreement in place between Home24 AG and Mobly Comercio Varejista Ltda., which grants Home24 AG the right to invoice the value-based profit shares of the beneficiary option holder to Mobly Comercio Varejista Ltda. The option rights expire in tranches after employment termination after 12 to 48 months. The exercise of the options is dependent on the occurrence of “exit” events. An “exit” event occurs at stock listing as well as when more than 50 % of shares or at least 75 % of assets of Home24 AG or Mobly Comercio Varejista Ltda. are sold.

Development of the number of options outstanding:

	2017		2016	
	Average exercise price in EUR	Number of shares	Average exercise price in EUR	Number of shares
Outstanding as of January 1	-	0	-	0
Granted during the year	68.97	6,820	-	0
Forfeited during the year	68.97	-2,520	-	0
Outstanding as of December 1	68.97	4,300	-	0
Exercisable as of December 1	-	0	-	0

The weighted average of the remaining contractual terms comes to 3.0 years.

Exercise price of outstanding options:

In EUR Exercise price	2017 Number of shares	2016 Number of shares
1.00	2,150	0
136.94	2,150	0
Outstanding as of December 31	4,300	0

Fair value of options issued on the date of issuance:

In EUR Exercise price	2017 Fair value	2016 Fair value
1.00	97.96	0.00
136.94	31.20	0.00

Options to purchase shares in Jade 1216. GmbH

In the financial year, a long-term incentive program (LTIP) was launched for managing directors of Mobly Comercio Varejista Ltda. pertaining to the shares in Jade 1216. GmbH. The vesting periods of the individual tranches end on January 1 in the years 2018, 2019, 2020 and 2021. The options can be exercised in four years after the date of issuance at the earliest. The exercise of the options is dependent on financial figures and the occurrence of “exit” events. An “exit” event occurs at stock listing as well as when more than 50 % of shares or at least 75 % of assets of Home24 AG or Mobly Comercio Varejista Ltda. are sold.

Development of the number of options outstanding:

	2017		2016	
	Average exercise price in EUR	Number of shares	Average exercise price in EUR	Number of shares
Outstanding as of January 1	-	0	-	0
Granted during the year	519.69	6,132	-	0
Outstanding as of December 31	519.69	6,132	-	0
Exercisable as of December 31	-	0	-	0

Exercise price of outstanding options:

In EUR Exercise price	2017 Number of shares	2016 Number of shares
1.00	3,066	0
1,038.38	3,066	0
Outstanding as of the end of the accounting period	6,132	0

The weighted average of the remaining contractual terms comes to 6.0 years.

Fair value of options issued:

In EUR Exercise price	2017 Fair value	2016 Fair value
1.00	945.24	0.00
1,038.38	295.11	0.00

Option to purchase shares in VRB GmbH & Co. B-197 KG

Options granted on the basis of individual contracts have a strike price of EUR 1.00. The option rights expire in tranches after employment termination from 12 to 48 months. A part of the issued options vest upon issuance. As soon as the options expire, they can be exercised at the beginning of the following calendar quarter. If an "exit" event occurs the Company can demand that the options be exercised in two weeks. An "exit" event occurs when more than 50 % of shares or at least 75 % of assets are sold. A part of the options will only expire with an "exit" event and earliest after 48 months. The option agreements were terminated in financial year 2016.

Development of the number of options outstanding:

	2017		2016	
	Average exercise price in EUR	Number of shares	Average exercise price in EUR	Number of shares
Outstanding as of January 1	-	0.00	1.00	373.44
Terminated during the year	-	0.00	1.00	-373.44
Outstanding as of December 31	-	0.00	-	0.00
Exercisable as of December 31	-	0.00	-	0.00

Determining the fair value of the granted shares and options

The fair value of all options were calculated using the Monte-Carlo simulation and the "Black-Scholes" pricing model. For the models, following inputs (weighted averages) were used:

	2017	2016
Expected volatility	36.29 %	32.90 %
Share value Home24 AG	EUR 1,038	EUR 1,877
Expected dividends	0	0
Option runtime (years)	2.59	1.55
Risk-free interest rate	-0.68 %	-0.51 %

The volatility was deduced from historical share prices of comparable companies.

Options, for which the right to exercise is dependent on the occurrence of "exit" events, are included taking into account the dependency on events by weighting the probability of potential "exit" scenarios. Unchanged from previous years the probability of these exit scenarios is estimated at 95 %.

The share prices are derived from transaction prices. To calculate the difference between the associated fair value of shares issued to investors with a liquidation preference and the associated fair value of shares issued to employees without liquidation preference or modified liquidation preference, the "Black-Scholes" pricing model was used. Because the liquidation preference only becomes relevant in the case of an "exit" event (sale of over 50 % of shares of the Company in a transaction), the probability of such an event occurring was included with a probability of 50 %. The Finnerty option pricing model was used to calculate a liquidity discount for the shares.

Share-based compensation as part of the purchase of media services

The Company concluded an agreement to purchase media services on July 13/23, 2017. For a percentage share of gross media volume provided, the value of the media volume at list price, the media partner receives compensation in the form of preference shares in Home24 AG. Compensation is settled for the periods August 1 to December 31, 2017, January 1, 2018 to June 30, 2018 and July 1, 2018 to December 31, 2018, respectively. Overall, the Company has authorized capital for this purpose of EUR 4,500 or 4,500 shares. The shares were measured at EUR 1,038k each. The media partner pays a nominal amount of EUR 1.00 for each share into the Company's capital as part of a capital increase. The contracting party has purchased a legal right to acquire of around 423 shares. The contract is treated as equity-settled share-based compensation within the meaning of IFRS 2. Share-based compensation are measured at the fair value of the media service received, which is the sum of the list price when the service is performed less contractually agreed discounts.

The Company concluded an agreement on another media partner's exit investment on July 4 and 31, 2017. The Company will receive media services in consideration of the investment. The exit investment is paid out in cash and is due when the exit event occurs. Exit events as defined in the contract are the sale of more than 50 % of shares in the Company, at least 75 % of assets, a stock listingand other similar legal transactions. The contracting party's maximum investment claim is 1.34 % of equity at the date of exit and decreases by the total share of the contractually agreed media volume that was not delivered. The term of the media service contract that the arrangement regarding the exit investment refers to begins on August 1, 2017 and ends on December 31, 2019. The agreement is recognized as a cash-settled share-based payment within the meaning of IFRS 2. The liability is measured based on the equity value of the Company as of the reporting date that is derived from transaction prices, taking into account the contract formula. The liability came to EUR 1,376k as of the reporting date.

Total cost of share-based compensation

The total cost of share-based compensation broken down by equity-settled share-based compensation agreements and cash-settled payment agreements is presented below:

	2017	2016
	In EUR k	
Equity-settled	10,654	6,183
thereof media services purchases	408	0
Cash-settled	1,376	0
Total cost	12,030	6,183

28 Other Operating Income

	2017	2016
	In EUR k	
Currency translation gain	376	464
Rental income	227	30
Miscellaneous	782	370
	1,385	**864**

29 Other Operating Expenses

	2017	2016
	In EUR k	
Bad debt expense	104	1,710
Foreign exchange losses	625	366
Miscellaneous	116	154
	845	2,230

30 Finance Income

	2017	2016
	In EUR k	
Interest income	136	189
Gains from financial instruments at FVTPL	0	90
Foreign exchange gains	354	1,112
	490	1,391

31 Finance Costs

	2017	2016
	In EUR k	
Interest expenses	2,836	2,141
Losses from financial instruments at FVTPL	327	0
Foreign exchange loss	569	1,159
Miscellaneous	5	0
	3,737	3,300

Interest expenses primarily relate to interest charged by credit card companies for the upfront payment of trade receivables with respect to agreed installment payments.

32 Income Taxes

Income tax expense (income)

	December 31, 2017	December 31, 2016
	In EUR k	
Current tax expense for the current period	34	112
Current tax income/ expense for previous periods	-42	152
Current tax income/ expenses	-8	264
Deferred tax income/ expense	-199	78
	-207	342

Reconciliation between the expected income taxes and the actual income taxes

	December 31, 2017	December 31, 2016
	In EUR k	
Loss before taxes	-50,038	-59,538
Tax calculated at domestic tax rates applicable to profits in the respective countries	15,392	18,186
Tax effects on items that are not deductible or assessable for taxation purposes are:		
Unrecognized tax losses for the year	-12,073	-16,338
Utilization of unrecognized tax loss carryforwards	139	23
Share-based compensation, non-deductible for tax purposes	-3,092	-1,866
Other non-deductible expenses	-201	-195
Current tax income / expense for previous periods	42	-152
	207	-342

The weighted average applicable tax rate was 30.8 % (2016: 30.6 %) and was derived from the tax rates in the individual countries weighted by pre-tax loss.

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 are presented as follows:

	December 31, 2017	December 31, 2016
	In EUR k	
Tax loss carryforwards	2,911	3,209
Liabilities	1,080	403
Internally generated intangible assets	-3,863	-3,534
Intangible assets acquired in a business combination	-761	-1,212
Other assets	-702	-403
Deferred tax liabilities	**-1,337**	**-1,537**

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, 2017, deferred tax assets on tax-loss carryforwards of EUR 2,911k were recognized (2016: EUR 3,209k) as well as tax-deductible differences of EUR 1,140k (2016: EUR 440k). No deferred tax claims were recognized for tax-deductible temporary differences of EUR 4,047k (2016: EUR 2,703k).

Tax loss carryforwards

As of December 31, 2017, the Group's unused tax loss carryforwards, for which there is no deferred tax asset recognized in the balance sheet, relate to trade tax loss carryforwards of EUR 242,739k (2016: EUR 214,030k), corporate tax loss carryforwards of EUR 241,340k (2016: EUR 210,356k) and loss carryforwards incurred outside Germany of EUR 66,602k (2016: EUR 70,451k).

Loss carryforwards can be carried forward indefinitely.

33 Statement of Cash Flow

In total, the interest paid and received in 2017 amounts to EUR 2,835k (2016: EUR 2,140k) and EUR 136k (2016: EUR 189k) respectively.

Changes to financial liabilities have the following effects on the statement of cash flows and balance sheet.

	Carrying amount as of Dec. 31, 2016	Cash flow	Effect of translation to the presentation currency	Carrying amount as of Dec. 31, 2017
		in EUR k		
Financial liabilities	0	2,007	-156	1,851

The cash difference in financial liabilities (EUR 1,851k) results from a usage (EUR 4,327k) and partial repayments of bank overdrafts (EUR 2,320k).

Cash and cash equivalents presented in the statement of cash flows match the cash and cash equivalents in the balance sheet and relate in full to cash at bank and in hand.

34 Financial Risk Management

In the course of its ordinary activities, the Group is exposed to credit 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 under supervision of the Management Board. The Management Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and interest rate risk and investment of excess liquidity.

Credit risk

The credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's biggest risk of default is the carrying amounts of the financial assets and receivables as well as the carrying amounts of cash and cash equivalents.

A default risk in trade and other financial receivables arise from the payment method "purchase on invoice". In order to avoid bad debt losses, Home24 implemented an extensive risk management. The remaining credit risk with commercial counterparties is limited because cash is received at the time of the sale (prepayments, PayPal, Credit Card) or promptly after receipt of the order or secured by a trade credit insurance for selected trade receivables.

The Company's bank deposits are distributed amongst different banking partners. The main partners have a Standard & Poor's long-term rating of between A- and BBB+ (2016: between BBB and BBB+). The rating is reviewed regularly.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Market risk

Market risk is the risk that assumed fair value of future payment flows of a financial instrument change due to swings in market prices.

The Company is internationally active and especially vulnerable to foreign currency risk. The foreign currency risk stems from future business transactions as well assets and liabilities in foreign currencies. Such positions exist in US dollars, Swiss francs as well as Polish zloty, and to a small extent in other currencies.

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 exclusively done with foreign exchange forwards and swaps with a period matching the underlying transaction.

In the following sensitivity analysis for currency risk it is assumed that one factor changes while all other factors remain constant. The following effects on earnings would result if the euro were to appreciate or depreciate by 10 %:

	2017 +/-	2016 +/-
	In EUR k	
USD	911	798
CHF	224	234
PLN	65	202

The Company did not experience any major changes in interest rates or other price risks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Company. Management monitors monthly rolling forecasts of the Company's cash flows. The Company also uses its negative working capital to create a stable financial foundation for further growth.

The liquidity of the Company includes cash and cash equivalents.

The financial liabilities of the Company exclusively consist of short-term debt with maximum maturities 180 days.

	2017	2016
	In EUR k	
Financial liabilities	1,851	0
Trade payables	42,338	41,118
Debtors with credit balances	1,044	1,033
Other payables	2,202	3,214
Gross payment of derivative financial instruments		
- Cash inflow	9,521	7,258
- Cash outflow	-10,529	-7,076
	46,427	45,547

Gross payments of derivative financial instruments relate to foreign exchange forwards. Cash inflow and outflow from the transactions are shown as gross amounts.

Capital management

The goal of the capital management of Home24 Group is the short-term solvency as well as securing the capital base to continuously finance the intended growth and long-term increase of enterprise value. Part of this is to make sure that all companies in the Group operate under the going concern principle. Capital management is performed by continuous monitoring of key financial indicators. The equity ratio at closing date is 38.9 % (2016: 47.5 %).

35 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-making body, the Management Board of Home24 AG. The reporting structure was published for the first time in financial year 2017 as part of the consolidated financial statements.

The Group is split into two business segments; Europe and LatAm. The Europe segment includes business activities in Germany, Switzerland, Austria, France, the Netherlands, Belgium and Italy. The LatAm segment includes business activities in Brazil.

The business segments subject to mandatory reporting are strategic business segments that are managed separately.

These business segments also 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 include share-based compensation expenses.

External revenue contains earnings from the Group’s core business i.e., first and foremost the sale of furniture to end customers. There are no inter-segment sales.

No information on segment assets or liabilities is relevant for decision-making.

	Europe	LatAm	Total 2017
		in EUR k	
External revenue	216,286	59,382	275,668
Adjusted EBITDA	-19,721	-2,097	-21,818
Share-based compensation expenses			-12,030
Amortization of intangible assets and depreciation of property and equipment			-12,943
Finance costs - net			-3,248
Loss before taxes			**-50,038**

	Europe	LatAm	Total 2016
		in EUR k	
External revenue	195,371	48,436	243,807
Adjusted EBITDA	-34,578	-5,538	-40,116
Share-based compensation expenses			-6,183
Amortization of intangible assets and depreciation of property and equipment			-11,329
Finance costs - net			-1,909
Loss before taxes			**-59,538**

54 % of total revenue stems from Germany (previous year: 57 %). Most of the non-current assets are located in Germany.

36 Transactions with Related Parties

Rocket Internet SE, Berlin, and Kinnevik Online AB, Stockholm, Sweden, are the main shareholders of Home24 AG. Both main shareholders are represented by agents in the Company's Supervisory Board and thus have a significant influence on the Company.

The Company and Rocket Internet SE, Berlin, have entered an agreement whereby Rocket Internet SE charges the Company for services of their personnel engaged in line or staff functions on a short-term base relating specifically to the operations of the Company. The following overview shows business transactions recorded in the financial years 2017 and 2016, as well as outstanding balances originating from this agreement.

	2017	2016
	In EUR k	
Liabilities	0	1
Expenses for services	21	51

Liabilities are unsecured and payable in cash.

37 Exemption from Publication Duties

The following business partnerships, which are affiliated, consolidated companies of Home24 AG, and for which the consolidated financial statements of Home24 AG constitute the exempting consolidated financial statements have made use of the exemption option in accordance with Section 264b HGB concerning preparation and disclosure:

- Home24 eLogistics GmbH & Co. KG, Berlin
- Home24 eCustomers GmbH & Co. KG, Berlin
- Home24 eServices GmbH & Co. KG, Berlin

In accordance with Section 264 (3) HGB, Home24 Outlet GmbH, Berlin, is exempt from the requirement to publish their financial statements and to prepare notes to the financial statements and a management report.

38 Compensation of Management Board and Supervisory Board

As part of their compensation, members of the Management Board were granted shares or options of Home24 AG within equity-settled share-based compensation plans described in more detail in section 27. The compensation paid or payable to the members of the Management Board for their services is shown below:

	2017	2016
	In EUR k	
Salaries	520	577
Equity-settled share-based compensation expenses	6,273	5,522
	6,793	6,099

In the financial year, the share-based compensation of management was modified, reducing the number by 3,149. 22,362 options were granted in the financial year 2016. The fair value of the compensation granted in the course of the modification in the financial year amounted to EUR 4,362k (fair value of the compensation granted in 2016: EUR 11,228k).

The compensation of the Supervisory Board amounted to EUR 160k (2016: EUR 160k).

39 Contingencies and Commitments

Operating lease commitments: Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2017	December 31, 2016
	In EUR k	
Less than 1 year	7,658	11,283
Between one and five years	12, 716	17,640
More than 5 years	874	1,593
	21,248	30,516

The leasing arrangements include rental agreements for company offices and warehouse space. Under some of the lease agreements, the Group has the option to prolong the lease for a further three or six-year period.

40 Subsidiaries

The Company held shares in the following subsidiaries as of 31 December:

Subsidiaries	Country of incorporation and place of business	Nature of business	Proportion of ownership interests held by Company 2017	2016
Mobly Comercio Varejista Ltda. and related holdings				
1. Jade 1216. GmbH	Berlin, Germany	Holding	92.92%	92.92%
2. Jade 1412. GmbH	Berlin, Germany	Holding	92.92%	92.92%
3. Juwel 181. VV UG	Berlin, Germany	Holding	92.92%	92.92%
4. VRB GmbH & Co. B-197 KG*	Berlin, Germany	Holding	82.83%	82.83%
5. Mobly Comercio Varejista Ltda.*	São Paulo, Brazil	Online shop	82.83%	82.83%
Other related companies				
6. SPV-4 Furniture Services GmbH	Berlin, Germany	Holding	100.00%	100.00%
7. Home24 Verwaltungs GmbH	Berlin, Germany	General partner	100.00%	100.00%
8. Home24 eTrading GmbH	Berlin, Germany	Non-operating	100.00%	100.00%
9. Home24 eLogistics GmbH & Co. KG	Berlin, Germany	Logistics	100.00%	100.00%
10. Home24 eServices GmbH & Co. KG	Berlin, Germany	Non-operating	100.00%	100.00%
11. Home24 eCustomers GmbH & Co. KG	Berlin, Germany	Service	100.00%	100.00%
12. Home24 Polska S.A.	Robakovo, Poland	Logistics	100.00%	100.00%
13. Home24 Polska Sp z oo	Tarnowo Podgòrne / Sady, Poland	Logistics	100.00%	100.00%
14. Club of Style Ltd.	Hong Kong, China	Service	100.00%	100.00%
15. Club of Style (Shenzen) Ltd.	Shenzen, China	Service	100.00%	100.00%
16. Fashion4home Inc.	Dover, USA	Non-operating	100.00%	100.00%
17. Home & Living Holding AG	Zurich, Switzerland	Holding	100.00%	100.00%
18. Casa Home & Living GmbH**	Berlin, Germany	Online shop	0.00%	75.00%
19. Home24 Hong Kong Ltd.	Hong Kong, China	Service	100.00%	100.00%
20. Home24 Outlet GmbH	Berlin, Germany	Online shop	100.00%	100.00%

* Group share calculated, taking into account non-controlling interests at the intermediate holding company level

** Casa Home & Living GmbH was merged with Home24 AG as of 1 September 2017

Jade 1216. GmbH, a direct subsidiary of Home24 AG, holds interests in Jade 1412. GmbH and Juwel 181 VV. UG. Jade 1216. also holds an investment in VRB GmbH & Co. B-197 KG, the legal parent of Mobly Comercio Varejista Ltda.

Non-controlling interests in Jade 1216. GmbH and VRB GmbH & Co. B-197 KG were recognized in equity with a carrying amount of EUR -11,434k as of December 31, 2017 (December 31, 2016: EUR -10,443k). The loss allocated to this non-controlling interest amounted to EUR -1,267k (2016: EUR -1,449k).

Summarized financial information on subsidiaries with material non-controlling interests

The following tables contain summarized financial information about Jade 1216. GmbH and its direct and indirect subsidiaries.

Summarized consolidated balance sheet

	December 31, 2017	December 31, 2016
	In EUR k	
Non-current assets	3,681	3,661
Current assets	13,261	9,598
Total assets	16,942	13,259
Non-current liabilities	220	0
Current liabilities	76,992	68,022
Total liabilities	77,212	68,022
Total net assets	-60,270	-54,763

Summarized consolidated income statement

	2017	2016
	In EUR k	
Revenue	59,382	48,436
Net loss for the period	-8,345	-8,418
Other comprehensive income/ loss for the period, net of tax	624	-418
Total comprehensive loss for the period	-7,721	-8,836

Summarized statement of cash flow

	2017	2016
	In EUR k	
Cash flows from operating activities	-2,505	-6,065
Cash flows from investing activities	-1,950	-1,359
Cash flows from financing activities	5,178	6,642

41 Number of Employees

	2017	2016
Women	443	415
Men	756	661
	1,199	1,076

42 Auditor's Fees

	2017	2016
	In EUR k	
Audit	175	233
Other confirmation services	15	20
	190	253

43 Management Board and Supervisory Board

Management Board

Dr. Philipp Kreibohm, Berlin
Lawyer

Herr Christoph Cordes, Berlin
Businessman

Herr Marc Appelhoff, Berlin
Businessman

Johannes Schaback, Berlin, from 1 April
Engineer

Supervisory Board

Lothar Lanz (Chairman of the Supervisory Board), Berlin
Member of several supervisory boards

Christoph Barchewitz (Deputy Chairman of the Supervisory Board), London
Investment Director

Verena Mohaupt (Chairwoman of the Audit Committee), Munich
Partner and investment manager

Alexander Samwer, Munich
Entrepreneur

Christian Senitz, Berlin
Senior Vice President Finance

Christian Scherrer, London
Investment Professional

44 Events After the Reporting Period

In March 2018, the Company repurchased 374 shares for a purchase price of EUR 388k in total and, as of the reporting date, holds a total of 774 treasury shares.

Casa Home & Living GmbH was merged into the Company by entry in the commercial register on March 7, 2018. The merger date according to commercial law is September 1, 2017.

Johannes Schaback was appointed as a member of the Management Board effective April 1, 2018. The other members of the Management Board, Marc Appelhoff and Christoph Cordes, had their terms extended until December 31, 2020.

Home24 still relies on external sources of financing to finance its ambitious growth plans. For this reason, Home24 concluded a financing agreement in April 2018 with a shareholder, which allows Home24 draw on amounts of up to EUR 20m in total from the shareholder through the issuance of a loan, securities and under certain conditions. The repayment of these amounts and the reimbursement of the costs of financing are due in August 2019 at the latest.

No other events of special significance occurred after the closing date.

Berlin, April 11, 2018

Dr. Philipp Kreibohm	Marc Appelhoff
Christoph Cordes	Johannes Schaback

The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ("Handelsgesetzbuch": German Commercial Code), as well as the group management report, prepared on the basis of German commercial law (HGB), of Home24 AG, Berlin, as of and for the fiscal year ended December 31, 2017 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The group management report is not part of this Prospectus.

Independent auditor's report

To Home24 AG

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 AG, Berlin and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2017, the consolidated statement of comprehensive income from January 1 to December 31, 2017, consolidated statement of changes in equity and consolidated statement of cash flow for the fiscal year from January 1 to December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Home24 AG for the fiscal year from January 1 to December 31, 2017.

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 Sec. 315e HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2017 and of its financial performance for the fiscal year from January 1 to December 31, 2017, 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.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has 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 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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.

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 Sec 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 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 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 for one 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 opinions. 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 Sec. 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 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.

Berlin, April 12, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Haas
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Audited Consolidated Financial Statements
as of and for the fiscal year ended December 31, 2016
(prepared in accordance with IFRS) of Home24 AG

Home24 AG, Berlin

Consolidated Financial Statements

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Notes to the Consolidated Financial Statements

Home24 AG, Berlin

Consolidated Balance Sheet

	Note	December 31, 2016	December 31, 2015
		In EUR k	
Assets			
Non-current assets			
Property and equipment	6	8,310	8,269
Intangible assets	7	38,864	34,922
Other non-financial assets	8	0	93
Other financial assets	9, 22, 23	142	3
Restricted funds	10, 22, 23	5,358	5,668
Total non-current assets		**52,674**	**48,955**
Current assets			
Inventories	11	27,101	28,347
Trade and other financial receivables	12, 22, 23	10,869	15,467
Other financial assets	13, 22, 23	151	95
Other non-financial assets	14	3,496	6,922
Cash and cash equivalents	15, 22, 23	33,979	45,935
Total current assets		**75,596**	**96,766**
Total assets		**128,270**	**145,721**
Equity			
Issued capital	16	405	377
Capital reserves	16	52,987	340,848
Other reserves		-5,921	-5,576
Accumulated profit/ loss		23,954	-251,953
Equity attributable to the owners of the parent company		**71,425**	**83,696**
Non-controlling interests		**-10,443**	**-8,942**
Total equity		**60,982**	**74,754**
Liabilities			
Non-current liabilities			
Other financial liabilities	22, 23	403	0
Other liabilities	17	1,309	0
Provisions	21	622	0
Deferred tax liabilities	32	1,536	1,458
Total non-current liabilities		**3,870**	**1,458**
Current liabilities			
Financial liabilities	18, 22, 23	0	762
Trade payables and other financial liabilities	19, 22, 23	45,365	46,630
Advance payments received		10,061	14,605
Income tax liabilities		266	223
Other liabilities	20	5,028	3,345
Provisions	21	2,698	3,944
Total current liabilities		**63,418**	**69,509**
Total liabilities		**67,288**	**70,967**
Total equity and liabilities		**128,270**	**145,721**

Home24 AG, Berlin

Consolidated Statement of Comprehensive Income

	Note	2016	2015
		In EUR k	
Revenue		243,807	233,650
Cost of sales	24	-141,721	-144,171
Gross profit		**102,086**	**89,479**
Selling and distribution costs	24-26	-114,375	-126,340
Administrative expenses	24-27	-43,974	-40,984
Other operating income	28	864	1,712
Other operating expenses	29	-2,230	-5,536
Operating result (EBIT)		**-57,629**	**-81,669**
Finance income	30	1,391	1,397
Finance costs	31	-3,300	-3,965
Finance costs - net		-1,909	-2,568
Loss before taxes (EBT)		**-59,538**	**-84,237**
Income taxes	32	-342	-834
Loss for the period		**-59,880**	**-85,071**
Loss attributable to:			
- Owners of the parent company		-58,431	-81,418
- Non-controlling interests		-1,449	-3,653
		-59,880	**-85,071**
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign financial statements		-417	731
Other comprehensive income/ loss for the period, net of tax		**-417**	**731**
Total comprehensive loss for the period		**-60,297**	**-84,340**
Loss attributable to:			
- Owners of the parent company		-58,776	-80,814
- Non-controlling interests		-1,521	-3,526
		-60,297	**-84,340**

Home24 AG, Berlin

Consolidated Statement of Changes in Equity

		Equity attributable to the owners of the parent company								
				Other reserves						
	Note	Issued capital	Capital reserves	Currency translation reserve	Registered capital contribution	Transactions with non-controlling interests	Accumulated profit/ loss	Total	Non-controlling interests	Total equity
					In EUR k					
As of January 1, 2015		**314**	**180,964**	**1,122**	**6**	**4,026**	**-172,305**	**14,127**	**-7,175**	**6,952**
Loss for the period							-81,418	-81,418	-3,653	-85,071
Other comprehensive income for the period				604				604	127	731
Total comprehensive loss for the period		0	0	604	0	0	-81,418	-80,814	-3,526	-84,340
Proceeds from shares issued	16	56	143,596		-6			143,646		143,646
Proceeds from shares issued from a business combination		7	16,288					16,295		16,295
Transactions regarding non-controlling interests						-11,328		-11,328	1,751	-9,577
Equity settled share-based compensation	27						1,770	1,770	8	1,778
As of December 31, 2015		**377**	**340,848**	**1,726**	**0**	**-7,302**	**-251,953**	**83,696**	**-8,942**	**74,754**
As of January 1, 2016		**377**	**340,848**	**1,726**	**0**	**-7,302**	**-251,953**	**83,696**	**-8,942**	**74,754**
Loss for the period							-58,431	-58,431	-1,449	-59,880
Other comprehensive loss for the period				-345				-345	-72	-417
Total comprehensive loss for the period		0	0	-345	0	0	-58,431	-58,776	-1,521	-60,297
Proceeds from shares issued	16	28	40,305					40,333		40,333
Utilization of free capital reserve	16		-328,166				328,166	0		0
Transactions regarding non-controlling interests									9	9
Equity settled share-based compensation	27						6,172	6,172	11	6,183
As of December 31, 2016		**405**	**52,987**	**1,381**	**0**	**-7,302**	**23,954**	**71,425**	**-10,443**	**60,982**

Home24 AG, Berlin

Consolidated Statement of Cash Flow

	Note	2016	2015
		In EUR k	
Cash flows from operating activities			
Loss before taxes		-59,538	-84,237
Adjustments for:			
Depreciation of property and equipment	6	1,733	1,103
Amortization of intangible assets	7	9,596	3,444
Loss/(gain) from the disposal of fixed assets		13	324
Share-based compensation expenses	27	6,183	1,778
Change in provisions		-715	708
Other non-cash transactions		0	340
Changes in working capital related to operating activities			
Change in trade and other financial receivables		8,799	-10,076
Change in inventories		2,249	-2,738
Change in financial instruments		-90	-62
Change in trade payables and other financial liabilities		-419	-389
Change in advance payments received		-5,352	-6,351
Income taxes paid		-221	-10
Cash flow from operating activities		**-37,762**	**-96,166**
Cash flows from investing activities			
Purchase of property and equipment	6	-1,513	-7,080
Proceeds from sale of property and equipment		98	14
Purchase of intangible assets	7	-13,219	-9,541
Proceeds from disposal of intangible assets		17	22
Acquired cash from business combinations		0	384
Proceeds from the disposal of consolidated companies and other business units		9	0
Payments for/ proceeds from investments in non-current financial assets	10	310	-4,012
Proceeds from the disposal of non-current financial assets		3	0
Proceeds from government grants		403	0
Cash flow from investing activities		**-13,892**	**-20,213**
Cash flows from financing activities			
Issue of shares	16	40,333	143,653
Acquisition of interest in a subsidiary		0	-9,917
Proceeds from borrowings		453	21,772
Repayment of debt		-1,221	-22,200
Cash flow from financing activities		**39,566**	**133,308**
Change in cash and cash equivalents		**-12,088**	**16,929**
Cash and cash equivalents at the beginning of the period	15	45,935	29,736
Effect of exchange rate changes on cash and cash equivalents		132	-730
Cash and cash equivalents at the end of the period	15	**33,979**	**45,935**

Home24 AG, Berlin

Notes to the Consolidated Financial Statements

1 Description of Business

The consolidated financial statements of Home24 AG (hereinafter also referred to as the "Company") and its subsidiaries (collectively, the "Group") for the year ended December 31, 2016, was signed off by the management on March 31, 2017. The principal business activity of the Group is in e-commerce, focusing on marketing, logistics and sale of furniture and home furnishing in Europe and Latin America.

Home24 AG was incorporated on April 20, 2009. Home24 GmbH was converted to a stock corporation (Aktiengesellschaft) entering the commercial register at the district court of Charlottenburg (Amtsgericht Charlottenburg) on May 13, 2015. The conversion is based on the transformation resolution of May 7, 2015. The Company is domiciled in Germany and has its registered office in Berlin. The Company's registered address is Greifswalder Straße 212-213, 10405 Berlin.

2 Summary of Significant Accounting Policies

Basis of preparation: These consolidated financial statements have been prepared by application of Section 315a German Commercial Code (HGB) in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretation Committee (IFRS IC) approved by the IASB, in effect and adopted by the European Union (EU) at the reporting date. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies remained unchanged compared to the prior year.

Presentation currency: These consolidated financial statements are presented in euro ("EUR").

Basis of consolidation: The consolidated financial statements comprise the financial statements of Home24 AG and its subsidiaries as of December 31, 2016. Subsidiaries are companies that are directly or indirectly controlled by Home24 AG. Control is achieved once the Group has decision-making power, is exposed to variable returns or has rights concerning returns and is able to affect the variable returns by controlling the associated company's relevant activities due to its decisive power.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

If the Company does not hold the majority of voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other holders of voting rights of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

The subsidiaries' financial statements are prepared to the same closing date as the parent company's financial statements. If necessary, adjustments to the subsidiaries' financial statements are made to align their accounting policies with those of the parent company.

Consolidation of a subsidiary begins once the Group obtains control over the subsidiary and ceases once the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income and the balance sheet from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Group accounts for business combinations applying the acquisition method. The cost of acquisition for the acquiree is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred, including the fair value of conditional considerations. Identifiable assets and liabilities as well as contingent liabilities are measured at their fair value at the acquisition date. Any difference between the purchase costs of the business combination and the acquired assets measured at fair value is shown as goodwill. Non-controlling interests of the acquired company are either measured at their fair value or proportionally at the fair value of the identifiable assets. Incidental acquisition costs are accounted for as other operating expenses. If the business combination is achieved by a step-by-step acquisition, the previously determined carrying amount of the shares is remeasured at fair value at the acquisition date. Differences in the valuation are accounted for. Contingent payments of the acquisition price are accounted for at fair value, changes in the fair value after acquisition date are accounted for in the income statement if the contingent contribution are reported as financial instruments. Contingent payments of the acquisitions price in form of equity instruments are not remeasured.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- Derecognizes the carrying amount of any non-controlling interests in the former subsidiary,
- Recognizes the fair value of the consideration received,
- Recognizes the fair value of any investment retained,
- Reclassifies the parent’s share of components previously recognized in OCI through profit or loss or retained earnings, as appropriate, as it would be required if the Group had directly disposed of the corresponding assets or liabilities, and
- Recognizes any surplus or deficit through profit or loss

The composition of the Group is described in Note 39.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, where required.

Costs of minor repairs and maintenance are expensed when incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the profit or loss statement for the year within “other operating income” or “other operating expenses”.

Depreciation: Depreciation of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Furniture, fittings and equipment	8-11
Hardware	3

Leasehold improvements are depreciated over their estimated useful lives or the shorter lease term.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was 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.

Operating leases: Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged through profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the Company has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Intangible assets: The Company's intangible assets have definite useful lives and include acquired trademark rights and customer relationships, internally developed as well as acquired software and other licenses, advances paid for intangible assets as well as acquired goodwill.

Trademark rights and customer relationships obtained through company acquisitions are measured based on the fair value and are amortized using the straight-line method over their useful lives.

Costs associated with maintaining computer software programs are recognized as expenses as incurred. Internally developed software that is directly attributable to the design and testing of identifiable and unique software products controlled by the Company is recognized as intangible assets if the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development 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 include the software development employee cost. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Acquired software and other licenses are capitalized with the costs incurred to acquire and bring them to use. Intangible assets are amortized using the straight-line method over their useful lives:

	Useful lives in years
Internally developed software	3
Customer base	4
Acquired software and other licenses	5
Trademark rights	10

Goodwill is recognized as an asset representing the future economic benefit arising from other, not individually identifiable and separately stated, assets acquired in a business combination. Goodwill arises as a positive difference between the costs of purchasing the shares and the fair value of the individual acquired assets, absorbed liabilities and contingent liabilities. The acquired goodwill is recognized at acquisition costs. It is annually reviewed in respect of necessary impairments and whenever there is indicator for an impairment (a triggering event).

Whenever events or changes in market or business conditions indicate a risk of impairment of intangible assets and property and equipment or a cash generating unit ("CGU"), if applicable, management estimates the recoverable amount, which is determined as the higher of an asset or CGU's fair value less costs to sell and its value in use. A CGU is defined as the smallest identifiable group of assets that generates cash inflows independent of other assets. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized through profit or loss.

Cash and cash equivalents: Cash and cash equivalents include cash at hand, call deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, for which the risk of changes in value is considered to be insignificant.

Trade and other financial receivables: Trade and other financial receivables are financial assets with fixed or determinable payments that are not listed in an active market. Trade and other financial receivables are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortized cost. Amortized cost primarily represents the original invoice amount less any impairment loss or an allowance for any uncollectible amounts. Provision is made if there is objective evidence that the Company may not be able to collect the trade receivable. Balances are written off when recoverability is assessed as being remote. The write-off is recognized in other operating expenses.

Trade receivables are derecognized, if one of the following criteria is met:

- The contractual rights to cash flows are expired; or
- The Company has transferred its contractual rights to receive cash flows from the trade receivables to third parties or assumed a contractual obligation to an immediate payment of the cash flow to a third party as part of an agreement, which fulfils the conditions of IAS 39.19 (pass-through arrangements), and hereby either transferred (a) substantially all risks and rewards of the ownership of the trade receivables or (b) neither transferred nor retained substantially all risks and rewards of the ownership of the trade receivables, but transferred control of the trade receivables.

If the Company transfers its contractual rights to receive cash flows through a trade receivable or enters a pass-through arrangement, it evaluates, if and to what extent the risks and rewards of the ownership of the trade receivable, remain on its side. If the Company neither transfers nor retains substantially all risks and rewards of the ownership of the trade receivable, nor transfers the control of the asset, the Company continues to recognize the trade receivables to the extent of its continuing involvement. In this case, the Company also recognizes a connected liability. The transferred trade receivable and the associated liability are measured, so as to take into account the risks and rewards that remain with the Company.

If the continuing involvement guarantees the transferred trade receivable, the extent of the continuing involvement equals the lower amount of the trade receivable's initial carrying amount and the maximum amount of the consideration received, which the Company possibly has to pay back.

Foreign exchange forward contracts: Foreign exchange forward contracts are measured at fair value. Changes in the fair value are immediately recognized through profit or loss. The fair value is derived from observed market data.

Inventories: Inventories are recorded at the lower of cost and net realizable value. Cost of purchase and conversion is determined on the weighted average cost. The cost of purchase and conversion includes purchase costs and shipping and handling costs incurred to bring the inventories to their present location and condition.

In order to represent the value of inventories appropriately in the balance sheet, and to take into account impairment losses due to obsolete and slow-moving inventory, obsolescence provisions are deducted from the carrying amount of the inventories.

Provisions: Provisions are non-financial liabilities of uncertain timing or amount. They are accrued if the Company 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 reporting date, taking into account the risks and uncertainties surrounding the obligation.

Trade payables and other financial liabilities: Trade payables and other financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Liabilities are classified as current if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables and other financial liabilities are recognized initially at fair value and are subsequently measured amortized cost using the effective interest rate method.

Classification of financial assets: The Company's financial assets relate to loans and receivables as well as financial instruments held for trading. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those having maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'other non-current financial assets', 'restricted cash and cash equivalents', 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet. Financial instruments held for trading comprise foreign exchange forward contracts, which are shown among the other short-term financial assets. Loans and receivables are measured at amortized cost using the effective interest rate method. Financial instruments held for trading are measured at fair value; changes of the fair value are recognized in the income statement.

Classification of financial liabilities: Financial liabilities are recognized at amortized cost using the effective interest rate method and recognized at fair value through profit and loss. The first category covers trade payables and other financial liabilities as well as loans, which were disclosed in the prior year. Financial liabilities, which were classified as held-for-trading in the prior year, are covered by the second category.

Offsetting of financial instruments: Financial assets and financial liabilities are only offset and their net amount is recognized if there is an intention and an enforceable right for their offsetting.

Issued capital: The issued capital (no-par value share) with discretionary dividends is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in the Company's equity as a deduction (net of tax) from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Foreign currency translation: The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group financial statements are presented in euro (EUR), which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the closing date, monetary items in foreign currency are translated according to the rate on the closing date and non-monetary items are translated according to the rate on the day of the transaction. Exchange differences are recognized in through profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance costs – net. All other foreign exchange gains and losses are presented in the income statement within other operating income/expenses.

The income statements and balance sheets of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the closing rate on the date of that balance sheet;

(b) income and expenses for the statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognized in other comprehensive income.

Share-based compensation: The Group operates a number of equity-settled share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (shares and options) of the Company.

The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based compensation award made. For share awards, the Company analyses whether the price paid by a participant, if any, is in line with the estimated market price of the underlying shares at the grant date. If a positive difference exists between (i) the estimated market value of the shares and (ii) the purchase price, this results in a fair value to be reported as a share-based compensation expense.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest, with a corresponding credit to equity. For awards with graded-vesting features, each instalment of the award is treated as a separate grant. This means that each instalment is separately expensed over the related vesting period.

Non-market performance and service conditions are included in assumptions about the number of options and shares that are expected to vest.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by the difference between the fair value of the options and shares granted and any amount paid by the employee for the award.

The vesting period usually starts with the grant date of the award. However, the recognition of expense may start an earlier service commencement date when awards need to be formally approved after the employee has started providing services.

The Group recognizes compensation expense from the beginning of the service period, even when the grant date is subsequent to the service commencement date. During the period between service commencement date and grant date, the share-based compensation expense recognized is based on an estimated grant date fair value of the award. Once the grant date has been established, the estimated fair value is revised so that the expense is recognized prospectively based on the actual grant date fair value of the equity instruments granted.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Revenue recognition: The Company generates revenues primarily from the sale of furniture and home furnishing through its web shops.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, rebates, return allowances and value added taxes. The Company recognizes revenue when the amount of revenue can be reliably measured; if it is probable that future economic benefits will flow to the entity; and if the risks and rewards of the goods have passed to the customer, which is when the goods have been delivered to the customer.

Regarding customers' rights to return goods the Company bases its estimate of return on historical results. Based on this past experience the effects of returns are estimated and recorded against revenue and cost of sales. Revenue will be recognized only if data from past experience is available.

Transactions are settled by prepayments, credit card, invoicing, PayPal and other country-specific payment methods.

The Company evaluates whether it is appropriate to record the gross amount of product sales and related costs. When the Company is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenue is recorded at the gross sales price. The Company records the net amounts as commissions earned if the Company is not primarily obligated and does not have latitude in establishing prices. Such amounts earned are determined using a fixed percentage, a fixed-payment schedule, or a combination of the two.

Cost of sales: consists of the purchase price of consumer products and inbound shipping charges. Shipping charges for incoming goods are included in the inventory, and recognized as cost of sales upon sale of products to the customers.

Income taxes: Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge /credit comprises current tax and deferred tax and is recognized through profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized in other comprehensive income or directly in equity.

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. Taxes other than on income are recorded within operating expenses.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, in accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither the result for the period under IFRS nor taxable result.

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 recorded only to the extent that it is probable that future taxable profit will be available against which the deductions 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.

3 Critical Accounting 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 judgements are continually evaluated 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 judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Deferred income taxes: When assessing the likelihood of future realization of deferred tax assets, many factors are considered. Thereby the Companies’ recent earnings situation, expectations of future taxable income, and the carry forward periods available to the Company for tax reporting purposes, as well as other relevant factors, are included. Due to inherent complexities arising from the nature of the Company’s business, future changes in income tax law or variances between actual and anticipated operating results, the likelihood of future realization of deferred tax assets is assessed based on judgments and estimates. Therefore, actual income taxes could materially vary from these judgments and estimates. Based on estimations no deferred tax asset was recognized in the balance sheet due to the loss history. We refer to note 32 for deferred tax disclosures on tax loss carry forwards and other temporary differences on which no deferred tax assets have been recognized.

Trade and other financial receivables: The introduction of the payment method ‘purchase on invoice’ in the previous year led to an increase in the default risk. Default risks are accounted by valuation allowances for trade and other financial receivables. The amount of these valuation allowances is based on the aging structure of the receivables and the expected default and recovery rates.

Inventories: Inventories are recorded at the lower of acquisition or production cost and net realizable value. Appropriate impairments are being considered for risks from overstocking or goods, that have already been classified as returns by the day of the closing day and will lead to loss sales. For estimating the net realizable value, coverages, price elasticities and recovery rates are forecast. They are based on the Group's planning assumptions, which reflect the selling strategy. The estimations about the realizable profit for returned goods are based on realized recovery gains in the past.

Share-based compensation: In determining the fair values of ordinary shares at both group and subsidiary levels, as of each award grant date, three generally accepted approaches were considered: income approach, market approach and cost approach.

The Group applies the "prior sale of company stock" method, a form of the market approach, to estimate the aggregate equity value at the Group level. The prior sale of company stock method considers any prior arm's length sales of the Company's equity securities. Considerations factored into the analysis include: the type and amount of equity sold, the estimated volatility, the estimated time to liquidity, the relationship of the parties involved, the risk-free interest rate, the timing compared to the ordinary shares valuation date and the financial condition and structure of the Company at the time of the sale. As such, the value per share to the external transactions of company stock and external financing rounds. For determining the value of the Group shares for 2015 and 2016, the financing rounds which took place in 2015 and 2016 were taken into account, which resulted in the issuance of preferred shares. The preferred shares were transacted with numerous existing and new investors, and therefore the pricing is considered as a strong indication of fair value.

Given that there are multiple classes of equity at the Group level, the hybrid method was applied to allocate equity to the various equity classes. The hybrid method is a hybrid between the Probability-Weighted Expected Return Method ("PWERM") and the Option Pricing Method ("OPM"), which estimates the probability weighted value across certain exit scenarios, but uses the OPM to estimate the remaining unknown potential exit scenarios. A Discount for Lack Of Marketability ("DLOM") was applied, corresponding to the time to exit under the various scenarios to reflect the increased risk arising from the inability to readily sell the shares. When applying the DLOM, the Finnerty option pricing model was used. Under this method, the cost of the put option, which can hedge the price change before the privately held shares can be sold, was considered as the basis to determine the DLOM.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. This grant date fair value remains unchanged throughout the life of the award. As the Group is currently unlisted, estimating fair value for share-based compensation transactions requires the use of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in Note 27.

A further key assumption for the recognition of expense is the number of equity instruments expected to vest. Currently, management expects that 95 % (2015: 95 %) of all unvested virtual stock options and 100% (2015: 100 %) of all other awards will vest.

4 New Accounting Pronouncements

The accounting methods used are generally identical to the methods used in the previous year. New standards and interpretations which were mandatory for the first time in the financial year did not have any significant effects on the consolidated financial statements.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2017, or later, and which the Company has not early adopted.

5 Standards, which are Published but Not yet Mandatory

IFRS 9 "Financial Instruments: Classification and Measurement" (effective for annual periods beginning January 1, 2018): The new standard unifies the classification and valuation of financial assets and liabilities and introduces a new model to impair financial assets. Further, in November 2013 new rules on hedge accounting were introduced to IFRS 9. The current rules of IAS 39 will be replaced with the updated standard. The impact of the standard is currently being analysed. The Group intends to implement the new standard by the date of its effectiveness.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning January 1, 2018): The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. The core principle is that an entity recognizes revenue to reflect the transfer of goods or services to customers at an amount that represents the consideration to which the entity expects to be entitled in exchange for those goods or services. Furthermore, the new standard requires qualitative and quantitative information in the notes for the future, which significantly exceed the current ones. The standard's effects are currently under review. The Group plans to apply this standard as of January 1, 2018.

IFRS 16 "Leases" (effective for annual periods beginning January 1, 2019): The standard determines principles for recognition, valuation and disclosure and the information in the notes concerning leasing agreements. The differentiation between operating and finance lease agreements, which was previously made by the lessee, does not apply as IFRS 16 takes effect. A contract classified as a lease contract and within the scope of IFRS 16 has to be recognized in the balance sheet, if it is not recognized as a service contract. The previously not recognized operating lease contracts are recognized as assets and liabilities arising from lease contracts. The Group intends to apply IFRS 16 starting January 1, 2019, if there is an EU-endorsement by that date and a date from which IFRS 16 will be mandatory is announced.

Changes to IFRS 15 "Revenues from Contracts with Customers" (effective for annual periods beginning January 1, 2018): Specifications were made about when a good is identifiable, about principle-agent-relationships, concerning licenses for intellectual property, exceptions of the scope of revenue- and usage based license fees as well as extension of the exceptions when transitioning to IFRS 15. The Company intends to apply IFRS 15 starting January 1, 2018, in case an EU-endorsement is in place by that date and the date of its effectiveness is confirmed.

Changes to IAS 7 "Statement of Cash Flows" (effective for annual periods beginning January 1, 2017): Resulting from the IASB's disclosure initiative, clarifications concerning the disclosure of changes of liabilities from financing activities were made for IAS 7. The Company will meet the disclosure requirements in case an EU-endorsement is in place by that date and the date of its effectiveness is confirmed.

Changes to IFRS 2 "Share-Based Payments" (effective for annual periods beginning January 1, 2018): The IASB published a change of IFRS 2 Share-Based Payments, which addresses three main areas: the effect of vesting conditions on the valuation of share-based payment transactions with cash settlement; the classification of share-based payment transactions with the net-settlement clauses and a statutory duty to retention of withholding tax and the accounting of cash-settled share-based payment transactions in case of a modification of the conditions that lead to a classification as an equity-settled share-based payments transaction. The Company intends to apply the changes to IFRS 2 starting January 1, 2018, in case an EU-endorsement is existent by that date and the date of its effectiveness is confirmed.

Changes to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses" (effective for annual periods beginning January 1, 2017): The change clarifies that a company needs to consider, in terms of reverse effects deductible difference in the future, if tax laws might restrict sources for future taxable income, of which these deductible temporary differences could be deducted from.

Furthermore, the change comprises guidelines on how a company has to determine future taxable income and how the realization of assets exceeding their carrying amount can be considered. The Company intends to apply the changes to IAS 12 starting January 1, 2017, in case an EU-endorsement is in place by that date and the date of its effectiveness is confirmed.

Unless otherwise described above, the new standards and interpretations issued by the IASB and to be adopted for the first time in the future are not expected to affect the Group's financial statements significantly.

6 Property and Equipment

	Leasehold improvements	Furniture, fittings and equipment	Total
		In EUR k	
Cost			
As of January 1, 2015	437	3,649	4,086
Additions	575	6,505	7,080
Additions from business combinations	0	76	76
Disposals	-45	-341	-386
Currency translation	-151	-362	-513
As of December 31, 2015	**816**	**9,527**	**10,343**
Additions	34	1,479	1,513
Disposals	0	-173	-173
Reclassification	21	-21	0
Currency translation	212	350	562
As of December 31, 2016	**1,083**	**11,162**	**12,245**
Accumulated depreciation			
As of January 1, 2015	-163	-977	-1,140
Additions	-124	-979	-1,103
Disposals	9	40	49
Currency translation	52	68	120
As of December 31, 2015	**-226**	**-1,848**	**-2,074**
Additions	-260	-1,473	-1,733
Disposals	0	62	62
Currency translation	-90	-100	-190
As of December 31, 2016	**-576**	**-3,359**	**-3,935**
Carrying amount			
As of December 31, 2015	**590**	**7,679**	**8,269**
As of December 31, 2016	**507**	**7,803**	**8,310**

Additions from business combination in the prior year are attributed to the acquisition of all shares of fashion4home GmbH.

As of December 31, 2016, no property and equipment was pledged to third parties as security.

7 Intangible Assets

	Goodwill	Customer relationships	Brand	Internally developed software	Software and other licenses	Advance payments for intangible assets	Total
				In EUR k			
Cost							
As of January 1, 2015	0	0	0	4,783	7,743	0	12,526
Additions	0	0	0	7,879	770	892	9,541
Additions from business combination	3,119	4,086	14,962	957	6	0	23,130
Disposals	0	0	0	0	-22	0	-22
Currency translation	0	0	0	-168	-25	0	-193
As of December 31, 2015	**3,119**	**4,086**	**14,962**	**13,451**	**8,472**	**892**	**44,982**
Additions	0	0	0	7,427	3,389	2,403	13,219
Disposals	0	0	0	0	-26	0	-26
Reclassifications	0	0	0	0	854	-854	0
Currency translation	0	0	0	316	97	0	413
As of December 31, 2016	**3,119**	**4,086**	**14,962**	**21,194**	**12,786**	**2,441**	**58,588**
Accumulated amortization							
As of January 1, 2015	0	0	0	-1,275	-5,375	0	-6,650
Amortization charge	0	-441	-197	-2,030	-776	0	-3,444
Currency translation	0	0	0	33	1	0	34
As of December 31, 2015	**0**	**-441**	**-197**	**-3,272**	**-6,150**	**0**	**-10,060**
Amortization charge	0	-1,124	-1,500	-4,664	-2,308	0	-9,596
Disposals	0	0	0	0	9	0	9
Currency translation	0	0	0	-59	-18	0	-77
As of December 31, 2016	**0**	**-1,565**	**-1,697**	**-7,995**	**-8,467**	**0**	**-19,724**
Carrying amount							
As of December 31, 2015	**3,119**	**3,645**	**14,765**	**10,179**	**2,322**	**892**	**34,922**
As of December 31, 2016	**3,119**	**2,521**	**13,265**	**13,199**	**4,319**	**2,441**	**38,864**

Additions from business combination in the prior year are attributed to the acquisition of all shares of fashion4home GmbH.

As of December 31, 2016, no intangible assets have been pledged to third parties as security.

8 Non-current Other Non-Financial Assets

Non-current other non-financial assets in the prior year of EUR 93k include an item of deferred expenses and accrued income with a duration of more than 12 months.

9 Non-current Other Financial Assets

Non-current other financial assets comprise deposit payments for rented properties to the full amount of EUR 142k (2015: EUR 3k).

10 Restricted Funds

This item contains bank deposits that are used as security deposits for the leasers of warehouses. The Company's access to these accounts is restricted for a period of over one year.

11 Inventories

	December 31, 2016	December 31, 2015
	In EUR k	
Gross inventories	30,140	29,001
Provision for slow moving and obsolete inventory	-4,818	-2,295
Advance payments	1,779	1,641
	27,101	28,347

Advance payments are related to prepayments for ordered goods.

The cost of inventories recognized as expenses during the period representing cost of sales amounted to EUR 141,721k (2015: EUR 144,171k).

In the financial year of 2016 an impairment loss of EUR 2,431k for obsolete inventory was recorded (2015: EUR 1,549k).

The net realizable value of inventories in the balance sheet was EUR 2,124k (2015: EUR 1,246k).

As of December 31, 2016, the warehouse in Grevenbroich was pledged as security for a credit line. By the closing date, the credit line has not been utilized.

12 Trade and Other Financial Receivables

	December 31, 2016	December 31, 2015
	In EUR k	
Trade receivables	9,085	12,924
Deposits	279	906
Other receivables	1,505	1,637
	10,869	15,467

As of December 31, 2016, trade receivables of EUR 7,106k (2015: EUR 6,663k) were impaired. Specific bad debt allowances amounted to EUR 2,751k as of December 31, 2016 (2015: EUR 2,944k).

No receivables were overdue but not impaired.

In the financial year, a factoring contract was agreed on with a financial institution. The requirements of IAS 39 for derecognition of assigned claims were fulfilled as of December 31, 2016. There is a right but not an obligation to buy back overdue receivables. The del credere discount at the amount of EUR 154k for which the Company retains the default risk, which was recorded on December 31, 2016, constitutes the continuing involvement in line of IFRS 7 *Financial Instruments: Disclosures* and is recognized in the trade receivables. Along with the interest expense of 4% p.a. with regards to the provided liquidity by the factor up to the date of the transfer to the debt collector on the 60th day after due date, arises a maximum default risk as of December 31, 2016, of EUR 180k. During the financial year 2016, expenses of EUR 36k were incurred. The maximum default risk is taken account of by an effective receivables management.

13 Current Other Financial Assets

Current other financial assets of EUR 151k (2015: EUR 95k) result entirely from foreign exchange forward contracts.

14 Current Other Non-Financial Assets

	December 31, 2016	December 31, 2015
	In EUR k	
VAT receivables	1,347	5,310
Prepayments	2,089	1,536
Miscellaneous	60	76
	3,496	6,922

15 Cash and Cash Equivalents

	December 31, 2016	December 31, 2015
	In EUR k	
Cash at bank	33,959	45,904
Petty cash	20	31
	33,979	45,935

16 Issued Capital and Capital Reserves

	Numbers of shares (in thousands)	Issued capital	Capital reserves	Total
		In EUR k		
As of January 1, 2015	314	314	180,964	181,278
Capital increases for cash	56	56	143,596	143,652
Business combination	7	7	16,288	16,295
As of December 31, 2015	**377**	**377**	**340,848**	**341,225**
Capital increases for cash	28	28	40,305	40,333
Use of free capital reserve	0	0	-328,166	-328,166
As of December 31, 2016	**405**	**405**	**52,987**	**53,392**

The issued capital increased in the context of cash capital increases by EUR 28k (2015: EUR 63k, thereof EUR 56k by cash capital increases and EUR 7k resulting from a business combination. All shares are fully paid in.

In the context of drawing up the balance sheet as of December 31, 2016, an amount of EUR 328,166k was reversed from the free capital reserves and offset against the German commercial law loss carried forward and the loss for the financial year of Home24 AG.

The issued capital is divided into 404,990 shares with a nominal value of EUR 1 per share.

By the statutes the management board is authorized to increase issued capital by a maximum amount of EUR 155,264.00.

17 Non-current Other Liabilities

Non-current other liabilities of EUR 1.309k (2015: EUR 0k) comprise a deferred rent subsidy.

18 Financial Liabilities

Financial liabilities in the prior year included a short-term overdraft with variable interest rates of EUR 729k which were entirely repaid during the financial year, as well as liabilities from foreign exchange forward contracts of EUR 33k.

19 Trade Payables and Other Financial Liabilities

	December 31, 2016	December 31, 2015
	In EUR k	
Trade payables	41,118	39,000
Debtors with credit balance	1,033	2,983
Miscellaneous liabilities	3,214	4,647
	45,365	46,630

20 Current Other Liabilities

	December 31, 2016	December 31, 2015
	In EUR k	
Employee benefit liabilities	2,996	2,610
VAT payables	1,979	704
Other taxes	26	20
Miscellaneous	27	11
	5,028	3,345

21 Provisions

The changes in provisions are as follows:

	Provisions for returns	Miscellaneous	Total
	In EUR k		
As of January 1, 2015	2,690	163	2,853
Utilization	-2,690	-163	-2,853
Additions	3,892	247	4,139
Effect of translation to presentation currency	-186	-9	-195
As of December 31, 2015	**3,706**	**238**	**3,944**
Utilization	-3,706	-238	-3,944
Additions	2,534	750	3,284
Effect of translation to presentation currency	17	19	36
As of December 31, 2016	**2,551**	**769**	**3,320**

Provisions in an amount of EUR 622k (2015: EUR 0k) are due in more than one year. All other provisions are expected to be used during the course of the year.

Provisions for returns were recognized for the probability that previously sold goods will be returned.

22 Presentation of Financial Instruments by Measurement Category

For the subsequent measurement the financial instruments were categorized as follows:

	December 31, 2016	December 31, 2015
	In EUR k	
Loans and receivables		
Non-current other financial assets	142	3
Restricted funds	5,358	5,668
Trade and other financial receivables	10,869	15,467
Cash and cash equivalents	33,979	45,935
	50,348	67,073
Financial assets measured at fair value through profit or loss		
Currency forwards	151	95
Financial liabilities at amortized cost		
Non-current other financial liabilities	403	0
Trade payables and other financial liabilities	45,365	46,630
Loan liabilities	0	729
	45,768	47,359
Financial liabilities measured at fair value through profit or loss		
Currency forwards	0	33

The financial assets and liabilities which are recognized through profit and loss are categorized as held-for-trading according to IAS 39.

23 Fair Value of Financial Instruments

The fair value of cash and cash equivalents, trade and other financial receivables, trade payables and other financial liabilities largely correspond to the respective carrying amounts due to their short terms. The fair value of non-current financial assets is equal to the carrying amount due to variable interest rates. Foreign currency forward contracts are recognized in the balance sheet at fair value.

The fair value of the financial derivative assets (EUR 151k) recognized in the balance sheet is derived from observable input factors (Level 2 of the valuation hierarchy under IFRS 13).

24 Expenses by Nature

Cost of sales, selling and distribution costs and administrative expenses for the year are comprised of the following:

	2016	2015
	In EUR k	
Purchase of consumer products	141,721	144,171
External services	47,143	56,939
Marketing expenses	41,756	52,473
Employee benefit expenses	39,962	35,262
Operating lease payments	13,358	12,655
Depreciation and amortization	11,329	4,547
Property related expenses	2,337	2,315
Miscellaneous	2,464	3,133
	300,070	311,495

25 Depreciation and Amortization included in the Consolidated Statement of Comprehensive Income

The depreciation and amortization were included in the consolidated statement of comprehensive income as follows:

	2016	2015
	In EUR k	
Included in selling and distribution costs		
Amortization	2,638	651
Depreciation	745	317
Included in administrative expenses		
Amortization	6,958	2,793
Depreciation	988	786
	11,329	4,547

26 Employee Benefits

	2016	2015
	In EUR k	
Wages and salaries	34,101	29,124
Social security costs	5,861	6,138
	39,962	35,262

The contributions towards the statutory pension scheme amounted to EUR 3,525k in the past financial year (2015: EUR 3,834k).

27 Share-Based Compensation Expenses

The Group uses share-based compensation for members of the management board and employees of Home24 AG and its subsidiary, the Mobly Comercio Varejista Ltda., São Paulo, Brazil. This consists of shares and options for the purchase of shares of Home24 AG, Jade 1216. GmbH, Berlin, as well as VRB GmbH & Co. B-197 KG, Berlin. Jade 1216. GmbH, Berlin, and the VRB GmbH & Co. B-197 KG, Berlin are directly or indirectly the parent company of the Mobly Comercio Varejista Ltda., São Paulo, Brazil. All provisions fall in the category of share-based compensation with the offsetting via equity instruments as laid down in IFRS 2. Because the granted instruments generally vest in tranches, the expenses are recognized is over the time period from the first pay-out opportunity to the vesting of each tranche.

Shares and Options for the Purchase of Shares of Home24 AG

Shares

Shares of Home24 AG were issued to board members at a nominal value of EUR 1.00. The beneficiaries granted Home24 AG call options to acquire the shares at nominal amount or – if lower – at market value if the beneficiaries' employments are terminated before May 1, 2019.

Option agreement

In accordance with individual agreements, options have an exercise price of either EUR 1.00 or EUR 1,584.84 per share. The option rights expire in tranches after employment termination from 3 to 48 months. As soon as the options vest, they can be exercised at the beginning of the following calendar quarter. If an "exit" event occurs the company can demand that the options are vested within two weeks. An "exit" event occurs when more than 50 % of shares or at least 75 % of assets are sold. A part of the options will prematurely vest in case of an "exit". In the financial year no options were issued.

Option plan

The options granted through the general option plan have exercise prices in a range between EUR 1.00 and EUR 2,545.53 respectively per share. During the financial year, the exercise price of a part of the options was reduced to 1,038.00. The option rights vest in tranches between 6 and 48 months after the employment ends. If an "exit" event occurs, the options are exercisable. An "exit" event occurs at stock listing as well as when more than 50 % of shares or at least 75 % of assets are sold. The right to adjust the exercise price vests the earliest on June 30, 2018, or according to the original confirmation.

The fair values of the options and its change in the fair value due to adjustments of the exercise price are stated below:

In EUR Excercise price	2016 Fair value	2015 Fair value
1.00	2,077.54	-
1,272.72	580.76	-
1,584.84	686.75	741.30
2,036.43	397.95	-
2,545.53	239.23	173.66
Change in fair value due to reduction of the exercise price		
From EUR 1,584.84 to EUR 1,038.00	78.66	-
From EUR 2,036.43 to EUR 1,038.00	97.81	-
From EUR 2,545.53 to EUR 1,038.00	106.31	-

The number of Home24 AG shares with a nominal value of EUR 1.00 which have not become vested yet, has developed as follows:

	2016 Number of shares	2015 Number of shares
Outstanding as of January 1	72.87	442.00
Granted during the year	774.00	0.00
Vested during the year	-72.87	-369.13
Outstanding as of December 31	774.00	72.87

The pending options on the purchase of shares of Home24 AG developed as follows:

	2016		2015	
	Average exercise price	Number of shares	Average exercise price	Number of shares
	In EUR		In EUR	
Outstanding as of January 1	740.41	13,822	492.62	12,811
Granted during the year	1,037.70	25,851	1,984.02	1,586
Fortfeited during the year	1,636.58	-4,320	1,372.90	-575
Outstanding as of December 31	991.60	35,353	740.41	13,822
Excercisable as of December 31	327.74	6,195	335.64	5,495

The pending options have the following exercise prices:

In EUR Exercise price	2016 Number of shares	2015 Number of shares
1.00	7,751	7,746
115.00	25	25
1,038.00	4,634	0
1,272.72	20,592	0
1,584.84	1,894	5,392
2,036.43	272	0
2,545.53	185	659
Outstanding as of December 31	35,353	13,822

Shares in Jade 1216. GmbH

Shares

In the financial year 2011, shares of Jade 1216. GmbH, Berlin were sold to employees of the Mobly Comercio Varejista Ltda., São Paulo, Brazil for a nominal value of EUR 1.00. The benefactors granted one shareholder of Home24 AG call options at nominal value or – if lower – at market value if the beneficiaries' employment is terminated between three and 48 months.

The number of non-vested options for Jade 1216. GmbH at a nominal value of EUR 1.00 developed as follows:

	2016 Number of shares	2015 Number of shares
Outstanding as of January 1	0.00	20.00
Vested during the year	0.00	-20.00
Outstanding as of December 31	0.00	0.00

Shares and options of VRB GmbH & Co. B-197 KG

Shares

In the financial years 2011, 2012 and 2013 shares of the VRB GmbH & Co. B-197 KG, Berlin, were issued to employees of the Mobly Comercio Varejista Ltda., São Paulo, Brazil at a nominal value of EUR 1.00. The benefactors granted one shareholder of the Jade 1216. GmbH call options at nominal value or – if lower – at market value if the beneficiaries' employment is terminated between three and 48 months. In the financial year no shares were issued.

Option agreement

In accordance with individual agreements, options have a strike price of either EUR 1.00 per share. The option rights expire in tranches after employment termination from 12 to 48 months. A part of the issued options vest upon issuance. As soon as the options expire, they can be exercised at the beginning of the following calendar quarter. If an "exit" event occurs the company can demand that the options be exercised in two weeks. An "exit" event occurs when more than 50 % of shares or at least 75 % of assets are sold. A part of the options will only expire with an "exit" event and earliest after 48 months. In the financial year the option agreements were terminated.

The number of options outstanding for VRB GmbH & Co. B-197 KG developed as follows:

	2016 Number of shares	2015 Number of shares
Outstanding as of January 1	0.00	197.26
Vested during the year	0.00	-197.26
Outstanding as of December 31	0.00	0.00

The figure above represents the nominal value of the shares in the KG in EUR.

The remaining options for the purchase of shares of VRB GmbH & Co. B-197 KG developed as follows:

	2016		2015	
	Average exercise price	Number of shares	Average exercise price	Number of shares
	In EUR		In EUR	
Outstanding as of January 1		373.44	1.00	373.44
Ended during the year	1.00	-373.44		0.00
Outstanding as of December 31	1.00	0.00		373.44
Excercisable as of December 31		0.00		0.00

Determining the fair value of the granted shares and options

The fair value of the options was calculated using the "Black-Scholes" pricing mode and in case of an adjustment of the exercise prices calculated using the Monte Carlo simulation. For the models, following inputs (weighted averages) were used:

	2016	2015
Expected volatility	32.90 %	26.58 %
Share value Home24 AG	EUR 1,877	EUR 2,128
Expected dividends	0	0
Option runtime (years)	1.55	1.17
Risk-free interest rate	-0.51 %	-0.17 %

The volatility was deduced from historical share prices of comparable companies.

The share prices were calculated using the price of shares paid by investors in past financing deals for the Company and its subsidiaries. To calculate the difference between the associated fair value of shares given out to investors with a liquidation preference and the associated fair value of shares given out to employees without liquidation preference, the "Black-Scholes" pricing model was used. Because the liquidation preference only becomes relevant in the case of an "exit" event (sale of over 50 % of shares of the Company in a transaction), the probability of such an event occurring was included with a probability of 50 %. The difference in value due to the adjustment of the exercise price of some of the options were calculated using the Monte-Carlo-simulation because the exercise price is adjusted dynamically as part of an off-market exit. The Finnerty option pricing model was used to calculate a liquidity discount for the shares.

Total cost

The total cost from share-based compensation amounts to EUR 6,183k (2015: EUR 1,778k).

28 Other Operating Income

	2016	2015
	In EUR k	
Currency translation gain	464	1,117
Miscellaneous	400	595
	864	1,712

29 Other Operating Expenses

	2016	2015
	In EUR k	
Bad debt expense	1,710	3,333
Foreign exchange losses	366	1,288
Miscellaneous	154	915
	2,230	5,536

30 Finance Income

	2016	2015
	In EUR k	
Interest income	189	79
Gains from financial instruments at FVTPL	90	95
Foreign exchange gains	1,112	1,223
	1,391	1,397

31 Finance Costs

	2016	2015
	In EUR k	
Interest expense	2,141	3,226
Losses from financial instruments at FVTPL	0	33
Foreign exchange losses	1,159	702
Miscellaneous	0	4
	3,300	3,965

32 Income Taxes

	2016	2015
	In EUR k	
Current tax expense for the current period	112	4
Current tax expense for previous periods	152	6
Current tax expenses	264	10
Deferred tax expense	78	824
	342	834

Reconciliation between the expected income taxes and the actual income taxes

	2016	2015
	In EUR k	
Loss before tax	-59,538	-84,237
Tax calculated at domestic tax rates applicable to profits in the respective countries	18,186	26,186
Tax effect on items which are not deductible or assessable for taxation purposes are:		
Unrecognized tax losses for the year	-16,338	-25,967
Utilization of unrecognized loss carryforwards	23	48
Share-based compensation expenses, non-deductible for tax purposes	-1,866	-537
Other non-deductible expenses	-195	-558
Current tax expenses for previous periods	-152	-6
	-342	-834

The weighted average applicable tax rate was 30.55 % (2015: 31.09 %), which was derived from the tax rate in each tax jurisdiction weighted by the relevant pre-tax loss.

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 tax effect of these temporary differences and unused tax loss carryforwards is detailed below:

	December 31, 2016	December 31, 2015
	In EUR k	
Tax loss carryforwards	91,679	75,265
Liabilities	1,244	1,433
Internally generated intangible assets	-3,534	-2,964
Intangible assets acquired in a business combination	-1,212	-4,810
Inventories	-325	-364
Less: unrecognized deferred tax assets	-89,388	-70,018
Deferred tax liabilities	**-1,536**	**-1,458**

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable or deferred tax liabilities are recognized. As stated under note 3 due to the loss history net deferred tax asset has therefore not been recognized in the years 2016 and 2015.

In the prior year EUR 634k of deferred taxes were capitalized in the context of a business combination.

Tax loss carryforwards

For tax loss carryforwards in the amount of EUR 284,481k (2015: EUR 222,491k) no deferred tax claims were requested. They can be carried forward without any time limitations.

33 Statement of Cash Flow

In total, the amount of paid and received interests in 2016 amounts to EUR 2,140k (2015: EUR 3,221k) or EUR 189k (2015: EUR 79k).

34 Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. 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 under supervision of the Management Board. The Management Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and interest rate risk and investment of excess liquidity.

Credit risk

The credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's maximum exposure to credit risk by class of assets is as follows:

	December 31, 2016	December 31, 2015
	In EUR k	
Non-current other financial assets	142	3
Restricted funds	5,358	5,668
Trade and other financial receivables	10,869	15,467
Current other financial assets	151	95
Cash and cash equivalents	33,979	45,935
	50,499	67,168

With the introduction of the payment method "purchase on invoice" in the previous year, the default risk in trade and other financial receivables increased. In order to avoid bad debt losses, Home24 implemented an extensive risk management. The remaining credit risk with commercial counterparties is limited because cash is received at the time of the sale (prepayments, PayPal, Credit Card) or promptly after receipt of the order or secured by a trade credit insurance for selected trade receivables.

The Company's bank deposits are distributed amongst different banking partners. The main partners have a Standard & Poor's long-term rating of between BBB and BBB+ (2015: between BBB+ and AA+). The rating is reviewed regularly.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Market risk

Market risk is the risk that assumed fair value of future payment flows of a financial instrument change due to swings in market prices.

The Company is internationally active and especially vulnerable to foreign currency risk. The foreign currency risk stems from future business transactions as well assets and liabilities in foreign currencies. Such positions exist in US dollars, Swiss francs as well as Polish zloty, and to a small extent in other currencies.

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 exclusively done with foreign exchange forwards and swaps with a period matching the underlying transaction.

In the following sensitivity analysis for currency risk it is assumed that one factor changes while all other factors remain constant. If the euro appreciates or depreciates by 10 % in comparison to the following foreign currencies, the effects on income are shown below:

	2016 +/-	**2015 +/-**
	In EUR k	
USD	798	442
CHF	234	1,362
PLN	202	2

The Company did not experience any major changes in interest rates or other price risks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Company. Management monitors monthly rolling forecasts of the Company's cash flows. The Company also uses its negative working capital to create a stable financial foundation for further growth.

The liquidity situation of the Company includes cash and cash equivalents.

The financial liabilities of the Company exclusively consist of short-term debt with maximum maturities 180 days.

	2016	**2015**
	In EUR k	
Financial liabilities	0	762
Trade payables	41,118	39,000
Debtors with credit balance	1,033	2,983
Other payables	3,214	4,647
Gross payment derivative financial instruments		
- Cash inflow	7,258	4,715
- Cash outflow	-7,076	-4,665
	45,547	47,442

Gross payment of derivative financial instruments relates to foreign exchange forwards. Cash inflow and outflow are shown as gross amounts.

Capital management

The goal of the capital management of Home24 Group is the short-term solvency as well as securing the capital base to continuously finance the intended growth and long-term increase of enterprise value. Part of this is to make sure that all companies in the Group operate under the going concern principle. Capital management is performed by continuous monitoring of key financial indicators. The equity ratio at closing date is 47.5 % (2015: 51.3 %).

35 Transactions with Related Parties

Rocket Internet SE, Berlin and Kinnevik Online AB, Stockholm, Sweden are the main shareholders of Home24 AG. Both main shareholders are represented by agents in the Company's supervisory board and thus have a significant influence on Home24 AG.

The Company and Rocket Internet SE, Berlin have entered an agreement whereby Rocket Internet SE charges the Company for services of their personnel engaged in line or staff functions on a short-term base relating specifically to the operations of the Company. The following overview shows business transactions recorded in the financial years 2016 and 2015, as well as outstanding balances originating from this agreement.

	2016	2015
	In EUR k	
Receivables	0	9
Liabilities	1	46
Expenses for service	51	666

Receivables and liabilities are unsecured and payable in cash.

36 Use of Section 264b HGB

The following business partnerships, which are affiliated, consolidated companies of Home24 AG, and for which the consolidated financial statements of Home24 AG constitute the exempting consolidated financial statements have made use of the exemption option in accordance with Section 264b HGB concerning preparation and disclosure:

- Home24 eLogistics GmbH & Co. KG, Berlin
- Home24 eCustomers GmbH & Co. KG, Berlin
- Home24 eServices GmbH & Co. KG, Berlin

37 Compensation of Management Board and Supervisory Board

As part of their compensation, members of the Management Board were granted shares or options of Home24 AG within equity-settled share-based compensation plans described in more detail in note 27. The compensation paid or payable to the members of the Management Board for their services is shown below:

	2016	2015
	In EUR k	
Salaries	577	317
Equity-settled share-based compensation expenses	5,522	1,380
	6,099	1,697

The number of granted equity instruments amounted to 22,362 (2015: 825).

The compensation of the Supervisory Board amounted to EUR 160k (2015: EUR 128k).

38 Contingencies and Commitments

Order commitments were EUR 11,835k as of December 31, 2016 (2015: EUR 5,407k).

Operating lease commitments: Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
	In EUR k	
Less than 1 year	11,283	13,606
Between one and five years	17,640	24,583
More than 5 years	1,593	1,551
	30,516	39,740

The leasing arrangements include warehouse and office rent as well as leasing expenses for IT equipment and software licenses.

39 Subsidiaries

The Company held shares in the following subsidiaries as of 31 December:

	Subsidiaries	Country of incorporation and place of business	Nature of business	Proportion of ownership interests held by Company 2016	2015
	Mobly Comercio Varejista Ltda. and related holdings				
1	Jade 1216. GmbH	Berlin, Germany	Holding	92.92%	92.92%
2	Jade 1412. GmbH	Berlin, Germany	Holding	92.92%	92.92%
3	Juwel 181. WUG	Berlin, Germany	Holding	92.92%	92.92%
4	VRB GmbH & Co. B-197 KG*	Berlin, Germany	Holding	82.83%	82.83%
5	Mobly Comercio Varejista Ltda.*	São Paulo, Brazil	Online shop	82.83%	82.83%
	Other related companies				
6	SPV-4 Furniture Services GmbH	Berlin, Germany	Holding	100.00%	100.00%
7	Home24 Verwaltungs GmbH	Berlin, Germany	General partner	100.00%	100.00%
8	Home24 eTrading GmbH	Berlin, Germany	Non-operating	100.00%	100.00%
9	Home24 eLogistics GmbH & Co.KG	Berlin, Germany	Logistics	100.00%	100.00%
10	Home24 eProductions GmbH & Co. KG**	Berlin, Germany	Service	0.00%	100.00%
11	Home24 eServices GmbH & Co.KG	Berlin, Germany	Non-operating	100.00%	100.00%
12	Home24 eCustomers GmbH & Co.KG	Berlin, Germany	Service	100.00%	100.00%
13	Home24 Polska S.A.	Robakowo, Poland	Logistics	100.00%	100.00%
14	Home24 Polska Sp z oo	Tarnowo Podgòrne/ Sady, Poland	Logistics	100.00%	100.00%
15	Fashion4home GmbH***	Berlin, Germany	Online shop	0.00%	100.00%
16	Club of Style Ltd.	Hong Kong, China	Service	100.00%	100.00%
17	Club of Style (Shenzen) Ltd.	Shenzen, China	Service	100.00%	100.00%
18	Fashion4home Inc.	Dover, USA	Non-operating	100.00%	100.00%
19	Home & Living Holding AG	Zurich, Switzerland	Holding	100.00%	100.00%
20	Casa Home & Living GmbH	Berlin, Germany	Online shop	75.00%	100.00%
21	Home24 Hong Kong Ltd.	Hong Kong, China	Service	100.00%	100.00%
22	Home24 Outlet GmbH	Berlin, Germany	Online shop	100.00%	0.00%

* Consolidated group share under the consideration of non-controlling shares on the level of intermediate holding companies

** Home24 eProductions GmbH & Co. KG was merged into Home24 AG during the fiscal year 2016

*** Fashion4home GmbH was merged into Home24 AG with retroactive effect from January 1, 2016

Jade 1216. GmbH is a direct subsidiary of Home24 AG and holds interests in Jade1412. GmbH and Juwel 181 VV UG. Jade 1216 also holds an investment in VRB GmbH & Co. B-197 KG, the legal parent of Mobly Comercio Varejista Ltda.

The total non-controlling interest in Jade 1216. GmbH and VRB GmbH & Co. B-197 KG as of December 31, 2016, with a carrying amount of EUR -10,443k (December 31, 2015: EUR -8,942k) as part of the equity. The loss allocated to this non-controlling interest amounted to EUR 1,449k (2015: EUR 3,653k).

Summarized financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information for Jade 1216. GmbH and its direct and indirect subsidiaries.

Summarized consolidated balance sheet

	December 31, 2016	December 31, 2015
	In EUR k	
Non-current assets	3,661	2,561
Current assets	9,598	9,396
Total assets	13,259	11,957
Current liabilities	68,022	57,948
Total net assets	-54,763	-45,991

Summarized consolidated income statement

	2016	2015
	In EUR k	
Revenue	48,436	50,451
Net loss for the period	-8,418	-21,256
Other comprehensive income/ loss for the period, net of tax	-417	736
Total comprehensive loss for the period	-8,835	-20,520

Summarized statement of cash flow

	2016	2015
	In EUR k	
Cash flows from operating activities	-6,065	-30,221
Cash flows from investing activities	-1,359	-2,090
Cash flows from financing activities	6,642	33,495

40 Business Combination

The Company acquired with a purchase agreement of November 28, 2016, 100 % of the shares in the shelf corporation Home24 Outlet GmbH (formerly: aptus 1128. GmbH), Berlin, to a purchase price of EUR 28k. Following this, Home24 Outlet GmbH took over the business of Returbo GmbH, which specialises on marketing articles of the secondary market like returns, end-of-life-time-articles and special items.

41 Number of Employees

	2016	2015
Women	415	543
Men	661	808
	1,076	1,351

42 Auditor's Fees

	2016	2015
	In EUR k	
Audit	233	340
thereof prior period	*0*	*34*
Other confirmation services	20	200
Tax consultancy	0	10
Other Services	0	75
thereof prior period	*0*	*3*
	253	625

43 Management Board and Supervisory Board

Management Board

Dr. Philipp Kreibohm, Berlin
Lawyer

Christoph Cordes, Berlin
Graduated in Business Administration
- since March 15, 2016 -

Marc Appelhoff, Berlin
Graduated in Business Administration
- since March 15, 2016 -

Domenico Cipolla, Berlin
Graduated in Business Administration
- until May 08, 2016 -

Constantin Eis, Berlin
Graduated in Business Administration
- until February 29, 2016 -

Axel Hefer, Hagen
Graduated in Business Administration
- until May 08, 2016 -

Supervisory Board

Lothar Lanz (Chairman of the Supervisory Board), Berlin
Member of various supervisory boards

Christoph Barchewitz (Deputy Chairman of the Supervisory Board), London
Investment Director

Verena Mohaupt (Chairman of the Audit Committee), Munich
Partner and Investment Manager

Alexander Samwer, Munich
Entrepreneur

Christian Senitz, Berlin
Senior Vice President Finance

Christian Scherrer, London

Investment Professional

44 Events After the Reporting Period

On March 10, 2017, the Company's annual general meeting resolved to reduce the existing authorized capital II and III. After the reduction has become effective, the management board is authorized to increase the issued capital by up to EUR 148,860.00 in total. Furthermore, the general meeting resolved a conditional increase of the issued capital by up to EUR 21,095.00 (Conditional Capital 2017). The Conditional Capital 2017 services subscription rights, which result from a new Long Term Incentive Plan 2017. In the context of the Long Term Incentive Plan 2017 the Management Board or the Supervisory Board is authorized to issue so-called performance shares to members of the Management Board as well as selected executives and top performers of the Company and its affiliated companies, which allow them to participate in the increase in value of the Company's share as well as grant share options. The registration in the commercial register, which is necessary for the abovementioned actions to become effective, has not been made yet.

Furthermore, the Company as fiscal unity parent concluded a profit pooling agreement with Home24 Outlet GmbH as dominated company, which intends effective for purposes beginning January 1, 2017. The Company's annual general meeting as well as the Company as the exclusive shareholder of Home24 Outlet GmbH approved the agreement. The registration of the profit pooling agreement in the commercial register was made on March 30, 2017.

No other events of special significance occurred after the closing date.

Berlin, March 31, 2017

Sig. Dr. Philipp Kreibohm Sig. Marc Appelhoff Sig. Christoph Cordes

The following English-language translation of the German-language audit opinion (Bestätigungsvermerk) refers to the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) as well as the group management report prepared on the basis of German commercial law (HGB), of Home24 AG, Berlin, as of and for the fiscal year ended December 31, 2016 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The group management report is not part of this Prospectus.

Audit opinion

We have audited the consolidated financial statements prepared by Home24 AG, Berlin, comprising the balance sheet, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs (International Financial Reporting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with the legal requirements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, 31 March 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Patzelt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Audited Consolidated Financial Statements
as of and for the fiscal year ended December 31, 2015
(prepared in accordance with IFRS) of Home24 AG

Home24 AG, Berlin

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Home24 AG, Berlin

Consolidated Balance Sheet

	Note	December 31, 2015	December 31, 2014
		In EUR k	
Assets			
Non-current assets			
Property and equipment	5	8,269	2,946
Intangible assets	6	34,922	5,876
Other non-current assets	7	93	185
Financial assets		3	3
Restricted funds	8, 18	5,668	2,343
Total non-current assets		**48,955**	**11,353**
Current assets			
Inventories	9	28,347	25,114
Trade and other financial receivables	10, 18	15,467	7,201
Other financial assets	18	95	0
Other non-financial assets	11	6,922	4,658
Cash and cash equivalents	12, 18	45,935	29,736
Total current assets		**96,766**	**66,709**
Total assets		**145,721**	**78,062**
Equity			
Issued capital	13	377	314
Capital reserves	13	340,848	180,964
Other reserves		-5,576	5,154
Accumulated profit/ loss		-251,953	-172,305
Equity attributable to the owners of the parent company		**83,696**	**14,127**
Non-controlling interests		**-8,942**	**-7,175**
Total equity		**74,754**	**6,952**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	28	1,458	0
Total non-current liabilities		**1,458**	**0**
Current liabilities			
Financial liabilities	14, 18	762	41
Trade payables and other financial liabilities	15, 18	46,630	45,463
Advance payments received		14,605	18,673
Income tax liabilities		223	223
Other liabilities	16	3,345	3,857
Provisions	17	3,944	2,853
Total current liabilities		**69,509**	**71,110**
Total liabilities		**70,967**	**71,110**
Total equity and liabilities		**145,721**	**78,062**

Home24 AG, Berlin

Consolidated Statement of Comprehensive Income

	Note	2015	2014
		In EUR k	
Revenue		233,650	160,125
Cost of sales	20-23	-144,171	-101,213
Gross profit		**89,479**	**58,912**
Selling and distribution costs	20-23	-126,340	-83,566
Administrative expenses	20-23	-40,984	-34,137
Other operating income	24	1,712	551
Other operating expenses	25	-5,536	-1,477
Operating result (EBIT)		**-81,669**	**-59,717**
Finance income	26	1,397	48
Finance costs	27	-3,965	-1,788
Finance costs - net		-2,568	-1,740
Loss before taxes (EBT)		**-84,237**	**-61,457**
Income taxes	28	-834	-257
Loss for the period		**-85,071**	**-61,714**
Loss attributable to:			
- Owners of the parent company		-81,418	-56,973
- Non-controlling interests		-3,653	-4,741
		-85,071	**-61,714**
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign financial statements		731	358
Other comprehensive income for the period, net of tax		**731**	**358**
Total comprehensive loss for the period		**-84,340**	**-61,356**
Loss attributable to:			
- Owners of the parent company		-80,814	-56,703
- Non-controlling interests		-3,526	-4,653
		-84,340	**-61,356**

Home24 AG, Berlin

Consolidated Statement of Changes in Equity

		Equity attributable to the owners of the parent company									
					Other reserves						
	Note	Issued capital	Treasury shares	Capital reserves	Currency translation reserve	Registered capital contribution	Transactions with non-controlling interests	Accumulated profit/ loss	Total	Non-controlling interests	Total equity
						In EUR k					
As of January 1, 2014		**295**	**0**	**151,199**	**852**	**0**	**4,026**	**-119,821**	**36,551**	**-2,857**	**33,694**
Loss for the period								-56,973	-56,973	-4,741	-61,714
Other comprehensive income for the period					270				270	88	358
Total comprehensive loss for the period		0	0	0	270	0	0	-56,973	-56,703	-4,653	-61,356
Proceeds from shares issued	13	19		29,765		6			29,790		29,790
Equity settled share-based compensation	23							4,489	4,489	335	4,824
As of December 31, 2014		**314**	**0**	**180,964**	**1,122**	**6**	**4,026**	**-172,305**	**14,127**	**-7,175**	**6,952**
As of January 1, 2015		**314**	**0**	**180,964**	**1,122**	**6**	**4,026**	**-172,305**	**14,127**	**-7,175**	**6,952**
Loss for the period								-81,418	-81,418	-3,653	-85,071
Other comprehensive income for the period					604				604	127	731
Total comprehensive income/ loss for the period		0	0	0	604	0	0	-81,418	-80,814	-3,526	84,340
Proceeds from shares issued	13	56		143,596		-6			143,646		143,646
Proceeds from shares issued from a business combination	13, 33	7		16,288					16,295		16,295
Transaction regarding non-controlling interests	32						-11,328		-11,328	1,751	-9,577
Equity settled share-based compensation	23							1,770	1,770	8	1,778
As of December 31, 2015		**377**	**0**	**340,848**	**1,726**	**0**	**-7,302**	**-251,953**	**83,696**	**-8,942**	**74,754**

Home24 AG, Berlin

Consolidated Statement of Cash Flow

	Note	2015	2014
		In EUR k	
Cash flows from operating activities			
Loss before taxes		-84,237	-61,457
Adjustments for:			
Depreciation of property and equipment	5, 21	1,103	550
Amortization of intangible assets	6, 21	3,444	4,950
Loss/ (gain) from the disposal of fixed assets		324	5
Foreign exchange loss		-404	0
Share-based compensation expenses	23	1,778	4,824
Change in provisions	17	708	1,960
Finance income	26	-1,397	-48
Finance costs	27	3,965	1,789
Changes in working capital related to operating activities			
Change in trade and other financial receivables		-10,076	-5,759
Change in inventories		-2,738	-18,424
Change in financial instruments		-62	0
Change in trade payables and other financial liabilities		-389	32,851
Change in advance payments received		-6,351	14,536
Income taxes paid	28	-10	-33
Interest income received		1,397	47
Interest paid		-3,221	-1,788
Cash flow from operating activities		**-96,166**	**-25,997**
Cash flows from investing activities			
Purchase of property and equipment	5	-7,080	-2,864
Proceeds from sale of property and equipment		14	14
Purchase of intangible assets	6	-9,541	-2,896
Proceeds from disposal of intangible assets		22	27
Acquired cash from business combination	33	384	0
Payments for investments in non-current financial assets	8	-4,012	-2,342
Cash flow from investing activities		**-20,213**	**-8,061**
Cash flows from financing activities			
Issue of shares	13	143,653	29,790
Acquisition of interest in a subsidiary	32	-9,917	0
Proceeds from borrowings	14	21,772	586
Repayment of debt	14	-22,200	-518
Cash flow from financing activities		**133,308**	**29,858**
Change in cash and cash equivalents		**16,929**	**-4,200**
Cash and cash equivalents at the beginning of the period	12	29,736	33,955
Effect of exchange rate changes on cash and cash equivalents		-730	-19
Cash and cash equivalents at the end of the period	12	**45,935**	**29,736**

Home24 AG, Berlin

Notes to the Consolidated Financial Statements

1 Description of Business

The consolidated financial statements of Home24 AG (formerly: Home24 GmbH) hereinafter also referred to as the 'Company' and its subsidiaries (collectively, the 'Group') for the year ended December 31, 2015, was signed off by the management on March 31, 2016. The principal business activity of the Group is in e-commerce, focusing on marketing, logistics and sale of furniture and home furnishings in Europe and Latin America.

Home24 GmbH was incorporated on April 20, 2009. The Company is domiciled in Germany and has its registered office in Berlin. The Company's registered address is Greifswalder Strasse 212-213, 10405 Berlin. Home24 GmbH was converted to a stock corporation (Aktiengesellschaft) entering the commercial register at the district court of Charlottenburg (Amtsgericht Charlottenburg) on May 13, 2015. The conversion is based on the transformation resolution of May 7, 2015.

2 Summary of Significant Accounting Policies

Basis of preparation: These consolidated financial statements have been prepared by application of Section 315a German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretation Committee (IFRS IC) approved by the IASB, in effect and adopted by the European Union (EU) at the reporting date. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

These consolidated financial statements include the year ending on December 31, 2015 and the previous year comparatives were prepared in accordance with IFRS.

Presentation currency: These financial statements are presented in euro ("EUR"), unless otherwise stated.

Basis of consolidation: The consolidated financial statements comprise the financial statements of Home24 and its subsidiaries as of December 31, 2015. Control is achieved once the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

If the Group does not hold a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other holders of voting rights of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins once the Group obtains control over the subsidiary and ceases once the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Group accounts for business combinations applying the acquisition method. The cost of acquisition for the acquiree is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred. Including the fair value of conditional considerations. Identifiable assets and liabilities, as well as, contingent liabilities are measured at their fair value at the acquisition date. Any difference between the purchase costs of the business combination and the acquired assets measured at fair value is shown as goodwill. Non-controlling interest of the acquired company are either measured at their fair value or proportionally at the fair value of the identifiably assets. Incidental acquisition costs are accounted for as other operating expenses. If the business combination is achieved by a step-by-step acquisition, the previously determined carrying amount of the shares is re-measured at fair value at the acquisition date. Differences in the valuation are accounted for. Contingent payments of the acquisition price are accounted for at fair value, changes in the fair value after acquisition date are accounted for in the income statement if the contingent contribution are reported as financial instruments. Contingent payments of the acquisitions price in form of equity instruments are not re-measured.

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

If necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- Derecognizes the carrying amount of any non-controlling interests in the former subsidiary,
- Recognizes the fair value of the consideration received,
- Recognizes the fair value of any investment retained,
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the corresponding assets or liabilities, and
- Recognizes any surplus or deficit in profit or loss.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

The composition of the Group is described in note 32.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, where required.

Costs of minor repairs and maintenance are expensed when incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the profit or loss for the statement for the year within "other operating income" or "other operating expenses".

Depreciation: Depreciation of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Furniture, fittings and equipment	8-11
Hardware	3

Leasehold improvements are depreciated over their estimated useful lives or the shorter lease term.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was 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.

Operating leases: Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged through profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the Company has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Intangible assets: The Company's intangible assets have definite useful lives and include acquired trademark rights and customer relationships internally developed as well as acquired computer software and other licenses, advances paid for intangible assets as well as acquired goodwill.

Trademark rights and customer relationships obtained through company acquisitions are measured based on the fair value and are amortized using the straight-line method over their useful lives.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Internally developed software that is directly attributable to the design and testing of identifiable and unique software products controlled by the Company is recognized as intangible assets if the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development 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 include the software development employee cost. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Acquired software and other licenses are capitalized on the basis of the costs incurred to acquire and bring them to use. Intangible assets are amortized using the straight-line method over their useful lives:

	Useful lives in years
Internally developed software	3 years
Software and other licenses	5 years
Trademark rights	10 years

Goodwill is recognized as an asset representing the future economic benefit arising from other, not individually identifiable and separately stated, assets acquired in a business combination. Goodwill arises as a positive difference between the costs of purchasing the shares and the fair value of the individual acquired assets, absorbed liabilities and contingent liabilities. The acquired goodwill is recognized at acquisition costs. It is annually reviewed in respect of necessary impairments and whenever there is indicator for an impairment (a triggering event).

Whenever events or changes in market or business conditions indicate a risk of impairment of intangible assets and property and equipment or a cash generating unit ("CGU"), if applicable, management estimates the recoverable amount, which is determined as the higher of an asset or CGU's fair value less costs to sell and its value in use. A CGU is defined as the smallest identifiable group of assets that generates cash inflows independent of other assets. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized through profit or loss.

Cash and cash equivalents: Cash and cash equivalents include cash at hand, call deposits with banks, and other short-term highly liquid investments with original maturities of three months or less, for which the risk of changes in value is considered to be insignificant.

Trade and other financial receivables: Trade and other financial receivables are financial assets with fixed or determinable payments that are not listed in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition trade and other financial receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Trade receivables are initially recognized at fair value and subsequently at amortized cost. Amortized cost primarily represents the original invoice amount less any impairment loss or an allowance for any uncollectible amounts. Provision is made if there is objective evidence that the Company may not be able to collect the trade receivable. Balances are written off when recoverability is assessed as being remote. The write-off is recognized in other operating expenses.

Foreign exchange forward contracts: Foreign exchange forward contracts are measured at fair value. Changes in the fair value are immediately recognized through profit or loss. The fair value is derived from observed market data.

Inventories: Inventories are recorded at the lower of cost and net realizable value. Cost of purchase and conversion is determined on the weighted average cost. The cost of purchase and conversion includes purchase costs and shipping and handling costs incurred to bring the inventories to their present location and condition.

In order to represent the value of inventories appropriately in the balance sheet, and to take into account impairment losses due to obsolete and slow-moving inventory, obsolescence provisions are deducted from the carrying amount of the inventories.

Provisions: Provisions are non-financial liabilities of uncertain timing or amount. They are accrued if the Company 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 reporting date, taking into account the risks and uncertainties surrounding the obligation.

Trade payables and other financial liabilities: Trade payables and other financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Liabilities are classified as current if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables and other financial liabilities are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate method.

Classification of financial assets: The Company's financial assets relate solely to loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those having maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet. Financial instruments held for trading comprise foreign exchange forwards. Loans and receivables are measured at amortized cost using the effective interest rate method. Financial instruments held for trading are measured at fair value; changes of the fair value are recognized in the income statement.

Classification of financial liabilities: Financial liabilities are either recognized at amortized cost or designated as held-for-trading. Trade payables and other financial liabilities loan obligations and other financial liabilities are recognized at amortized cost and are recognized using the effective interest rate method. Financial liabilities classified as held-for-trading are recognized at their fair value. Changes in the fair value are recognized in the profit and loss statement.

Offsetting of financial instruments: Financial assets and financial liabilities are only offset and their net amount is recognized if there is an intention and an enforceable right for their offsetting.

Issued capital: This issued capital (no-par value share) with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in the Company's equity as a deduction (net of tax) from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Foreign currency translation: The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group financial statements are presented in euro (EUR), which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized through profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented through profit or loss within finance costs - net. All other foreign exchange gains and losses are presented through profit or loss within other operating income/expenses.

The income statements and balance sheets of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for the statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognized in other comprehensive income.

Share-based compensation: The Group operates a number of equity-settled share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (shares and options) of the Company.

The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based compensation award made. For share awards, the Company analyses whether the price paid by a participant, if any, is in line with the estimated market price of the underlying shares at the grant date. If a positive difference exists between (i) the estimated market value of the shares and (ii) the purchase price, this results in a fair value to be reported as a share-based compensation expense.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest, with a corresponding credit to equity. For awards with graded-vesting features, each instalment of the award is treated as a separate grant. This means that each instalment is separately expensed over the related vesting period.

Non-market performance and service conditions are included in assumptions about the number of options and shares that are expected to vest.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by the difference between the fair value of the options and shares granted and any amount paid by the employee for the award.

The vesting period usually starts with the grant date of the award. However, the recognition of expense may start an earlier service commencement date when awards need to be formally approved after the employee has started providing services.

The Group recognizes compensation expense from the beginning of the service period, even when the grant date is subsequent to the service commencement date. During the period between service commencement date and grant date, the share-based compensation expense recognized is based on an estimated grant date fair value of the award. Once the grant date has been established, the estimated fair value is revised so that the expense is recognized prospectively based on the actual grant date fair value of the equity instruments granted.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Revenue recognition: The Company generates revenues primarily from the sale of furniture and home furnishing through its web shops.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, rebates, return allowances and value added taxes. The Company recognizes revenue when the amount of revenue can be reliably measured; if it is probable that future economic benefits will flow to the entity; and if the risks and rewards of the goods have passed to the customer, which is when the goods have been delivered to the customer.

Regarding customer's rights to return goods the Company bases its estimate of return on historical results. Based on this past experience the effects of returns are estimated and recorded against revenue and cost of sales. Revenue will be recognized only if data from past experience is available.

Transactions are settled by prepayments, credit card, invoicing, PayPal and other country-specific payment methods.

The Company evaluates whether it is appropriate to record the gross amount of product sales and related costs. When the Company is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenue is recorded at the gross sales price. The Company records the net amounts as commissions earned if the Company is not primarily obligated and does not have latitude in establishing prices. Such amounts earned are determined using a fixed percentage, a fixed-payment schedule, or a combination of the two.

Cost of sales: consists of the purchase price of consumer products and inbound shipping charges. Shipping charges to receive products from our suppliers are included in our inventory, and recognized as cost of sales upon sale of products to our customers.

Income taxes: Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge/credit comprises current tax and deferred tax and is recognized in profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in other comprehensive income or directly in equity.

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. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, in accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither book nor taxable profit.

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 carry forwards will be utilized.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions 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.

3 Critical Accounting 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 evaluated 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 estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Deferred income taxes: When assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carry forward periods available to us for tax reporting purposes, as well as other relevant factors. Due to inherent complexities arising from the nature of the Company's businesses, future changes in income tax law or variances between our actual and anticipated operating results, we assess the likelihood of future realization of our deferred tax assets based on our judgments and estimates. Therefore, actual income taxes could materially vary from these judgments and estimates. Based on our estimations no deferred tax asset was recognized in the balance sheet due to the loss history. We refer to note 28 for deferred tax disclosures on tax loss carry forwards and other temporary differences on which no deferred tax assets have been recognized.

Trade and other financial receivables: The introduction of the payment method "purchase on invoice" in the previous year led to an increase in the default risk. Default risks are accounted by valuation allowances for trade and other financial receivables. The amount of these valuation allowances is based on the aging structure of the receivables and the expected default and recovery rates.

Share-based compensation: In determining the fair values of our ordinary shares at both group and subsidiary levels, as of each award grant date, three generally accepted approaches were considered: income approach, market approach and cost approach.

The Group applies the 'prior sale of company stock' method, a form of the market approach, to estimate the aggregate equity value at the Group level. The prior sale of company stock method considers any previous arm's length sales of the Company's equity securities. Considerations factored into the analysis include: the type and amount of equity sold, the estimated volatility, the estimated time to liquidity, the relationship of the parties involved, the risk-free interest rate, the timing compared to the ordinary shares valuation date and the financial condition and structure of the Company at the time of the sale. As such, we have benchmarked the value per share to the external transactions of company stock and external financing rounds. For determining the value of the Group shares for 2014 and 2015, we relied on the previous sale of company stock method to estimate the total value of the Company's equity. Throughout 2014 and 2015, we held a number of financing rounds which resulted in the issuance of preferred shares. The preferred shares were transacted with numerous existing and new investors, and therefore the pricing is considered as a strong indication of fair value.

Given that there are multiple classes of equity at the Group level, the hybrid method was applied to allocate equity to the various equity classes. The Hybrid method is a hybrid between the Probability-Weighted Expected Return Method ("PWERM") and the Option Pricing Method ("OPM"), which estimates the probability weighted value across certain exit scenarios, but uses the OPM to estimate the remaining unknown potential exit scenarios. A Discount for Lack Of Marketability ("DLOM") was applied, corresponding to the time to exit under the various scenarios to reflect the increased risk arising from the inability to readily sell the shares. When applying the DLOM, the Finnerty option pricing model was used. Under this method, the cost of the put option, which can hedge the price change before the privately held shares can be sold, was considered as the basis to determine the DLOM.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. This grant date fair value remains unchanged throughout the life of the award. As the Group is currently unlisted, estimating fair value for share-based compensation transactions requires the use of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in note 23.

A further key assumption for the recognition of expense is the number of equity instruments expected to vest. Currently, management expects that 95 % (2014: 95 %) of all unvested virtual stock options and 100 % (2014: 100 %) of all other awards will vest.

The substantial estimates and discretionary decisions of these financial statements are based on the proportions and assessment at reporting date. Actual results are not significantly different from the estimates made.

4 New Accounting Pronouncements

The accounting methods used are generally identical to the methods used in the previous year. New standards and interpretations which were applied for the first time in the financial year did not have any significant effects on the consolidated financial statements.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2016 or later, and which the Company has not early adopted.

IFRS 9 "Financial Instruments: Classification and Measurement" (issued July 24, 2014 and effective for annual periods beginning January 1, 2018): In July 2014, the IASB published the final version of the chapter – IFRS 9 "Financial Instruments". The new standard unifies the classification and valuation of financial assets and liabilities and introduces a new model to impair financial assets. Further, in November 2013 new rules on hedge accounting were introduced to IFRS 9. The current rules of IAS 39 will be replaced with these updated standard. The impact of the standard is currently being analysed. The Group intends to implement IFRS 9 starting January 1, 2018, insofar an endorsement from the EU will have been passed at this point and that the final date of the implementation will be decided upon.

IFRS 15 "Revenue from Contracts with Customers" (issued on May 28, 2014 and effective for annual periods beginning January 1, 2018): The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including IAS 18 “Revenue”, IAS 11 “Construction Contracts” and related interpretations. The core principle is that an entity recognizes revenue to reflect the transfer of goods or services to customers at an amount that represents the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group started to analyse the impacts of this new standard after the issuance of the consolidated financial statements. The Company plans to apply this standard as of January 1, 2018 if this has been endorsed by the EU by this date and the date of first-time mandatory adoption is confirmed.

IFRS 16 “Leasing” (issued on January 13, 2016 and effective for annual periods beginning January 1, 2019): The differentiation between operating and finance lease agreements, which was previously made by the lessee, does not apply as IFRS 16 takes effect. A contract classified as lease contract and within the scope of IFRS 16 has to be recognized in the balance sheet, if not it is recognized as a service contract. The previously not recognized operating lease contracts are recognized as assets and liabilities arising from lease contracts. The Group intends to apply IFRS 16 starting January 1, 2019, if there is an EU-endorsement by that date and a date from which IFRS 16 will be mandatory is announced.

Unless otherwise described above, the new standards and interpretations issued by the IASB and to be adopted for the first time in the future are not expected to significantly affect the Group’s financial statements.

5 Property and Equipment

	Leasehold improvements	Furniture, fittings and equipment	Total
		In EUR k	
Cost			
As of January 1, 2014	221	1,103	1,324
Additions	222	2,641	2,863
Disposals	0	-61	-61
Currency translation	-6	-34	-40
As of December 31, 2014	**437**	**3,649**	**4,086**
Additions	575	6,505	7,080
Additions from business combination	0	76	76
Disposals	-45	-341	-386
Currency translation	-151	-362	-513
As of December 31, 2015	**816**	**9,527**	**10,343**
Accumulated depreciation			
As of January 1, 2014	-84	-557	-641
Additions	-81	-469	-550
Disposals	0	46	46
Currency translation	2	3	5
As of December 31, 2014	**-163**	**-977**	**-1,140**
Additions	-124	-979	-1,103
Disposals	9	40	49
Currency translation	52	68	120
As of December 31, 2015	**-226**	**-1,848**	**-2,074**
Carrying amount			
As of December 31, 2014	**274**	**2,672**	**2,946**
As of December 31, 2015	**590**	**7,679**	**8,269**

Additions from business combination in the prior year are attributed to the acquisition of all shares of fashion4home GmbH (note 33)

As of December 31, 2015, no property and equipment was pledged to third parties as security.

6 Intangible Assets

	Goodwill	Customer relationships	Brand	Internally developed software	Software and other licenses	Advance payments for intangible assets	Total
				In EUR k			
Cost							
As of January 1, 2014	0	0	0	2,558	7,359	0	9,917
Additions	0	0	0	2,475	420	0	2,895
Disposals	0	0	0	-265	-20	0	-285
Currency translation	0	0	0	15	-16	0	-1
As of December 31, 2014	**0**	**0**	**0**	**4,783**	**7,743**	**0**	**12,526**
Additions	0	0	0	7,879	770	892	9,541
Additions from business combination	3,119	4,086	14,962	957	6	0	23,130
Disposals	0	0	0	0	-22	0	-22
Currency translation	0	0	0	-168	-25	0	-193
As of December 31, 2015	**3,119**	**4,086**	**14,962**	**13,451**	**8,472**	**892**	**44,982**
Accumulated amortization							
As of January 1, 2014	0	0	0	-421	-1,534	0	-1,955
Amortization charge	0	0	0	-1,095	-3,855	0	-4,950
Disposals	0	0	0	240	13	0	253
Currency translation	0	0	0	1	1	0	2
As of December 31, 2014	**0**	**0**	**0**	**-1,275**	**-5,375**	**0**	**-6,650**
Amortization charge	0	-441	-197	-2,030	-776	0	-3,444
Currency translation	0	0	0	33	1	0	34
As of December 31, 2015	**0**	**-441**	**-197**	**-3,272**	**-6,150**	**0**	**-10,060**
Carrying amount							
As of December 31, 2014	**0**	**0**	**0**	**3,508**	**2,368**	**0**	**5,876**
As of December 31, 2015	**3,119**	**3,645**	**14,765**	**10,179**	**2,322**	**892**	**34,922**

Additions from business combination in the prior year are attributed to the acquisition of all shares of fashion4home GmbH (note 33).

As of December 31, 2015, no intangible assets have been pledged to third parties as security.

7 Non-current Other Non-Financial Assets

	December 31, 2015	December 31, 2014
	In EUR k	
Prepaid expenses	93	185
	93	185

8 Restricted Funds

This item contains bank deposits that are used as security deposits for the leasers of warehouses. The Company's access to these accounts is restricted for a period of over one year.

9 Inventories

	December 31, 2015	December 31, 2014
	In EUR k	
Gross inventories	29,001	24,702
Provision for slow moving and obsolete inventory	-2,295	-1,513
Advance payments	1,641	1,925
	28,347	25,114

Advance payments are related to prepayments for ordered goods.

The cost of inventories recognized as expenses during the period representing cost of sales amounted to EUR 144,171k (2014: EUR 101,213k).

In the financial year of 2015 an impairment loss of EUR 1,549k for obsolete inventory was recorded (2014: EUR 2,113k).

The net realizable value of inventories in the balance sheet was EUR 1,246k (2014: EUR 780k).

10 Trade and Other Financial Receivables

	December 31, 2015	December 31, 2014
	In EUR k	
Trade receivables	12,924	5,343
Deposits	906	182
Other receivables	1,637	1,676
	15,467	7,201

As of December 31, 2015, trade receivables of EUR 6,663k (2014: EUR 1,132k) were impaired. Specific bad debt allowances amounted to EUR 2,944k as of December 31, 2015 (2014: EUR 981k).

No receivables were overdue but not impaired.

11 Current Other Non-Financial Assets

	December 31, 2015	December 31, 2014
	In EUR k	
VAT receivables	5,310	3,631
Prepayments	1,536	965
Miscellaneous	76	62
	6,922	4,658

12 Cash and Cash Equivalents

	December 31, 2015	December 31, 2014
	In EUR k	
Cash at bank	45,904	29,730
Petty cash	31	6
	45,935	29,736

13 Issued Capital and Capital Reserves

	Number of shares (in thousands)	Issued capital	Capital reserves	Total
		In EUR k		
As of January 1, 2014	295	295	151,199	151,494
Capital increases for cash	19	19	29,765	29,784
As of December 31, 2014	**314**	**314**	**180,964**	**181,278**
Capital increases for cash	56	56	143,596	143,652
Business combination	7	7	16,288	16,295
As of December 31, 2015	**377**	**377**	**340,848**	**341,225**

The issued capital increased by EUR 63k (2014: EUR 19k) and EUR 7k results from an increase in capital in the context of a business combination (note 33). The remaining increase in capital results from cash capital increase. All shares are fully paid in.

The issued capital is divided into 377,430 shares with a nominal value of EUR 1 per share.

By the statutes the Management Board is authorized to increase issued capital by a maximum amount of EUR 155,264.00.

14 Financial Liabilities

	December 31, 2015	December 31, 2014
	In EUR k	
Loan liabilities	729	41
Currency forwards	33	0
	762	41

The loan liabilities relate to short-term overdraft facilities with variable interest rates.

15 Trade Payables and Other Financial Liabilities

	December 31, 2015	December 31, 2014
	In EUR k	
Trade payables	39,000	38,848
Debtors with credit balance	2,983	2,930
Miscellaneous liabilities	4,647	3,685
	46,630	45,463

16 Current Other Liabilities

	December 31, 2015	December 31, 2014
	In EUR k	
Employee benefit liabilities	2,610	2,178
VAT payables	704	1,473
Other taxes	20	193
Miscellaneous	11	13
	3,345	3,857

17 Provisions

The changes in provisions are as follows:

	Provisions for returns	Provisions for discounts	Total
		In EUR k	
As of January 1, 2014	830	63	893
Utilization	-830	-63	-893
Additions	2,691	164	2,855
Effect of translation to presentation currency	-1	-1	-2
As of December 31, 2014	**2,690**	**163**	**2,853**
Utilization	-2,690	-163	-2,853
Additions	3,892	247	4,139
Effect of translation to presentation currency	-186	-9	-195
As of December 31, 2015	**3,706**	**238**	**3,944**

All provisions will probably be used during the course of the year.

Provisions for returns were adjusted according to the probability that previously sold goods will be returned.

Provisions for discounts were created for expected subsequent reductions in the purchase price.

18 Presentation of Financial Instruments by Measurement Category

For the subsequent measurement the financial instruments were categorized as follows:

	December 31, 2015	December 31, 2014
	In EUR k	
Loans and receivables		
Restricted funds	5,668	2,343
Trade and other financial receivables	15,467	7,201
Cash and cash equivalents	45,935	29,736
	67,070	39,280
Financial assets measured at fair value through profit or loss		
Currency forwards	95	0
Financial liabilities at amortized cost		
Trade payables and other financial liabilities	46,630	45,463
Loan liabilities	729	41
	47,359	45,504
Financial liabilities measured at fair value through profit or loss		
Currency forwards	33	0

The financial assets and liabilities which are categorized as held-for-trading according to IAS 39 are recognized through profit and loss.

19 Fair Value of Financial Instruments

The fair value of restricted funds and other financial assets, cash and cash equivalents, trade and other financial receivables, trade payables and other financial liabilities and financial liabilities largely correspond to the respective carrying amounts due to their short terms. The fair value of non-current financial assets is equal to the carrying amount due to variable interest rates. Foreign currency forwards are recognized in the balance sheet at fair value.

The fair value of the financial derivative assets (EUR 95k) and derivative liabilities (EUR 33k) recognized in the balance sheet is derived from observable input factors (Level 2 of the valuation hierarchy under IFRS 13).

20 Expenses by Nature

Cost of sales, selling and distribution costs and administrative expenses for the year are comprised of the following:

	2015	2014
	In EUR k	
Purchase of consumer products	144,171	101,213
External services	56,939	37,980
Marketing expenses	52,473	35,933
Employee benefit expenses	35,262	25,080
Operating lease payments	12,655	7,862
Depreciation and amortization	4,547	5,500
Property related expenses	2,315	828
Miscellaneous	3,133	4,520
	311,495	218,916

21 Depreciation and Amortization included in the Consolidated Statement of Comprehensive Income

The depreciation and amortization were included in the consolidated statement of comprehensive income as follows:

	2015	2014
	In EUR k	
Included in selling and distribution costs		
Amortization	651	3,261
Depreciation	317	135
Included in administrative expenses		
Amortization	2,793	1,689
Depreciation	786	415
	4,547	5,500

22 Employee Benefits

	2015	2014
	In EUR k	
Wages and salaries	29,124	21,417
Social security costs	6,138	3,663
	35,262	25,080

The contributions towards the statutory pension scheme amounted to EUR 3.834k in the past financial year (2014: EUR 2.460k).

23 Share-Based Compensation Expenses

The Group uses share-based compensation for members of the Management Board and employees of Home24 AG and its subsidiary, the Mobly Comercio Varejista Ltda., São Paulo, Brazil. This consists of shares and options for the purchase of Home24 AG, Jade 1216. GmbH, Berlin, as well as VRB GmbH & Co. B-197 KG, Berlin. Jade 1216. GmbH, Berlin, and VRB GmbH & Co. B-197 KG, Berlin are directly or indirectly the parent company of the Mobly Comercio Varejista Ltda., São Paulo, Brazil. All provisions fall in the category of share-based compensation with the offsetting via equity instruments as laid down in IFRS 2. Because the granted instruments generally vest in tranches, the expense capturing is performed in tranches over the time period from the first pay-out opportunity to the expiration.

Shares and options for the purchase of Home24 AG

Shares

In the financial years 2011 and 2012, shares of Home24 AG were issued at a nominal value of EUR 1. The beneficiaries granted the other shareholders of Home24 AG or Home24 AG call options to acquire the shares at nominal amount or – if lower – at market value if the beneficiaries' employment is terminated between 3 and 48 months.

Option agreements

In accordance with individual agreements, options have an exercise price of either EUR 1.00 or EUR 1,584.84 per share. The option rights expire in tranches after employment termination from 3 to 48 months. As soon as the options vest, they can be exercised at the beginning of the following calendar quarter. If an "exit" event occurs the company can demand that the options be vested in two weeks. An "exit" event occurs when more than 50 % of shares or at least 75 % of assets are sold. A part of the options will prematurely expire in case of an "exit". In the financial year 2015 no options were issued. The weighted fair value of the options issued in 2014 amounts to EUR 1,868.34 (strike price EUR 1) and EUR 592.24 (strike price EUR 1,584.84).

Option plan

The options granted through the general option plan have exercise prices of EUR 1.00, EUR 115.00, EUR 1,584.84 or EUR 2,545.53 respectively per share. The option rights vest in tranches between 6 and 48 months after the employment ends. If an "exit" event occurs, the options expire. An "exit" event occurs when more than 50 % of shares or at least 75 % of assets are sold. The Company has the right to pay out the options in shares or cash. A payment in cash is not planned and has not occurred in the past.

The issued options had the following fair values:

In EUR Excercise price	2015 Fair value	2014 Fair value
1.00	-	1,868.34
1,584.84	741.30	592.24
2,545.53	173.66	-

The number of Home24 AG shares with a nominal value of EUR 1.00 which have not become vested yet, has developed as follows:

	2015 Number of shares	2014 Number of shares
Outstanding as of January 1	442.00	2,651.00
Forfeited during the year	0.00	-771.00
Vested during the year	-369.13	-1,438.00
Outstanding as of December 31	72.87	442.00

The pending options on the purchase of shares of Home24 AG developed as follows:

	2015		2014	
	Avarage exercise price in EUR	Number of shares	Avarage exercise price in EUR	Number of shares
Outstanding as of January 1	492.62	12,811	1.00	8,505
Granted during the year	1,984.02	1,586	1,038.69	7,239
Forfeited during the year	1,372.90	-575	528.95	-2,933
Outstanding as of December 31	740.41	13,822	492.62	12,811
Excerisable as of December 31	335.64	5,495	453.53	3,987

The pending options have the following exercise prices:

In EUR Exercise price	2015 Number of shares	2014 Number of shares
1.00	7,746	7,811
115.00	25	25
1,584.84	5,392	4,975
2,545.53	659	0
Outstanding as of December 31	13,822	12,811

The remaining contract period of the options is determined by the "exit" event.

Shares in Jade 1216. GmbH

Shares

In the financial year 2011, shares of Jade 1216. GmbH, Berlin were sold to employees of the Mobly Comercio Varejista Ltda., São Paulo, Brazil for a nominal value of EUR 1.00. The benefactors granted one shareholder of Home24 AG call options at nominal value or – if lower – at market value if the beneficiaries' employment is terminated between three and 48 months.

The number of non-vested options for Jade 1216. GmbH at a nominal value of EUR 1.00 developed as follows:

	2015 Number of shares	2014 Number of shares
Outstanding as of January 1	20.00	722.00
Vested during the year	-20.00	-702.00
Outstanding as of December 31	0.00	20.00

Shares and Options of VRB GmbH & Co. B-197 KG

Shares

In the financial years 2011, 2012 and 2013 shares of VRB GmbH & Co. B-197 KG, Berlin, were issued to employees of the Mobly Comercio Varejista Ltda., São Paulo, Brazil at a nominal value of EUR 1.00. The benefactors granted one shareholder of the Jade 1216. GmbH call options at nominal value or – if lower – at market value if the beneficiaries' employment is terminated between three and 48 months. In the financial years 2015 and 2014 no shares were issued.

Option agreement

In accordance with individual agreements, options have a strike price of either EUR 1.00 per share. The option rights expire in tranches after employment termination from 12 to 48 months. A part of the issued options vest upon issuance. As soon as the options expire, they can be exercised at the beginning of the following calendar quarter. If an "exit" event occurs the Company can demand that the options be exercised in two weeks. An "exit" event occurs when more than 50 % of shares or at least 75 % of assets are sold. A part of the options will only expire with an "exit" event and earliest after 48 months. The weighted fair value of the options issued amounts to EUR 3,335.25. Because the employees acquire a part of the options, the weighted fair value of the options is EUR 2,010.39.

The number of options outstanding for VRB GmbH & Co. B-197 KG developed as follows:

	2015 Number of shares	2014 Number of shares
Outstanding as of January 1	197.26	1,203.26
Forfeited during the year	0.00	0.00
Vested during the year	-197.26	-1,006.00
Outstanding as of December 31	0.00	197.26

The figure above represents the nominal value of the shares in the KG in EUR.

The remaining options for the purchase of shares of VRB GmbH & Co. B-197 KG developed as follows:

	2015		2014	
	Average exercise price in EUR	Number of shares	Average exercise price in EUR	Number of shares
Outstanding as of January 1	1.00	373.44		0.00
Granted during the year		0.00	1.00	373.44
Forfeited during the year		0.00		0.00
Outstanding as of December 31	1.00	373.44	1.00	373.44
Excerisable as of December 31		0.00		0.00

The remaining contract period of the options is determined by the "exit" event.

Determining the fair value of the granted shares and options

The attributed fair value of the options was calculated using the "Black-Scholes" pricing model. For the models, following inputs (weighted averages) were used:

	2015	2014
Expected volatility	26.58 %	36.02 %
Share value Home24 AG	EUR 2,128	EUR 1,299
Share value VRB GmbH & Co. B-197 KG	-	EUR 3,336
Exprected dividends	0	0
Option runtime (years)	1.17	1.41
Risk free interest rate	-0.17 %	-0.02 %

The volatility was deduced from historical share prices of comparable companies.

The share prices were calculated using the price of shares paid by investors in past financing deals for the Company and its Subsidiaries. The "Black-Scholes" Pricing Model was used to calculate the difference between the associated fair value of shares given out to investors with a liquidation preference and the associated fair value of shares given out to employees without liquidation preference. Because the liquidation preference only becomes relevant in the case of an "exit" event (sale of over 50 % of shares of the Company in a transaction), the probability of such an event occurring was included with a probability of 50 %. The Finnerty Option Pricing Model was used to calculate a liquidity discount for the shares.

Total cost

The total cost from share based compensation amounts to EUR 1,778k (2014: EUR 4,824k).

24 Other Operating Income

	2015	2014
	In EUR k	
Currency translation gain	1,117	0
Rental income	159	330
Miscellaneous	436	221
	1,712	551

25 Other Operating Expenses

	2015	2014
	In EUR k	
Bad debt expense	3,333	1,132
Foreign exchange losses	1,288	107
Loss on disposal of assets	324	5
Miscellaneous	591	233
	5,536	1,477

In 2015 a fire in a warehouse of the subsidiary Mobly Comercio Varejista Ltda. caused damage to property and equipment amounting to EUR 298k. In addition EUR 2,158k in inventory was lost. EUR 1,926k were compensated by insurance, which led to a net loss of EUR 530k.

26 Finance Income

	2015	2014
	In EUR k	
Interest income	79	42
Gains from financial instruments at FVTPL	95	6
Foreign exchange gains	1,223	0
	1,397	48

27 Finance Costs

	2015	2014
	In EUR k	
Interest expense	3,226	1,787
Losses from financial instruments at FVTPL	33	0
Foreign exchange losses	702	1
Miscellaneous	4	0
	3,965	1,788

28 Income Taxes

	2015	2014
	In EUR k	
Current tax expense for the current period	4	48
Current tax expense for previous periods	6	209
Current tax expenses	10	257
Deferred tax expense	824	0
	834	257

Reconciliation between the expected income taxes and the actual income taxes

	2015	2014
	In EUR k	
Loss before tax	-84,237	-61,457
Tax calculated at domestic tax rates applicable to profits in the respective countries	26,186	19,194
Tax effect on items which are not deductible or assessable for taxation purposes are:		
Unrecognized tax losses for the year	-25,967	-17,452
Utilization of unrecognized tax loss carryforwards	48	37
Share-based compensation expenses, non-deductible for tax purposes	-537	-1,456
Other non-deductible expenses	-558	-342
Current tax expenses for previous periods	-6	-209
Miscellaneous	0	-29
	-834	-257

The weighted average applicable tax rate was 31.09 % (2014: 31.23 %) which was derived from the tax rate in each tax jurisdiction weighted by the relevant pre-tax loss.

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 tax effect of these temporary differences and unused tax loss carryforwards is detailed below:

	December 31, 2015	December 31, 2014
	In EUR k	
Tax loss carryforwards	75,265	47,486
Liabilities	1,433	1,532
Internally generated intangible assets	-2,964	-982
Intangible assets acquired in the business combination	-4,810	0
Inventories	-364	-657
Less: unrecognized deferred tax assets	-70,018	-47,379
Deferred tax liabilities	**-1,458**	**0**

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable or deferred tax liabilities are recognized. As stated under note 3 due to the loss history net deferred tax asset has therefore not been recognized in the years 2015 and 2014.

In context of a business combination EUR 634k of deferred taxes have been capitalized (note 33).

Tax loss carryforwards

For tax loss carryforwards in the amount of EUR 222,491k (2014: EUR 149,009k) no deferred tax claims were requested. They can be carried forward without any time limitations.

29 Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management functions are to establish risk limits, and ensure that exposure to risks stays within these limits.

Risk management is carried out by a central treasury department under supervision of the Management Board. The management board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and interest rate risk and investment of excess liquidity.

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Company's maximum exposure to credit risk by class of assets is as follows:

	2015	2014
	In EUR k	
Restricted funds	5,668	2,343
Trade and other financial receivables	15,467	7,201
Financial assets	95	0
Cash and cash equivalents	45,935	29,736
	67,165	39,280

With the introduction of the payment method "purchase on invoice" in April 2015 the default risk in trade and other financial receivables increased. In order to avoid bad debt losses Home24 implemented an extensive risk management. The remaining credit risk with commercial counterparties is limited because cash is received at the time of the sale (prepayments, Paypal, Credit Card) or promptly after receipt of the order or secured by a trade credit insurance.

The Company's bank deposits are distributed amongst different banking partners. The main partners have a Standard & Poor's long-term rating of between BBB+ and AA+ (2014: between A- and AA-). The rating is reviewed regularly.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Market risk

Market risk is the risk that assumed fair value of future payment flows of a financial instrument change due to swings in market prices.

The Company is internationally active and especially vulnerable to foreign currency risk. The foreign currency risk stems from future business transactions as well assets and liabilities in foreign currencies. Such positions comprise of US dollars as well as Swiss francs and, to a small extent, in other currencies.

Due to increasing company activities the treasury/finance department actively manages the foreign exchange risk related to the USD based on a policy introduced in 2015. The policy intends to hedge risks of inventories, semi-finished goods and finished goods bought in USD. The hedging is exclusively done with foreign exchange forwards and swaps with a period matching the underlying transaction.

In the following sensitivity analysis for currency risk we assume that one factor changes while all other factors remain constant. If the euro appreciates or depreciates by 10 % in comparison to the following foreign currencies, the effects on income are shown below:

	2015 +/-	2014 +/-
	In EUR k	
USD	442	1,049
CHF	1,362	666
PLN	2	0
HKD	6	0
CNY/ CNH	3	0

The Company did not experience any major changes in interest rates or other price risks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Company. Management monitors monthly rolling forecasts of the Company’s cash flows. The Company also uses its negative working capital to create a stable financial foundation for further growth.

The Company invests excess cash in a diversified asset portfolio as to be able to service unexpected demand for liquidity without any issues. The liquidity situation of the Company includes cash and cash equivalents. The management expects that short-term liquidity bottlenecks can be covered through the liquidation of means of payment.

The financial liabilities of the Company exclusively consist of short-term debt with maximum maturities of 180 days.

	2015	2014
	In EUR k	
Financial liabilities	762	41
Trade payables	39,000	38,848
Debtors with credit balance	2,983	2,930
Other payables	4,647	3,685
Gross payment derivative financial instruments		
- Cash inflow	4,715	0
- Cash outflow	-4,665	0
	47,442	45,504

Gross payment derivative financial instruments relate to foreign exchange forwards. Cash inflow and outflow are shown as gross amounts.

Capital management

The goal of the capital management of Home24 Group is the short-term solvency as well as securing the capital base to continuously finance the intended growth and long-term increase of enterprise value. Part of this is to make sure that all companies in the Group operate under the going concern principle. Capital management is performed by continuous monitoring of key financial indicators. The equity ratio at closing date is 51.3 % (2014: 8.9 %).

30 Transactions with Related Parties

Rocket Internet SE, Berlin, and Kinnevik Online AB, Stockholm, Sweden are the main shareholders with significant influence on Home24 AG.

The Company and Rocket Internet SE, Berlin, have entered into an agreement whereby Rocket Internet SE charges the Company for services of their personnel engaged in line or staff functions on a short-term base relating specifically to the operations of the Company. The following overview shows business transactions recorded in the financial years 2015 and 2014, as well as outstanding balances originating from this agreement.

	2015	2014
	In EUR k	
Receivables	9	7
Expenses for services	666	515
Liabilities	46	55

Receivables and liabilities are unsecured and payable in cash.

Compensation of Management Board and Supervisory Board

As part of their compensation, members of the Management Board were granted shares or options of Home24 AG within equity-settled share-based compensation plans described in more detail in note 23. The compensation paid or payable to the Management Board for employee services is shown below:

	2015	2014
	In EUR k	
Salaries	317	415
Equity-settled share-based compensation expenses	1,380	2,827
	1,697	3,242

The number of granted equity instruments amounted to 825 (2014: 4,804).

The compensation of the Supervisory Board amounted to EUR 128k.

31 Contingencies and Commitments

Order commitments were EUR 5,407k as of December 31, 2015 (2014: EUR 5,160k).

Operating lease commitments: Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
	In EUR k	
Less than 1 year	13,606	11,743
Between one and five years	24,583	37,058
More than 5 years	1,551	1,140
	39,740	49,941

The leasing arrangements include warehouse and office rent as well as leasing expenses for IT equipment.

At December 31, 2015, total future sublease payments receivable under the Company's operating subleases is EUR 39k (2014: EUR 127k).

32 Subsidiaries

The Company held shares in the following subsidiaries as of 31 December:

	Subsidiaries	Country of incorporation and place of business	Nature of business	Proportion of ownership interests held by Company 2015	2014
	Mobly Comercio Varejista Ltda. and related holdings				
1	Jade 1216. GmbH	Berlin, Germany	Holding	92.92%	84.78%
2	Jade 1412. GmbH	Berlin, Germany	Holding	92.92%	84.78%
3	Juwel 181. VV UG	Berlin, Germany	Holding	92.92%	84.78%
4	VRB GmbH & Co. B-197 KG*	Berlin, Germany	Holding	82.83%	75.57%
5	Mobly Comercio Varejista Ltda.*	São Paulo, Brazil	Onlineshop	82.83%	75.57%
	Other related companies				
6	SPV-4 Furniture Services GmbH	Berlin, Germany	Holding	100.00%	100.00%
7	Home24 Verwaltungs GmbH	Berlin, Germany	General partner	100.00%	100.00%
8	Home24 eTrading GmbH	Berlin, Germany	Non-operating	100.00%	100.00%
9	Home24 eLogistics GmbH & Co.KG	Berlin, Germany	Logistics	100.00%	100.00%
10	Home24 eProductions GmbH & Co. KG (formerly Home24 eCommerce GmbH & Co. KG)	Berlin, Germany	Service	100.00%	100.00%
11	Home24 eServices GmbH & Co.KG	Berlin, Germany	Non-operating	100.00%	100.00%
12	Home24 eCustomers GmbH & Co.KG	Berlin, Germany	Service	100.00%	100.00%
13	Home24 Polska S.A.	Robakowo, Poland	Logistics	100.00%	100.00%
14	Home24 Polska Sp z oo	Tarnowo Podgòrne/ Sady, Poland	Logistics	100.00%	0.00%
15	Fashion4home GmbH	Berlin, Germany	Onlineshop	100.00%	0.00%
16	Club of Style Ltd.	Hong Kong, China	Service	100.00%	0.00%
17	Club of Style (Shenzen) Ltd.	Shenzen, China	Service	100.00%	0.00%
18	Fashion4home Inc.	Dover, USA	Non-operating	100.00%	0.00%
19	Home & Living Holding AG	Zurich, Switzerland	Holding	100.00%	0.00%
20	Casa Home & Living GmbH	Berlin, Germany	Onlineshop	100.00%	0.00%
21	Home24 Hong Kong Ltd.	Hong Kong, China	Service	100.00%	0.00%

* Consolidated group share under the consideration of non-controlling shares on the level of intermediate holding companies

Jade 1216. GmbH is a direct subsidiary of Home24 AG and holds interests in Jade 1412. GmbH and Juwel 181 VV UG. Jade 1216 GmbH also holds an investment in VRB GmbH & Co. B-197 KG, the legal parent of Mobly Comercio Varejista Ltda.

During the financial year 2015, the Group acquired 8.14 % of shares in Jade 1216 GmbH for a cash value of EUR 9,557k. The residual carrying amount of the acquired non-controlling interest on the transaction date amounted to EUR -1,751k. The difference between the acquisition costs and the residual carrying amount reduced the equity of the controlling interest by EUR 11,328k. The actual payment amounted to EUR 9,917k due to currency translation differences and interest effects, as the acquisition of shares was established in USD and part of it had to be paid six months after the acquisition.

The total non-controlling interest in Jade 1216. GmbH and VRB GmbH & Co. B-197 KG as of December 31, 2015 with a carrying amount of EUR -8,942k (December 31, 2014: EUR -7,715k) as part of the equity. The loss allocated to this non-controlling interest amounted to EUR 3,653k (2014: EUR 4,741k).

Summarized financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information for Jade 1216. GmbH and its direct and indirect subsidiaries.

Summarized consolidated balance sheet

	December 31, 2015	December 31, 2014
	In EUR k	
Non-current assets	2,561	1,731
Current assets	9,396	10,573
Total assets	11,957	12,304
Current liabilities	57,948	37,833
Total net assets	-45,991	-25,529

Summarized consolidated income statement

	2015	2014
	In EUR k	
Revenue	50,451	39,585
Net loss for the period	-21,256	-19,463
Other comprehensive income for the period, net of tax	736	358
Total comprehensive loss for the period	-20,520	-19,105

Summarized statement of cash flow

	2015	2014
	In EUR k	
Cash flows from operating activities	-30,221	-5,403
Cash flows from investing activities	-2,090	-1,235
Cash flows from financing activities	33,495	6,846

33 Business Combination

On 12 November 2015 7,071 shares of Home24 AG were issued in the context of the business combination with fashion4home GmbH ("F4H"). In return Home24 took over all voting rights in F4H, as well as loan liabilities amounting to EUR 2,931k. Furthermore, the previous shareholders of F4H provided a cash payment amounting to the nominal value of the issued shares (EUR 7,071).

The fair value of the issued shares amounted to EUR 16,295k EUR 13,357k deriving from shares of F4H taken over by Home24, EUR 2,931k from the loan liabilities and EUR 7k from the cash payments. The fair value of the issued shares was derived from transaction prices.

F4H is an e-commerce company offering high-quality designer-furniture by established product brands. It mainly appeals to customer groups with high purchasing power. These were the main reasons for the acquisition. The company is active in Germany, Austria and the Netherlands and is headquartered in Berlin. In addition to the online trade, F4H operates various showrooms and an outlet store. The amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed of F4H and its subsidiaries are the following:

	In EUR k
Intangible assets	20,011
Property and equipment	76
Trade and other financial receivables	1,420
Inventories	2,152
Cash and cash equivalents	384
Loan liabilities	-4,866
Advance payments	-3,391
Provisions	-578
Trade payables and other liabilities	-4,336
Deferred tax	-634
Net assets acquired	**10,238**
Goodwill	3,119
Acquisition costs	**13,357**

The goodwill is essentially attributed to inseparable values as the positive business prospect, employee expertise and expected synergy effects of the integration. The goodwill is non-tax-deductible. Of the intangible assets acquired, no assets have indefinite useful lives. The gross amount of the acquired trade and other financial receivables equals EUR 1,399k on which no allowance has been made. Incidental acquisition costs attributed to the acquisition of F4H, which were recorded in other operating expenses amounted to EUR 127k.

After being initially consolidated November 12, 2015, F4H has generated revenues of EUR 3,317k and impacted group earnings by EUR -1,053k. If F4H had been included in the Home24 consolidated financial statements as of January 1, 2015, it would have reported additional revenues of EUR 21,407k and group earnings of EUR -9,841k.

34 Number of Employees

	2015	2014
Women	543	426
Men	808	587
	1,351	1,013

35 Auditor's Fees

	2015	2014
	In EUR k	
Audit	340	191
thereof prior period	*34*	*6*
Other confirmation services	200	200
Tax consultancy	10	0
Other services	75	100
thereof prior period	*3*	*61*
	625	491

	2015	2014
	In thousands of EUR	
Audit	340	191
thereof prior year	*34*	*6*
Other confirmation services	200	200
Tax consultancy	10	0
other Services	75	100
thereof prior year	*3*	*61*
	625	491

36 Management Board and Supervisory Board

Management Board

Dr. Philipp Kreibohm, Berlin
Lawyer

Domenico Cipolla, Berlin
Graduated in Business Administration

Constantin Eis, Berlin
Graduated in Business Administration
- until January 29, 2016 -

Axel Hefer, Hagen
Graduated in Business Administration

Marc Appelhoff, Berlin
Graduated in Business Administration
- since March 14, 2016 -

Christoph Cordes, Berlin
Graduated in Business Administration
- since March 14, 2016 -

Supervisory Board

Lothar Lanz (Chairman of the Supervisory Board), Berlin
Member of various supervisory boards
- since September 16, 2015 Chairman of the Supervisory Board
- since July 22, 2015 -

Christoph Barchewitz (Deputy Chairman of the Supervisory Board), London
Investment Director
- since May 8, 2015 Deputy Chairman of the Supervisory Board
- since May 7, 2015 -

Verena Mohaupt (Chairman of the Audit Committee), Munich
Partner and Investment Manager
- since May 8, 2015 -

Alexander Samwer, Munich
Entrepreneur
- until September 16, 2015 Chairman of the Supervisory Board
- since November 6, 2015 -

Christian Senitz, Berlin
Senior Vice President Finance
- since November 6, 2015 -

Christian Scherrer, London
Investment Professional
- since November 6, 2015 -

Lorenzo Grabau, London
CEO
- since November 6, 2015 -

Martin Weber, Munich
Managing Director
- until July 22, 2015 -

David Khalil, Berlin
Managing Director
- until November 6, 2015 -

37 Events After the Reporting Period

On February 24 and March 21, 2016, the Company's annual general meeting agreed to a share capital increase amounting to EUR 7,925 in return for cash. Previous shareholders and outstanding third parties were authorized to subscribe to and acquire new shares.

The cash capital increase amounting to EUR 3,928 resolved on February 24, 2016, as well as the issue of 3,928 new shares came into effect with the registration of the capital increase with the commercial register on March 7, 2016. All in all, EUR 10.0m was paid into the capital reserves after the closing date.

The cash capital increase resolved on March 21, 2016, amounting to EUR 3,997 has not become effective as it has not been registered with the commercial register yet.

Mr. Constantin Eis left the Management Board effective January 29, 2016.

Effective March 14, 2016, Mr. Marc Appelhoff and Mr. Christoph Cordes joined the management board of Home24 AG.

No other events of special significance occurred after the closing date.

Berlin, March 31, 2016

Sig. Dr. Philipp Kreibohm Sig. Domenico Cipolla Sig. Axel Hefer

Sig. Marc Appelhoff Sig. Christoph Cordes

The following English-language translation of the German-language audit opinion (Bestätigungsvermerk) refers to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) as well as the group management report, prepared on the basis of German commercial law (HGB), of Home24 AG, Berlin, as of and for the fiscal year ended December 31, 2015 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The group management report is not part of this Prospectus.

Audit opinion

We have audited the consolidated financial statements prepared by Home24 AG, Berlin, comprising the balance sheet, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs (International Financial Reporting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, 31 March 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner	Lennartz
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Audited Unconsolidated Financial Statements as of and for the fiscal year ended December 31, 2017 (prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*)) of Home24 AG

Home24 AG, Berlin

Balance sheet as of December 31, 2017

	in EUR	in EUR	Dec 31, 2016 in EUR
Assets			
A. Fixed assets			
I. Intangible assets			
1. Purchased industrial and similar rights and assets, and licenses in such rights and assets	3,743,833		4,185,924
2. Prepayments	8,202,071		2,441,105
		11,945,904	6,627,030
II. Property, plant and equipment			
1. Other equipment, furniture and fixtures	431,160		742,479
2. Assets under construction	6,278		0
		437,438	742,479
III. Financial assets			
1. Shares in affiliates	26,826,588		26,826,588
2. Loans to affiliates	12,811,734		7,280,313
3. Other loans	270,955		1,643,697
		39,909,277	35,750,598
		52,292,620	43,120,107
B. Current assets			
I. Inventories			
1. Merchandise	21,307,449		21,545,835
2. Prepayments	2,251,981		1,144,814
		23,559,431	22,690,649
II. Receivables and other assets			
1. Trade receivables	5,936,245		4,035,980
2. Receivables from affiliates	4,108,313		1,910,539
3. Other assets	1,463,343		3,389,807
		11,507,902	9,336,326
III. Cash on hand and bank balances		15,980,714	29,516,442
		51,048,047	61,543,417
C. Prepaid expenses		394,475	952,737
		103,735,141	105,616,262

	in EUR	in EUR	Dec 31, 2016 in EUR
Equity and liabilities			
A. Equity			
I. Issued capital	429,269		404,990
less nominal value of treasury shares	-400		0
thereof contingent capital EUR 27,450 (prior year: EUR 0)			
		428,869	404,990
II. Capital reserves		47,485,774	55,308,352
III. Accumulated profit/loss		0	0
		47,914,643	55,713,342
B. Provisions			
Other provisions		16,517,064	12,481,369
C. Liabilities			
1. Liabilities to banks	323,719		0
2. Prepayments received on account of orders	9,690,115		6,626,335
3. Trade payables	13,529,216		18,145,267
4. Liabilities to affiliates	13,327,071		11,919,564
5. Other liabilities	1,388,095		730,386
thereof for taxes: EUR 949,818 (prior year: EUR 493,061) thereof for social security: EUR -15,897 (prior year: EUR -16,474)			
		38,258,216	37,421,552
D. Deferred income		1,045,219	0
		103,735,141	105,616,262

Home24 AG, Berlin

Income Statement for fiscal year 2017

	in EUR	in EUR	2016 in EUR
1. Revenue	219,134,072		207,223,788
2. Other operating income thereof income from currency translation: EUR 642,404 (prior year: EUR 1,531,551)	3,550,233		2,910,983
		222,684,305	210,134,771
3. Cost of materials			
a) Cost of purchased merchandise	-118,903,844		-171,188,257
b) Cost of purchased services	-49,406,439		0
4. Personnel expenses			
a) Wages and salaries	-18,136,254		-17,891,542
b) Social security and pension costs thereof for old-age pensions: EUR 58,630 (prior year: EUR 38,778)	-3,387,057		-2,990,735
5. Amortization of intangible assets and depreciation of property, plant and equipment	-1,966,746		-5,780,848
6. Other operating expenses thereof expenses from currency translation: EUR 1,106,575 (prior year: EUR 1,472,899)	-62,386,988		-79,359,202
		-254,187,329	-277,210,583
7. Income from investments	75,092		0
8. Other interest and similar income thereof from affiliates: EUR 357,089 (prior year: EUR 0)	359,293		183,277
9. Write-downs of financial assets	0		-60,678,487
10. Interest and similar expenses thereof to affiliates: EUR 44,950 (prior year: EUR 1,118,585)	-266,758		-1,262,997
11. Expenses from loss absorption	-1,212,583		0
	-1,044,957		-61,758,206
12. Income taxes	-37,290		7,104
13. Loss for the period		-32,585,271	-128,826,915
14. Loss carryforward		0	-199,339,328
15. Withdrawals from the capital reserve		32,585,271	328,166,243
16. Accumulated profit/loss		0	0

Home24 AG, Berlin

Notes to the Financial Statements for Financial Year 2017

The Company is entered in the commercial register of Charlottenburg local court under no. HRB 167157 B as Home24 AG with registered offices in Berlin.

I. General Remarks on the Financial Statements

The Company is a large corporation as defined by Section 267 HGB ("Handelsgesetzbuch": German Commercial Code) in the reporting period, as the size criteria has been satisfied for two consecutive financial years. The financial statements of Home24 AG, Berlin (hereinafter Home24 or Company), as of December 31, 2017 were prepared in accordance with the applicable provisions of the HGB for large companies, German GAAP and the relevant provisions of the AktG ("Aktiengesetz": German Stock Corporation Act).

The income statement is classified using the nature of expense method in accordance with Sec. 275 (2) HGB.

The exchange rate of a foreign currency in euros for accounts with underlying amounts in foreign currency for 2017 is:

- average 1.1294 EUR-USD and as of December 31, 2017, 1.1993 (EUR-USD, mean spot rate),
- average 1.1115 EUR-CHF and as of December 31, 2017, 1.1702 (EUR-CHF, mean spot rate),
- average 8.8027 EUR-HKD and as of December 31, 2017, 9.3720 (EUR-HKD, mean spot rate),
- average 4.2572 EUR-PLN and as of December 31, 2017, 4.1770 (EUR-PLN, mean spot rate),

II. Recognition and Measurement Policies

The following recognition and measurement policies, which remain unchanged on the prior year, were used to prepare the financial statements.

Fixed Assets are recognized at amortized acquisition or production cost or at the lower of net realizable value. Depreciation and amortization is calculated and performed based on the customary useful life using the straight-line method.

Low-value assets with individual acquisition costs not exceeding EUR 410 are fully expensed in the year of acquisition and recognized as disposals. Assets with acquisition costs between EUR 150 and EUR 1,000 are recognized in a catch-all item and depreciated by one fifth starting in the year of acquisition.

Financial assets are capitalized at lower of cost or net realizable value. Interest bearing loans are stated at nominal value.

Inventories are recorded at their acquisition cost including incidental acquisition costs. If lower market prices and/or net realizable values exist as of the balance sheet date, they are taken into account. Inventory risks, which arise due to reduced salability, are accounted for by appropriate write-downs.

Receivables and other assets, cash on hand and bank balances are recognized at nominal value. Default risks to trade receivables as well as to other assets are taken into account through impairments. The amount of these impairments is calculated using the age structure of receivables and the expected default and utilization rates.

The capital stock (no par value shares) with discretionary dividends is classified as equity. Costs to be allocated to an equity transaction are recognized through profit or loss.

The calculation of other provisions takes into account all recognizable risks and contingent liabilities. They are measured at their settlement value that is considered necessary according to prudent business judgment in order to cover future payment obligations.

Liabilities are recorded at the settlement value.

Expenditure relating to expenses for a certain period after the balance sheet date are recognized in prepaid expenses.

Proceeds relating to income for a certain period after the balance sheet date are recognized in deferred income.

Receivables, bank balances and liabilities in foreign currency are measured at the mean spot rate as of the balance sheet date; the historical cost convention or the imparity principle is applied for receivables due in more than one year. In accordance with Sec. 256a HGB, the realization or historical cost principle is not applied for maturity periods of up to one year.

The *"thereof"* currency translation items presented in the income statement include both realized and unrealized currency differences.

To determine deferred taxes arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, these differences are valued using the company-specific tax rates at the time they reverse; the amounts of any resulting tax charge and relief are not discounted. Deferred tax assets and liabilities are offset. The option not to recognize any net deferred tax assets was exercised.

Equity-settled share-based compensation to employees are not recognized. The issue of options only affects existing shareholders' assets in that it dilutes the value of shares existing prior to the issuance, which, in view of the principle of separation defined in German stock corporation law, does not affect the net assets or results of operations.

Share-based compensation for the acquisition of media services are recognized as an expense in the performance period and provisions are recognized accordingly. For equity-settled agreements, the expense is measured at the fair value of the media volume at the date the service is rendered. The fair value is the list price of the media service less the agreed discount. For agreements settled with cash the provision is recognized at fair value as of the reporting date. The provisions are measured based on the Company's equity value as derived from transaction prices, taking into consideration the regulations in the compensation agreements.

III. Notes to the Balance Sheet

1. Fixed assets

The composition and the **development of fixed assets** is presented in the exhibit to the notes.

Other loans include bank balances that are pledged to the lessor of warehouses as deposits and that are not accessible to the Company for periods of more than one year.

In the current financial year, the Company acquired 100 % of the shares in CASA Home & Living GmbH, Berlin, for a purchase price or EUR 33k. As of September 1, 2017, CASA Home & Living GmbH was merged into Home24 AG. This was entered in the commercial register on March 7, 2018.

Investments of the Company as of the balance sheet date are presented in the exhibit to the notes.

2. Current assets

As of December 31, 2017, the warehouse in Ludwigsfelde was pledged as security for a credit line. Of the total volume of the credit facility EUR 3,000k (2016: EUR 2,000k), EUR 324k had been drawn as of the reporting date (2016: EUR 0). **Receivables from affiliates** increased by EUR 2,198k to EUR 4,108k and primarily contain trade receivables of EUR 2,954k (2016: EUR 987k) and other receivables of EUR 1,154k (2016: EUR 924k).

Other assets of EUR 486k (2016: EUR 408k) have a remaining term of more than one year. As in the previous year, all other receivables and other assets are due within one year.

3. Equity

The development of equity is as follows:

	Issued Capital	Treasury shares	Capital reserves	Accumulated profit/loss	Total equity
			in EUR k		
As of January 1, 2017	**405**	**0**	**55,308**	**0**	**55,713**
Cash capital increases	24	0	25,178	0	25,202
Share buyback	0	-1	-415	0	-416
Loss for the period	0	0	0	-32,585	-32,585
Utilization of / withdrawals from free capital reserve	0	0	-32,585	32,585	0
As of 31 December 2017	**429**	**-1**	**47,486**	**0**	**47,914**

The issued capital is divided into 429,269 shares (2016: 404,990 shares) with a par value of EUR 1 per share and was raised by EUR 24k (2016: EUR 28k) as part of cash capital increases. All shares are fully paid in. Due to the issue of new shares, the capital reserves increased by EUR 25,178k. Capital reserves were fully paid in.

In financial year 2017, the Company bought back 400 shares for an overall purchase price of EUR 415k and held them as treasury shares as of the balance sheet date.

In the course of preparing the balance sheet as of December 31, 2017, an amount of EUR 32,585k (2016: EUR 328,166k) was reversed from the free capital reserves and offset against the loss for the period.

As of the balance sheet date, the authorized and conditional capital have the following components:

	Amount in EUR	Number of no par value share
Authorized capital 2015/I	135,860	135,860
Authorized capital 2015/II	6,550	6,550
Authorized capital 2015/III	6,450	6,450
Authorized capital 2017/I	4,500	4,500
Contingent capital 2017/I	27,450	27,450

4. Provisions

Other provisions include provisions for outstanding invoices of EUR 11,940k (2016: EUR 8,541k), provisions for expected product returns and non-contractual warranties of EUR 1,658k (2016: EUR 2,288k), provisions related to share-based compensation for media services of EUR 1,786k (2016: EUR 0k), provisions for personnel expenses of EUR 821k (2016: EUR 1,089k) as well as provisions for the costs of preparing and auditing the financial statements of EUR 312k (2016: EUR 531k).

5. Liabilities

Liabilities to affiliates of EUR 9,295k (2016: EUR 8,982k) relate to loan liabilities, of EUR 2,176k (2016: EUR 2,295k) to trade payables and of EUR 1,856k (2016: EUR 643k) to other liabilities.

The liabilities break down as follows with the following maturity terms:

	Dec. 31, 2017		
	total	up to 1 year	1 to 5 years
		In EUR k	
Liabilities to banks	324	324	0
Prepayments received	9,690	9,690	0
Trade payables	13,529	13,529	0
Liabilities to affiliates	13,327	13,327	0
Other liabilities	1,388	1,325	63
	38,258	38,195	63

	Dec. 31, 2016		
	total	up to 1 year	1 to 5 years
		In EUR k	
Prepayments received	6,626	6,626	0
Trade payables	18,145	18,145	0
Liabilities to affiliates	11,920	11,920	0
Other liabilities	731	714	17
	37,422	37,405	17

As part of reverse factoring agreements, as of December 31, 2017, certain suppliers transferred their receivables of EUR 856k from Home24 to various factoring providers (2016: EUR 2,683k). The corresponding liabilities are still recognized in trade payables. The reverse factoring agreements expire at the beginning of financial year 2018.

As collateral for trade payables of EUR 1,441k, the brand name and the domain acquired in 2015 in the course of the business combination with fashion4home GmbH was pledged. Due to the financial position and performance of the Company, a claim of this obligation is unlikely.

As in the previous year, the remaining liabilities are not secured.

6. Deferred income

Deferred income of EUR 755k has a residual term of more than one year.

7. Deferred tax assets

In accordance with Sec. 274 (1) HGB, the option to capitalize deferred taxes was not exercised. Exercising the option would have resulted in the capitalization of deferred tax assets from corporate and trade tax loss carryforwards with a tax rate of 30.18 %.

IV. Notes to the Income Statement

1. Revenue

Revenue breaks down as follows:

	2017	2016
	in EUR k	
Revenue		
from the sale of furniture and home furnishings		
- for the German market	150,144	137,195
- in other European countries (i.e., France, Belgium, Netherlands, Austria, Switzerland, Italy)	66,829	57,700
from the charges to subsidiaries	1,868	11,964
from rental agreements	227	365
from cooperations	66	0
	219,134	207,224

2. Other operating income

Other operating income mainly comprises out-of-period income from the reversal of a provision EUR 1,402k (2016: EUR 427k) and from the reversal of bad debt allowances on receivables EUR 874k (2016: EUR 269k).

3. Other operating expenses

Other operating expenses mainly include marketing and travel expenses of EUR 45,299k (2016: EUR 37,744k), IT expenses of EUR 3,479k (2016: EUR 2,419k), rent and rent incidentals of EUR 2,716k (2016: EUR 2,512k) as well as expenses related to ordinary activities of EUR 4,237k (2016: EUR 5,092k). An intra-group merger results in post-merger losses of EUR 43k that represents an extraordinary expense.

4. Amortization of intangible assets and depreciation of property, plant and equipment

Amortization of intangible assets and depreciation of property, plant and equipment of EUR 1,967k (2016: EUR 5,781k) mainly include amortization of intangible assets of EUR 1,555k (2016: EUR 5,316k).

5. Income from investments

Income from investments relates in full to out-of-period income from an investment sold in 2016.

6. Expenses from loss absorption

The expenses result from the profit and loss absorption agreement signed with Home24 Outlet GmbH on March 10, 2017, with economic effect as of January 1, 2017.

V. Off-balance sheet transactions

Factoring

Purpose	Trade receivables are sold on a regular basis in order to generate cash for financing business operations.
Risks	None
Advantages	Improved liquidity planning
Financial implications	As of the reporting date, receivables with a nominal value of EUR 4,315k had been sold, of which EUR 2,052k were not yet due

Operating leases

Purpose	Investment risk is minimized by using capital goods on a temporary basis while the ownership and the related risk remain with the lessor
Risks	None
Advantages	Flexible design options due to short durations and contracts that can be terminated within agreed terms

VI. Other financial obligations

Other financial obligations of EUR 33,847k (2016: EUR 21,653k) break down as follows as of the balance sheet date December 31, 2017:

		Due in	
	total	up to 1 year	1 to 5 years
		in EUR k	
Order for merchandise	11,935	11,935	0
Marketing services	7,833	4,592	3,241
Rental agreements	12,363	3,904	8,459
Software and licenses	1,681	1,539	142
Leases	389	389	0
	34,202	22,359	11,843

VII. Other notes

1. Acquisition of a subsidiary

In the current financial year, the Company acquired 100% of the shares in CASA Home & Living GmbH, Berlin, for a purchase price of EUR 33k. As of September 1, 2017, CASA Home & Living GmbH was merged into Home24 AG. This was entered in the commercial register on March 7, 2018.

Contingent liabilities and transactions with related parties

The Company is responsible for providing funds to its subsidiary eLogistics GmbH & Co. KG such that it can fulfill its financial obligations at all times. For this purpose, customary letters of comfort have been issued as part of rental and shipping agreements. Risks could result from the contractual term if the subsidiary does not fulfill its financial obligations. There is no indication of such a development at present. There were no other contingent liabilities and off-balance-sheet transactions that were not conducted at arm’s length in the reporting period.

Home24 AG has communicated to Rocket Internet SE, Berlin that it holds more 25 % of the shares recognized in equity.

The Company and Rocket Internet SE, Berlin, have signed an agreement according to which Rocket Internet SE, Berlin, invoices the Company for short-term services rendered by employees of Rocket Internet SE, Berlin, in connection with the operating activities of the Company both at operational as well as at administrative level. The following overview shows the transactions recorded in the financial years 2016 to 2017 and the open balances from this contract:

	2017	2016
	in EUR k	
Expenses for services	21	51
Liabilities	0	1

The liabilities are not secured and must be settled in cash.

In financial year 2017, the members of the Management Board were Dr. Philipp Kreibohm, Marc Appelhoff and Christoph Cordes. The remuneration of the Management Board also comprised shares or share options of Home24 AG, which were granted as part of various equity-settled share-based compensation programs.

The following overview shows the remuneration paid or outstanding to the member of the Management Board for their activities.

	2017	2016
	in EUR k	
Salaries	520	577
Equity-settled share-based compensation	6,273	5,522
	6,793	6,099

In the reporting period, no new shares or share options were granted to the members of the Management Board as part of share-based remuneration programs (2016: EUR 22,362).

Overall as of the reporting date December 31, 2017, the Company has issued 35.183 (2016: 35,353) options to the Management Board and selected employees for the acquisition of shares in Home24 AG.

The compensation of the Supervisory Board amounted to EUR 160k (2016: EUR 160k).

3. Classification of employees by gender

The average number of employees in financial year 2017 was structured as follows:

	2017	2016
Male	201	181
Female	184	138
	385	319

4. Management Board and Supervisory Board

In financial year 2017, the Management Board and the Supervisory Board were represented by the following members:

Management Board

Dr. Philipp Kreibohm, lawyer, Berlin

Mr. Marc Appelhoff, businessman, Berlin

Mr. Christoph Cordes, businessman, Berlin

Two members of the Management Board have powers of overall representation and are entitled to enter into transactions on behalf of the Company.

Supervisory Board

Lothar Lanz (Chairman of the Supervisory Board), Berlin
Member of many supervisory boards

Christoph Barchewitz (Deputy Chairman of the Supervisory Board), London
Investment Director

Verena Mohaupt (Chairwoman of the Audit Committee), Munich
Partner and Investment Manager

Alexander Samwer, Munich
Entrepreneur

Christian Senitz, Berlin
Senior Vice President Finance

Christian Scherrer, London
Investment Professional

5. Auditor's fees

In compliance with Sec. 290 (1) HGB, Home24 AG prepares consolidated financial statements. The consolidated financial statements of Home24 AG, Berlin, are published in the *elektronischer Bundesanzeiger* (Electronic German Federal Gazette) under HRB 167157 B. These consolidated financial statements include the auditor's fees.

Home24 AG, Berlin, is the parent company of the largest and the smallest group of companies, for which consolidated financial statements are prepared.

VIII. Subsequent events

In March 2018, the Company bought back 374 shares for an overall purchase price of EUR 388k and thus holds a total of 774 treasury shares.

With the entry in the commercial register as of March 7, 2018, CASA Home & Living GmbH was merged into the Company. The merger record date is September 1, 2017.

The Supervisory Board of the Company appointed Johannes Schaback as member of the Management Board with effect from April 1, 2018. The term of the other members of the Management Board, Marc Appelhoff and Christoph Cordes, was extended until the end of December 31, 2020.

Home24 still relies on external sources to finance its ambitious growth plans. For this reason, in April 2018, Home24 concluded a financing agreement with a shareholder, which allows home24 draw on amounts of up to EUR 20m in total from the shareholder through the issuance of a loan and securities under certain conditions. The repayment of these amounts and the reimbursement of the costs of financing are due in August 2019 at the latest.

No other events of special significance occurred after the closing date.

Berlin, April 11, 2018

Dr. Philipp Kreibohm Marc Appelhoff Christoph Cordes

Johannes Schaback

Home24 AG, Berlin

Statement of changes in fixed assets (gross figures)

	Acquisition or production cost					Accumulated amortization, depreciation and write-downs				Carrying amount	
	Carryforward Jan. 1, 2017	Additions	Reclassification	Disposals	As of Dec. 31, 2017	Carryforward Jan. 1, 2017	Amortization, depreciation and write-downs for the financial year	Disposals	As of Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2016
						in EUR					
I. Intangible assets											
1. Purchased industrial and similar rights and assets, and licenses in such rights and assets	11,222,979	144,974	968,392	-23,558	12,312,787	7,037,054	1,555,434	-23,534	8,568,954	3,743,833	4,185,924
2. Prepayments	2,441,105	6,729,357	-968,392	0	8,202,071	0	0	0	0	8,202,071	2,441,105
Subtotal	**13,664,084**	**6,874,332**	**0**	**-23,558**	**20,514,858**	**7,037,054**	**1,555,434**	**-23,534**	**8,568,954**	**11,945,904**	**6,627,030**
II. Property, plant and equipment											
1. Other equipment, furniture and fixtures	2,351,418	103,433	0	-308,720	2,146,132	1,608,939	411,313	-305,280	1,714,972	431,160	742,479
2. Assets under construction	0	6,278	0	0	6,278	0	0	0	0	6,278	0
Subtotal	**2,351,418**	**109,712**	**0**	**-308,720**	**2,152,410**	**1,608,939**	**411,313**	**-305,280**	**1,714,972**	**437,438**	**742,479**
III. Financial assets											
1. Shares in affiliates	62,248,179	33,334	0	-33,334	62,248,179	35,421,591	0	0	35,421,591	26,826,588	26,826,588
2. Loans to affiliates	57,529,781	6,408,496	0	-877,075	63,061,202	50,249,468	0	0	50,249,468	12,811,734	7,280,313
3. Other loans	1,643,697	121	0	-1,372,863	270,955	0	0	0	0	270,955	1,643,697
Subtotal	**121,421,658**	**6,441,951**	**0**	**-2,283,272**	**125,580,337**	**85,671,059**	**0**	**0**	**85,671,059**	**39,909,277**	**35,750,598**
Total	**137,437,160**	**13,425,995**	**0**	**-2,615,550**	**148,247,605**	**94,317,053**	**1,966,746**	**-328,814**	**95,954,985**	**52,292,620**	**43,120,107**

Home24 AG, Berlin

List of investments

	Shareholding in %		Annual financial statements: Loss for the period €	Annual financial statements: Equity € 1)
Investments in affiliated companies				
1. Home24 eCustomers GmbH & Co. KG, Berlin, Germany	100.00	2)	0	-1,013
2. Home24 eLogistics GmbH & Co. KG, Berlin, Germany	100.00	2)	-201,700	-202,599
3. Home24 Polska S.A., Robakowo, Poland	100.00	2)	-67,331	81,399
4. Home24 Polska Sp z oo, Sady, Poland	100.00	2)	-31,221	-167,711
5. Home24 Outlet GmbH, Berlin, Germany	100.00	2)	-106,097	-81,097
6. Mobly Comercio Varejista Ltda., São Paulo, Brazil	82.83		-8,367,218	-4,228,365
7. Club of Style (Shenzen) Ltd., Shenzen, China	100.00		0	18,891

Applying Sec. 285 no. 11 HGB ("Handelsgesetzbuch": German Commercial Code), disclosures on the shareholdings, loss for the period and an interest less than 20 % have been omitted.

Applying Sec. 286 (3) Sentence 1 HGB ("Handelsgesetzbuch": German Commercial Code), disclosures on non-significant shareholdings have been omitted.

1) Based on the financial statements as of Dec 31, 2016

2) Direct share holding

The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the annual financial statements as well as the management report, prepared in accordance with German commercial law (HGB) ("Handelsgesetzbuch": German Commercial Code) applicable to business corporations, of Home24 AG, Berlin, as of and for the fiscal year ended December 31, 2017 as a whole and not solely to the annual financial statements presented in this Prospectus on the preceding pages. The management report is not part of this Prospectus.

Independent auditor's report

To Home24 AG

Opinions

We have audited the annual financial statements of Home24 AG, Berlin, which comprise the balance sheet as of December 31, 2017, and the income statement for the fiscal year from January 1 to December 31, 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Home24 AG for the fiscal year from January 1 to December 31, 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2017 and of its financial performance for the fiscal year from January 1 to December 31, 2017 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB 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 annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of the executive directors and the supervisory board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 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 annual financial statements and this 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 annual financial statements and of the 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 for one 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.

- 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 Company'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 annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the 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.

Berlin, April 12, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Glöckner Wirtschaftsprüfer (German Public Auditor)	Haas Wirtschaftsprüfer (German Public Auditor)

23. GLOSSARY

€	The single European currency adopted by certain participating member states of the European Union, including Germany.
2017 Performance Shares	Virtual performance shares the Company may grant under the LTIP 2017.
2018 Performance Shares	Virtual performance shares the Company may grant under the LTIP 2018.
Active Customers	The number of customers having placed at least one uncancelled order during the twelve months prior to the respective date, irrespective of returns.
Adjusted EBITDA	We calculate adjusted EBITDA by adjusting EBITDA for share-based compensation expenses.
AktG	The German Stock Corporation Act (*Aktiengesetz*).
Appelhoff UG	Appelhoff Invest UG (haftungsbeschränkt).
Articles of Association	The Company's articles of association.
Audit Committee	The audit committee (*Prüfungsausschuss*) of the Supervisory Board.
Authorized Capital 2015/II	The Company's authorized capital pursuant to Section 4 para. 3 of the Articles of Association.
Authorized Capital 2015/III	The Company's authorized capital pursuant to Section 4 para. 4 of the Articles of Association.
Authorized Capital 2017	The Company's authorized capital pursuant to Section 4 para. 6 of the Articles of Association.
Authorized Capital 2018	The Company's authorized capital pursuant to Section 4 para. 7 of the Articles of Association.
Average Order Value	The Gross Order Value for the relevant period, divided by the number of orders for such period.
BaFin	The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
Bambino	Bambino 53. V V UG (haftungsbeschränkt).
Beneficiaries	Certain current and former senior managers and employees of Mobly to whom the Minority Interests are attributable.
Berenberg	Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany.
Brazilian LTIP	The Brazilian long-term incentive program implemented by Jade, the holding company for our Latin America segment, in 2017.
Brazilian Performance Shares	Virtual performance shares Jade may grant under the Brazilian LTIP.
Brazilian Virtual Options	Virtual options the Company may grant under the Brazilian VSOP.
Brazilian VSOP	The virtual stock option program for the benefit of management board members, directors and employees of subsidiaries of the Company which the Company introduced in 2017.

CAGR	Compound annual growth rate.
Call Options	Call options for new shares in the Company granted to current member of the Management Board Philipp Kreibohm as well as former members of the Management Board Felix Jahn, Domenico Cipolla and Constantin Benedikt Eis.
Citigroup	Citigroup Global Markets Limited, London, United Kingdom.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthaleralle 61, 65760 Eschborn, Germany.
Code	The German Corporate Governance Code, as last amended on February 7, 2017.
Commission's Proposal	The proposal published by the European Commission on February 14, 2013.
Company	home24 SE, with its registered office at Greifswalder Straße 212 – 213, 10405 Berlin, Germany (telephone: +49 (0) 30 609 88 00 19), and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 196337 B.
Conditional Capital 2017	The Company's conditional capital pursuant to Section 4 para. 5 of the Articles of Association.
Conditional Capital 2018	The Company's conditional capital expected to be resolved by the Company's shareholders' meeting expected to be held on or around June 13, 2018.
Consumer Rights Directive	Directive 2011/83/EU of the European Parliament and of the Council of October 25, 2011 on consumer rights.
Contribution Margin	Profit Contribution, divided by our revenue.
Cordes UG	Cordes Invest Unternehmergesellschaft (haftungsbeschränkt).
CPC	The Brazilian Consumer Protection Code pursuant to Decree Law no. 8078 of September 11, 1990.
CSSF	The Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*).
Customer Acquisition Costs	Our total performance marketing and above-the-line marketing expenses incurred in any given month.
D&O	Directors and officers.
Data Protection Act	The German Federal Data Protection Act (*Bundesdatenschutzgesetz*).
Data Protection Regulation	Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
DENIC	DENIC eG.
Domestic Paying Agent	A domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks and financial service institutes).

EBITDA — The sum of (i) operating result (EBIT) and (ii) depreciation and amortization.

ECB — The European Central Bank.

EEA — The European Economic Area.

ESMA Guidelines — The guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures.

EUIPO — The European Union Intellectual Property Office.

EURIBOR — The Euro Interbank Offered Rate.

Euro — The single European currency adopted by certain participating member states of the European Union, including Germany.

Euroclear — Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium.

fashion4home — fashion4home GmbH.

FP Commerce — FP Commerce GmbH, the Company’s legal predecessor.

FTEs — Full-time employees.

Germany — The Federal Republic of Germany.

Global Share Certificates — The global share certificates representing the Company’s shares.

GMP — GMPVC German Media Pool GmbH.

GMP Investment Agreement — The investment agreement entered into between the Company, GMP and the shareholders of the Company at the time on July 28, 2017.

GMP Media Agreement — The advertising agreement entered into between the Company and GMP on July 13/24, 2017, pursuant to which GMP agreed to render certain media services to the Company.

Goldman Sachs International — Goldman Sachs International, London, United Kingdom.

Greenshoe Option — The option to acquire up to 1,153,846 additional shares of the Company at the Offer Price, less the agreed commissions, which the Company has granted the Joint Bookrunners in connection with potential Over-Allotments.

Gross Order Value — The aggregate value of orders placed in the relevant period, including VAT, irrespective of cancellations, returns as well as subsequent discounts and vouchers.

Group — The Company and its consolidated subsidiaries.

HGB — The German Commercial Code (*Handelsgesetzbuch*).

home24 — The Group.

ICANN — The Internet Corporation for Assigned Names and Numbers.

IFRS — International Financial Reporting Standards, as adopted by the European Union.

IPO Capital Increase .... The capital increase against contributions in cash for up to 7,692,307 newly issued bearer shares with no par value (*Stückaktien*) expected to be resolved by an extraordinary shareholders' meeting of the Company on or about June 13, 2018.

IPO Committee .... The ad-hoc committee of the Supervisory Board established in connection with the preparation and execution of the Offering on April 23, 2018.

Issue Price... The issue price under the GMP Investment Agreement.

IT... Information technology.

Jade... Jade 1216. GmbH.

Joint Bookrunners .... The Joint Global Coordinators.

Joint Global Coordinators .... Berenberg, Citigroup and Goldman Sachs International.

Key Performance Indicators............. The Contribution Margin and Adjusted EBITDA.

Kinnevik .... Kinnevik Internet Lux S.à r.l.

Lenders... GGC EUR S.á r.l., an affiliate of the Lending Shareholder and Felix Jahn, a shareholder of the Company.

Lending Shareholder.......................... Rocket Internet SE.

Lifetime Value.................................... The Gross Order Value from orders placed by of a specific cohort in a given month, adjusted for expected cancellations and returns based on recent return rates, and multiplied with our Profit Contribution margin (*i.e.*, our revenue divided by our Profit Contribution) during the respective month.

LTIP 2017... The Company's long-term incentive program 2017.

LTIP 2018... The Company's new long-term incentive program 2018.

Luxembourg....................................... The Grand Duchy of Luxembourg.

Major Shareholders............................ All shareholders who, directly or indirectly, have a notifiable interest in the Company's share capital and voting rights within the meaning of Sections 43 *et seq.* WpHG as of the date of this Prospectus.

Management Board .... The Company's management board (*Vorstand*).

MAR .... Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended.

MIFID II... Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.

MIFID II Requirements..................... The product governance requirements contained within MIFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and local implementing measures.

Minority Interests.............................. The remaining shares in Jade and VRB.

MMA... The Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on September 28, 1979.

Mobly	Mobly Comercio Varejista Ltda.
NIS Directive	Directive (EU) 2016/1148 of the European Parliament and of the Council of July 6, 2016 concerning measures for a high common level of security of network and information systems.
Nomination Committee	The nomination committee (*Nominierungsausschuss*) of the Supervisory Board.
Offer Period	The period during which investors may submit purchase orders for the Offer Shares, which is expected to commence on June 4, 2018, and to expire on June 13, 2018.
Offer Price	The offer price for the Offering.
Offer Shares	The New Shares and the Over-Allotment Shares.
Offering	The offering of 8,846,153 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2018.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
Over-Allotment	The allocation of up to 1,153,846 Over-Allotment Shares that investors may, in addition to the New Shares, be allocated as part of the allocation of the Offer Shares.
Over-Allotment Shares	1,153,846 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Lending Shareholder in connection with a possible over-allotment.
Overdraft Facility	The overdraft facility (*Kontokorrentkredit*) entered into between the Company and Deutsche Kontor Privatbank AG on July 21, 2017.
Parent-Subsidiary Directive	Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended.
PMMA	The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on November 12, 2007.
Price Range	The price range for the Offering within which purchase orders may be placed of €19.50 to €24.50 per Offer Share.
Product Liability Act	The German Product Liability Act (*Produkthaftungsgesetz*).
Product Safety Directive	Directive 2001/95/EC of the European Parliament and of the Council of December 3, 2001 on general product safety, as amended.
Profit Contribution	The difference between (i) gross profit and (ii) fulfillment costs (*i.e.*, distribution, handling and packaging expenses, warehouse employee benefit expenses, warehouse freelancer expenses, payment expenses and bad debt expense).
Prospectus	This prospectus.
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended.

QIBs .... Qualified institutional buyers as defined in Rule 144A.

Qualified Participation .... At least 1% of the share capital of the Company.

Regulation S .... Regulation S under the Securities Act.

Remuneration Committee .... The remuneration committee (*Vergütungsausschuss*) of the Supervisory Board.

Rule 144A .... Rule 144A under the Securities Act.

SE Regulation .... Council Regulation (EC) no. 2157/2001 of October 8, 2001 on the statue for a European company (SE), as amended.

SEAG .... The German Act on the SE-Implementation (*SE-Ausführungsgesetz*).

Securities Act .... The United States Securities Act of 1933, as amended.

SevenVentures .... SevenVentures GmbH.

SevenVentures Media Agreement ..... The advertising agreement entered into between the Company and SevenVentures, a subsidiary of ProSiebenSat.1 Media SE, on July 31/August 4, 2017, which was amended on February 7/14, 2018 and pursuant to which SevenVentures agreed to render certain media services to the Company.

Shareholder Loan .... The shareholder loan for an aggregate amount of up to €20.0 million entered into between the Company and the Lenders in May 2018.

Short Selling Regulation .... Regulation (EU) no. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps.

SKUs .... Stock keeping units.

sqm .... Square meters.

Stabilization Manager .... Berenberg, acting as the stabilization manager for the account of the Joint Bookrunners.

Stabilization Period .... The period during which stabilization measures may be taken.

Supervisory Board .... The Company's supervisory board (*Aufsichtsrat*).

Target Market Assessment .... The target market assessment with respect to the Offer Shares.

Tele Media Act .... The German Tele Media Act (*Telemediengesetz*).

UmwG .... The German Transformation Act (*Umwandlungsgesetz*).

Underwriting Agreement .... The underwriting agreement, entered into between the Company, the Lending Shareholder and the Joint Bookrunners on June 1, 2018.

United States .... The United States of America.

VAT .... Value added tax.

Virtual Options .... Virtual options the Company may grant under the VSOP.

Voting Agreement .... The voting agreement entered into between the Lending Shareholder and Kinnevik.

VRB.. VRB GmbH & Co. B-197 KG.

VSOP .... The virtual stock option program introduced by the Company in 2010.

WpHG.. The German Securities Trading Act (*Wertpapierhandelsgesetz*).

WpPG .... The German Securities Prospectus Act (*Wertpapierprospektgesetz*).

WpÜG.. The German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

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24. RECENT DEVELOPMENTS AND TREND INFORMATION

24.1 Recent Developments

With effect from April 1, 2018, Johannes Schaback was appointed as a member of the Management Board.

In May 2018, the Company entered an agreement for the Shareholder Loan with the Lenders (see "*12.7.3.2 Shareholder Loan*"). As of the date of this Prospectus, an aggregate amount of €7.5 million has been drawn under the Shareholder Loan. The maturity date for the Shareholder Loan is September 2, 2019.

By resolution of the shareholders' meeting of May 14, 2018, the Company changed its legal form from a stock corporation (*Aktiengesellschaft*) under German law into a European company (*Societas Europaea* (*SE*)) organized under European and German law by way of a change of legal form (*formwechselnde Umwandlung*) and changed its legal name to home24 SE. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 16, 2018.

On May 17, 2018, the Management Board, with the consent of the Supervisory Board, resolved to issue 423 new shares to GMP in order to fulfill the obligations of the Company under the GMP Investment Agreement against contributions in cash in an amount of €1.00 per share from the Company's Authorized Capital 2017 (see "*12.7.2.2 Investment Agreement with GMP*"), resulting in an increase of the Company's share capital from €429,269.00 by €423.00 to €429,692.00. The capital increase was registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 23, 2018.

On May 18, 2018, the Company's shareholders' meeting resolved to increase the Company's share capital by €18,047,064.00 from €429,692.00 to €18,476,756.00 by transforming an amount of €18,047,064.00 of the Company's capital reserves (*Kapitalrücklage*) into share capital. The consummation of the capital increase was registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on May 23, 2018.

Except as described above, there have been no significant changes to our financial position, financial performance, cash flows or trading position between March 31, 2018 and the date of this Prospectus.

24.2 Trend Information

Some of the following statements constitute forward-looking statements and should not be considered a guarantee of our future financial results. Our actual results are subject to various uncertainties (see "*1. Risk Factors*" and "*2.3 Forward-looking Statements*") and could differ materially from those expressed or implied by such forward-looking statements. The financial and operational outlook provided below is not, and should not be considered, a forecast, projection or estimate of our future performance. Investors should not place undue reliance on any of the following statements.

Going forward our strategy is to continue on our path to re-accelerating growth. While we expect the online home & living industry in our target markets to grow in the mid-teens, primarily driven by increasing online penetration, we expect to continuously expand our market share and to outgrow the market by a factor of approximately 2 to 3, fueled by our profitable marketing investments as evidenced in recent quarters.

For the full year 2018, we expect a further acceleration of revenue growth at constant currency to at or above the levels experienced in the three months ended March 31, 2018, as we further increase our marketing efforts. Revenue growth at constant currency in the seasonally weaker three months ending June 30, 2018 was impacted this year by unseasonably warm temperatures in Europe and the ongoing strike of truck drivers in Brazil and is expected to be in the mid-teens to mid-twenties. However, we expect revenue growth at constant currency in the six months ending December 31, 2018 to exceed our target for the full fiscal year as we enter the furniture high season. For the medium term, we target a revenue growth rate at constant currency that is at or above the level expected for the full fiscal year ending December 31, 2018, given the strong upside from increasing online penetration in our markets. Our revenue growth is primarily driven by an increase in order volumes, both from new and existing customers, and efficiency improvements in our gross to net revenue bridge. In general, we expect our Average Order Values to be stable or to grow very modestly in line with inflation in our current target markets. From a segment perspective, order growth and development of Average Order Value are largely similar, not taking into account any effects from changes in currency exchange rates.

On the cost side, we see potential to further improve our gross profit margin and reach a margin of approximately 50% in the medium term as we benefit from economies of scale and further increase the share of our private label products, unless we decide to pass a higher share of our sourcing benefits on to our customers through lower prices in order to increase conversion rates and reduce marketing expenditures. We also expect further improvements in fulfillment costs from optimized logistics processes at scale. In the medium term, we expect that our gross profit margin after fulfillment costs will trend towards the low thirties as a percentage of revenue.

Our marketing expenses will increase in absolute terms as we continue to increase our customer acquisition efforts. Nevertheless, we expect our marketing expenses to decline as a share of revenue within the next 18 months, as we see improvements of our gross to net sale efficiency, growth reaches a steady state, the share of paid offline marketing is reduced over time and the extension of our assortment drives customer retention. We remain committed to first order profitability on a cohort basis and steer our marketing expenses based on this goal. We expect that marketing expenses as a percentage of revenue will converge to the low teens in the medium term.

We expect that our other costs will strongly benefit from our fully optimized platform as well as economies of scale as we continue to grow and they are expected to significantly decline as a percentage of revenue in the medium term.

Our strategic goal is to reach Adjusted EBITDA breakeven on a Group level within approximately the next 18 months. In the medium term, we see the potential that our Adjusted EBITDA as a share of revenue could reach the low teens. For these purposes, we have factored in a positive effect from the early application of IFRS 16 from 2018 onwards, which we expect will improve Adjusted EBITDA by more than €5.0 million per annum (see "*10.3.2 First-Time Application of IFRS 16 (Leases)*"). In addition to improvements to our Adjusted EBITDA from economies of scale and operating leverage, we target concrete low- to mid-percentage point Adjusted EBITDA improvements through the following factors in the medium term:

- Offering payments by instalments in relevant European markets by the end of 2018 and across our European markets by June 30, 2019;

- Improving our IT-systems with respect to customer relationship management and personalization, with the implementation of such measures to commence in the three months ending September 30, 2019 and the roll-out across our European markets to occur by June 30, 2019;

- Discontinuing the existing ERP system as we move to the new SAP ERP software for our fulfillment platform either in the three months ending December 31, 2018 or in the six months ending June 30, 2019;

- Opening our new warehouse in Halle either in the three months ending December 31, 2018 or the three months ending March 31, 2019;

- Opening additional large outlets in 2018 in order to increase the share of returns utilized through our own outlet infrastructure; and

- Increasing purchase frequency through an expansion of our assortment and by our existing customer base entering a phase where such customers purchase additional large furniture items.

However, our objectives with respect to Adjusted EBITDA are based on our current geographic footprint and strategic decisions to target faster growth after having proven that we are self-funding in order to solidify our competitive position may mean that we reach Adjusted EBITDA breakeven later or record a negative Adjusted EBITDA for certain periods.

We expect share-based compensation expenses to trend towards levels that are in line with public sector peers of home24 in Germany and Europe.

Going forward, we expect that interest payments will remain fairly stable in 2018 and grow thereafter as we derive a similar share of our revenue from our Latin America segment that uses factoring for instalment payments. Once our tax loss carryforwards have been utilized (see "*10.4.9 Income Taxes*"), we expect to pay the statutory tax rates in our target markets.

In 2018, we expect capital expenditures similar to the level we experienced in 2017. From 2019 onwards, we expect ongoing capital expenditures of approximately €15 million for our IT-systems and warehouse infrastructure.

We expect net working capital to remain negative to neutral in the medium term.

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