HomeToGo

(PrimeAll, Travel & Leisure, HTG GR)

WARBURG RESEARCH

Buy	
EUR 6.70	
Price	EUR 2.89
Upside	**131.8 %**

Value Indicators:	EUR
DCF:	6.70

Warburg ESG Risk Score:	**3.0**
ESG Score (MSCI based):	3.0
Balance Sheet Score:	5.0
Market Liquidity Score:	1.0

Description:

Operator of a digital marketplace for holiday homes and holiday apartments

Market Snapshot:	EUR m
Market cap:	327.6
No. of shares (m):	113.4
EV:	229.9
Freefloat MC:	115.0
Ø Trad. Vol. (30d):	79.93 th

Shareholders:	
Freefloat	35.10 %
HTG Insight	17.90 %
K. Hommels / ANXA, Lakestar	14.70 %
DN Capital	8.90 %
Acton	8.60 %

Key Figures (WRe):	2023e
Beta:	1.3
Price / Book:	1.5 x
Equity Ratio:	73 %

Consolidating a fragmented market; Initiation of coverage with Buy

HomeToGo (HTG) operates the world's largest marketplace for alternative accommodation (non-hotel). Besides its meta search engine it includes direct listings on its own sites and about 15m offers of 60k trusted partners, including well-known names such as Booking or VRBO (former Homeway).

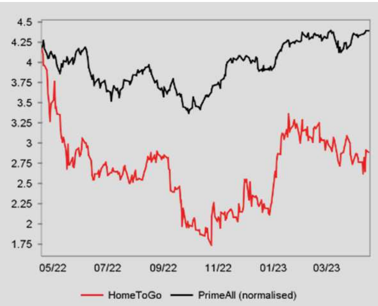
From the point of view of the traveller, the offer of HomeToGo is intelligent, inspiring and technically superior but ultimately, the traveller sees an individualized selection based on the largest number of potential vacation rentals and is more likely to find something suitable here than in competitive offerings. From the point of view of the accommodation owners and agencies (HomeToGo partners), the offer is just as attractive because in addition to reach, small providers are given a range of differentiated contract options, such as the possibility of drafting their own cancellation policy, in contrast to Airbnb. Editorial content and images can be automatically upgraded with POI and AI-based automatic processing and there is also the option of business support in an arbitrarily deep booking system and automatic cross-listing on the big platforms with fluent transition to the business area **Subscriptions and Services**. Revenues generated from direct listings on HomeToGo's own site are described as **CPA onsite**. Requests for the listings of partners are forwarded on a commission basis (**CPA offsite**) or for click/lead payment (**CPC/CPL**).

In the extremely fragmented market for alternative accommodation (only roughly 50% online, of which an estimated 60% are not listed on Booking, Airbnb or Expedia) there is still an enormous need for the differentiated approach of HomeToGo, especially for the extremely important group of small owners and managers of alternative accommodation, which make up the majority of HomeToGo's 60k partners.

In addition to a constantly increasing amount of available accommodation on the HomeToGo marketplace and a constantly increasing proportion of onsite bookings, which increased to 46% of revenues in 2022 from 25% in 2019 and is partly explained by acquisitions of smaller agencies, the business is driven by intelligent customer acquisition. This essentially aims to encourage the customer to set up an account or install an app. Flanked by this, the advertising costs for a next booking drop drastically by around 87%. With this self-firing mechanism, the company has been able to increase its organic, rather than performance-marketing based, share of bookings from 19% (2015) to 54% in 2020 and to an estimated 63% (2022 WRe) in recent years even with sharply increasing sales. Together with an attractive increase in the proportion of bookings directly on the site (onsite) and typical economies of scale in other cost items, HomeToGo will continue to show a significant and systematic increase in earnings (see table below).

After significant price corrections since the IPO (via SPAC), the HomeToGo share has reached an extremely attractive price level, despite the company's achievement of its main goals in the context of the IPO. Shortly after the IPO in September 2021, a significant increase in sales was achieved (+44% in 2021). In 2022, which was an important year for tourism post-pandemic, the company surpassed this again with a growth rate of 55%. For 2023, the company is planning to present a balanced adjusted EBITDA and this appears absolutely achievable. We are expecting to see a positive net result in 2025. Based on robust systematic growth momentum resulting from the superiority of the business model described above, the DCF model shows a clear undervaluation.

The share is rated Buy with a price target of EUR 6.70 (initial assessment).



Rel. Performance vs PrimeAll:	
1 month:	-5.8 %
6 months:	25.8 %
Year to date:	15.4 %
Trailing 12 months:	-37.1 %

Company events:	
20.04.23	"Klein aber fein"
16.05.23	Q1
23.05.23	AGM
15.08.23	Q2

FY End: 31.12. in EUR m	CAGR (22-25e)	**2020**	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Sales	16.7 %	65.9	94.8	146.8	173.3	202.7	233.1
Change Sales yoy		-5.2 %	44.0 %	54.8 %	18.0 %	17.0 %	15.0 %
Gross profit margin		*95.8 %*	*95.4 %*	*91.7 %*	*95.0 %*	*95.0 %*	*95.0 %*
EBITDA	-	-13.6	-125.8	-52.7	-30.5	-7.9	20.0
Margin		*-20.7 %*	*-132.6 %*	*-35.9 %*	*-17.6 %*	*-3.9 %*	*8.6 %*
EBITDA adj.	-	-2.4	-21.1	-20.7	-1.5	20.1	47.0
Margin		*-3.7 %*	*-22.2 %*	*-14.1 %*	*-0.9 %*	*9.9 %*	*20.2 %*
EBIT	-	-17.2	-130.5	-65.7	-47.3	-27.6	-2.6
Margin		*-26.1 %*	*-137.6 %*	*-44.7 %*	*-27.3 %*	*-13.6 %*	*-1.1 %*
Net income	-	-23.8	-166.8	-53.5	-42.6	-24.2	0.4
EPS	-	-0.36	-2.09	-0.47	-0.38	-0.21	0.00
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		-0.20	-1.07	-0.31	-0.27	-0.09	0.15
FCF / Market cap		n.a.	-11.6 %	-9.4 %	-9.5 %	-3.1 %	5.2 %
EV / Sales		n.a.	5.5 x	1.7 x	1.3 x	1.2 x	0.9 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	n.a.	10.7 x
EV / EBIT		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / E		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield		n.a.	-24.3 %	-19.0 %	-13.3 %	-3.3 %	9.3 %
Net Debt		31.4	-218.4	-128.9	-97.8	-87.7	-104.4
ROCE (NOPAT)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Guidance:	Revenue growth of 13%-19%, adj. EBITDA of -2% up to +2%						

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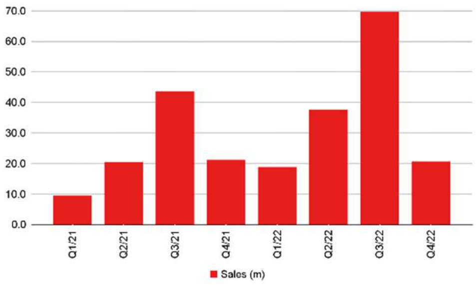
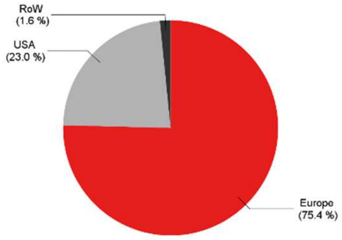
Sales development
in EUR m



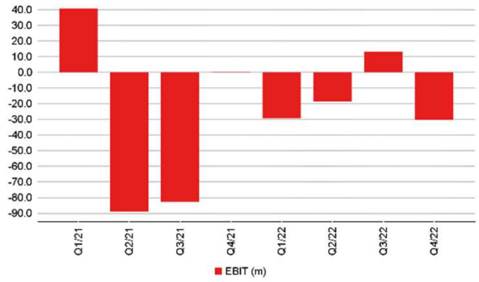
Source: Warburg Research

Sales by regions
2023e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

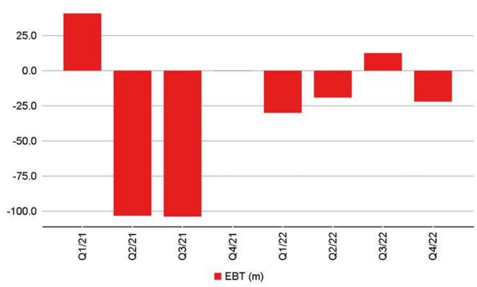
Company Background

- HomeToGo operates the world's largest marketplace for alternative accommodation.
- Originally designed as a meta search engine, the company can consolidate a huge variety of offers.
- The business is based on commission for bookings from own sites (CPA onsite) and revenues with third parties (CPA offsite, CPC/CPL).
- Software solutions and services for intermediaries in the accommodation market complete the portfolio (subscriptions SAAS).

Competitive Quality

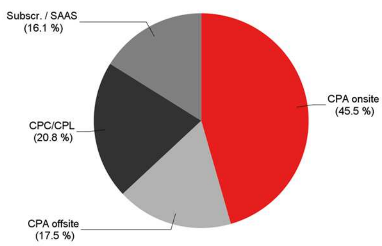
- The concept of the marketplace with a meta search ability is theoretically superior to other concepts due to the generally greater variety of offers from the point of view of the traveller.
- The company has impressive knowledge and technology to optimally present the data of the ads and persuade the customer to book.
- Especially for smaller partners, the reach and technological competence of HTG, extensive independence and flexibility, is decisive.
- In the area of subscriptions and services (SAAS), the company has a very competitive range of software solutions for intermediaries in the accommodation market.

EBT development
in EUR m



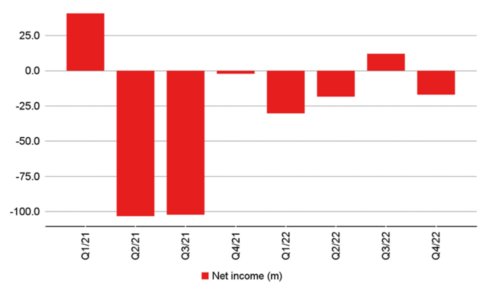
Source: Warburg Research

Sales by categories
2022; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

Summary of Investment Case

Investment triggers

- As one of many companies that opted for a SPAC IPO, HomeToGo seems to have been unjustly tainted by the negative perception of these companies on the capital market, some of which were low quality and whose successes were largely unconvincing in operational terms. As a result, SPAC became synonymous with underperformance, which is far from true for HomeToGo.
- On operational level, the company has delivered but this has been completely forgotten. The performance of the share after the IPO was devastating, dropping approx. -70% compared to the first trading day on 23.09.21. However, sales grew impressively as planned.
- This negative sentiment should be regarded as an opportunity: Every data point, every additional quarterly number in 2023, as well as our forecast of the foreseeable achievement of profitability in 2025 should be able to bring the shares back to fair valuation territory.

Valuation

- The company offers substantial upside on the basis of the DCF approach.
- While there are no direct meaningful peer companies for HomeToGo, an indicative comparison with market leaders indicates potential. The low revenue multiple in particular catches the eye. In strong contrast to its major competitors, the company is rated with less than twice the turnover (2022).

Growth

- The market for alternative accommodation is largely undeveloped and offers enormous potential, especially for the innovative approach of HomeToGo.
- Accommodation on the platform (especially onsite), marketing expenses and returning users (app/accounts) provide the basis for impressive growth (CAGR: 2019-2024e: 24%) and foreseeable scaling of revenues (profitability expected for 2024 on adj. EBITDA level and 2025 on net income level).

Competitive quality

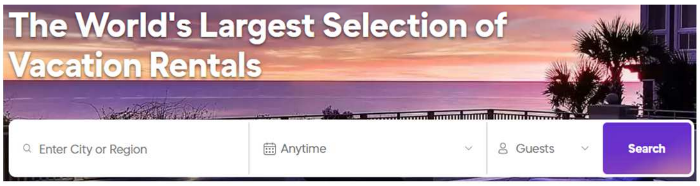
- The owner's perspective: The market for alternative non-hotel accommodation is huge (nearer addressable market approx. 120 billion worldwide) and an estimated 60% of the digitalized market is not listed on the big platforms such as Booking, Airbnb, Expedia. For the whole market, including the non-digitalized share, this number is significantly higher. For the huge numbers of smaller owners and agencies, HomeToGo not only offers wide reach but essentially a very differentiated approach with options such as individual cancellation policies, support with editing and images, and an extensive range of services up to a complete booking system. For a small owner of accommodation that typically uses local agencies rather than listing on one of the big platforms, e.g. Booking.com, the listing on HomeToGo only offers upside.
- The booker’s view: As a marketplace with a meta search engine ability, HomeToGo theoretically consolidates the entire market (except Airbnb currently and a traveller can access the largest offer here especially in rural areas. With HomeToGo, the traveller finds a counterpart with excellent branding, intelligent selection and editorial preparation. Especially in competition with small local providers, the traveller can book and pay much more reliably here (for onsite bookings).

Warburg versus consensus

- Against the background of the current drastic valuation discounts, the comparison with consensus expectations is currently not meaningful.
- Almost all consensus analysts see a systematic undervaluation and determine upside potential of significantly above 100%.

Company Overview

Business Model: The HTG Group operates a worldwide vacation rental marketplace that connects individuals looking for lodging with accommodation providers from around the world, resulting in a wide range of alternative accommodation offers. According to the 2022 annual report, the portfolio includes more than 15 million accommodation offers from over 60,000 partners, which include online travel agencies (OTAs), tour operators, property managers, and other inventory suppliers located across the globe.

	Onsite/offsite bookings	Lead generation	Software
Revenue stream	**Cost per Action (CPA):** HTG receives a percentage commission for successfully facilitating on- or off-site bookings, i.e. for bookings that result in a stay. Depending on the contractual terms with the respective partner, the revenue for HTG is either calculated as a percentage of the commission or as a percentage of the booking value. CPA Onsite refers to booking revenue that is directly collected on HTG platforms, while CPA Offsite refers to bookings taking place on the platforms of partners.	**Cost per Click (CPC):** HTG receives a fixed commission for each successful referral click on the partners homepage **Cost per Lead (CPL):** HTG receives a fixed commission for each successful customer inquiry (lead).	**Subscription & Services:** includes subscription-based revenue from partners who use the platform to advertise their accommodation for a specified period of time. These revenues are mainly generated by clients from Italy and Spain.
Metasearch & App			
Sales 2022 (EUR m) **% of total**	92.6 63%	30.6 21%	23.7 16%

EBIT (Group) **2021** -130,5 **2022** -66,7

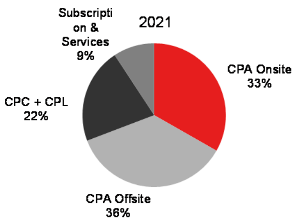
Market position: HTG offers its services in 25 countries via localized websites and applications. HTG is represented in the global market through several brands, among others HomeToGo, Casamundo, Wimdu, Tripping, Agriturismo.it, CaseVacanza.it, Smoobu, Escapada Rural, Altraveo and E-domizil.

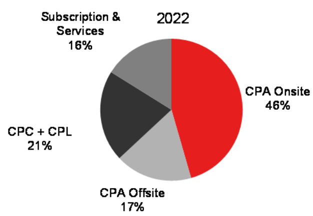
Brands: home to go_ · amivac · casamundo · e-domizil · EscapadaRural · Feries · tripping · WIMDU

Competitors: The online travel market is highly fragmented as well as competitive and HTG competes with the largest and well known OTAs such as Booking.com, Expedia/VRBO, TripAdvisor and Airbnb. Nevertheless HTG also partners with its competitors based on the meta search engine as HTG leads customer traffic to the OTAs' booking pages, generating revenue for both parties.

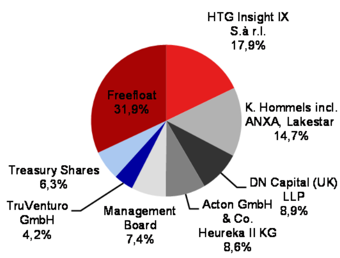
Partner/ Supplier: HTG is partner of OTAs, property managers and indivudal home owners. Partnering with HTG can serve as a means for OTAs to increase their traffic and bookings from an additional source while property manager and homeowner list their appartments on HTG in order to reach new customers and profit from HTGs vast service features related to the booking process.

Sales by Segment, 2020 vs. 2021





Shareholder structure



Source: Warburg Research

Competitive Quality

- A marketplace with additional meta search-engine ability is, technically speaking, the most interesting concept for the traveller as it shows the broadest offering (15m offers). The "sell side" (property managers, OTAs) can extend its reach at low cost.
- The offer is especially attractive for small property managers (~50% of the market) as it offers a high degree of flexibility (e.g. freedom to draft cancellation conditions), easy technical integration (APIs), smart tools (i.e. automatic picture-optimization, text-check, addition of POIs…).
- A software offering for home owners, small property managers or regions to manage different channels rounds up the portfolio and leads to cross-selling potential.
- Based on a highly competitive marketing concept, the company generates a growing number of returning users / user accounts, which is an important competitive advantage, especially in the alternative accommodation segment where digital marketing expertise and even digitalization is normally low.

Why HomeToGo?

The competition in online holiday booking seems trivial at first glance. Consumers would seem to have grown accustomed to certain sites and the major market players are already decades old. But it's not that simple, because the essential core elements of HomeToGo's strategy clearly set the company apart in terms of its competitive quality:

A marketplace with meta search ability

The main feature of a meta search engine is that it forwards a search query to several other search engines simultaneously and collects and processes the results. HomeToGo integrates the offerings (15m+) of over 60,000 partners including the big online travel agencies (OTAs) such as Booking and Expedia (Airbnb does not provide its offers) and mainly countless small providers. Apart from this, HomeToGo is constantly increasing the share of direct listings of accommodation. Thus:

Delivering search results from the largest possible base

- The **user** is technically provided with **more results** then competitors. Although in practice the number of properties shown is often reduced in order to improve the user experience and facilitate decision-making and/or to maximize the yields of the transaction. Having the opportunity to source the best offer selection for a customer from a source of 15m forms the competitive advantage. The large competitors only have roughly 5-7m offerings each (with a large overlap) in the alternative accommodation segment.
- The **OTAs/partners** can **extend their reach** by listing on HomeToGo. OTAs see HTG as a marketing channel. In return for commission upon booking confirmation, HomeToGo offers its partners conversion-optimized selected demand. For OTAs, this is an excellent opportunity to increase reach and direct additional demand beyond the reach of their own offers. By partnering with HomeToGo, property managers and lodging owners will gain the option to target domestic and international travellers that their traditional marketing channels were unable to address. HomeToGo has 60k+ trusted partners, the vast majority of which are very small hosts.

Selected partners of HomeToGo

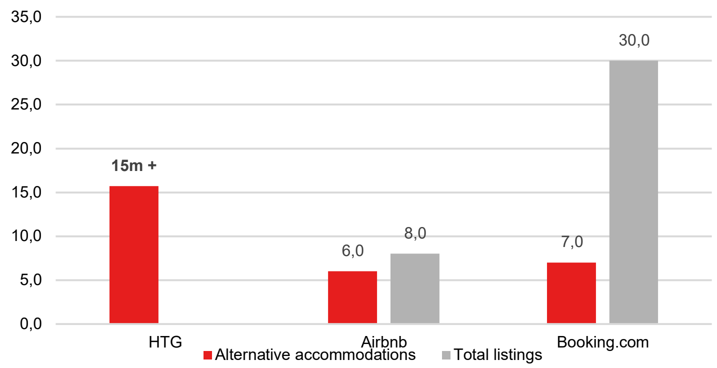
Source: HTG, Warburg Research

Some of the listed partners cooperate with HomeToGo in the field of SaaS/Booking Software (see below).

Size is key

Based on its marketplace approach with a meta search ability, HomeToGo is the largest marketplace for vacation rental. And since size is crucial, HomeToGo can be deemed the market leader, a position it is likely to defend with its more than 15m accommodation offers. This definition of course is very technical and simply means, that a customer is provided with an offering based on the largest number of options. In terms of revenue, the big OTAs are of course much larger (see below). But this view nevertheless shows the potential of this approach: Once the customers are aware that a the largest marketplace with an additional meta search engine provides the best results, this will automatically drive demand.

Comparative size of HomeToGo



Source: Warburg Research estimates

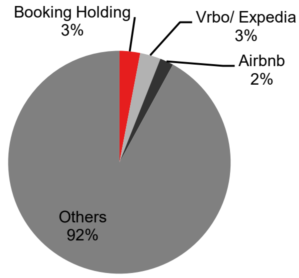
Differentiation factor: alternative accommodation

The best digital answer to the market of small alternative accommodation?

HomeToGo primarily targets mainly vacation rentals, meaning apartments and homes in vacation and rural areas. This casts an impressive light on the size mentioned above, as Booking.com is primarily focusing on the overall global hotel market and Airbnb on apartments in large cities and metropolitan areas, mainly supplied by private property owners. The competitors mentioned do not have a meta approach.

The fragmented vacation rental market is characterized by thousands of different websites and suppliers and the market for accommodation is still extremely segmented:

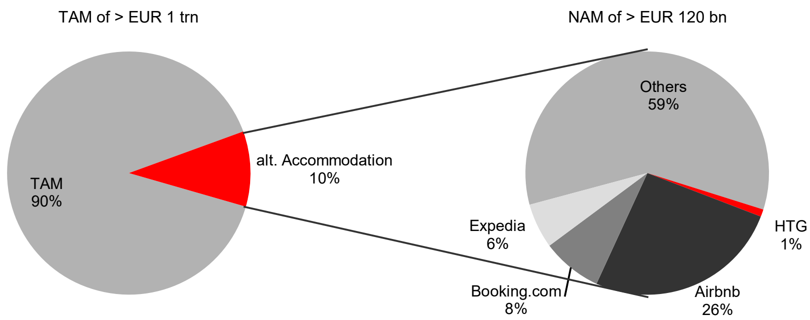
Market volume accommodation



Source: Warburg Research

Of the total addressable holiday accommodation market roughly 10% is alternative accommodation, which is highly fragmented, and lacks transparency and offer aggregation. The market is divided into a variety of small to medium-sized, regional and local providers, such as accommodation owners, property managers and online travel agencies (OTAs).

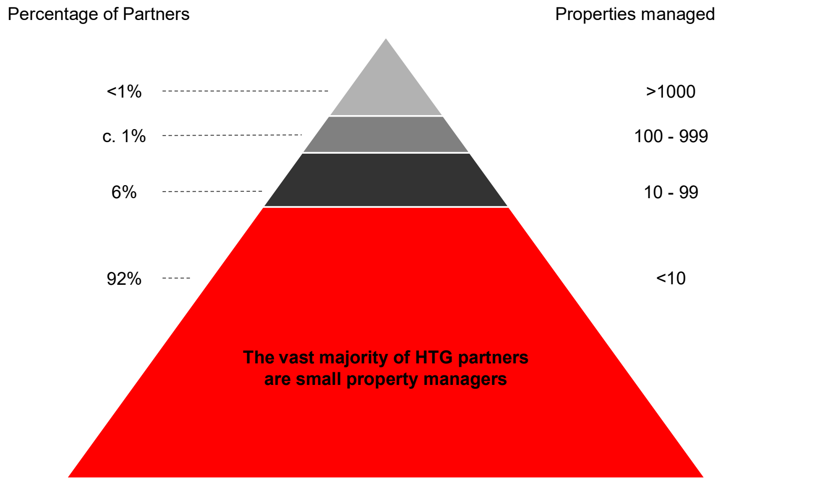
Derived market volume alternative accommodation



Source: Warburg Research

Of this 10%, an estimated 6% is processed by Expedia, 8% by Booking and 26% by Airbnb. Less than 1% is processed by HomeToGo. While one part of the market (40%) can be described as more or less dominated by the major market participants (of which Expedia and Booking are available as partners in the meta approach), the enormous potential for HomeToGo lies in the remaining 59% ("others"). While estimates vary, up to 50% of alternative accommodation has not yet been "digitized" at all.

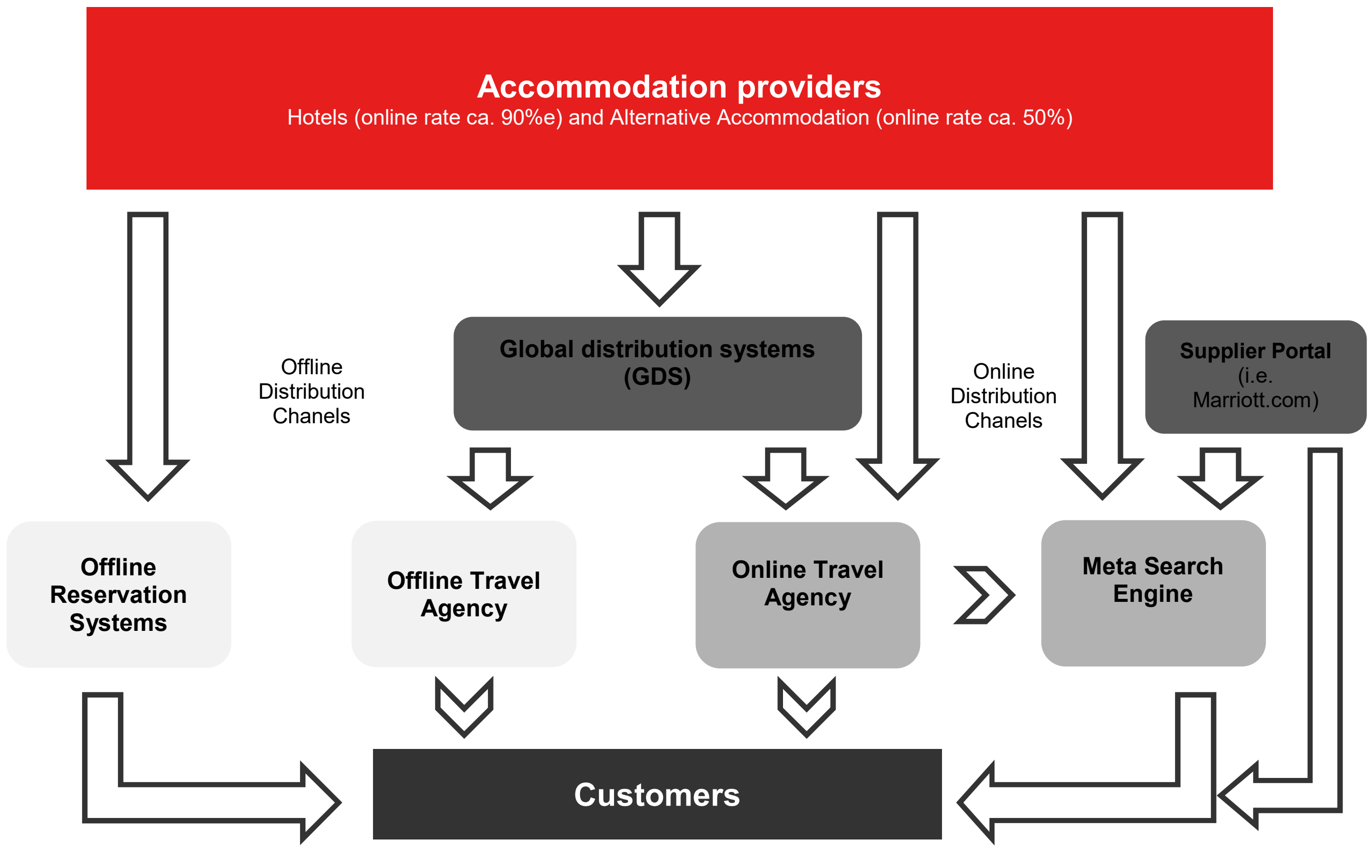
Huge potential: Small property managers



Source: Warburg Research

In any case, however, it is primarily small structures that are generally very receptive to competitive and differentiated offers such as those of HomeToGo (often using the SaaS/Software offering of HomeToGo as a door-opener, see below). Although this market data are very rough estimates, the dimensions alone show the enormous potential for HomeToGo.

Structure of the market



Source: Warburg Research

For a better explanation of the market, here is an overview of the most important participants in the tourist accommodation market:

Who is who in the tourist accommodation market?

Accommodation providers - Hotels: The primary online listing partner for hotels is booking.com. The market is said to be 90% digitized. HomeToGo intentionally does not have a presence in this market.

Accommodation providers - alternative accommodation (i.e. vacation rentals): The most important listing partner for alternative accommodation in cities and urban areas is Airbnb. HomeToGo focuses primarily on accommodation in rural areas. Numerous small operators and aggregators serve this opaque market. The market for alternative accommodation is only considered to be 50% digitized. In the on-site business, **HomeToGo works directly in the interests of these provider groups**.

Travel agencies: By far the most important online travel agency is booking.com, which focuses on hotel accommodation. Depending on how the added value is considered, there is also the large group of package tour providers (online, e.g. Lastminute.com, Holidaycheck, offline/mixed, e.g. TUI) primarily selling hotel accommodation together with flights and related services. In the classic travel agency segment, HomeToGo is only present to a minor extend, e.g. when it comes to holiday apartments (e.g. TUI Villas). Many online providers try to complete their services with related services, e.g. car rental via Booking.com.

Meta approaches: These providers start with the existing offer and typically enrich it with comparisons, search options, but also editorial content. The world's most important providers in the tourism sector include the meta search engine Expedia (for hotels) or Tripadvisor, which is driven more by content (reviews). **With the largest number of listings of alternative accommodation, especially in rural areas, HomeToGo is also positioned in this market segment.**

Differentiation factor: online marketing and customer lifetime

Booking is not only about price

HomeToGo's business model is based on generating bookings and leads for OTA partners, property managers, or property owners. HomeToGo generates income from the supply side only, by retaining a share of the booking value. Winning a client in the accommodation business is only partly price-driven. Other factors include the size of the offering, usability, payment methods, reputation and customer care. As an aggregator with a huge marketplace and meta approach, HomeToGo holds a strong position with respect to the size of the offering. Options such as flexible booking windows (+/- days) enhance the user experience. HomeToGo has a stronger reputation than small local sites and its customer care is state-of-the-art.

While HTG's strongest visible competition (Booking, Airbnb…) provides similar services, the vast majority of accommodation providers in the alternative segment do not as these are generally small and unique local providers without the IT skills to digitize their offering. So HomeToGo has a strong position here, even before it even comes to the question of direct marketing spend to gain bookings.

Keep in mind…

CPA onsite: Customer books on HTG site

CPA offsite: Customer is transferred to a third-party site and HTG earns commission

CPL: Customer is transferred to a third-party site and HTG is paid for the lead

CPC: Customer is transferred to a third-party site and HTG is paid on a click basis

In advance of deciding on marketing spend, the take-rate has to be examined: The take-rate is fixed per booking and is applied as a percentage to the value of the stay paid for by the tourist. The take-rate is higher for onsite bookings (CPA onsite revenues) than offsite (CPA offsite revenues) or leads (cost per click CPC per cost per lead CPL). This is essential to understanding the model. The ***best*** customer for HomeToGo is normally a person who:

- **Accesses the website directly and** already has a user account rather than someone who had to be attracted by online marketing (87% cheaper customer acquisition)…
- …and then **books a property on a HomeToGo own site** (CPA onsite booking) rather than someone who is transferred to a third-party site (CPA offsite) or merely brings in a

Win a customer at low cost and make an onsite booking the best choice

small amount of revenue as a generated lead (CPC, cost per click or CPL cost per led revenues).

Simply put, while the marketing cost per client has to be kept low, the take-rate (the proportion of the revenues remaining in the group) has to be kept high, while satisfying customers by delivering the best result.

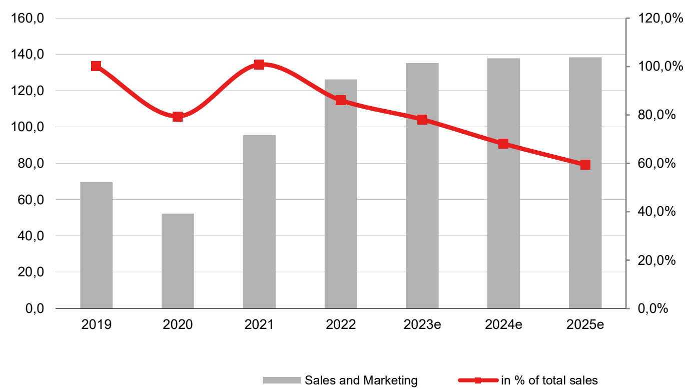
HomeToGo's business model then relies on attracting and retaining customers, and it is sometimes exposed to the cancellation risk (sometimes it is shared) unless the revenue is generated per lead/click for a partner site (around 20% of booking revenue) which is the only positive effect of “low take-rate” business. The general aim is to gain a customer at low cost, and make an accommodation listing on its own site the best choice.

Online marketing is by far the most important cost factor

HomeToGo currently attracts around 50m visitors to its sites in the busy season. The cost of attracting these visitors is the most significant cost for HomeToGo. Traffic comes from these major marketing sources:

- Advertising (performance marketing, affiliate & display): When starting a webpage, the most important marketing instrument is to pay a search engine to display results (generic pay per click) or online display advertising such as banners. Affiliate partners are also used to attract customers over third-party sites.
- SEO (search engine optimization) organic marketing: Optimizing the ranking on search engines mostly by aligning the site with the Google algorithm (i.e. by frequently updating the site, social-media interaction…), focused on the brand and certain keywords (i.e. “Tuscany”).
- Brand-based organic marketing: The customer is already aware of the brand (e.g. from a brand marketing campaign) and directly googles “HomeToGo” or directly visits hometogo.com or other HomeToGo domains.
- Campaigns (organic marketing): The customer has a user account and is addressed directly.

Marketing costs



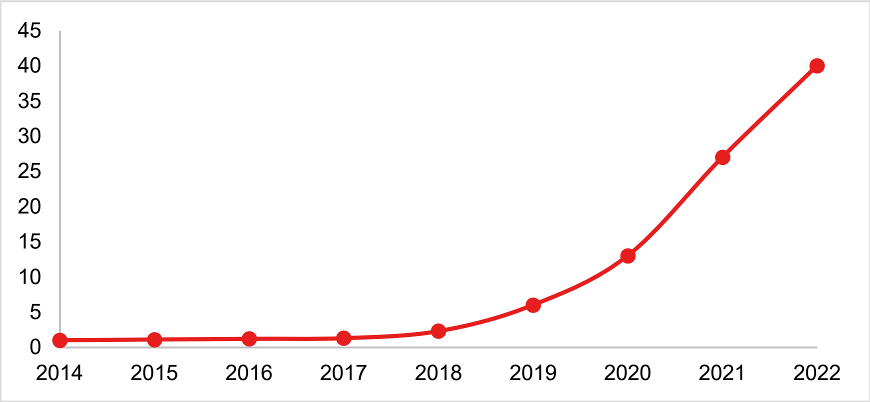
Source: Warburg Research

The aim is to reduce the marketing costs as a percentage of revenues while maintaining a decent level of growth. User accounts and customer lifetime play key roles in this respect:

The virtuous cycle of generating user accounts

Every new client won (i.e. via online marketing) has a certain likelihood to create a user account. It is important to increasing the probability of a user creating an account. Once a user has an account, he becomes addressable for direct marketing and the probability of a next booking increases.

Number of user accounts m (WRe)

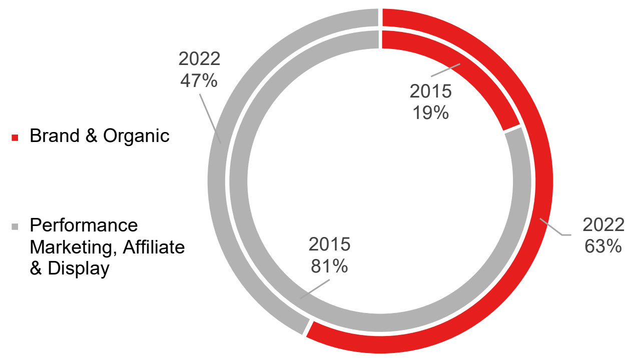


Source: Warburg Research

Constant reduction in the costs of a booking

The number of user accounts increases from season to season and with that, the potential for repeat business from returning customers at lower cost. A booking by an existing customer is an average of 87% cheaper (HTG) than the cost of gaining a new customer for a booking.

Share of HomeToGo visits (WRe)



Source: Warburg Research

Since 2015 HomeToGo was able to increase the share of customers generated by brand and organic measures (i.e. returning customer, newsletter etc.) and reduce the share of expensive performance marketing driven measures (organic share 2015: 19%, 2020: 54% and 2022 estimated by Warburg 63%). With this development, HomeToGo can constantly reduce its marketing costs. This virtuous cycle of constantly reducing the costs of a booking with user accounts forms the major aspect of the equity story and scaling of earnings on the demand side. Consequently, the number of addressable clients and the size and effectiveness of online marketing directly forms a competitive advantage for the listing partners.

Technology as a business

IT takes centre-stage

When addressing the market for alternative accommodation, the HTG marketplace and its strong reach provides a very strong argument for poorly listed properties/owners/agencies. From the beginning, the IT aspect of a booking took centre-stage for HomeToGo (50% of the employees are working in product/development teams). When listing a property, either directly or indirectly (from partners), the technical integration of data is most important. For HomeToGo IT technology has two dimensions:

- It is the backbone of its own platforms
- It scales up as its own business model within the group

Since HomeToGo was founded, the company has of course had an efficient development team as its core competence. However, with the acquisition of the Berlin-based software company smoobu (2021) and the takeover of SECRA (2021 and 2022) a separate business area was created that accounts for around 16% of sales in 2022: Subscriptions and Services.

Innovative solutions for property owners enable cross listings

- **Smoobu** is the all-in-one vacation rental management software. Smoobu automatically synchronizes the availability of a property for the owner with the booking portal (HomeToGo, Airbnb, Booking.com, FeWo-Direkt, VRBO, Homeaway and all other brands of EXPE, etc.) to prevent double bookings. It has various additional functions, some of which are very sophisticated, such as channel management, price synchronization, own homepage, guest communication, automated templates, online check-in, guest ratings, statistics, registration form, and much more...
- **SECRA** is a leader in vacation rental management support, with software solutions for owners, agencies, and destinations in Germany. SECRA develops system solutions for online marketing of holiday accommodation, and it provides advice and support to rental agencies (via FeWo-Agent.de), destinations (over SECRA's booking system) and hosts (FeWo-Channelmanager.de) in order to drive bookings. Its own portal Ostsee-Ferienwohnungen.de was integrated into the HomeToGo partner ecosystem and backbone.

Technology as a competitive advantage

In addition to the Software and Service business, which has led to profitable, constantly growing revenues for the group and cross-selling into the platform, the technological side is of particular strategic importance. Together with the HomeToGo development team, the providers of accommodation can be offered technologically interesting services which, in some cases, clearly distinguish HomeToGo from the competition and are often even better than the offerings of the market leaders such as Booking.com or Airbnb. Such services include:

- Handling/synchronising of rental assets across multiple platforms, APIs for agencies - With “one click”, a booking is listed in all channels. In this way, the owner does not have to enter each booking individually for each channel.
- Checking the written content using language processing technology
- Automatic enrichment with information on nearby attractions and points of interest such as airports
- AI-based automatic optimization of pictures (3.5+ billion images processed) for a finer “look & feel”, optimized presentation and to reduce redundancy

Highly curated by smart tools & machine learning

- Up to around 100 A/B tests simultaneously for a constant optimization of the user experience and conversion
- Forecasts of demand development and trends for yield management
- Automatic removal of duplicate ads

- Trusted checkout & payments
- IT Security

These aspects (smart tools, software and services) together with the reach of the marketplace of HomeToGo can be a decisive factor for the typical small owner/manager especially in comparison to the option of using Booking or Airbnb alone. Other soft factors within this technically sophisticated solution such as the customization of an individual cancellation policy by the property owner, which enables HomeToGo's small to mid-sized partners/suppliers to stay independent of large OTAs which do not allow this degree of customization, also represent competitive advantages.

Even the app represents a competitive advantage over smaller competition

The HomeToGo app is another decisive factor for smaller competitors. This technology is typically only offered by larger corporations in a competitive way with intelligent sticky content.

The HomeToGo app does not stop at the booking, but addresses the customer in a different way by providing useful content. The user specifies a broad search area (e.g. "Tuscany") and is provided with rankings and filters, along with destination-specific filters (e.g. “distance to beach"). The app also aims to inspire with emotional keywords like “dreaming” or “glamping” to trigger impulsive bookings independent of the user's approach. It is completely impossible for smaller competitors without an app or with only basic functionality to trigger such customer action and this forms a competitive advantage, especially for the thousands of small partners, the main target-group of HomeToGo on the supply side. Smaller partners and OTAs do not operate a competitive professional high-ranked app which can trigger a potential partnership.

Analysis of Return on Capital

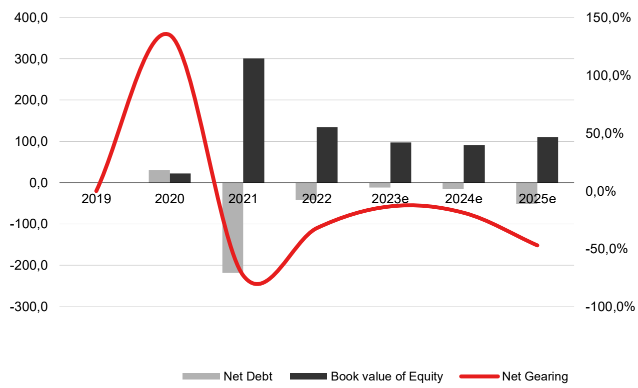
- Capital employed driven by IPO and acquisitions
- Return on capital employed will only reach representative levels in the midterm
- In the sector, the achievement of well over 100% is possible (e.g. Booking.com) but is not typical on the path of inorganic growth

Acquisitions potentially accelerate the improvement of ROCE

Capital employed

After the IPO of HomeToGo (via a SPAC), the structure of the balance sheet changed completely (2020 net gearing is not representative considering convertibles as economic equity). It is expected, that parts of the strong cash position and even capital increases could be used to fund strategic and scaling acquisitions in the midterm. But as the average acquisition will show a higher return on capital employed than the group, this effect will accelerate development towards attractive returns on capital employed.

Strong balance sheet (2022)



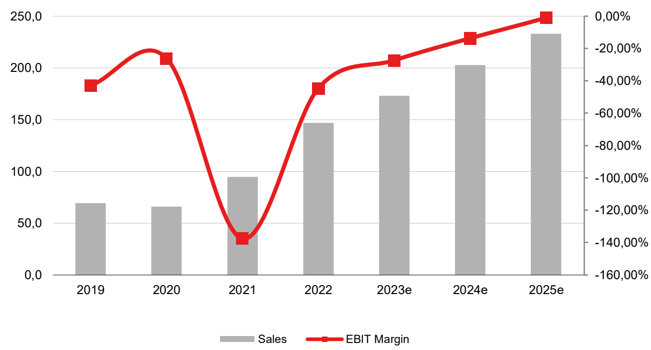
Source: Warburg Research, gearing for 2020 not representative

Operating profitability and returns

As described in the chapter below, operating profitability is expected to improve massively. This case is calculated without further acquisitions although acquisitions should be expected (2021 show irregular effects due to de-SPAC/IPO).

ROCE of over 100% possible…

Sales and EBIT margin

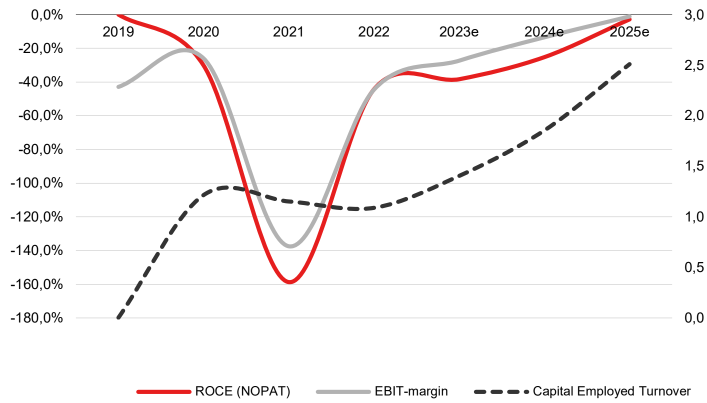


Source: Warburg Research

On the basis of the pro forma scenario used in this research (without acquisitions), it is expected that operational profitability will be achieved on an EBIT basis in the 2025 financial year. The EBIT margin should gradually increase to 13.5% (terminal value, 2036, DCF in the following section). Long term ROCE view: even with a 50%-increase in CE (2036 hypothetically), the ROCE will probably exceed100%. Because the capital intensity of a marketplace is theoretically minimal (cf. ROCE Booking.com 2022: 180%).

In addition to smaller acquisitions to expand IT competence, the purchase of smaller agencies offers considerable potential. Management activities can often be bought at a comparatively low multiple, and following the subsequent integration into the HomeToGo platform, significantly higher returns can usually be achieved extremely quickly. But on the acquisition path currently being pursued by the company, those rates cannot be expected “on paper” as acquisitions constantly add capital employed.

ROCE



Source: Warburg Research

Growth / Financials

- Based on a very fragmented and underdeveloped but huge market for alternative accommodation…
- …the company gains clients with effective marketing and builds up a customer base for potential repeat business which comes at far lower cost) …
- …increasing the share of attractive onsite bookings on the basis of a steady increase in its own inventory and an intelligent algorithm…
- …flanked by software and services (SaaS) for owners, generating cross-selling potential.

Structure of the revenues

HomeToGo generates revenue through the following main revenue types:

Four main revenue types

- **Cost per action (CPA)** is the primary revenue stream for HomeToGo, in which HomeToGo earns a commission based on a percentage for successful on- or off-site booking referrals that result in a stay. The revenue earned by HomeToGo depends on the contractual agreement with the partner, and it is calculated either as a percentage of the commission or a percentage of the booking value. These bookings can usually be cancelled at any time. The contracts with OTA partners specify that HomeToGo only receives CPA revenues for bookings which are not cancelled. Furthermore, in most agreements, HomeToGo's payment entitlement arises only after check-in.
- **Cost per click (CPC) & cost per lead (CPL)** - HomeToGo receives a fixed commission for every successful inquiry or referral click. Unlike CPA transactions, each click or inquiry made by a user of the HomeToGo platform about the partner's website is considered a separate promised service. HomeToGo has a legally enforceable entitlement to payment based on the monthly click volume and is not subject to cancellation or other risks. HomeToGo records CPC revenues on the corresponding click date.
- **Subscription & services contracts** involve payment in advance by property managers or owners for Software as a Service (SaaS) and online advertising services related to the rental listing of their properties, typically for a one-year fixed period. As the SaaS or listing service is the performance obligation and is provided to the property manager/owner over the period of use (SaaS) or the duration of the listing period, subscription revenues are recognized evenly over the time of use (SaaS) or listing period. Any payments received in advance are recorded as contract liabilities.

The market drives the revenues

Main driver of sales is the development of a largely underdeveloped market

The strong growth rates of sales in the past, especially the years with growth of around 50%, were only in part organically driven and included a base effect. Due to the merger of business units, it is not possible to retroactively dedicate a value to the organic portion of growth, but it is estimated at around 20% (2022, WRe). The growth rate for the 2023 financial year is still partly inorganic, since the acquisition of e-domizil (consolidated as of April 2022) and SECRA (June 2022) will be consolidated for the full year for the first time in 2023 and AMIVAC has been consolidated since 01.01.22 and therefore has no inorganic effect on 2022. Overall, a significant increase in sales is expected for 2023 (see table below), which will then be purely organic from 2024 onwards. The main driver of sales remains the development of a largely underdeveloped market for alternative accommodation. Further improvements in technology and the focus on higher take rates should have further, albeit smaller, effects.

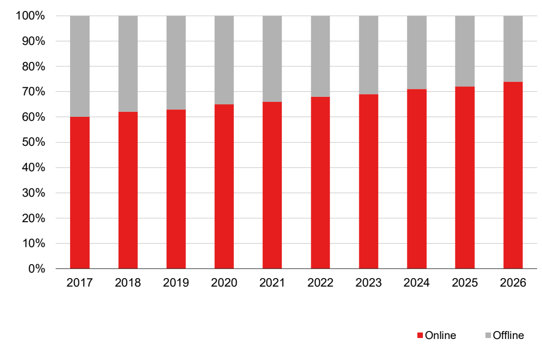
Revolution of the global leisure market

The global travel industry has undergone a significant transformation over the past decade, with the widespread adoption of digital technologies revolutionizing the way that travel products and services are marketed and distributed. Online travel booking has emerged as a rapidly growing segment within the travel industry, offering consumers a range of options to plan and book their travel arrangements, including flights, accommodation, car rental, and activities. This shift towards online booking has been driven by a combination of factors, including the increasing penetration of smartphones and the internet, the rise of online travel agencies (OTAs), and the growing preference among consumers to plan their own holidays.

The global leisure market has undergone a transformation

Online sales are dominant in the sales distribution of the travel market. In 2022, online sales accounted for 68% of all travel and tourism sales globally, while offline sales represented only 32%. The Statista mobility market outlook forecasts a sustained upward trend in online sales, with expectations that the metric will reach 74% by the year 2026

Global travel market revenue distribution between online and offline channels



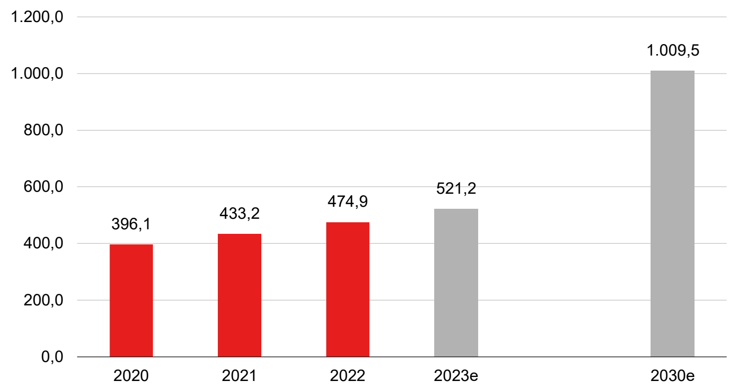
Source: Statista, Warburg Research

Global market growth

The size of the global online travel industry amounted to roughly USD 475bn. in 2022 and is expected to increase at an CAGR of 9.9% to USD 1,009.5bn by 2030.

Online travel expected to continue growing strongly

Size of online travel market



Source: Statista, Warburg Research

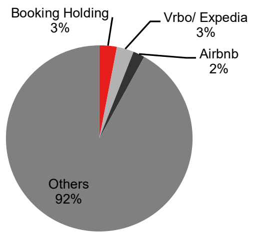
Nevertheless, HomeToGo's core addressable market is significantly smaller than the global overnight stay market as HomeToGo focuses on Europe and North America (as the opportunities are huge here) and is not present in Africa or South-East Asia (although technically bookings can be made from and for everywhere). Market entry to these regions is rather unlikely due to high entry barriers and restrictions. Moreover, the size of the addressable market is further reduced by HomeToGo's focus on alternative accommodation.

A highly fragmented market with consolidation opportunities

Fragmentation offers opportunities for HTG's differentiated approach

With the size of USD 1.1 trillion, the accommodation market is not only huge but also extremely fragmented. Even the largest travel agencies Booking.com, Expedia and Airbnb hold market shares of only 3%, 3% and 2% respectively. Hence, the market offers a vast potential for consolidation and opportunities for HomeToGo to take a significant market share, along with the top players.

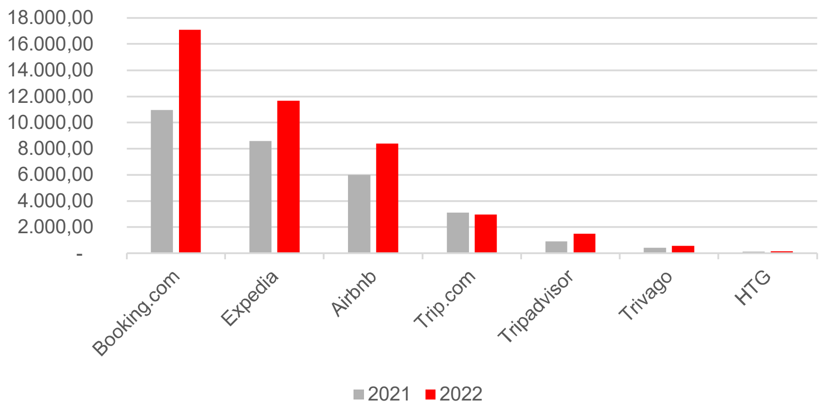
Market share of largest accommodation-booking providers



Source: Warburg Research

The OTA market is strongly dominated by Booking.com and Expedia. Nevertheless, the market is still highly fragmented as the largest OTAs hold a market share of merely 3%.

Revenue comparison large OTAs



Source: Statista, Warburg Research

The market for alternative accommodation is considered to be even more fragmented with thousands of websites and search engines and a huge number of small accommodation providers. This offers several dimensions of consolidation:

- Winning onsite listings from merely undigitized accommodation (estimated at as much as 50% of the market)
- Winning onsite listings from other/smaller listing partners which are less attractive for the owner.
- Enhance the listings by cooperating with new partners.
- Enhance the listings by acquiring partners.

Small players tend to prefer a partner offering flexibility and independence

Vacation rental market & alternative accommodation

The fragmented vacation accommodation rental market consists of thousands of different websites and suppliers and has experienced a significant transformation over the last decade, evolving from a simple marketplace for individuals to rent out their homes to a complex, highly fragmented industry comparable to traditional lodging. This evolution was further accelerated during the COVID-19 pandemic, as remote work became more common and people began to prioritize quality of life and experiences. This shift has given rise to a new type of professional, including digital nomads and younger people, who value the freedom to live, work, and stay in a location of their choice. This change in mindset has propelled the unprecedented growth of the alternative accommodation sector over the past two years, as individuals seek accommodation that can cater to their specific needs. As a result, the alternative accommodation market has become a key focus for investors and businesses looking to capitalize on this transformative shift.

Alternative accommodation suppliers (not exhaustive)

Source: Warburg Research

The size of the global alternative accommodation market was valued at USD 127 billion in 2021 and is expected to grow at a CAGR of 16.5% from 2022 to 2030. The global market is mainly driven by the constantly evolving international tourism sector, consumer inclination toward cheap and comfortable vacation stays such as apartments, homestays, and cottages, and rising spending on leisure and business travel.

Within the alternative accommodation market, the “homestays” account for a revenue share of 30% and are the largest subtype. The high popularity of homestays can be especially attributed to the low cost as well as the safety and privacy of private apartments. In 2021 about 85% of alternative accommodation was booked online.

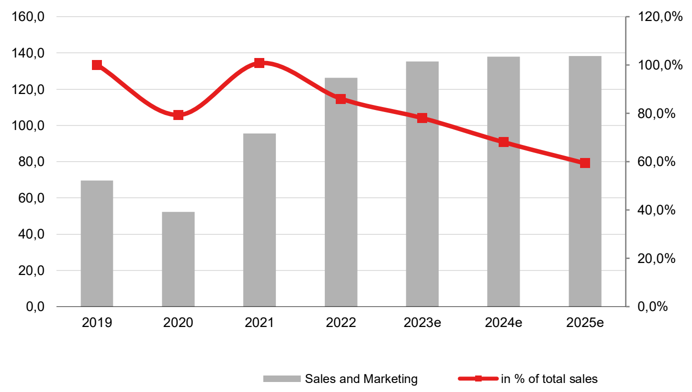
Marketing and CLV opens the market

By far the most important success factor for HomeToGo's revenues in this described market is the marketing. As mentioned in the previous section, HomeToGo’s marketing effort not only systematically manages to win new customers but also repeat customers through accounts and app installations with a potentially high customer lifetime value (CLV) because the second booking requires significantly less (87%) marketing effort than the first. This described connection forms the basis of the assumption that the marketing costs, as the most important cost factor of the group, should decrease as a percentage of sales in the medium term.

Significantly less marketing effort for the second booking than the first

On the other hand, it should be noted that a deliberate increase in marketing costs, even as a percentage of sales, could well be central to a medium-term strategy to increase the pace of growth. However, this is not part of the planning, especially since the company plans to achieve profitability in the medium term.

Marketing costs in % of sales



Source: Warburg Research

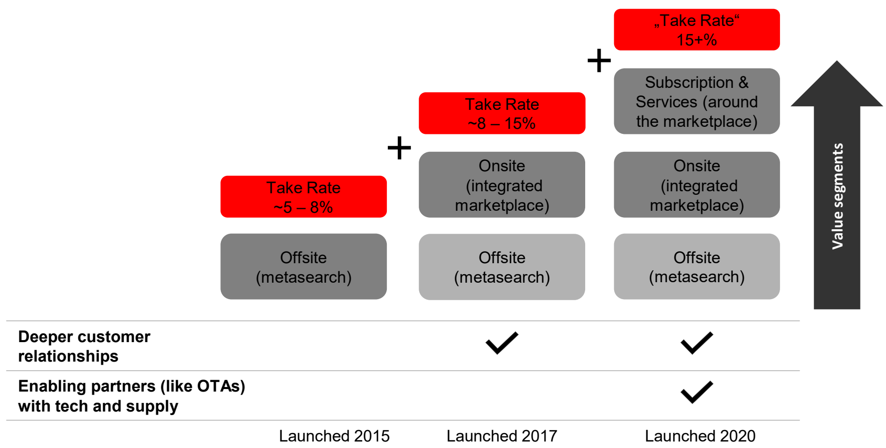
A higher proportion of onsite revenue drives the bottom line

As previously mentioned, the structure of HomeToGo's sales also plays an important role. Here, it is crucial to generate a high share of onsite revenues (CLV onsite) as the onsite business has the highest take-rate or the part of the turnover of a booking that remains in the HomeToGo group. The take-rate of the onsite business typically ranges between 8-15% while the offsite business only allows for 5-8%. With the gradual introduction of HomeToGo's own payment options (now in process), this relative difference should improve for the onsite business.

Meet customers' needs with own inventory

The company has various ways of controlling the proportion of onsite business. In addition to acquisitions of smaller agencies together with their own inventory which has often occurred in the past, there is also the possibility of primarily presenting customers with its own accommodation listings. Basically, when presenting the accommodation, care is taken to keep the sales priority in mind.

Prioritization of business



Source: HTG, Warburg Research,

While the onsite business generates the highest take-rates, followed by the offsite business, the CPC/CLV generation of leads generates only a very small proportion of a booking. While the onsite business shows HomeToGo's own inventory, the offsite business is generated by many partners. CPC/CPL is generated by third parties, and rounds up the portfolio and also provides an offering for special situations.

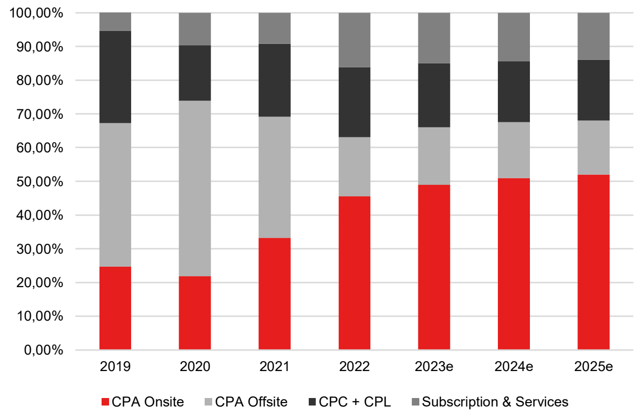
The company tries to avoid sales from pure lead generation for reasons of value creation, but certain customers are searching well outside of HomeToGo's own inventory and this is often the only way to monetize this business.

In the past, the proportion of onsite business increased significantly, primarily through acquisitions. In the medium term it will continue to increase as a result of **the gradual introduction of HomeToGo's own payment methods**, a larger number of the company's own listings, which increases the probability of meeting a client's need with its own inventory, and the further development of the algorithms. With this, the onsite proportion should increase organically.

From the owners' point of view, the revenue stream could also be improved with supportive software (SaaS). This business provides an interesting opportunity for cross-selling.

(WRe simplified take-rate definition: group booking revenues/total gross booking value)

Share of onsite business expected to rise steadily



Source: HTG, Warburg Research

The key assumption of the revenue model is the estimated increase of 0.5 per year in the take-rate (Warburg blended take-rate) without acquisitions on the basis of a gradual decrease in bookings growth.

The following table shows the revenue expectations in detail. Adjustments are made for revenue recognition, which can strongly differ from the booking itself showing a delay or cancellations and depending on the revenue category.

Development of revenues

	2020	2021	2022	2023e	2024e	2025e
Number of Bookings (Thousands) CPA	*891*	*929*	*1.026*	*1.102*	*1.165*	*1.198*
yoy	*-13%*	*4%*	*10%*	*7%*	*6%*	*3%*
Avg. Booking Value CPA, EUR	*1.002*	*1.252*	*1.120*	*1.198*	*1.270*	*1.334*
yoy	*22%*	*25%*	*-11%*	*7%*	*6%*	*5%*
Gross Booking Value CPA, EUR m	881,3	1.134,9	1.149,0	1.321,1	1.479,9	1.598,3
% of Group	*70%*	*79%*	*70%*	*71%*	*71%*	*70%*
yoy	6%	29%	1%	15%	12%	8%
Gross Booking Value CPC/CPL, EUR m	371,4	302,6	495,3	533,1	590,9	679,5
% of Group	*30%*	*21%*	*30%*	*29%*	*29%*	*30%*
yoy	-7%	-19%	64%	8%	11%	15%
Total Gross Booking Value, EUR m	**1.252,7**	**1.437,5**	**1.644,3**	**1.854,1**	**2.070,7**	**2.277,8**
yoy	**2%**	**15%**	**14%**	**13%**	**12%**	**10%**
WRe blended Take Rate	*6,5%*	*8,6%*	*10,0%*	*10,5%*	*11,0%*	*11,5%*
Booking Revenues, EUR m	81,9	123,6	163,7	194,7	227,8	261,9
yoy	3%	51%	33%	19%	17%	15%
Adjustments, EUR m	-16,1	-28,7	-16,9	-21,4	-25,1	-28,8
% of Booking Revenues	*-20%*	*-23%*	*-10%*	*-11%*	*-11%*	*-11%*
Revenues, EUR m	**65,9**	**94,8**	**146,8**	**173,3**	**202,7**	**233,1**
yoy	-5%	44%	55%	18%	17%	15%
thereof CPA Revenues, EUR m	48,7	65,7	92,6	114,4	136,8	158,5
% of group	*74%*	*69%*	*63%*	*66%*	*68%*	*68%*
yoy	4%	35%	41%	24%	20%	16%
CPA Onsite, EUR m	14,4	31,5	66,9	84,9	103,4	121,2
% of group	*22%*	*33%*	*45,5%*	*49%*	*51%*	*52%*
yoy	-16%	119%	112%	27%	22%	17%
CPA Offsite, EUR m	34,3	34,1	25,7	29,5	33,4	37,3
% of group	*52%*	*36%*	*17,5%*	*17%*	*17%*	*16%*
yoy	16%	-1%	-25%	15%	14%	12%
thereof CPC&CPL, EUR m	10,8	20,4	30,6	32,9	36,5	42,0
% of group	*16%*	*22%*	*21%*	*19%*	*18%*	*18%*
yoy	-43%	89%	50%	8%	11%	15%
thereof Subscriptions/other Services, EUR m	6,4	8,8	23,7	26,0	29,4	32,6
% of group	*10%*	*9%*	*16%*	*15%*	*15%*	*14%*
yoy	66%	38%	169%	10%	13%	11%

Source: Warburg Research

Expected revenues and earnings

Profitability is foreseeable

As already explained above, the marketing costs (increasing the share of organic bookings from 19% in 2015 to 54% in 2020 an to – estimated by Warburg- 63% in 2022, see chapter “Competetive Quality”) are currently subject to a substantial reduction as a percentage of sales as part of the management of HomeToGo's operations. The other two major cost items, research and development and general and administrative costs, have also shown very attractive degression over the past years. This trend is planned to continue. As acquisition-related costs have also been burdening the P&L (2022: EUR 1.3m) and this research does not incorporate explicit acquisitions, a cost reduction is also planned in this regard.

All major online travel companies have shown that administration costs and IT costs increase at a much lower rate than the increase in volume processed. This is also central to the expectations (WRe) for HomeToGo.

All assumptions made above are reflected in the following income statement (WR expectation):

Overview of the expected income statement

Consolidated Profit & Loss HomeToGo SE

in EUR m	2020	2021	2022	2023e	2024e	2025e
Sales	**65.9**	**94.8**	**146.8**	**173.3**	**202.7**	**233.1**
Cost of sales	2.8	4.3	12.2	8.7	10.1	11.7
Gross profit	**63.1**	**90.5**	**134.6**	**164.6**	**192.6**	**221.5**
Research and development	15.3	23.7	28.7	31.2	34.5	37.3
Sales and marketing	52.2	95.5	126.3	135.2	137.9	138.2
General and administration	13.1	112.8	47.9	48.5	50.7	51.3
Other operating income	1.1	11.6	3.7	4.3	4.5	4.7
Other operating expenses	0.7	0.6	1.2	1.4	1.6	1.9
EBITDA	**-13.6**	**-125.8**	**-52.7**	**-30.5**	**-7.9**	**20.0**
Depreciation of fixed assets	1.5	1.6	1.6	2.9	3.4	4.0
EBIT	**-17.2**	**-130.5**	**-65.7**	**-47.3**	**-27.6**	**-2.6**
Interest income	0.0	2.8	8.8	6.6	5.3	4.9
Interest expenses	7.9	39.0	1.9	1.9	1.9	1.9
Financial result	-7.9	-36.1	6.9	4.7	3.4	3.0
Recurring pretax income from cont. operations	**-25.1**	**-166.6**	**-58.7**	**-42.6**	**-24.2**	**0.4**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**-25.1**	**-166.6**	**-58.7**	**-42.6**	**-24.2**	**0.4**
Taxes total	-1.3	0.2	-5.2	0.0	0.0	0.0
Net income	**-23.8**	**-166.8**	**-53.5**	**-42.6**	**-24.2**	**0.4**

Sources: HomeToGo SE (historical data), Warburg Research (estimates)

Consolidated Profit & Loss HomeToGo SE

in % of Sales	2020	2021	2022	2023e	2024e	2025e
Sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of sales	4.2%	4.6%	8.3%	5.0%	5.0%	5.0%
Gross profit	**95.8%**	**95.4%**	**91.7%**	**95.0%**	**95.0%**	**95.0%**
Research and development	23.2%	25.0%	19.5%	18.0%	17.0%	16.0%
Sales and marketing	79.3%	100.7%	86.0%	78.0%	68.0%	59.3%
General and administration	19.9%	118.9%	32.6%	28.0%	25.0%	22.0%
Other operating income	1.6%	12.3%	2.5%	2.5%	2.2%	2.0%
Other operating expenses	1.1%	0.7%	0.8%	0.8%	0.8%	0.8%
Total sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
EBITDA	**-20.7%**	**-132.6%**	**-35.9%**	**-17.6%**	**-3.9%**	**8.6%**
Depreciation of fixed assets	2.3%	1.7%	1.1%	1.7%	1.7%	1.7%
EBIT	**-26.1%**	**-137.6%**	**-44.7%**	**-27.3%**	**-13.6%**	**-1.1%**
Interest income	0.0%	3.0%	6.0%	3.8%	2.6%	2.1%
Interest expenses	12.0%	41.1%	1.3%	1.1%	0.9%	0.8%
Financial result	-12.0%	-38.1%	4.7%	2.7%	1.7%	1.3%
EBT	**-38.1%**	**-175.7%**	**-40.0%**	**-24.6%**	**-11.9%**	**0.2%**
Taxes total	-2.0%	0.2%	-3.6%	0.0%	0.0%	0.0%
Net income	**-36.1%**	**-175.9%**	**-36.4%**	**-24.6%**	**-11.9%**	**0.2%**

Sources: HomeToGo SE (historical data), Warburg Research (estimates)

Source: Warburg Research

No more relevant cash burn

Profitability to be achieved at adjusted EBITDA level in 2024

In this research note, all costs are shown as fully expensed even though huge adjustments in the EBITDA were regularly shown by HomeToGo. The vast majority of those costs were stock-based compensation (fully expensed in the WRe model, stock-based settlement possible). With regards to significant adjusted EBITDA profitability, is expected to be achieved as soon as in 2024 (WRe).

EBITDA and adjusted EBITDA

	2021	2022	2023e	2024e	2025e
EBITDA	-125,8	-52,7	-30,5	-7,9	20,0
adjustments for stock based compensation	102,0	25,7	28,0	27,0	26,0
others	2,7	6,4	1,0	1,0	1,0
adjusted EBITDA	-21,1	-20,7	-1,5	20,1	47,0

Source: WRe, HomeToGo

Consolidation by acquisitions offer additional opportunity

Even if acquisitions are not an explicit part of the planning in this analysis, the strategic aspect still needs to be considered, because Acquisitions are an interesting option, especially considering the good liquidity after the IPO and the share as acquisition currency (the company holds 8.1m in treasury shares, of which parts potentially can be also used for further acquisitions).

HomeToGo has two kinds of acquisition targets, technology-driven acquisitions and the acquisition of smaller competitors (booking platforms), with or without their own inventory. The history of HomeToGo is characterised by acquisitions:

Technology-driven acquisitions

In August 2021, HomeToGo acquired a 19%-stake in SECRA for a "low single-digit" amount. In the middle of 2022, the remaining 81% was taken over. Based on the 2022 annual report, WRe estimates the price for 100% at around EUR 10m. SECRA is mainly focused on Germany, where it is a leader in vacation rental management support with software solutions for owners, agencies and destinations.

Technology makes HTG more interesting for partners

Acquiring technology companies of this kind leads to the typical advantages of an acquisition. It gains strong IT specialists and reduces overhead costs by integrating the companies. But above all there is a natural connection to the users of the software, all of whom are also potential customers of HomeToGo. In the case mentioned above, it was even possible to integrate a separate portal directly into HomeToGo's reach (www.ostsee-ferienwohnungen.de).

The most strategically important aspect of such technology-driven acquisitions, however, is that HomeToGo can offer new potential listing partners (provider of alternative accommodation) any degree of integration (booking, advertising, guest communication, editorial...) in any form of billing (fixed, different commission models) and thus potentially higher market development than a company without technological competence (small providers) or relatively strictly prescribed vertical development opportunities/constraint (Booking / Airbnb). HomeToGo intentionally has a multi-label strategy in this segment (Smoobu, Secra…).

Consolidating platforms

Acquiring other platforms (i.e. small local portals for accommodation) offers the potential to close more deals onsite without transferring a client to a third party (offsite) or only getting paid for a lead or click (CLC/CLV). HomeToGo acts opportunistically when making acquisitions. Whenever there is an interesting target, the offer is checked. Often, former partner companies are acquired. HomeToGo has systematic advantages over other bidders:

HTG is in a unique position to consolidate the market by acquisition

- HomeToGo can quickly integrate the IT of a target or replace it
- HomeToGo can rapidly bring the portal/homepage of the target to top standard
- HomeToGo generates a strategic advantage by increasing the number of listings on its own portals and also increases the customer base (i.e. user accounts)
- HomeToGo adds interesting listings to the offering of the target (and in the future won´t lose a customer “who spontaneously decides to go to France rather than Italy”)
- **More onsite deals ultimately increase the take-rate (see above).**

~100m paid for acquisitions so far…

To consolidate platforms HTG acquired Wimdu in 2018 in a very small asset deal for EUR 1.2m worth of intangibles. While Wimdu was in the process of winding down, HomeToGo acquired its front-end and intellectual property. The front-end was integrated with HomeToGo's platform and is a white-label solution for several domains. Tripping was also acquired in 2018, (very small acquisition of trademark/domain) in exchange of shares.

Tripping was an online vacation metasearch website (in the process of winding-up operations). The following companies were of greater economic relevance:

- Feries (2018), 100%, for EUR 14.3m in cash, Italian vacation rental platform with two brands (Agriturismo and CaseVacanza), subscription-driven, a small share of CPA revenue, positive EBITDA
- Casamundo (2018), 100%, for EUR 8.8m, German platform for holiday homes and apartments in the US and Europe supplied by independent homeowners and online travel agents, revenue mostly CPA. (cost per acquisition).
- Escapada Rural (2019), 100%, for EUR 15.5m in cash, subscription-driven online booking platform for holiday homes in Spain and Europe, positive EBITDA.
- AMIVAC (2022), 100%, no price disclosed operates the French brands amivac.com, vacances.com and vacances.seloger.com, EBITDA unknown.
- e-domizil GmbH (2022), 100%, EUR 40m, a specialist for vacation rentals comprising brands such as e-domizil, PREMIUM SELECTION by e-domizil, tourist-online.de, BELLEVUE Ferienhaus, and atraveo, which also runs TUI Villas, e-domizil GmbH has a positive EBITDA.

After an acquisition HomeToGo normally keeps the well-known brands. Nevertheless, future brand marketing is solely focusing on HomeToGo.

Example of successful acquisition: e-domizil

The acquisition of e-domizil by HomeToGo was a strategic move that offers great potential for both companies. With this acquisition, HomeToGo gained access to a well-established vacation rental company in Germany, and can leverage e-domizil's market presence to further expand its offerings in the region.

e-domizil: a blueprint case

Furthermore, the acquisition of e-domizil's centralized marketplace business allows for improved commercial terms for the entire HomeToGo group going forward. The ability to negotiate better commercials and take advantage of economies of scale can help HomeToGo to increase profitability and drive growth. In terms of integration, HomeToGo has already begun to replace e-domizil's front-end and has aggregated inventory with their own technology, leading to an improved user experience and higher data accuracy. This integration process will also allow for a more centralized approach to managing HomeToGo's vacation rental inventory, leading to greater operational efficiency. In addition, taking over the marketplace business will allow e-domizil to focus its attention and resources on providing services to small partners such as hosts, while HomeToGo focuses on expanding its vacation rental inventory and driving demand. The combined booking volumes of e-domizil and HomeToGo make them an even more important source of demand for many partners, leading to increased relevance and market share.

Overall, the acquisition of e-domizil by HomeToGo is a promising development for both companies, and offers the potential to drive growth and profitability for years to come.

Valuation

- DCF is the central valuation approach and indicates a substantial undervaluation of the stock.
- The peer group analysis provides a sector overview rather than an explicit valuation

DCF takes centre-stage

Core of the valuation is the modulation and discounting of cash flow (DCF). This model is flanked by a peer group which indicates possible valuations in case of further growth (closest comparables are in a far later stage of development).

DCF valuation

Basic assumptions

Our DCF model assumptions can be summarised as follows:

- From 2022-25 the estimated growth rate is 16.7% compared to the historical growth rate of 28% (including acquisitions). Depending on the level of marketing costs, even higher growth rates are possible.

DCF indicates high potential

- As the number of listed properties grow (esp. onsite) and customer accounts provide a robust basis for lower marketing efforts per booking, a constant increase in profitability is assumed.
- Net profitability will be reached by 2025 (WRe) and is expected to increase incrementally until the terminal margin of 13.5% is reached (2028). Scaling models do have much higher margin potential but this selected level compares with Expedia (2024e, the only established company with a meta-approach in the travel sector).
- Another special assumption of the DCF model is the systematic reduction in the working-capital ratio of the company, which is gradually using its own payment system and is generally pushing the expansion of onsite bookings. This tends to result in earlier payments by the customers. Even a negative working-capital rate would be possible in this context ("bookings paid in advance").
- A core assumption regarding the WACC is the assumption of a long-term debt ratio of 15%. Currently in the wake of the IPO, the company naturally has high net liquidity. With regard to the future strategy, which probably also includes acquisitions, a transition to a more leveraged capital structure can be expected with an adequate proportion of debt in the medium term.
- At the end of 2022, the group reported tax loss carry forwards of around 430m. Their use is anticipated accordingly in the model.
- In our model, stock-based compensation is fully allocated to expenses and not by their potential dilution. The treasury shares (8.1m), planned to be used for stock-based compensation are, on the other hand, deducted from the number of shares used in the DCF model.
- The potential dilution from pre-IPO Class B shares is anticipated (There are 2,291,667 that convert into Class A if the closing price for any 10 trading days within a 30-trading-day period exceeds EUR 12.00 and 2,291,667 that convert into Class A if the closing price for any 10 trading days within a 30-trading-day period exceeds EUR 14.00).
- On this basis the DCF model indicates a significant upside (see next page).

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	173.3	202.7	233.1	268.1	308.3	354.6	397.1	444.8	498.1	538.0	581.0	610.1	640.6	
Sales change	*18.0 %*	*17.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*12.0 %*	*12.0 %*	*12.0 %*	*8.0 %*	*8.0 %*	*5.0 %*	*5.0 %*	*2.5 %*
EBIT	-47.3	-27.6	-2.6	18.8	30.8	39.0	47.7	57.8	67.2	72.6	78.4	82.4	86.5	
EBIT-margin	*-27.3 %*	*-13.6 %*	*-1.1 %*	*7.0 %*	*10.0 %*	*11.0 %*	*12.0 %*	*13.0 %*	*13.5 %*	*13.5 %*	*13.5 %*	*13.5 %*	*13.5 %*	
Tax rate (EBT)	*0.0 %*	*0.0 %*	*0.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	
NOPAT	-47.3	-27.6	-2.6	17.8	29.3	37.1	45.3	54.9	63.9	69.0	74.5	78.2	82.2	
Depreciation	16.8	19.7	22.6	16.1	15.4	17.7	19.9	22.2	24.9	26.9	29.1	30.5	32.0	
in % of Sales	*9.7 %*	*9.7 %*	*9.7 %*	*6.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	
Changes in provisions	0.0	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-0.1	-0.8	-1.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Capex	5.4	6.4	7.4	10.7	15.4	17.7	19.9	22.2	24.9	26.9	29.1	30.5	32.0	
Capex in % of Sales	*3.1 %*	*3.1 %*	*3.2 %*	*4.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-35.8	-13.5	13.8	22.6	29.3	37.1	45.3	54.9	63.9	69.0	74.5	78.2	82.2	66
PV of FCF	-34.1	-11.9	11.2	16.9	20.2	23.6	26.5	29.7	31.8	31.7	31.6	30.6	29.6	402
share of PVs	-5.44 %			42.54 %										62.90 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	15.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.5 %	Liquidity (share)	1.30
Market return	7.50 %	Cyclicality	1.30
Risk free rate	2.00 %	Transparency	1.30
		Others	1.30
WACC	**8.45 %**	**Beta**	**1.30**

Valuation (m)

Present values 2035e	237
Terminal Value	402
Financial liabilities	34
Pension liabilities	1
Hybrid capital	0
Minority interest	0
Market val. of investments	0
Liquidity	186
Equity Value	**790**
No. of shares (m)	118.0
Value per share (EUR)	**6.70**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.75 %	2.00 %	2.25 %	**2.50 %**	2.75 %	3.00 %	3.25 %
1.51	9.5 %	5.47	5.55	5.63	5.72	5.82	5.92	6.04
1.41	9.0 %	5.86	5.96	6.06	6.17	6.29	6.42	6.56
1.35	8.7 %	6.08	6.19	6.30	6.43	6.56	6.71	6.86
1.30	8.5 %	6.32	6.44	6.56	**6.70**	6.85	7.01	7.19
1.25	8.2 %	6.58	6.71	6.85	7.00	7.17	7.35	7.56
1.19	8.0 %	6.85	7.00	7.16	7.33	7.52	7.73	7.96
1.09	7.5 %	7.48	7.66	7.87	8.09	8.33	8.60	8.91

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.51	9.5 %	5.10	5.31	5.52	5.72	5.93	6.13	6.34
1.41	9.0 %	5.51	5.73	5.95	6.17	6.39	6.62	6.84
1.35	8.7 %	5.73	5.96	6.19	6.43	6.66	6.89	7.12
1.30	8.5 %	5.97	6.22	6.46	**6.70**	6.94	7.19	7.43
1.25	8.2 %	6.24	6.49	6.75	7.00	7.26	7.51	7.76
1.19	8.0 %	6.53	6.80	7.06	7.33	7.60	7.86	8.13
1.09	7.5 %	7.20	7.50	7.79	8.09	8.38	8.68	8.97

- The largely non-digitized or poorly digitized market for alternative accommodation is driving the top line.
- The constant expansion of the user base (accounts, app users) reduces the marketing effort.
- All other essential cost items also show a typical scaling.
- The capital structure should show a higher debt ratio in the long term (e.g. due to acquisitions).

Peer group

The peer group approach has huge limitations as HTG is not profitable

The general approach

For reasons of a general overview of the industry, HomeToGo has been classified into several peer groups below. On the one hand, a general comparison group of smaller companies was listed here, which also have an online focus in the travel market. In addition, for the sake of completeness, a comparison group with companies in the hotel industry was also included in order to provide a general overview of the brick and mortar business in this segment. And finally, HomeToGo was placed in a peer group of the majors with which the company most closely compares in terms of technology and addressable market.

The small internet-affine peers

a broad selection of this widespread sector

The following comparison group shows companies that conduct the majority of their business online, mostly based on classic business models. From the classic tour operator (e.g. TUI), to an agent for beds in youth hostels (Hostelworld), an agent for business apartments (Sonder), or the content-focused TripAdvisor, this comparison group offers a blend of the various internet-related business models in the travel industry.

The wider comparables (key data)

Company	LC	Price	MC	EV	EPS			Sales			EBITDA			EBIT		
		in LC	in LC m	in LC m	23e	24e	25e	23e	24e	25e	23e	24e	25e	23e	24e	25e
Voyageurs du Monde SA	EUR	113.00	423.9	252.7	5.47	5.79	4.78	622.3	637.6	670.5	52.4	54.4	49.4	44.0	46.2	36.0
On The Beach Group PLC	GBP	1.52	252.9	123.1	0.13	0.17	0.20	169.0	190.1	211.5	35.7	43.0	50.8	27.3	37.1	39.0
MakeMyTrip Ltd.	USD	23.99	2,525.5	2,495.5	0.24	0.60	n.a.	842.1	1,048.5	n.a.	110.8	138.5	n.a.	82.1	111.8	n.a.
Trip.com Group Ltd. Sponsored ADF	USD	36.55	22,599.6	24,529.4	1.18	1.75	2.16	4,969.5	6,123.5	6,981.7	994.6	1,409.5	1,686.7	927.6	1,358.8	1,519.6
TripAdvisor, Inc.	USD	18.63	2,626.2	2,621.8	1.18	1.56	2.02	1,717.0	1,891.0	2,056.9	342.5	414.0	506.4	146.2	207.2	333.6
Saga plc	GBP	1.29	180.7	837.2	0.26	0.33	0.35	630.8	658.4	689.3	111.5	126.3	131.4	74.1	82.8	90.4
lastminute.com N.V.	CHF	24.25	240.4	290.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
eDreams ODIGEO	EUR	5.50	672.8	1,065.3	0.08	0.41	0.55	647.0	769.0	742.0	83.0	149.0	174.0	46.0	102.0	124.0
Hostelworld Group Plc	GBP	1.25	152.3	158.6	0.04	0.07	0.09	75.5	85.0	96.7	12.8	16.5	20.4	8.7	12.3	8.1
Sonder Holdings Inc. Class A	USD	0.53	116.4	1,318.0	-0.83	-0.32	-0.19	613.0	790.5	1,021.5	-132.0	0.0	3.5	-180.0	-56.0	-19.3
Despegar.com, Corp.	USD	5.92	421.8	296.0	0.08	0.31	0.39	641.7	748.4	735.3	78.7	101.5	121.9	26.7	50.0	67.7
Vacasa, Inc. Class A	USD	0.81	192.1	204.6	-0.37	-0.21	-0.04	1,074.0	1,160.1	1,253.2	1.0	28.0	63.7	-108.0	-77.0	-32.8
Tongcheng Travel Holdings Limited	HKD	17.66	39,589.3	34,608.1	0.86	1.06	1.30	11,689.6	14,385.5	17,116.4	2,638.2	3,460.2	4,205.0	1,481.3	2,090.0	2,811.2
Rainbow Tours S.A.	PLN	34.75	505.7	449.5	3.71	3.19	n.a.	2,865.0	3,006.0	n.a.	99.2	83.6	n.a.	71.8	62.1	n.a.
Lion Travel Service Co., Ltd.	TWD	180.50	16,061.3	13,500.5	7.04	9.25	n.a.	16,333.0	23,726.0	n.a.	1,507.0	1,507.0	n.a.	820.0	1,140.0	n.a.
Thomas Cook (India) Limited	INR	65.13	30,214.3	30,265.5	6.09	8.26	9.83	69,800.0	82,510.0	96,080.0	5,160.0	6,220.0	7,000.0	3,890.0	4,910.0	5,630.0
Issta Ltd	ILS	70.73	1,209.7	2,682.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AirTrip Corp.	JPY	2,670.00	59,296.4	60,760.3	97.30	134.46	170.17	21,000.0	26,300.0	48,822.0	3,290.0	4,750.0	6,170.0	2,600.0	4,050.0	5,470.0
GreenTree Hospitality Group Ltd. Sp	USD	4.55	310.7	642.2	0.46	0.65	0.68	232.4	291.8	323.9	74.6	96.0	93.7	60.0	81.3	80.2
Changbai Mountain Tourism Co., Ltc	CNY	10.31	2,749.4	2,749.3	0.24	0.36	n.a.	416.0	498.0	n.a.	152.0	204.0	n.a.	81.0	126.0	n.a.
TUI AG	EUR	6.21	4,066.2	8,202.9	1.08	1.37	1.59	19,146.3	19,818.5	20,371.4	1,815.3	2,001.0	2,123.9	948.8	1,124.7	1,234.0
CVC Brasil Operadora e Agencia de	BRL	3.31	917.7	977.2	-0.73	-0.11	-0.16	1,540.0	1,817.5	2,037.5	311.0	486.5	620.5	47.0	184.0	262.0
HomeToGo SE	**EUR**	**2.89**	**327.6**	**229.9**	**-0.38**	**-0.21**	**0.00**	**173.3**	**202.7**	**233.1**	**-30.5**	**-7.9**	**20.0**	**-47.3**	**-27.6**	**-2.6**

Source: FactSet, Warburg Research

EV/Sales: Upside indicated

The companies in the sector show very different levels of profitability, growth and valuation. But even in this very broad overview, HomeToGo shows significant upside compared to the EV/sales multiple.

The wider comparables (multiples)

Company	LC	Price in LC	MC in LC m	EV in LC m	P / E 23e	P / E 24e	P / E 25e	EV / Sales 23e	EV / Sales 24e	EV / Sales 25e	EV / EBITDA 23e	EV / EBITDA 24e	EV / EBITDA 25e	EV / EBIT 23e	EV / EBIT 24e	EV / EBIT 25e
Voyageurs du Monde SA	EUR	113.00	423.9	252.7	20.6 x	19.5 x	23.7 x	0.4 x	0.4 x	0.4 x	4.8 x	4.6 x	5.1 x	5.7 x	5.5 x	7.0 x
On The Beach Group PLC	GBP	1.52	252.9	123.1	12.1 x	8.8 x	7.7 x	0.7 x	0.6 x	0.6 x	3.4 x	2.9 x	2.4 x	4.5 x	3.3 x	3.2 x
MakeMyTrip Ltd.	USD	23.99	2,525.5	2,495.5	102.0 x	40.3 x	n.a.	3.0 x	2.4 x	n.a.	22.5 x	18.0 x	n.a.	30.4 x	22.3 x	n.a.
Trip.com Group Ltd. Sponsored ADF	USD	36.55	22,599.6	24,529.4	31.0 x	20.8 x	16.9 x	4.9 x	4.0 x	3.5 x	24.7 x	17.4 x	14.5 x	26.4 x	18.1 x	16.1 x
TripAdvisor, Inc.	USD	18.63	2,626.2	2,621.8	15.8 x	12.0 x	9.2 x	1.5 x	1.4 x	1.3 x	7.7 x	6.3 x	5.2 x	17.9 x	12.7 x	7.9 x
Saga plc	GBP	1.29	180.7	837.2	5.0 x	3.9 x	3.7 x	1.3 x	1.3 x	1.2 x	7.5 x	6.6 x	6.4 x	11.3 x	10.1 x	9.3 x
lastminute.com N.V.	CHF	24.25	240.4	290.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
eDreams ODIGEO	EUR	5.50	672.8	1,065.3	73.3 x	13.4 x	10.0 x	1.6 x	1.4 x	1.4 x	12.8 x	7.1 x	6.1 x	23.2 x	10.4 x	8.6 x
Hostelworld Group Plc	GBP	1.25	152.3	158.6	30.8 x	16.9 x	13.5 x	2.1 x	1.9 x	1.6 x	12.4 x	9.6 x	7.8 x	18.3 x	12.9 x	19.5 x
Sonder Holdings Inc. Class A	USD	0.53	116.4	1,318.0	n.a.	n.a.	n.a.	2.1 x	1.7 x	1.3 x	n.a.	n.a.	378.8 x	n.a.	n.a.	n.a.
Despegar.com, Corp.	USD	5.92	421.8	296.0	70.9 x	19.4 x	15.2 x	0.5 x	0.4 x	0.4 x	3.8 x	2.9 x	2.4 x	11.1 x	5.9 x	4.4 x
Vacasa, Inc. Class A	USD	0.81	192.1	204.6	n.a.	n.a.	n.a.	0.2 x	0.2 x	0.2 x	204.6 x	7.3 x	3.2 x	n.a.	n.a.	n.a.
Tongcheng Travel Holdings Limited	HKD	17.66	39,589.3	34,608.1	20.5 x	16.5 x	13.5 x	3.0 x	2.4 x	2.0 x	13.1 x	10.0 x	8.2 x	23.4 x	16.6 x	12.3 x
Rainbow Tours S.A.	PLN	34.75	505.7	449.5	9.4 x	10.9 x	n.a.	0.2 x	0.1 x	n.a.	4.5 x	5.4 x	n.a.	6.3 x	7.2 x	n.a.
Lion Travel Service Co., Ltd.	TWD	180.50	16,061.3	13,500.5	25.2 x	19.2 x	n.a.	0.8 x	0.6 x	n.a.	9.0 x	9.0 x	n.a.	16.5 x	11.8 x	n.a.
Thomas Cook (India) Limited	INR	65.13	30,214.3	30,265.5	10.6 x	7.8 x	6.6 x	0.4 x	0.4 x	0.3 x	5.9 x	4.9 x	4.3 x	7.8 x	6.2 x	5.4 x
Issta Ltd	ILS	70.73	1,209.7	2,682.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AirTrip Corp.	JPY	2,670.00	59,296.4	60,760.3	27.8 x	20.1 x	15.9 x	2.9 x	2.3 x	1.2 x	18.5 x	12.8 x	9.8 x	23.4 x	15.0 x	11.1 x
GreenTree Hospitality Group Ltd. Sp	USD	4.55	310.7	642.2	9.8 x	7.1 x	6.7 x	2.8 x	2.2 x	2.0 x	8.6 x	6.7 x	6.9 x	10.7 x	7.9 x	8.0 x
Changbai Mountain Tourism Co., Ltc	CNY	10.31	2,749.4	2,749.3	42.2 x	28.1 x	n.a.	6.6 x	5.5 x	n.a.	18.1 x	13.5 x	n.a.	33.9 x	21.8 x	n.a.
TUI AG	EUR	6.21	4,066.2	8,202.9	5.7 x	4.5 x	3.9 x	0.4 x	0.4 x	0.4 x	4.5 x	4.1 x	3.9 x	8.6 x	7.3 x	6.6 x
CVC Brasil Operadora e Agencia de	BRL	3.31	917.7	977.2	n.a.	n.a.	n.a.	0.6 x	0.5 x	0.5 x	3.1 x	2.0 x	1.6 x	20.8 x	5.3 x	3.7 x
Average					30.2 x	15.8 x	11.3 x	1.8 x	1.5 x	1.1 x	20.5 x	8.0 x	29.2 x	16.7 x	11.1 x	8.8 x
Median					20.6 x	16.5 x	10.0 x	1.4 x	1.3 x	1.2 x	8.6 x	6.7 x	5.6 x	17.2 x	10.3 x	7.9 x
HomeToGo SE	**EUR**	**2.89**	**327.6**	**229.9**	**neg.**	**neg.**	**n.a.**	**1.3 x**	**1.1 x**	**1.0 x**	**n.a.**	**n.a.**	**11.5 x**	**n.a.**	**n.a.**	**n.a.**
Valuation difference to Median					n.a.	n.a.	n.a.	8%	17%	25%	n.a.	n.a.	-51%	n.a.	n.a.	n.a.
Fair value per share based on Median					n.a.	n.a.	n.a.	3.04	3.24	3.39	n.a.	n.a.	1.86	n.a.	n.a.	n.a.

Source: FactSet, Warburg Research

Established business models…

The brick-and-mortar business

The following comparison group shows hotel companies for the purpose of the sector overview:

The hotels (key data)

Company	LC	Price in LC	MC in LC m	EV in LC m	EPS 23e	EPS 24e	EPS 25e	Sales 23e	Sales 24e	Sales 25e	EBITDA 23e	EBITDA 24e	EBITDA 25e	EBIT 23e	EBIT 24e	EBIT 25e
Melia Hotels International, S.A.	EUR	5.96	1,311.6	3,992.9	0.31	0.44	0.50	1,750.1	1,823.5	1,871.0	436.0	473.2	486.0	161.0	200.4	204.0
Hyatt Hotels Corporation Class A	USD	113.61	12,071.3	14,905.8	2.68	3.50	4.72	6,462.0	6,737.0	7,623.1	1,056.5	1,154.0	1,257.3	490.0	574.0	761.7
InterContinental Hotels Group PLC S	USD	69.91	12,076.9	14,364.9	3.43	3.92	4.38	4,379.8	4,705.3	5,042.7	1,015.5	1,108.8	1,204.9	940.0	1,025.6	1,116.0
Dalata Hotel Group Plc	EUR	4.30	959.6	1,716.5	0.32	0.38	0.43	568.7	615.6	660.3	196.3	213.4	234.8	133.9	149.2	164.2
Playa Hotels & Resorts N.V.	USD	9.51	1,501.0	2,364.4	0.61	0.64	0.86	957.6	976.7	999.9	268.2	271.0	297.6	183.7	185.2	219.2
Southern Sun Limited	ZAR	4.77	7,049.6	10,928.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Wynn Resorts, Limited	USD	111.34	12,658.0	21,895.7	1.54	4.10	5.11	5,962.4	6,741.4	7,102.3	1,603.1	2,082.0	2,266.7	854.7	1,322.5	1,304.8
MGM Resorts International	USD	43.88	16,407.3	46,830.4	0.80	1.05	1.99	14,633.5	15,338.5	16,300.9	4,194.8	4,510.7	4,819.8	1,134.3	1,168.8	1,553.6
Las Vegas Sands Corp.	USD	58.17	44,457.8	54,053.9	1.66	2.92	3.33	9,101.1	11,248.3	12,264.0	3,405.0	4,564.3	5,034.1	2,190.0	3,457.3	3,702.0
HomeToGo SE	**EUR**	**2.89**	**327.6**	**229.9**	**-0.38**	**-0.21**	**0.00**	**173.3**	**202.7**	**233.1**	**-30.5**	**-7.9**	**20.0**	**-47.3**	**-27.6**	**-2.6**

Source: FactSet, Warburg Research

…that are profitable but with low growth rates are valued higher then HomeToGo

The companies in the sector show a decent level of profitability, small growth and a valuation of around 3-4x sales.

The hotels (multiples)

Company	LC	Price	MC	EV	P / E			EV / Sales			EV / EBITDA			EV / EBIT		
		in LC	in LC m	in LC m	23e	24e	25e	23e	24e	25e	23e	24e	25e	23e	24e	25e
Melia Hotels International, S.A.	EUR	5.96	1,311.6	3,992.9	19.1 x	13.4 x	12.0 x	2.3 x	2.2 x	2.1 x	9.2 x	8.4 x	8.2 x	24.8 x	19.9 x	19.6 x
Hyatt Hotels Corporation Class A	USD	113.61	12,071.3	14,905.8	42.4 x	32.5 x	24.1 x	2.3 x	2.2 x	2.0 x	14.1 x	12.9 x	11.9 x	30.4 x	26.0 x	19.6 x
InterContinental Hotels Group PLC S	USD	69.91	12,076.9	14,364.9	20.4 x	17.8 x	16.0 x	3.3 x	3.1 x	2.8 x	14.1 x	13.0 x	11.9 x	15.3 x	14.0 x	12.9 x
Dalata Hotel Group Plc	EUR	4.30	959.6	1,716.5	13.4 x	11.3 x	10.0 x	3.0 x	2.8 x	2.6 x	8.7 x	8.0 x	7.3 x	12.8 x	11.5 x	10.5 x
Playa Hotels & Resorts N.V.	USD	9.51	1,501.0	2,364.4	15.6 x	14.9 x	11.1 x	2.5 x	2.4 x	2.4 x	8.8 x	8.7 x	7.9 x	12.9 x	12.8 x	10.8 x
Southern Sun Limited	ZAR	4.77	7,049.6	10,928.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Wynn Resorts, Limited	USD	111.34	12,658.0	21,895.7	72.4 x	27.2 x	21.8 x	3.7 x	3.2 x	3.1 x	13.7 x	10.5 x	9.7 x	25.6 x	16.6 x	16.8 x
MGM Resorts International	USD	43.88	16,407.3	46,830.4	54.9 x	41.8 x	22.1 x	3.2 x	3.1 x	2.9 x	11.2 x	10.4 x	9.7 x	41.3 x	40.1 x	30.1 x
Las Vegas Sands Corp.	USD	58.17	44,457.8	54,053.9	35.0 x	19.9 x	17.5 x	5.9 x	4.8 x	4.4 x	15.9 x	11.8 x	10.7 x	24.7 x	15.6 x	14.6 x
Average					34.1 x	22.3 x	16.8 x	3.3 x	3.0 x	2.8 x	12.0 x	10.5 x	9.7 x	23.5 x	19.6 x	16.8 x
Median					27.7 x	18.9 x	16.7 x	3.1 x	2.9 x	2.7 x	12.4 x	10.4 x	9.7 x	24.7 x	16.1 x	15.7 x
HomeToGo SE	**EUR**	**2.89**	**327.6**	**229.9**	**neg.**	**neg.**	**n.a.**	**1.3 x**	**1.1 x**	**1.0 x**	**n.a.**	**n.a.**	**11.5 x**	**n.a.**	**n.a.**	**n.a.**
Valuation difference to Median					n.a.	n.a.	n.a.	134%	158%	176%	n.a.	n.a.	-16%	n.a.	n.a.	n.a.
Fair value per share based on Median					n.a.	n.a.	n.a.	5.61	6.08	6.46	n.a.	n.a.	2.58	n.a.	n.a.	n.a.

Source: FactSet, Warburg Research

The market leaders

Expedia is the closest comparable…

The following comparison group shows the technically closest comparables and include Airbnb, Booking and Expedia as they also offer holiday accommodation directly to customers online. While Booking has a certain focus on hotels and Airbnb focuses on flats in cities (HTG: rural areas) Expedia with its meta-approach tends to be the closest comparable company in general.

The market leaders (key data)

Company	LC	Price	MC	EV	EPS			Sales			EBITDA			EBIT		
		in LC	in LC m	in LC m	23e	24e	25e	23e	24e	25e	23e	24e	25e	23e	24e	25e
Airbnb, Inc. Class A	USD	116.17	73,411.1	71,697.6	3.38	4.00	5.14	9,603.0	11,062.0	12,896.7	3,345.4	4,046.8	4,760.3	2,226.5	2,789.2	3,460.8
Booking Holdings Inc.	USD	2,676.05	100,749.0	107,970.2	129.03	155.48	185.12	20,062.2	22,232.0	24,462.6	6,682.0	7,688.0	8,591.7	6,176.7	7,126.7	7,875.0
Expedia Group, Inc.	USD	93.38	14,319.7	17,202.3	9.42	11.72	13.09	12,863.9	14,056.0	15,406.0	2,728.9	3,147.0	3,433.0	1,529.5	1,878.5	2,172.0
HomeToGo SE	**EUR**	**2.89**	**327.6**	**229.9**	**-0.38**	**-0.21**	**0.00**	**173.3**	**202.7**	**233.1**	**-30.5**	**-7.9**	**20.0**	**-47.3**	**-27.6**	**-2.6**

Source: FactSet, Warburg Research

…provides huge upside (x EV/Sales) but a clear lack of comparability

The comparison based on the sales valuation (enterprise value) shows very considerable potential for HomeToGo. However, this comparison is obviously only possible to a very limited extent, since the comparable companies are significantly larger than HomeToGo and show margins at incomparable levels. On the other hand, these companies are already showing signs of market saturation. The growth rates can no longer be compared with those of HomeToGo. In this respect, a sales valuation of 5x could also be possible for HomeToGo if profitability moves into double digits.

The market leaders (multiples)

Company	LC	Price	MC	EV	P / E			EV / Sales			EV / EBITDA			EV / EBIT		
		in LC	in LC m	in LC m	23e	24e	25e	23e	24e	25e	23e	24e	25e	23e	24e	25e
Airbnb, Inc. Class A	USD	116.17	73,411.1	71,697.6	34.4 x	29.0 x	22.6 x	7.5 x	6.5 x	5.6 x	21.4 x	17.7 x	15.1 x	32.2 x	25.7 x	20.7 x
Booking Holdings Inc.	USD	2,676.05	100,749.0	107,970.2	20.7 x	17.2 x	14.5 x	5.4 x	4.9 x	4.4 x	16.2 x	14.0 x	12.6 x	17.5 x	15.2 x	13.7 x
Expedia Group, Inc.	USD	93.38	14,319.7	17,202.3	9.9 x	8.0 x	7.1 x	1.3 x	1.2 x	1.1 x	6.3 x	5.5 x	5.0 x	11.2 x	9.2 x	7.9 x
Average					21.7 x	18.1 x	14.7 x	4.7 x	4.2 x	3.7 x	14.6 x	12.4 x	10.9 x	20.3 x	16.7 x	14.1 x
Median					20.7 x	17.2 x	14.5 x	5.4 x	4.9 x	4.4 x	16.2 x	14.0 x	12.6 x	17.5 x	15.2 x	13.7 x
HomeToGo SE	**EUR**	**2.89**	**327.6**	**229.9**	**neg.**	**neg.**	**n.a.**	**1.3 x**	**1.1 x**	**1.0 x**	**n.a.**	**n.a.**	**11.5 x**	**n.a.**	**n.a.**	**n.a.**
Valuation difference to Median					n.a.	n.a.	n.a.	306%	328%	348%	n.a.	n.a.	10%	n.a.	n.a.	n.a.
Fair value per share based on Median					n.a.	n.a.	n.a.	9.09	9.55	9.94	n.a.	n.a.	3.08	n.a.	n.a.	n.a.

Source: FactSet, Warburg Research

Scenario valuation (“organic marketing only”)

…How to value a focus on growth?

The valuation of companies for which sustainable substantial profitability cannot be achieved in the short term or is not the primary short-term goal is difficult with classic valuation methods (discounting, Peergroup). This is especially valid when, for example, company growth is an important strategic element in which profitability is at least partially subordinate. A historically important example in this context is Amazon – the valuation based on multipliers or classic approaches (DCF) would have regularly led to unsatisfactory results.

For this purpose, a scenario analysis was subsequently carried out for HomeToGo, on an as-if assessment based on the status quo. The core of the approach is the fictitious assumption of the immediate absolute focus on the profitability of the company (starting in 2024 or 2025). In this context, two assumptions are of central importance:

- Acquiring an existing customer (user account) is 87% cheaper than acquiring a new customer with, for instance, expensive performance marketing. The scenario focuses on this customer.
- The company could generate an estimated 65% of booking revenue from existing customers in fiscal year 2023 (reference for “organic marketing”).

Based on these central aspects, the following table shows a scenario in which only 65% of the sales expected for 2023 are generated (WRe, referring to the “organic marketing” mentioned above). At the same time, a significantly simplified fictitious company and cost (WRe) structure is assumed:

- 70% reduction in marketing costs (in a scenario of organic revenues “only”, winning a customer is 87% cheaper, see above),
- 50% reduction in research and development costs (in a steady-state scenario, not providing cutting-edge solutions)
- 30% reduction in G&A costs (estimated reduction in group revenue and its structure derived by the fictional downsizing of the marketing and R&D departments)

For reasons of the lack of available cost data, the segment of software and services is not considered separately. Here, on the one hand, the reduction in sales would be too offensive, while on the other hand, the reduction in costs would not be as high as mentioned. The average effect on a separate recognition of this small segment would be negligible.

Back-of-the-envelope valuation

Implied company value	2024e	2025e
Sales	202,7	233,1
thereof organic (65%)	131,8	151,5
Costs	230,3	235,7
thereof organic (-70% SM, -30% GA -50% R&D)	101,4	104,9
EBIT	-27,6	-2,6
EBIT organic	30,4	46,7
EBIT organic 8x	243,3	373,2
Tax loss carry forwards PV	72,8	72,8
Sum (EUR m)	316,1	446,0
Net cash	88,2	105,0
Implied Value (EUR m)	**404,3**	**551,0**
Per share		
Calculated number of shares	113,4	113,4
Class B	-4,6	-4,6
Treasury shares	-8,1	-8,1
Adjusted shares (m)	**100,7**	**100,7**
Value per adjusted share (EUR)	**4,01**	**5,47**

Source: Warburg Research

On the basis of a generally assumed EBIT multiplier of 8x, a valuation of the huge loss carry forwards (EUR 470m) on the basis of 10-year usage, and incorporating deduction of treasury shares and class A shares (EUR 12.50+ conversion), the comparison based on the EBIT valuation (EV) shows very considerable potential for HomeToGo.

This approach is, of course, only the very low end of a possible valuation as it does not show the option of becoming market leader in the fragmented market of alternative accommodation.

Company & Products

Business model

The HomeToGo Group runs a global vacation rental marketplace that links travellers searching for a place to stay with accommodation suppliers worldwide, resulting in the most comprehensive collection of alternative accommodation options. As of the annual report 2022, the HomeToGo Group's portfolio contains over 15 million accommodation offers from over 60,000 partners, including online travel agencies (OTA), tour operators, property managers, and other inventory suppliers across the globe.

Largest marketplace for alternative accommodation

The HomeToGo Group is operated under a business segment and controlled by its ultimate parent company, HomeToGo SE. The group includes HomeToGo SE, located in Luxembourg, and its subsidiaries in Germany, Italy, France, Spain, Lithuania, and the USA. As of December 31, 2022, HomeToGo SE had direct stakes in 15 companies within the group, all of which are fully consolidated.

HomeToGo conducts its operations using localized websites and applications in 25 different countries. HomeToGo is represented in the global market through several brands, including HomeToGo, Casamundo, Wimdu, Tripping, Agriturismo.it, CaseVacanza.it, Smoobu, Escapada Rural, SECRA and e-domizil.

The HomeToGo marketplace consolidates a vast selection of inventory into a single search engine and allows users to reserve accommodation from various partners, either on the partners' external websites or on the HomeToGo platform directly. HomeToGo's on-site solution allows users to book directly with the connected partners, free of charge. Instead, HomeToGo earns a commission from the booking partner for every successful booking or generated inquiry.

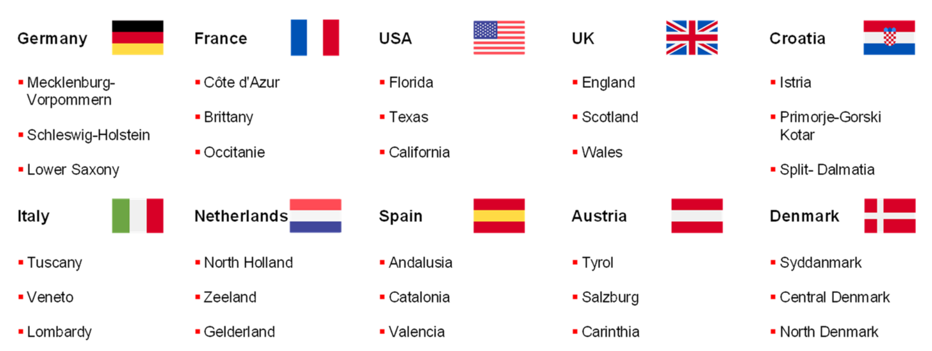
Since March 2021, HomeToGo has introduced a new SaaS product that serves as a central hub for semi-professional agencies and homeowners to manage their listings and coordinate actions across various platforms.

Destinations

The business model technically has a worldwide reach but is focused on the DACH/Europe (75%e) and the US (25%e):

Focus on DACH, Europe and the US

Most booked destinations by regions



Source: HTG

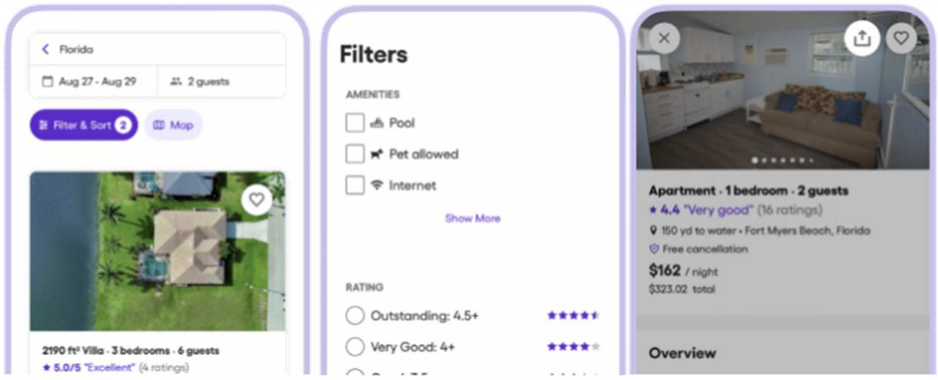
HomeToGo platform & app

Leading state-of-the-art technology

Besides the online marketplace, HomeToGo offers a mobile application which is available for Android and IOS. Customization is a key feature of the HomeToGo app, as it provides a personalized and convenient booking experience for consumers. By using the app, consumers can access the full range of HomeToGo's services from their smartphones, and their personal data is readily available, including their shopping history and payment preferences. The app uses this data to provide content and advice that is tailored to each individual's needs and wishes, making the shopping experience more enjoyable and efficient.

HomeToGo’s proprietary technology platform uses machine learning to create a personalized user experience. The platform offers intuitive filtering tools that allow users to quickly sort through HomeToGo inventory and find the best offers to suit their needs. Users can easily share offers with others to plan trips together. HomeToGo uses the data and information from the individualized customer journey to enhance its services. By employing artificial intelligence, the system learns from user behaviour and provides even more customized recommendations when users revisit the HomeToGo website or app. The deduplication technology ensures that duplicate offers from multiple partner portfolios are automatically consolidated into a single presentation on the HomeToGo website.

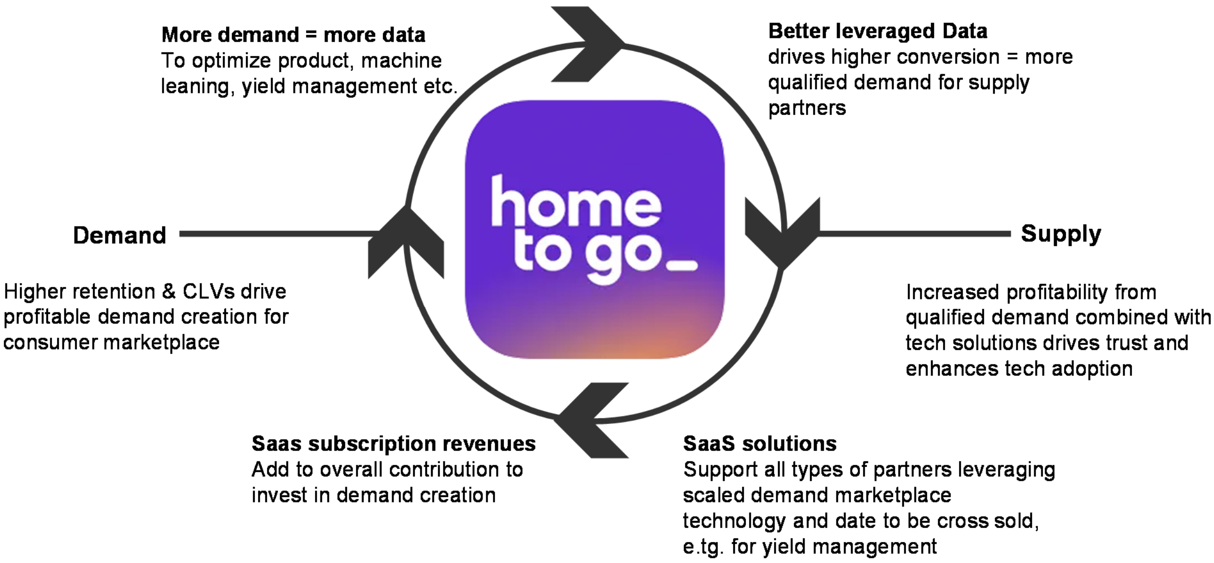
Overview HomeToGo App



Source:HTG, Warburg Research

The data flywheel at HomeToGo works by collecting and analysing data from various sources, including user search queries, booking patterns, and market trends. This data is then used to improve the search and booking experience for users and to optimize inventory for partners. The more data that is collected and analysed, the more insights can be gained, which in turn leads to better decision-making and further improvements to the platform. As the platform continues to improve, it attracts more users and partners, which generates even more data, creating a self-reinforcing cycle of growth and improvement.

HomeToGo data flywheel



Source: HTG, Warburg Research

Partners

HomeToGo's partners include OTAs, property managers and individual homeowners.

Online Travel Agencies: Partnering with HomeToGo can serve as a means for OTAs to increase their traffic and bookings from an additional source. HomeToGo, as a marketplace with a metasearch engine for vacation rentals, consolidates listings from different vacation rental websites, making it a convenient platform for travellers to find and reserve vacation rentals.

Property managers: Cooperation with HomeToGo enables property managers to expand their customer base and reach out to domestic and international travellers that they may not have been able to reach over traditional marketing channels. Moreover, HomeToGo provides infrastructure and features that help these businesses enhance their guests' experiences and professionalize their offerings. These features include a convenient check-out process, image beautification tools, or a customer care hotline. By leveraging these tools and services, property managers and small businesses can improve their reputation, attract more guests, and ultimately increase turnover.

Homeowners: HomeToGo provides an all-in-one solution that resembles the convenience of Shopify. Homeowners can easily manage their listings across multiple rental platforms, utilizing features like a personalized homeowner website, direct syncing of price and availability data, centralized guest communication tools, and more. The platform allows homeowners to streamline their management process and focus on providing a memorable guest experience.

Coopetition paves the way

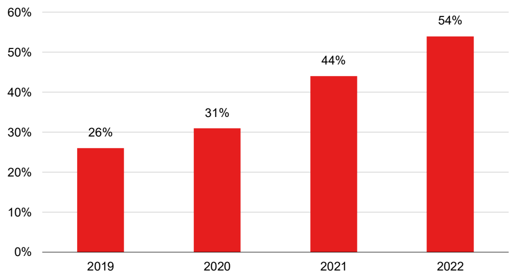
HomeToGo is a competitor, partner and customer of large Online Travel Agencies (OTAs) such as Booking.com, Expedia Group (VRBO), TripAdvisor, and Airbnb. They compete for the attention of customers interested in booking a trip, but at the same time, HomeToGo leads customer traffic to the OTAs' booking pages, generating revenue for both parties. As a result, HomeToGo is providing the OTAs with additional profitable business while also generating revenue for itself.

Revenue streams

HomeToGo generates revenue through the following main revenue types:

- **Cost per Action (CPA)** is the primary revenue stream for HomeToGo, in which HomeToGo earns a commission based on a percentage for successful on- or off-site booking referrals that result in a stay.
- **Cost per Click (CPC) & Cost per Lead (CPL)** HomeToGo receives a fixed commission for every successful inquiry or referral click.
- **Subscription & Services** contracts involve property managers or owners paying in advance for Software as a Service (SaaS) and online advertising services related to the listing.

Share of CPA revenues booked onsite



Source: HTG

Employees and organization

The average number of employees at HomeToGo increased in 2022 by 56% to 650 (2021: 417). The overall increase is explained by the Group's acquisitions. As technology is at the core of HomeToGo's services, about 50% of staff is employed in the product and engineering teams.

Management

Dr. Patrick Andrae (CEO) co-founded HomeToGo GmbH in 2014 and has been the CEO ever since. He studied law at the universities of Würzburg and Göttingen and has been a member of the German Bar Association since 2012. Dr. Andrae obtained his doctorate in law in 2013. He has experience as a web developer and worked on a project basis for European Founders and Rocket Internet SE during the later years of his education. Before his position as CEO at HomeToGo, he worked as Director of Business Development at Home24.

Wolfgang Heigl (CSO) is co-founder of HomeToGo. Mr. Heigl has a background as a tax clerk. Since 1999, Mr. Heigl founded and invested in several companies and startups. He was the founder and CMO of Swoodoo AG (from March 2005 to May 2010), the CMO and Managing Director for EMEA at KAYAK Europe GmbH (from May 2010 to July 2012), the founder of NFQ Technologies UAB (from March 2002 to present) and co-founder of HomeToGo GmbH in March 2014.

Valentin Gruber (COO) serves as the COO of HomeToGo. Gruber obtained his Bachelor of Science in Business Administration from WHU – Otto Beisheim School of Management in 2012. Prior to his employment at HomeToGo, Mr. Gruber completed several internships and served as the Head of International Operations at audibene GmbH. He then went on to become the CEO, President, and Managing Director of hear.com LLC from 2015 to 2018. After his appointment in the U.S., he returned to Germany and served at audibene GmbH as Country Head Germany until joining HomeToGo GmbH as Chief Revenue Officer in June 2019.

Steffen Schneider (CFO), is HomeToGo's CFO, and has extensive experience in the sectors of investment banking, corporate finance, and energy. He obtained a bachelor's degree in business administration from the University of Mannheim and an MBA from London Business School. He has held leadership positions in various companies, including SFC Energy AG and Sonnen Holding GmbH, before joining HomeToGo in 2020.

Supervisory board

Christoph Schuh is a German businessman and active investor in the travel industry. He co-founded Tomorrow Internet AG and manages investments in travel companies like GetYourGuide, Omio, HomeToGo, and HolidayCheck. He is a partner at Lakestar L.P. and has advised Amadeus IT Group.

Philipp Kloeckner is a German businessman with a degree in economics. He has served as a search strategy consultant and advisor for various companies, including Foodpanda and Home24. He is currently a marketing and due diligence advisor for top-tier private equity firms and a mentor and angel investor for accelerators.

Susanne (Greenfield) Sandler holds a degree in Finance and Accounting. She worked as an analyst for Merrill Lynch before becoming an Associate at Corsair Capital and then Director of Corporate Development at the Griffon Corporation. From 2014 to 2017, she served as Director and Vice President of Corporate Development at Booking Holdings, later becoming Vice President of Global Strategy. In 2020, she joined IAC as General Manager of Apalon.

Dr. Dirk Altenbeck, born 1965 in Essen, Germany, is an independent tax consultant and managing partner of PKF Issing Faulhaber Wozar Altenbeck GmbH & Co. KG. He specializes in structuring family-owned businesses, transaction consulting, and international tax structuring. Dr. Altenbeck also teaches at the Julius-Maximilians-University in Würzburg and chairs the audit committee of HolidayCheck Group AG

Martin Reiter holds multiple Master's degrees from the Karl-Franzen-University in Graz, Austria. He started his career at McKinsey & Company and then worked at Groupon and Airbnb.com before founding Startsglobal, rare-produce.com, and Reiter Heritage. He currently serves as the Head of Europe at Wayfair.

Christina Smedley holds a Bachelor of Arts (Honors) from the University of Kent in Canterbury. She has worked as the Consumer Business Group Director at Edelman in the 1990s, as well as leading multiple teams at Edelman from 2005 to 2012. Ms. Smedley has also held brand and communications roles at Amazon.com, PayPal, Facebook (now Meta), and Robinhood, and is currently the Co-founder and Chief Marketing & Communications Officer for Lightspark.

Company history

- **2014:** HomeToGo was established in Berlin, Germany by Dr. Patrick Andrae, Wolfgang Heigl and Nils Regge with the mission to provide access to exceptional homes
- **2015:** HomeToGo launched its metasearch engine
- **2016:** Insight Venture Partners, DN Capital, and Acton Capital Partners provided

  HomeToGo with funding of USD 20m.
- **2017:** Launch of HomeToGo's integrated marketplace.
- **2018:** HomeToGo acquired Feries S.r.l, which includes the Agriturismo and CaseVacanza brands, for EUR 14.3m in cash.

  HomeToGo acquired Wimdu META GmbH's intangible assets, worth EUR 1.2m, in an asset deal

  Acquisition of Casamundo GmbH for EUR 8.8m in cash

  HomeToGo acquired the Tripping.com brand from Tripping International Inc. during winding-up for EUR 4.8m in shares.
- **2019:** Acquisition of Escapada Rural S.L. for EUR 15.5m in cash

- **2020:** HomeToGo launched its operating system model, enabling the market with technology by building its operating system. Further, Tripping GmbH was merged with Casamundo
- **2021:** Acquisition of Smoobu GmbH for EUR 13.3m in 2021 and EUR 5m in 2022

  Acquisition of a 19%-stake in SECRA GmbH and 100% of Mapifiy

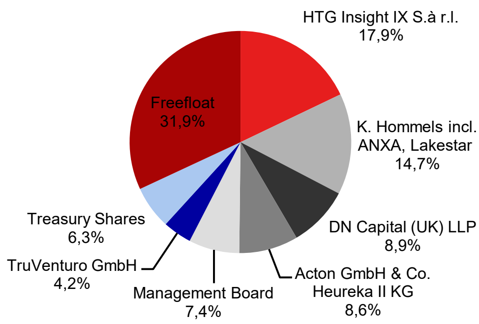
  Lakestar SPAC I SE, a listed Luxembourg-based special purposes acquisition company (SPAC), sponsored by Lakestar Advisors GmbH, agreed to acquire HomeToGo GmbH. On 14 July 2021, Lakestar SPAC I SE and HomeToGo GmbH entered a business combination agreement.
- **2022:** Acquisition of SECRA a travel tech company, AMIVAC and e-domizil for undisclosed values

  HomeToGo appoints Oddo BHF Corporates & Markets AG as designated sponsor

Shareholders

About 39% of HomeToGo's outstanding shares are still held by early investors such as HomeToGo Insight IX, DN Capital Global Venture Capital III LP, Acton GmbH & Co. Heureka II KG, and TruVenturo GmbH, and Klaus Hommels incl. ANXA Holding PTE Ltd. and Lakestar II LP, holds approximately 15% of the outstanding shares. Moreover, HomeToGo’s management holds about 7% of the outstanding shares and 6% are held as treasury shares.

Shareholders



Source: HomeToGo, Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	173.3	202.7	233.1	268.1	308.3	354.6	397.1	444.8	498.1	538.0	581.0	610.1	640.6	
Sales change	*18.0 %*	*17.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*12.0 %*	*12.0 %*	*12.0 %*	*8.0 %*	*8.0 %*	*5.0 %*	*5.0 %*	*2.5 %*
EBIT	-47.3	-27.6	-2.6	18.8	30.8	39.0	47.7	57.8	67.2	72.6	78.4	82.4	86.5	
EBIT-margin	*-27.3 %*	*-13.6 %*	*-1.1 %*	*7.0 %*	*10.0 %*	*11.0 %*	*12.0 %*	*13.0 %*	*13.5 %*	*13.5 %*	*13.5 %*	*13.5 %*	*13.5 %*	
Tax rate (EBT)	*0.0 %*	*0.0 %*	*0.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	
NOPAT	-47.3	-27.6	-2.6	17.8	29.3	37.1	45.3	54.9	63.9	69.0	74.5	78.2	82.2	
Depreciation	16.8	19.7	22.6	16.1	15.4	17.7	19.9	22.2	24.9	26.9	29.1	30.5	32.0	
in % of Sales	*9.7 %*	*9.7 %*	*9.7 %*	*6.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	
Changes in provisions	0.0	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-0.1	-0.8	-1.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Capex	5.4	6.4	7.4	10.7	15.4	17.7	19.9	22.2	24.9	26.9	29.1	30.5	32.0	
Capex in % of Sales	*3.1 %*	*3.1 %*	*3.2 %*	*4.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-35.8	-13.5	13.8	22.6	29.3	37.1	45.3	54.9	63.9	69.0	74.5	78.2	82.2	66
PV of FCF	-34.1	-11.9	11.2	16.9	20.2	23.6	26.5	29.7	31.8	31.7	31.6	30.6	29.6	402
share of PVs	-5.44 %			42.54 %										62.90 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	15.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.5 %	Liquidity (share)	1.30
Market return	7.50 %	Cyclicality	1.30
Risk free rate	2.00 %	Transparency	1.30
		Others	1.30
WACC	**8.45 %**	**Beta**	**1.30**

Valuation (m)

Present values 2035e	237		
Terminal Value	402		
Financial liabilities	34		
Pension liabilities	1		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	186	No. of shares (m)	118.0
Equity Value	**790**	**Value per share (EUR)**	**6.70**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.75 %	2.00 %	2.25 %	**2.50 %**	2.75 %	3.00 %	3.25 %
1.51	9.5 %	5.47	5.55	5.63	5.72	5.82	5.92	6.04
1.41	9.0 %	5.86	5.96	6.06	6.17	6.29	6.42	6.56
1.35	8.7 %	6.08	6.19	6.30	6.43	6.56	6.71	6.86
1.30	8.5 %	6.32	6.44	6.56	**6.70**	6.85	7.01	7.19
1.25	8.2 %	6.58	6.71	6.85	7.00	7.17	7.35	7.56
1.19	8.0 %	6.85	7.00	7.16	7.33	7.52	7.73	7.96
1.09	7.5 %	7.48	7.66	7.87	8.09	8.33	8.60	8.91

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.51	9.5 %	5.10	5.31	5.52	5.72	5.93	6.13	6.34
1.41	9.0 %	5.51	5.73	5.95	6.17	6.39	6.62	6.84
1.35	8.7 %	5.73	5.96	6.19	6.43	6.66	6.89	7.12
1.30	8.5 %	5.97	6.22	6.46	**6.70**	6.94	7.19	7.43
1.25	8.2 %	6.24	6.49	6.75	7.00	7.26	7.51	7.76
1.19	8.0 %	6.53	6.80	7.06	7.33	7.60	7.86	8.13
1.09	7.5 %	7.20	7.50	7.79	8.09	8.38	8.68	8.97

- The largely non-digitized or poorly digitized market for alternative accommodation is driving the top line.
- The constant expansion of the user base (accounts, app users) reduces the marketing effort.
- All other essential cost items also show a typical scaling.
- The capital structure should show a higher debt ratio in the long term (e.g. due to acquisitions).

Valuation

	2020	2021	2022	2023e	2024e	2025e
Price / Book	n.a.	2.4 x	1.4 x	1.5 x	1.7 x	1.6 x
Book value per share ex intangibles	-0.28	3.01	1.11	0.81	0.69	0.79
EV / Sales	n.a.	5.5 x	1.7 x	1.3 x	1.2 x	0.9 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	10.7 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / FCF	n.a.	n.a.	n.a.	n.a.	n.a.	19.1 x
P / E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / E adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	n.a.	-24.3 %	-19.0 %	-13.3 %	-3.3 %	9.3 %

*Adjustments made for: EBITDA adjusted for stock-based compensation expenses and one-off items

Consolidated profit and loss

In EUR m	2020	2021	2022	2023e	2024e	2025e
Sales	**65.9**	**94.8**	**146.8**	**173.3**	**202.7**	**233.1**
Change Sales yoy	-5.2 %	44.0 %	54.8 %	18.0 %	17.0 %	15.0 %
COGS	2.8	4.3	12.2	8.7	10.1	11.7
Gross profit	**63.1**	**90.5**	**134.6**	**164.6**	**192.6**	**221.5**
Gross margin	*95.8 %*	*95.4 %*	*91.7 %*	*95.0 %*	*95.0 %*	*95.0 %*
Research and development	15.3	23.7	28.7	31.2	34.5	37.3
Sales and marketing	52.2	95.5	126.3	135.2	137.9	138.2
Administration expenses	13.1	112.8	47.9	48.5	50.7	51.3
Other operating expenses	0.7	0.6	1.2	1.4	1.6	1.9
Other operating income	1.1	11.6	3.7	4.3	4.5	4.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**-13.6**	**-125.8**	**-52.7**	**-30.5**	**-7.9**	**20.0**
Margin	*-20.7 %*	*-132.6 %*	*-35.9 %*	*-17.6 %*	*-3.9 %*	*8.6 %*
Depreciation of fixed assets	1.5	1.6	1.6	2.9	3.4	4.0
EBITA	**-15.1**	**-127.4**	**-54.3**	**-33.4**	**-11.4**	**16.1**
Amortisation of intangible assets	2.1	3.1	11.4	13.9	16.2	18.7
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**-17.2**	**-130.5**	**-65.7**	**-47.3**	**-27.6**	**-2.6**
Margin	*-26.1 %*	*-137.6 %*	*-44.7 %*	*-27.3 %*	*-13.6 %*	*-1.1 %*
EBIT adj.	**-17.2**	**-130.5**	**-65.7**	**-47.3**	**-27.6**	**-2.6**
Interest income	0.0	2.8	8.8	6.6	5.3	4.9
Interest expenses	7.9	39.0	1.9	1.9	1.9	1.9
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**-25.1**	**-166.6**	**-58.7**	**-42.6**	**-24.2**	**0.4**
Margin	*-38.1 %*	*-175.7 %*	*-40.0 %*	*-24.6 %*	*-11.9 %*	*0.2 %*
Total taxes	-1.3	0.2	-5.2	0.0	0.0	0.0
Net income from continuing operations	**-23.8**	**-166.8**	**-53.5**	**-42.6**	**-24.2**	**0.4**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**-23.8**	**-166.8**	**-53.5**	**-42.6**	**-24.2**	**0.4**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**-23.8**	**-166.8**	**-53.5**	**-42.6**	**-24.2**	**0.4**
Margin	*-36.1 %*	*-175.9 %*	*-36.4 %*	*-24.6 %*	*-11.9 %*	*0.2 %*
Number of shares, average	66.7	79.6	113.4	113.4	113.4	113.4
EPS	**-0.36**	**-2.09**	**-0.47**	**-0.38**	**-0.21**	**0.00**
EPS adj.	-0.36	-2.09	-0.47	-0.38	-0.21	0.00

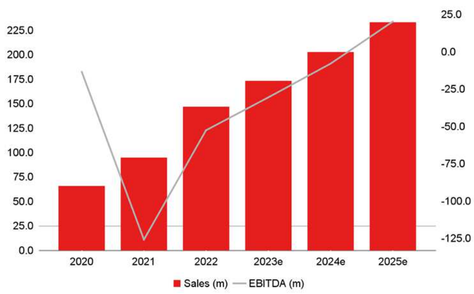
*Adjustments made for: EBITDA adjusted for stock-based compensation expenses and one-off items

Guidance: Revenue growth of 13%-19%, adj. EBITDA of -2% up to +2%

Financial Ratios

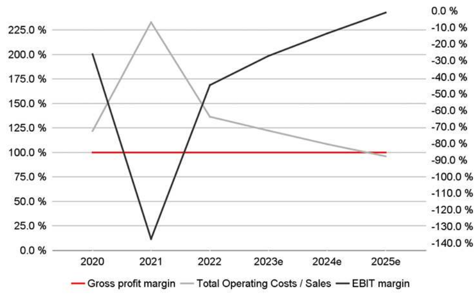
	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	121.9 %	233.0 %	136.4 %	122.3 %	108.6 %	96.1 %
Operating Leverage	8.1 x	14.9 x	-0.9 x	-1.6 x	-2.5 x	-6.0 x
EBITDA / Interest expenses	n.m.	n.m.	n.m.	n.m.	n.m.	10.6 x
Tax rate (EBT)	5.2 %	-0.1 %	8.9 %	0.0 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	218,063	227,432	n.a.	n.a.	n.a.	n.a.

Sales, EBITDA
in EUR m



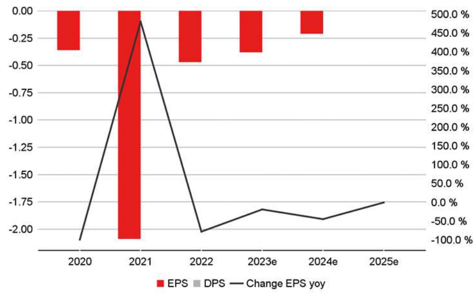
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

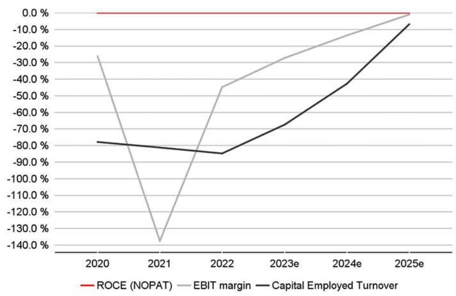
Consolidated balance sheet

In EUR m	2020	2021	2022	2023e	2024e	2025e
Assets						
Goodwill and other intangible assets	41.6	61.4	138.4	129.5	119.3	107.7
thereof other intangible assets	41.6	61.4	138.4	129.5	119.3	107.7
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	16.4	15.2	15.0	12.5	9.4	5.8
Financial assets	1.5	8.2	5.5	5.5	5.5	5.5
Other long-term assets	1.5	1.2	0.2	0.2	0.2	0.2
Fixed assets	**61.0**	**86.0**	**159.2**	**147.7**	**134.5**	**119.2**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	5.6	19.0	14.5	16.6	18.3	19.8
Liquid assets	36.8	254.9	163.8	132.7	122.6	139.4
Other short-term assets	1.4	5.4	7.2	7.2	7.2	7.2
Current assets	**43.8**	**279.3**	**185.4**	**156.5**	**148.1**	**166.4**
Total Assets	**104.8**	**365.3**	**344.6**	**304.2**	**282.6**	**285.6**
Liabilities and shareholders' equity						
Subscribed capital	0.1	2.4	2.4	2.4	2.4	2.4
Capital reserve	113.3	509.0	519.0	519.0	519.0	519.0
Retained earnings	-112.7	-279.4	-343.2	-385.8	-410.0	-409.5
Other equity components	22.1	68.7	85.4	85.4	85.5	85.4
Shareholders' equity	22.9	300.7	263.7	221.0	197.0	197.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**22.9**	**300.7**	**263.7**	**221.0**	**197.0**	**197.3**
Provisions	1.7	1.3	2.2	2.2	2.2	2.2
thereof provisions for pensions and similar obligations	0.6	1.2	0.5	0.5	0.5	0.5
Financial liabilities (total)	67.6	35.3	34.5	34.5	34.5	34.5
Short-term financial liabilities	2.1	3.0	2.8	2.8	2.8	2.8
Accounts payable	4.2	15.4	12.5	14.8	17.3	19.9
Other liabilities	8.4	12.6	31.7	31.7	31.7	31.7
Liabilities	**81.9**	**64.6**	**80.9**	**83.2**	**85.7**	**88.3**
Total liabilities and shareholders' equity	**104.8**	**365.3**	**344.6**	**304.2**	**282.6**	**285.6**

Financial Ratios

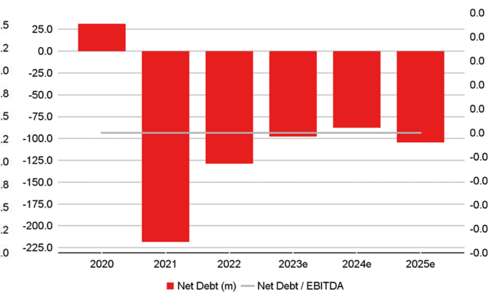
	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment						
Operating Assets Turnover	3.7 x	5.0 x	8.7 x	12.2 x	19.5 x	40.8 x
Capital Employed Turnover	1.2 x	1.2 x	1.1 x	1.4 x	1.9 x	2.5 x
ROA	-39.0 %	-194.0 %	-33.6 %	-28.9 %	-18.0 %	0.4 %
Return on Capital						
ROCE (NOPAT)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ROE	-208.2 %	-103.1 %	-19.0 %	-17.6 %	-11.6 %	0.2 %
Adj. ROE	-208.2 %	-103.1 %	-19.0 %	-17.6 %	-11.6 %	0.2 %
Balance sheet quality						
Net Debt	31.4	-218.4	-128.9	-97.8	-87.7	-104.4
Net Financial Debt	30.8	-219.6	-129.4	-98.3	-88.2	-105.0
Net Gearing	137.3 %	-72.6 %	-48.9 %	-44.2 %	-44.5 %	-52.9 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	0.3	3.8	2.3	1.9	1.7	1.7
Book value per share ex intangibles	-0.3	3.0	1.1	0.8	0.7	0.8

ROCE Development



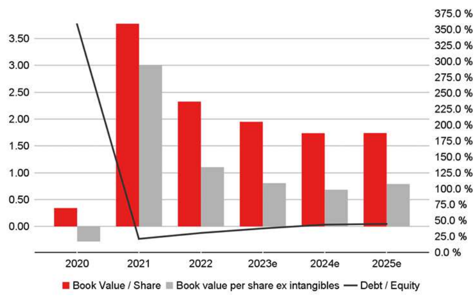
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

Consolidated cash flow statement

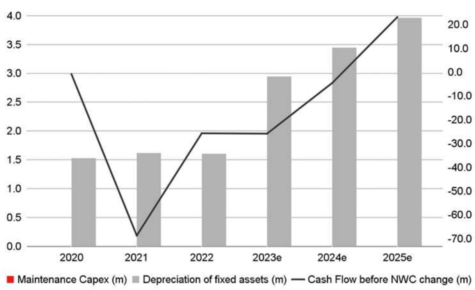
In EUR m	2020	2021	2022	2023e	2024e	2025e
Net income	-23.8	-166.8	-53.5	-42.6	-24.2	0.4
Depreciation of fixed assets	1.5	1.6	1.6	2.9	3.4	4.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.1	3.1	11.4	13.9	16.2	18.7
Increase/decrease in long-term provisions	1.2	-0.4	0.8	0.0	0.0	0.0
Other non-cash income and expenses	18.2	93.8	14.0	0.0	0.0	0.0
Cash Flow before NWC change	**-0.8**	**-68.6**	**-25.8**	**-25.8**	**-4.5**	**23.1**
Increase / decrease in inventory	0.1	-5.0	-0.2	0.0	0.0	0.0
Increase / decrease in accounts receivable	-1.7	-12.5	6.7	-2.1	-1.7	-1.5
Increase / decrease in accounts payable	-1.1	9.7	-5.8	2.3	2.5	2.6
Increase / decrease in other working capital positions	-6.6	-7.1	-6.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-9.2	-14.8	-5.3	0.1	0.8	1.1
Net cash provided by operating activities [1]	**-10.0**	**-83.5**	**-31.1**	**-25.7**	**-3.7**	**24.2**
Investments in intangible assets	-1.5	-1.6	-4.0	-5.0	-6.0	-7.0
Investments in property, plant and equipment	-1.6	-0.3	-0.4	-0.4	-0.4	-0.4
Payments for acquisitions	-1.6	-16.4	-46.2	0.0	0.0	0.0
Financial investments	0.0	-100.0	50.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-4.6**	**-118.3**	**-0.6**	**-5.4**	**-6.4**	**-7.4**
Change in financial liabilities	-1.5	-2.8	-4.4	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	43.5	320.8	0.0	0.0	0.0	0.0
Other	-0.6	-1.0	-0.9	0.0	0.0	0.0
Net cash provided by financing activities [3]	**41.4**	**317.1**	**-5.3**	**0.0**	**0.0**	**0.0**
Change in liquid funds [1]+[2]+[3]	**26.8**	**115.3**	**-37.0**	**-31.1**	**-10.1**	**16.8**
Effects of exchange-rate changes on cash	0.0	1.2	1.3	0.0	0.0	0.0
Cash and cash equivalent at end of period	26.8	152.7	117.3	80.9	70.9	87.6

Financial Ratios

	2020	2021	2022	2023e	2024e	2025e
Cash Flow						
FCF	-13.0	-85.4	-35.5	-31.1	-10.1	16.8
Free Cash Flow / Sales	-19.8 %	-90.1 %	-24.2 %	-18.0 %	-5.0 %	7.2 %
Free Cash Flow Potential	-12.3	-126.0	-47.5	-30.5	-7.9	20.0
Free Cash Flow / Net Profit	54.7 %	51.2 %	66.4 %	72.9 %	41.7 %	3800.3 %
Interest Received / Avg. Cash	0.0 %	1.9 %	4.2 %	4.4 %	4.2 %	3.7 %
Interest Paid / Avg. Debt	23.4 %	75.7 %	5.4 %	5.5 %	5.5 %	5.5 %
Management of Funds						
Investment ratio	4.6 %	2.1 %	3.0 %	3.1 %	3.1 %	3.2 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	83.7 %	41.8 %	33.9 %	32.0 %	32.5 %	32.6 %
Avg. Working Capital / Sales	1.1 %	2.6 %	1.9 %	1.1 %	0.7 %	0.2 %
Trade Debtors / Trade Creditors	133.4 %	123.4 %	115.3 %	112.2 %	105.8 %	99.5 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	31	73	36	35	33	31
Payables payment period (days)	553	1,296	375	624	623	623
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

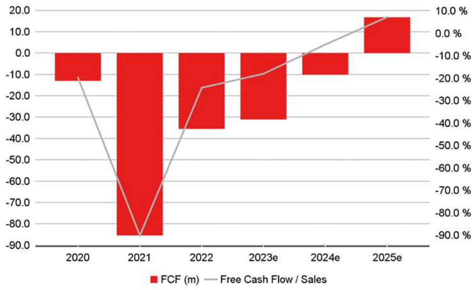
CAPEX and Cash Flow

in EUR m



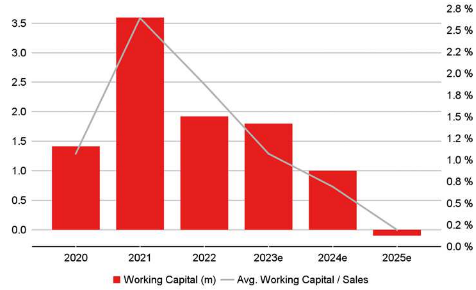
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
HomeToGo	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/LU2290523658.htm

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-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

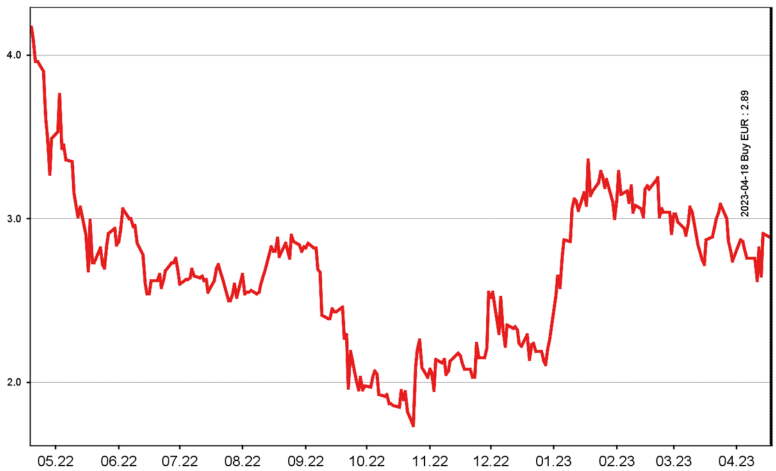
Rating	Number of stocks	% of Universe
Buy	159	74
Hold	45	21
Sell	7	3
Rating suspended	3	1
Total	**214**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	44	85
Hold	7	13
Sell	0	0
Rating suspended	1	2
Total	**52**	**100**

PRICE AND RATING HISTORY HOMETOGO AS OF 18.04.2023



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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