

# LETTER TO SHAREHOLDERS

Dear shareholders.

When we started into 2020, we had prepared very well and were set up for a promising year with strong growth and more customers.

Then COVID-19 came, and health and safety rose to the top of our agenda. At the same time, we needed to ensure business continuity and warehouse processes while implementing more remote work and intensive hygiene measures.

In addition, our revenues have grown strongly, as consumers flocked to eCommerce and Home & Living while staying more at home and spending less on travel and entertainment, and offline stores became unattractive or temporarily closed.

During this time, a massive change in consumer behavior was accelerated, as many consumers suddenly learned how conveniently eCommerce works in Home & Living, leading to an incredibly fast and in our view largely sustainable shift from offline stores to eCommerce. Our team delivered this extraordinary growth amid all the changes and challenges with impressive dedication, discipline and high performance.

Our business model showed its beauty through this stress test: Daily themes and permanent assortment created the revenues and loyalty, organic marketing assets delivered new customers and our Westwing Collection contributed very good margins. Despite the strong increase in traffic, our technology team did a great job, as we had our websites and apps available at 99.99 %.

Our existing customers bought more, and we attracted a lot of new customers: We increased the number of Active Customers by 61 % to 1.5 million in 2020. The number of orders showed an even stronger development of 68 % growth year-over-year.

We proved that our platform works at scale, especially in terms of technology and logistics. Organic marketing investments into content and inspiration paid off at highest customer satisfaction.

We closed the year with EUR 502m GMV, an increase of 62 % compared to FY 2019. Revenue developed at 62 % growth to EUR 433m. Adjusted EBITDA improved massively by EUR 60m to EUR 50m, with a corresponding Adjusted EBITDA margin of 12 %. We generated free cash flow of EUR 40m. Overall, we grew significantly and did so very profitably with great cash generation.

We believe that we will further benefit from this momentum also going forward. We are still in the very early days of Home & Living eCommerce, and the recent year has put our market on a trajectory of strong growth and further eCommerce penetration, just as various other consumer sectors had seen in the past. We are active in a very large market that is approximately EUR 115bn in the European geographies in which we operate, the vast majority of that still offline. Our market share in this market is currently at only around 0.4 %, so the opportunity is huge for Westwing as Home & Living moves further online.

For 2021 we have two priorities. First, we will focus on continuing our strong operating performance based on the momentum our market and business model are experiencing. We will run our business at highest execution quality despite the volatility and choppy waters we expect throughout the year. Second, we will embark on an ambitious path towards the next level of our inspirational and creative core combined with a state-of-the-art order and post-order experience while maintaining a scalable business model and platform.

On the customer side, we aim to be perceived as the most desirable Home & Living brand for home enthusiasts, to further strengthen our loyal customer base and to maintain a high share of repeat customers. The loyalty of our customers is the basis to our success, with 79 % of orders placed by repeat customers.

The challenges and opportunities of the previous year and how our team have solved them have demonstrated again that we are a young and dynamic company that is able to adapt to new situations quickly. Our business model is immensely strong, and our flywheel of daily themes, permanent assortment, Private Label and organic marketing is delivering increasing momentum in a differentiated and highly profitable way.

Our long-term mission remains unchanged: to inspire and make every home a beautiful home.

We would like to thank you, our shareholders, as well as our business partners, our team members and our customers, for your trust.

The Westwing Management Board

Munich, March 29, 2021



**Stefan Smalla**  
Chief Executive Officer  
Westwing Group AG



**Sebastian Säuberlich**  
Chief Financial Officer  
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