WESTWING

Annual Financial Statements and Combined Management Report
for the Fiscal Year from January 01, 2020 to December 31, 2020

Westwing Group AG
Munich

Westwing Group AG, Berlin

Balance sheet as of December 31, 2020

Annex 1

Assets	12/31/2020 kEUR	12/31/2019 kEUR
A. Fixed assets		
I. Intangible assets		
1. Self-generated industrial property rights and similar rights and assets	13,754	11,514
2. Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	255	270
	14,009	11,784
II. Tangible fixed assets		
Other equipment, factory and office equipment	3,031	2,296
	3,031	2,296
III. Long-term financial assets		
1. Shares in affiliated companies	15,380	15,183
2. Loans to affiliated companies	147,099	150,155
	162,479	165,337
	179,520	179,417
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	567	560
2. Receivables from affiliated companies	17,671	4,212
3. Other assets	2,291	2,626
	20,529	7,398
II. Cash and cash equivalents	45,710	46,399
	66,239	53,796
C. Prepaid expenses	1,424	7,040
	247,183	233,953

Equity and Liabilities	12/31/2020 kEUR	12/31/2019 kEUR
A. Equity		
I. Subscribed Capital	20,844	20,741
Treasury shares	-541	-743
Issued capital	20,303	19,997
II. Capital Reserve	348,663	347,165
III. Accumulated losses	-138,498	-142,987
	230,468	224,176
B. Provisions		
Other provisions	100	0
	8,984	3,761
	9,085	3,761
C. Liabilities		
1. Trade payables		
2. Liabilities to affiliated companies	1,548	951
3. Other liabilities	3,055	4,086
thereof taxes EUR 603,358.05 (2018 EUR 311,642.53)	2,904	838
thereof social security EUR 125,328.32 (2018 EUR 81,831.09)		
	7,507	5,875
D. Deferred income	124	141
	247,183	233,953

Westwing Group AG
Statement of profit or loss 2020

Annex 2

		2020 kEUR	2019 kEUR
1.	Revenue	59,164	40,219
2.	Own work capitalized	4,547	5,863
3.	Other operating income	339	1,885
	thereof currency translation gains EUR 27,508.01 (2019: 3,015,56)		
	Gross profit	64,051	47,966
4.	Cost of materials		
	a) Cost of purchased services	16,927	11,972
5.	Personnel expenses	31	25
	a) Saleries and wages	26,226	21,634
	b) Social security and pension expenses	4,330	3,741
6.	Amortization of intangible fixed assets and depreciation of tangible fixed assets	4,133	3,125
7.	Other operating expenses	17,912	9,710
	thereof currency translation losses EUR 11,164.41 (2019: EUR 10,364.26)		
		- 5,478	- 2,215
8.	Income from other securities and loans held as financial assets	3,009	1,575
	thereof from affiliated companies EUR 2,981,398.68 (2019: EUR 1,571,782.30)		
10.	Writedowns of financial assets	5,614	23,277
11.	Income from the reversal of impairment losses on financial assets	12,841	-
12.	Interest and similar expenses	169	2,146
	thereof from affiliated companies EUR 112,950.00 (2019: EUR 217,395.80)		
	Interest and financial result	10,067	- 23,848
13.	Taxes on income	100	- 4
14.	Result after tax	4,489	- 26,060
15.	Other taxes	-	-
16.	Result for the year	4,489	- 26,060
17.	Loss carried forward	- 142,987	- 116,927
17	Accumulated losses	- 138,498	- 142,987

Westwing Group AG, Berlin

Notes for the fiscal year from Jan. 1, 2020 to Dec. 31, 2020

I. General Information

Westwing Group AG ("Company") is a corporation incorporated in Germany with its registered office in Berlin, Germany (Commercial Register Berlin HRB 199007 B).

Westwing Group AG is a listed stock corporation under the German Stock Corporation Act, and its registered ordinary shares have been listed on the Frankfurt Stock Exchange (Prime Standard) since October 9, 2018.

These financial statements have been prepared in accordance with sections 242 et seq. and sections 264 et seq. of the German Commercial Code (HGB) and in accordance with the relevant provisions of the German Stock Corporation Act (AktG), applying the going concern principle. The Company is a large corporation as defined in section 267 (3) sentence 2 HGB in conjunction with section 264 d HGB. The structure of the balance sheet and income statement complies with sections 266, 275 HGB and sections 150 et seq. AktG.

The income statement has been prepared using the nature of expense method, as in the previous year .

Amounts are in thousands of euros (EUR thousand) unless otherwise stated.

The accounting and valuation methods applied are basically the same as those used in the previous year.

II. Accounting and Valuation Methods

The accounting policies set out below have essentially remained unchanged in the preparation of the annual financial statements:

Acquired and internally generated **intangible fixed assets** are carried at cost and, if subject to wear and tear, are amortized over their useful lives using the straight-line method over 3 to 5 years.

The use of the accounting option to capitalize internally generated intangible assets in accordance with section 248 (2) sentence 1 of the HGB relates to the capitalization of internal costs incurred in the development of software. A distribution block exists for the amount of the net carrying amount as of the respective balance sheet date.

Capitalized development costs are amortized over 3 to 5 years after the software is put into operation and are subject to extraordinary depreciation if necessary.

Expenses for maintenance, ongoing non-substantial improvements and servicing of software are expensed as incurred.

Interest on borrowings for the acquisition of intangible assets is not recognized as part of the cost of sales.

Property, plant and equipment is carried at cost and, where subject to wear and tear, reduced by scheduled depreciation. Depreciation is calculated using the straight-line method in accordance with the useful life of the asset. Acquisition and production costs include expenses directly attributable to the acquisition. Subsequent costs are only recognized as part of the cost of the asset or - where applicable - as a separate asset if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

Maintenance and repair costs are expensed as incurred.

Property, plant and equipment are depreciated in accordance with their estimated useful lives.

The expected useful lives of property, plant and equipment are as follows:

Operating and office equipment	2 - 14 years

The acquisition or production costs of **low-value assets** with a net individual value of up to EUR 800.00 are fully depreciated or expensed in the year of acquisition; their immediate disposal was assumed.

Interest on borrowings for the acquisition of property, plant and equipment is not recognized as part of cost of sales.

In the case of **financial assets,** shares are recognized at cost and loans at the lower of nominal value or fair value. The lower fair value is determined using an income capitalization approach, with corresponding budgeted figures for the individual national companies being derived from the Westwing Group's business plan.

Receivables and other assets are measured at the lower of nominal value or fair value at the balance sheet date.

Prepaid expenses are expenses incurred prior to the balance sheet date that represent expenses for a certain period after the balance sheet date.

Cash on hand and **bank balances** are stated at nominal value.

Deferred taxes arising from temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the financial statements and their tax bases are measured using the tax rates applicable in the individual companies at the time the differences reverse, and the amounts of the resulting tax benefit and tax credit are not discounted. Deferred tax assets and liabilities are offset. Deferred tax assets and liabilities are offset against each other. Deferred tax assets and liabilities are not recognized in accordance with the recognition option available for this purpose.

The **subscribed capital** is recognized at the nominal amount. Any amounts paid in excess of the nominal amount or paid in voluntarily are recognized in the capital reserve.

Treasury shares are shares that have been repurchased by Westwing, reducing the number of shares outstanding on the open market.
Treasury shares are openly deducted from the item of subscribed capital. The difference between the calculated value (nominal amount) and the acquisition costs of treasury shares is offset against freely available capital reserves.

Other provisions include all identifiable risks and uncertain obligations, taking into account expected future price and cost increases, and have been recognized at the settlement amount deemed necessary in accordance with prudent business judgment. For reasons of materiality, provisions with a remaining term of more than one year are not discounted.

As compensation for work performed, some employees receive share-based payment with or without cash settlement. The costs incurred as a result of cash-settled transactions with the Company's employees are initially measured at fair value at the grant date using an option pricing model with the share price as the significant input. The fair value is distributed through profit or loss over the period until the date of the first exercise option with recognition of a corresponding provision. From 2020 onwards, Westwing also takes into account an estimated forfeiture rate during the vesting period when calculating share-based compensation expense.

In contrast, share-based payments issued in the form of stock options and settled with shares from authorized capital are not recognized in the balance sheet. Only if the Company has undertaken to settle stock options in cash are they recognized in the accounts.
The provision for cash-settled share-based payment transactions is remeasured at each reporting date using the same option pricing model. Changes in the fair value to be recognized at are recognized in personnel expenses or other operating income.

Liabilities are recognized at their settlement amount.

It has been valued prudently, namely taking into account all foreseeable risks and losses that have arisen up to the balance sheet date, even if these only became known between the balance sheet date and the preparation of the financial statements.

Profits have only been taken into account if they have been realized by the balance sheet date. Expenses and income for the financial year have been taken into account irrespective of the date of payment.

Transactions in foreign currencies are translated at the mean spot exchange rate on the -balance sheet date; unrealized exchange gains are only recognized if they are of a short-term nature and are therefore sufficiently certain.

III. Balance Sheet Disclosures

Intangible assets

The Company's intangible assets consist of purchased and internally generated software.

The additions to internally generated intangible assets amounting to EUR 5,298 thousand (December 31, 2019: EUR 6,064 thousand) mainly result from the development of proprietary software for warehouse and logistics applications, consumer apps, websites, payment methods, and significant improvements to the stability, speed, and security of the web portals. The development projects are divided into sub-projects that are characterized by the development of new functions.

The total amount of research and development expenses in the fiscal year was EUR 6,901 thousand (2019: EUR 7,726 thousand).

In each fiscal year, the valuation of assets under development is analyzed. In the 2020 financial year, Westwing decided not to continue some of the projects. Therefore, an impairment loss totaling EUR 226 thousand (2019: EUR 324 thousand) was recognized for the carrying amounts of these assets under development.

Property, plant and equipment

The Company's property, plant and equipment consists primarily of office furniture and equipment.

Shares in and loans to affiliated companies

Loans exclusively comprise loans to affiliated companies, which bear interest rates of between 0.1% and 6.2% p.a. and can be called in at short notice, provided they are not subordinated. As the loans granted are of a longer-term economic nature and have no fixed terms, they are presented under loans in non-current assets.

The shares and loans were tested for impairment. In the case of two companies, shares that had been written down in previous years were written up by EUR 197 thousand and loans by EUR 12,644 thousand due to the positive business development. In the case of two companies, loans were written down by EUR 5,614 thousand. In fiscal year 2019, shares were written down by EUR 205 thousand and loans to affiliated companies by EUR 23,072 thousand. In fiscal year 2020, the Company recorded an addition to loans and interest to affiliated companies of EUR 12,724 thousand (2019: EUR 23,972 thousand) resulting from the granting of loans to affiliated companies. In addition, loans and interest of EUR 22,809 thousand were repaid.

Receivables and other assets

Receivables are recognized at nominal value. Receivables from affiliated companies mainly relate to receivables from service settlements that are due within 14 days. The increase as of December 31, 2020 to EUR 17,671 thousand (December 31, 2019: EUR 4,212 thousand) is mainly attributable to higher on-charges to subsidiaries due to increased demand for central services.

Other assets mainly include rent deposits (EUR 1,882 thousand; Dec. 31, 2019: EUR 1,923 thousand).

All receivables and other assets have a remaining term of up to one year with the exception of rental deposits.

Equity

As of December 31, 2020, the subscribed capital amounts to EUR 20,844 thousand (December 31, 2019: EUR 20,741 thousand). The share capital is divided into 20,844,351 no-par value shares, of which the Company holds 541,250 treasury shares with a nominal value of EUR 1.00 per share.

Treasury shares do not carry voting rights. Ownership of these shares does not entitle the Company to receive any assets in the event of liquidation of the Company or to exercise subscription rights as a shareholder.

The capital reserve includes amounts paid in in excess of the nominal capital.
The following is an overview of the development of the capital stock:

	Number of Shares	**Treasury Shares**
January 1, 2019	**20,740,809**	**22,800**
Purchase of treasury shares	-	818,900

Settlement of share options	-	98,250
As of December 31, 2019 / January 1, 2020	**20,740,809**	**743,450**
Capital increase	103,542	-
Settlement of share options	-	-202,200
At December 31, 2020	**20,844,351**	**541,250**

The total number of no-par value shares with voting rights issued as of December 31, 2020 was 20,303,101 shares (December 31, 2019: 19,997,359 shares) with a par value of EUR 1.00 per share. Each share grants the holder one vote at the Annual General Meeting of Westwing Group AG. The par value of all ordinary shares is fully paid in.

In total, 202,200 stock options were exercised in the 2020 financial year (2019: 98,250), which were settled with treasury shares. The average exercise price was EUR 0.81 (2019: EUR 0.59), resulting in cash inflows of EUR 169 thousand (2019: EUR 58 thousand). The difference between the exercise price and the nominal amount was offset against the capital reserve and resulted in a reduction of the capital reserve in the amount of EUR 33 thousand in fiscal year 2020.

Treasury shares accounted for 2.6% of the share capital as of December 31, 2020 (December 31, 2019: 3.6%), and the market value was EUR 17,923 thousand as of the reporting date (December 31, 2019: EUR 2,644 thousand).

In addition, 92,300 stock options were exercised, which were settled in cash for a payment of EUR 2,384 thousand. This amount was recognized in full in profit or loss, the partial amount attributable to the Company's own employees was recognized in personnel expenses in the amount of EUR 794 thousand. The remaining amount for Group employees was recognized in other operating expenses.

Of the capital increase in 2020, 9,792 shares related to an option agreement with Kreos Capital V (Luxembourg) S. a. r. l, Luxembourg from 2017 exercised in October and 93,750 shares related to an option agreement with GGC EUR S.À.R.L from 2018 exercised in October. The amount exceeding the nominal amount of EUR 1,541 thousand was transferred to capital reserves.

The capital reserve amounted to EUR 348,663 thousand as of December 31, 2020 (December 31, 2019: EUR 347,165 thousand). Of the derivative financial instruments recognized there in previous years for option agreements still in place as of the balance sheet date, the fair value as of December 31, 2020, determined using an option pricing model, amounted to EUR 813 thousand (December 31, 2019: EUR 0 thousand).

The residual carrying amount of internally generated intangible assets (EUR 13,754 thousand; December 31, 2019: EUR 11,514 thousand) is considered to be restricted from distribution in accordance with Section 268 (8) HGB.

The accumulated loss of EUR 138,498 thousand (December 31, 2019: EUR 142,987 thousand) results from the net income for the past fiscal year and the carryforward from the previous fiscal year.

Authorized capital

The shareholders' meeting of August 7, 2018, as well as the annual general meeting of September 21, 2018, authorized the Board of Directors to make several capital increases:

Authorized capital 2018/I

The Board of Management is authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to August 6, 2023 by a maximum of EUR 90,000 by issuing a total of 90,000 new no-par value bearer shares in return for cash contributions and/or contributions in kind (Authorized Capital 2018/I) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and subject to certain limits.

Authorized capital 2018/II

The Management board is authorized to increase the share capital once or several times in the period up to August 6, 2023 by issuing a total of 15,000 new no-par value bearer shares against cash and/or non-cash contributions by a maximum of EUR 15,000 (Authorized Capital 2018/II) and to exclude shareholders' subscription rights subject to certain limits.

On September 3, 2018, the Management Board made partial use of the authorization for Authorized Capital 2018/II. After this partial utilization, the authorized capital 2018/II amounts to EUR 3,088.

Authorized capital 2018/III

The Board of Management is authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to August 6, 2023 by a maximum of EUR 67,500 by issuing a total of 67,500 new no-par value bearer shares in return for cash contributions and/or contributions in kind (authorized capital 2018/III) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within certain limits. After partial utilization, the authorized capital still amounts to EUR 57,708.

By resolution of the Management Board and approval of the Supervisory Board dated September 28 and 29, 2020, respectively, the share capital of the Company was increased from EUR 20,740,809 by an amount of EUR 9,797 to EUR 20,750,601 by issuing 9,792 new no-par value shares in the share capital of the Company of EUR 1.00 per share against cash contributions, making partial use of the Authorized Capital 2018/III.

Authorized capital 2018/IV

The Management board is authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to August 6, 2023 by a maximum of EUR 101,250 by issuing a total of 101,250 new no-par value bearer shares in return for cash contributions and/or contributions in kind (authorized capital 2018/IV) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within certain limits. After partial utilization, the authorized capital still amounts to EUR 7,500.

By resolution of the Management Board and approval of the Supervisory Board dated September 30 and October 5, 2020, respectively, the Company's share capital, which has been increased to EUR 20,750,601 and is divided into 20,750,601 no-par value bearer shares, was increased by an amount of EUR 93,750 to EUR 20,844,351 by issuing 93,750 new no-par value shares, each representing EUR 1.00 of the Company's share capital, in exchange for cash contributions, making partial use of Authorized Capital 2018/IV.

Authorized capital 2018/V

The Management board is authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to August 6, 2023 by a maximum of EUR 4,350,000 by issuing a total of 4,350,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2018/V) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and subject to certain limits.

Authorized capital 2018/VI

The Management board was authorized to increase the share capital on one or more occasions in the period up to September 20, 2023, with the approval of the Supervisory Board, by a maximum of EUR 3,159,212 by issuing a total of 3,159,212 new no-par value bearer shares in exchange for cash contributions and/or contributions in kind (Authorized Capital 2018/VI) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and subject to certain limits.

On November 13, 2018, the Management Board made partial use of this authorization for Authorized Capital 2018/VI. After this partial utilization, the authorized capital 2018/VI amounts to EUR 2,847,853.00.

Conditional capital 2018/I

The share capital of the Company was also conditionally increased by up to EUR 5,000,000 through the issue of 5,000,000 no-par value bearer shares (Conditional Capital 2018/I).

The Conditional Capital 2018/I serves to grant shares in the course of exercising conversion or option rights or to fulfill conversion or option obligations vis-à-vis the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) (collectively "bonds") issued under the authorization resolution by the Annual General Meeting on September 21, 2018.

The new shares shall be issued at the conversion or option price to be determined by the Annual General Meeting on September 21, 2018, taking into account the authorization resolution. The conditional capital increase will only be carried out by to the extent that the holders or creditors of the bonds issued or guaranteed by September 20, 2023 by the Company or a subordinated Group company in accordance with the authorization resolution by the Annual General Meeting on September 21, 2018 exercise their conversion or option rights or fulfill their conversion or option obligations in accordance with these bonds, or to the extent that the Company exercises its option to pay the conversion or option price instead of paying the conversion or option price. insofar as the Company exercises its option to grant shares in the Company instead of payment of the cash amount due, and insofar as the conversion or option rights or obligations are not satisfied by treasury shares, shares issued from authorized capital or other consideration.

No use has yet been made of the authorization to issue bonds. This conditional capital is entered in the Commercial Register as Conditional Capital 2018/I.

Other accrued liabilities

Other provisions of EUR 8,984 thousand (Dec. 31, 2019: EUR 3,761 thousand) mainly comprise the provision for cash-settled share-based payment of EUR 3,746 thousand (Dec. 31, 2019: EUR 158 thousand), provisions for outstanding invoices (EUR 1,410 thousand; Dec. 31, 2019: EUR 957 thousand), provisions for personnel (EUR 787 thousand; Dec. 31, 2019: EUR 717 thousand), provisions for marketing (EUR 530 thousand; Dec. 31, 2019: EUR 341 thousand), provisions for the reversal of obligations (EUR 208 thousand; Dec. 31, 2019: EUR 359 thousand), and provisions for the reversal of pension obligations (EUR 208 thousand; Dec. 31, 2019: EUR 341 thousand).12.2019: EUR 717 thousand), provisions for marketing (EUR 530 thousand; 12.31.2019: EUR 341 thousand), provisions for dismantling obligations (EUR 208 thousand; 12.31.2019: EUR 359 thousand), provisions for litigation (EUR 750 thousand; 12.31.2019: EUR 0 thousand) and a provision for rent-free time (EUR 739 thousand; 12.31.2019: EUR 680 thousand).

Share-based payment with cash settlement

In the second half of 2019 and the first half of 2020, a new cash-settled share-based payment program for up to 890,000 options was established for the Management board and certain senior management positions. In 2020, 335,000 options have been granted (2019: 672,000 options) and 177,000 have expired (2019: none). At December 31, 2020, 830,000 options were outstanding (December 31, 2019: 672,000). The options will fully vest on December 31, 2022 and can be exercised four years after each grant. Expenses of EUR 2,972 thousand (2019: EUR 153 thousand) were recognized for this program in fiscal 2020. The increase in expenses is due in particular to the very positive development of the share price during the year. In addition, the provision for share-based payment includes expenses for the reimbursement of the tax difference relating to shares issued for anti-dilution protection in the amount of EUR 607 thousand.

As of December 31, 2020, the cumulative value of the provision for share-based payment totaled EUR 3,746 thousand (Dec. 31, 2019: EUR 158 thousand).

Liabilities

The liabilities shown in the balance sheet can be broken down as follows:

	31.12.2020 TEUR	**31.12.2019 TEUR**
Trade accounts payable	1,548	951
Liabilities to affiliated companies		
- thereof trade and other payables	517	462
- thereof from loans to affiliated companies	2,538	3,625
Other liabilities		
- thereof from taxes	2,810	603
- thereof from social security	0	125
- other	94	110
Total	**7,507**	**5,875**

All liabilities have a term of less than one year.

Liabilities increased from EUR 5,875 thousand in 2019 to EUR 7,507 thousand in 2020. This development is mainly attributable to the EUR 2,207 thousand increase in tax liabilities. Liabilities to Group companies decreased by EUR 1,087 thousand due to the repayment of upstream loans.

Trade accounts payable increased from EUR 951 thousand to EUR 1,548 thousand. The increase is due in particular to the positive development in the financial year.

As of December 31, 2020, bank accounts of Westwing Group AG in the amount of EUR 1,363 thousand (December 31, 2019: EUR 1,363 thousand) were pledged.

Prepaid expenses

Deferred income of EUR 124 thousand (Dec. 31, 2019: EUR 141 thousand) includes a construction cost subsidy received for office space, which will be reversed ratably over the lease term.

IV. Statement of Profit or Loss Disclosures

Revenues

The Company's revenues of EUR 59,164 thousand (2019: EUR 40,219 thousand) mainly result from intercompany charges from services. The increase in revenues is mainly due to higher recharges from increased marketing expenses and an accelerated shift to online channels, as well as the overall positive business development, as the subsidiaries' demand for centralized services also increases with the expansion of their activities.

EUR 39,227 thousand of the sales from intercompany charges is attributable to Germany (2019: EUR 26,486 thousand) and EUR 19,138 thousand to other countries (2019: EUR 13,526 thousand). Of the international sales from intercompany charges, EUR 14,411 thousand are attributable to Western Europe (2019: EUR 9,884 thousand) and EUR 4,727 thousand to Eastern Europe (2019: EUR 3,641 thousand).

Other own work capitalized

Other own work capitalized includes capitalized personnel expenses for the creation of internally generated intangible assets in the amount of EUR 4,547 thousand (2019: EUR 5,863 thousand).

Other operating income

Other operating income of EUR 339 thousand (2019: EUR 1,885 thousand) mainly relates to income from grants.

Expenses for purchased services

Purchased services amounting to EUR 16,927 thousand (2019: EUR 11,972 thousand) were purchased from third parties at and are largely charged on within the Group. They mainly relate to central marketing and IT services.

Personal data

During the year, the company employed an average of 383 employees excluding the Management board (2019: 336), broken down as follows:

	2020	2019
Administration / IT	188	170
Marketing/ Fulfilment	195	166
Total	**383**	**336**

Personnel expenses amounted to EUR 30,557 thousand (2019: EUR 25,374 thousand). This includes expenses for share-based payment of EUR 3,047 thousand (2019: EUR 1,018 thousand), which are mainly attributable to the new cash-settled share-based payment program (EUR 1,973 thousand) and to a tax settlement of the dilution protection options of some founders (EUR 280 thousand). In addition, this item includes expenses for a cash settlement of share-based payment programs in the amount of EUR 794 thousand, which were not previously recognized under HGB because they were originally intended to be settled by equity instruments.

Personnel expenses can be broken down as follows:

	2020 TEUR	**2019** TEUR
Wages and salaries	23,179	20,534
Social securities	4,330	3,740
Expenses for share-based payments	3,047	1,099
Total	**30,557**	**25,374**

Other operating expenses

Other operating expenses of EUR 17,912 thousand (2019: EUR 9,710 thousand) mainly include costs incurred in connection with the headquarters function. These include rental expenses, consulting costs, expenses for the IT infrastructure, and expenses from share-based compensation attributable to Group employees not employed by Westwing Group AG. The reason for the increase compared to the previous year is mainly the higher legal and consulting expenses as well as higher expenses for the IT infrastructure due to the increase in the number of employees. In addition, expenses from share-based compensation of EUR 2,925 thousand for Group employees not employed by Westwing Group AG were included, which are mainly attributable to the new share-based compensation program with cash settlement (EUR 999 thousand) and to a tax settlement of the dilution protection options of some founders (EUR 336 thousand). In addition, expenses for a cash settlement of share-based payment programs amounting to EUR 1,590 thousand are included, which were not previously recognized under German GAAP as they were originally intended to be settled by equity instruments.

Financial result

Interest and similar income in the amount of EUR 3,009 thousand (2019: EUR 1,575 thousand) mainly results from loans to affiliated companies. Interest and similar expenses of EUR 169 thousand (2019: EUR 2,146 thousand) relate to third parties in the amount of EUR 56 thousand (2019: EUR 1,928 thousand) and to loans from affiliated companies in the amount of EUR 113 thousand (2019: EUR 217 thousand). Reversals of impairment losses on financial assets amounted to EUR 12,841 thousand and impairment losses on financial assets amounted to EUR 5,614 thousand (2019: EUR 23,277 thousand).

V. Other

Other financial obligations

There are financial obligations (gross) as follows:

Residual terms	**Until 1 year**	**1 to 5 years**	**from 5 years**	**Total**
	TEUR	TEUR	TEUR	TEUR
Rental agreements	2,993	11,971	4,226	19,190
Leasing agreements server, etc.	69	122	-	191
Service agreements	197	188	181	566
	3,259	**12,281**	**4,407**	**19,947**

The use of some of the property, plant and equipment used by Westwing is based on rental and operating lease agreements. This helps to reduce the capital commitment and leaves the investment risk with the counterparty.

Contingent liabilities

The Company has the following contingent liabilities:

	31.12.2020 TEUR	31.12.2019 TEUR
Guarantees and warranties	3,731	4,809
	3,731	**4,809**

Due to the holding and financing function of the Company within the Group, contingent liabilities have been entered into exclusively for subsidiaries in order to build up the business operations. The risk of claims being asserted under the individual contingent liabilities is considered to be low.

In addition, Westwing Group AG has issued a letter of comfort to its subsidiary Westwing GmbH to guarantee the obligations arising until December 31, 2021.

List of shareholdings of Westwing Group AG pursuant to Section 285 No. 11, 11a and No. 11b of the German Commercial Code (HGB)

Company	Company headquarters	Equity in EUR thousand or translated at the exchange rate on the reporting date 2020[1]	Shares in capital in %	Annual result 2020 in EUR thousand[1]
Westwing GmbH	Munich	-31,387	100.00%	37,154
Westwing Commercial GmbH	Berlin	21	100.00%	-1
VRB GmbH & Co. B-156 KG	Berlin	-18	90.00%	-1
VRB GmbH & Co. B-157 KG	Berlin	-2,080	77.30%	-119
Bambino 65th V V UG	Berlin	-39	100.00%	-1
Westwing Spain Holding UG	Berlin	-1,188	100.00%	-22
Westwing France Holding UG	Berlin	-878	100.00%	658
VRB GmbH & Co. B-166 KG	Berlin	-10	90.00%	-1
Westwing Italy Holding UG	Berlin	-1,200	100.00%	-32
VRB GmbH & Co. B-165 KG	Berlin	-22	90.00%	-1
VRB GmbH & Co. B-167 KG	Berlin	-12	90.00%	-1
Westwing Netherlands Holding UG	Munich	-421	100.00%	-71
Tekcor 1. V V UG	Bonn	-854	100.00%	-6
Brilliant 1256. GmbH & Co. Dritte Verwaltungs KG	Berlin	-16,468	88.80%	-214
Bambino 68th V V UG	Berlin	-3,205	93.72%	-17

Company	Company headquarters	Equity in EUR thousand or translated at the exchange rate on the reporting date 2020[1]	Shares in capital in %	Annual result 2020 in EUR thousand[1]
VRB GmbH & Co. B-160 KG	Berlin	-720	97.50%	-4
Bambino 66th V V UG	Berlin	-4,818	94.20%	-25
Brilliant 1256. Ltd.	Berlin	-2,078	100.00%	-3
WW E-Services Iberia S.L.[3]	Barcelona	641	100.00%	-583
WW E-Services Italy S.r.I.[3]	Milan	-373	100.00%	-1,207
WW E-Services France SAS[3]	Paris	-18,101	100.00%	-2,152
Westwing Home and Westwing Home and Living Poland S.P.Z.O.O.[3]	Warsaw	-899	100.00%	257
WW E-Services The Netherlands B.V.[3]	Amsterdam	-11,747	100.00%	-2,157
wLabels Hong Kong Ltd.[3]	Hong Kong	158	100.00%	6
wLabels China Co., Ltd.[2,3]	China	-	100.00%	-

1 The figures correspond to the annual financial statements after any profit transfer, in the case of subsidiaries in accordance with internally consolidated IFRS financial statements.

2 Start-up, no degree available yet.

3 indirect.

On December 7, 2020, wLabels GmbH, Munich, was merged with Westwing GmbH, Munich, in accordance with Section 2 (1) UmwG with retroactive effect as of August 31, 2020. The transfer of the assets of wLabels GmbH as a whole with all rights and obligations to Westwing GmbH was carried out as a going concern in accordance with section 24 UmwG. This did not have any effect on the net assets, financial position and results of operations of the company.

The Company prepares the consolidated financial statements for the smallest and the largest group of consolidated companies. The consolidated financial statements are published in the Federal Gazette.

Disclosures pursuant to Section 160 (1) No. 8 AktG

The shareholder structure of Westwing Group AG is based on the voting rights as last reported by the shareholders and as published by the shareholders in relation to the current share capital of the company as of December 31, 2020. It should be noted that the number of voting rights last reported could have changed within the respective thresholds without any obligation to notify the Company. The percentages shown in the table below each relate to the share capital of Westwing Group AG as of December 31, 2020.

Shareholder	**Share in capital stock**
Rocket Internet SE	29%
The Capital Group Companies	8%
Summit Partners RKT	7%
Amiral Gestion	5%
Tengelmann Ventures	5%
Janus Henderson Group PLC	3%
Inflection Point Investments LLP	3%
Free float/Other shareholders	40%
Total	100%

Other shareholders/free float refers to the shareholdings in Westwing Group AG of less than 3%.

Supplementary report

The following events occurred after the end of the 2020 financial year that could have a material impact on Westwing's future results of operations, financial position and net assets.

In January 2021, share purchase options from certain option contracts were exercised. On February 17, 2021, the Company's share capital was increased accordingly by 59,617 shares from 20,844,351 to 20,903,968 shares, which was authorized by the Management Board and approved by the Supervisory Board.

Auditor's fee

The disclosures on the auditor's fee are part of the consolidated financial statements of Westwing Group AG, which the company prepares for the largest and smallest group of companies. The consolidated financial statements are published in the Bundes anzeiger.

Declaration of Conformity with the German Corporate Governance Code

In December 2020, the Management board and Supervisory Board of Westwing Group AG issued the declaration required by Section 161 of the German Stock Corporation Act (AktG) and made it publicly available in the annual report and on the company's website (https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Entsprechenserklaerung_2020.pdf).

Management Board

The Management board members acting during the year were Stefan Smalla (Chief Executive Officer) and Sebastian Säuberlich (Chief Financial Officer) (from April 1, 2020). Delia Lachance (Chief Creative Officer) stepped down from her role as a member of the Management board effective March 1. Dr. Dr. Florian Drabeck (Chief Financial Officer) left Westwing in June 2020 and handed over his role to Sebastian Säuberlich as of April 1.

The total compensation granted to the Management board in fiscal year 2020 amounts to EUR 1,145 k. In fiscal year 2020, the Management board was granted 65,000 virtual option rights with cash settlement from the virtual program VSOP 2019 with a fair value of EUR 150 k at the time of granting.

The total remuneration of former board members in the 2020 financial year amounted to EUR 336 thousand.

In accordance with the resolution adopted by the Extraordinary General Meeting on September 21, 2018, the obligation to disclose the remuneration of individual members of the Management board has been waived with reference to Section 286 (5) HGB (old version).

Supervisory Board

The remuneration of the members of the Supervisory Board is governed by the Articles of Association of Westwing Group AG. The members of the Supervisory Board receive a fixed basic remuneration of EUR 25 thousand for each financial year of the company, with the

Chairman of the Supervisory Board receiving a fixed basic remuneration of EUR 40 thousand and the Deputy Chairman receiving EUR 30 thousand. The Chairman of the Audit Committee receives a further EUR 20 thousand and the other members of the Audit Committee EUR 10 thousand.

The compensation is payable at the end of the respective financial year. Members of the Supervisory Board who are in office for only part of the fiscal year receive corresponding prorated compensation.

In addition to their fixed remuneration, Westwing reimburses the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties, as well as the value-added tax attributable to their remuneration and out-of-pocket expenses.

Furthermore, the members of the Supervisory Board are included in the D&O liability insurance policy for Management board members, which provides cover against financial loss. The premiums for this insurance policy are paid by the Company.

In accordance with the Articles of Association (Art. 9 Para. 1), the Supervisory Board is composed of four members. It is not subject to co-determination by employees; consequently, all members of the Supervisory Board are elected by the Annual General Meeting as shareholder representatives.

In the 2020 financial year, the Supervisory Board had one committee: the Audit Committee. Further committees may be formed as required.

During the financial year, the Supervisory Board was composed of the following members:

Name	**Tempered functions**
Christoph Barchewitz, Co-CEO Global Fashion Group	Chairman of the Supervisory Board and member of the Audit Committee
Dr. Antonella Mei-Pochtler, Senior Advisor Boston Consulting Group	Vice Chairwoman of the Supervisory Board
Michael Hoffmann, independent consultant	Member of the Supervisory Board and Chairman of the Audit Committee
Thomas Harding, Partner Bridford Group	Member of the Supervisory Board and the Audit Committee

The members of the Supervisory Board of Westwing Group AG also sit on the supervisory boards and supervisory bodies of the following companies:

Michael Hoffman

- Member of the Supervisory Board and Head of the Audit Committee of Telefonica Deutschland Holding AG

Thomas Harding

- Member of the Nomination Committee of Ice Group AG
- Member of the Advisory Board of LenioBio GmbH
- Non-Executive Director of Penfold Technology Limited
- Non-executive member of the governing body of Solar Foods Oy
- Non-executive member of the governing body of Grabyo Limited
- Non-executive member of the governing body of Touchlight Holdings Limited

Dr. Antonella Mei-Pochtler

- Member of the Supervisory Board and member of the Compensation Committee of Publicis Groupe S.A.
- Member of the Supervisory Board and member of the Corporate Governance and for Social and Environmental Sustainability Committee and member of the Related Party Transactions Committee of Assicurazioni Generali S.p.A.
- Member of the Supervisory Board of ProSiebenSat.1 Media SE

Insurance of the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the combined management report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal opportunities and risks associated with the expected development of the Group and the Company.

Munich, March 29, 2021

Stefan Smalla Board of Directors	Sebastian Säuberlich Board of Directors
Westwing Group AG	Westwing Group AG

Westwing Group AG, Berlin
Development of fixed assets 2020

Annex to the Notes

	Cost				Accumulated depreciation and amoirtization					Carrying amounts	
	Jan. 01, 2020 EURk	Additions EURk	Disposals EURk	Dec. 31, 2020 EURk	Jan. 01, 2020 EURk	Additions EURk	Disposals EURk	downs EURk	Dec. 31, 2020 EURk	Dec. 31, 2020 EURk	Dec. 31, 2019 EURk
I. Intangible assets											
1. Self-generated industrial property rights and similar rights and assets	18,597	5,298	0	23,896	./. 7,083	./. 3,058	0	0	./. 10,141	13,754	11,514
2. Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	859	88	0	948	./. 589	./. 103	0	0	./. 693	255	270
3. Goodwill	4,338	0	0	4,338	./. 4,338	0	0	0	./. 4,338	0	0
	23,794	5,387	0	29,181	./. 12,010	./. 3,161	0	0	./. 15,172	14,009	11,784
II. Tangible fixed assets											
Other equipment, factory and office equipment	6,005	1,708	./. 179	7,534	./. 3,710	./. 972	179	0	./. 4,503	3,031	2,296
	6,005	1,708	./. 179	7,534	./. 3,710	./. 972	179	0	./. 4,503	3,031	2,296
III. Long-term financial assets											
1. Shares in affiliated companies	16,015	0	0	16,015	./. 833	0	0	197	./. 635	15,380	15,183
2. Loans to affiliated companies	245,802	12,724	./. 22,809	235,717	./. 95,648	./. 5,614	0	12,644	./. 88,618	147,099	150,155
	261,818	12,724	./. 22,809	251,733	./. 96,480	./. 5,614	0	12,841	./. 89,253	162,479	165,337
Total	**291,617**	**19,818**	**./. 22,987**	**288,448**	**./. 112,200**	**./. 9,747**	**179**	**12,841**	**./. 108,928**	**179,520**	**179,417**

02

MANAGEMENT REPORT

1. BACKGROUND TO THE GROUP

The Westwing Group headed by Westwing Group AG (short: "Westwing", "Company" or "Group") operates as a brand and platform in Home & Living eCommerce in Europe.

Westwing was founded in 2011 and offers customers different Home & Living categories such as textiles, furniture, lighting, kitchen accessories and decoration.

1.1 Business Activities [1]

Westwing is a Home & Living eCommerce brand in Europe and aims to inspire its loyal customers through a "shoppable magazine" concept with a selected range of products and varying content.

Since Westwing's founding, our strategy has always been to inspire our customers by providing them with a daily interior magazine with the opportunity to discover and instantly shop their favorite Home & Living pieces. This shopping experience distinguishes us from typical Home & Living eCommerce, which is usually search based. We offer our customers relevant Home & Living categories such as textiles, furniture, lighting, kitchen accessories, and decoration, and can thereby address all their Home & Living needs.

Through our daily themes, our customers can find new ideas from décor tips to home stylings with matching products. Additionally, they find a large variety of products on WestwingNow, our permanent assortment website. We present our products alongside beautiful visual content such as shoppable interior themes, home stories and home styling tips.

Our content creation is done by a large team of art directors, interior designers, videographers and photographers, among others. The content creation teams work with the style and merchandizing teams to find the right combination of inspiration and merchandizing for our customers. Additionally, we work with over 4,000 global and local third-party suppliers.

Westwing is targeting a very attractive market that is approximately EUR 115bn [2] in the geographies in which we operate. Our business model is fueled by our high customer loyalty with 79 % of orders coming from repeat customers. Our business activities follow our company mission "To inspire and make every home a beautiful home".

In 2020, we moved a gross merchandise volume (GMV, see also chapter 1.3) of EUR 502m, of which we derived 20 % from textiles and rugs, 14 % from home décor and accessories, 12 % from kitchen and dining, 9 % from lighting, 29 % from large furniture, 6 % from small furniture and 11 % from other products.

The combination of our Own Label & Private Label with third-party products enables us to offer a broad and relevant assortment. Our Own & Private Label share increased to 25 % in 2020 (2019: 24 %), while in the fourth quarter we achieved 28 % (Q4 2019: 25 %) after two weaker quarters given lower product availabilty. Our long-term goal is to grow our Own & Private Label share to 50 % of GMV.

1 All explanations and numbers regarding quarterly developments are unaudited.

2 Home & Living market defined as Euromonitor Passport: Home and Garden categories "Homewares" and "Home Furnishings". Refers to retail value sales including sales tax at current prices (EUR using 2020 fixed exchange rates) for countries in which Westwing is present. Euromonitor 01/2021.

1.2 Group Structure

The Group is headed by our holding company, Westwing Group AG, a stock company registered at Berlin District Court, Germany, under the number HRB 199007 B. The Company is headquartered at Moosacher Str. 88, 80809 Munich, Germany. Westwing has been listed on the regulated market of the Frankfurt Stock Exchange since October 9, 2018.

As of December 31, 2020, 26 companies are consolidated in the accounts of the Westwing Group, of which 17 entities are non-operating. The most important affiliate with respect to revenue is German-based Westwing GmbH that also covers a part of our international business. Thus, revenue in the legal entities in other countries does not reflect the full Westwing sales in those countries, as they are responsible for revenue of Westwing's daily themes only.

To reduce complexity in our Group structure, former wLabels GmbH was merged with Westwing GmbH as of August 31, 2020, both 100 % subsidiaries of Westwing Group AG. Westwing GmbH showed third-party revenue of EUR 291.2m (2019: EUR 171.7m), while Italian Westwing S.r.l. had revenue of EUR 39.8m (2019: EUR 26.6m) and revenue at Spanish Westwing Iberia S.L. amounted to EUR 42.2m (2019: EUR 25.1m).

1.3 Performance Measurement System

Westwing manages the operating business via its two segments "DACH" and "International" using the key performance indicators: revenue, Adjusted EBITDA, and Adjusted EBITDA margin. The DACH segment is comprised of Germany, Switzerland and Austria. The International segment consists of Spain, Italy, France, Poland, the Czech Republic, Slovak Republic, Belgium and the Netherlands.

We define EBITDA as the sum of earnings before interest and taxes (EBIT) and depreciation, amortization, and impairments. We calculate Adjusted EBITDA by adjusting EBITDA for share-based compensation expenses to obtain a performance measure for the company's operating business development. In 2019, EBITDA was also adjusted for expenses relating to restructuring costs in Italy and France, which led to smaller reversal adjustments in 2020 as well. The Adjusted EBITDA margin is defined as Adjusted EBITDA in percentage of revenue.

In addition to our key performance indicators revenue, Adjusted EBITDA, and Adjusted EBITDA margin, other financial and non-financial performance indicators are reported to corporate management and include the following:

- GMV (gross merchandise volume): Defined for the relevant period as the order value (excluding VAT) of all valid orders excluding failed and cancelled orders and less future projected cancellations. Future projected cancellations are estimated based on historical patterns. Returns are included.

- Private Label Share: Share of Own & Private Label GMV as percentage of total GMV.

- Number of orders: Defined as total number of valid orders (i.e. orders for which payment has been processed successfully and which have not been cancelled), during the twelve months before the relevant period end, irrespective of returns.

- Average basket size: Defined as GMV for the relevant period divided by the total number of orders for the same period.

- Active Customers: Defined as customers who have placed at least one valid order (i.e. an order for which payment has been processed successfully and which has not been cancelled), during the twelve months previous to the end date of the relevant period, irrespective of returns.

- Average Orders per Active Customer in the preceding twelve months: Defined as total number of orders in the last twelve months from the relevant period-end date divided by Active Customers as of the end date of the relevant period.

- Average GMV per Active Customer in the preceding twelve months: Defined as GMV in the last twelve months from the relevant period-end date divided by Active Customers as of the end date of the relevant period.

- Mobile visit share: Defined as the share of site visits via mobile devices as percent of total site visits.

- Contribution margin: Defined as the margin of the total of gross profit less adjusted fulfilment expenses in percent of revenue.

- Free cash flow: Defined as the sum of operating cash flow and investing cash flow.

1.4 Research and Development

Since its founding, Westwing has invested in and further developed software to support its growing internal and external business requirements. To maintain its software architecture, Westwing has established a in-house technology team that provides central support to all countries. An important development was the expansion of the technological landscape to address the increasing focus on mobile platforms. Westwing provides apps for iOS and Android devices as well as smartphone and tablet-optimized sites.

Development costs are capitalized in line with IAS 38. During the 2020 fiscal year, Westwing's net book value of intangible assets resulting from capitalization of internally developed software increased by EUR 2.2m to a total of EUR 13.8m. The share of capitalized development costs as percent of total technology costs was about 30 % in 2020 (2019: 43 %). Amortization of capitalized development costs amounted to EUR 2.8m in 2020 (2019: EUR 1.9m).

2. ECONOMIC DEVELOPMENTS

2.1 Macro-Economic and Sector-Specific Environment

Westwing operates in the Home & Living eCommerce market in eleven European countries. The Group's revenue and profitability depend on conditions and potential in their respective markets. These include macroeconomic developments, the conditions in the Home & Living market in general and the prospects for eCommerce including mobile channels.

The macroeconomic development in 2020 was dominated by the coronavirus pandemic (COVID-19) and the subsequent recession. On January 30, 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". Since then, the pandemic spread across the whole world. Measures such as lockdowns and the limiting of contacts have been taken and guidelines established by all countries to contain COVID-19.

The global GDP growth is expected to have declined by 4.4 %[3] in 2020. In June 2020, as lockdown measures were eased, the global economy began to recover from the depths of the of the first great lockdown in April 2020. Yet, with the continuous spread of COVID-19, many countries slowed the reopening, and additional lockdowns were imposed in the fourth quarter of 2020. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks.

In the mid-term, the pandemic is expected to increase global poverty and inequality, and the global GDP growth is expected to gradually slow to 3.5 %[3] by 2025. Mid-term projections assume that social distancing will continue until 2021 but will fade away as vaccine coverage improves. There is still the risk that projections are unreliable because they are highly dependent on public health systems and other economic factors. The potential risk of further economic decline remains significant.

In macroeconomic terms, Europe experienced a sharp downturn in 2020, driven by COVID-19: According to IMF[3] estimates, real GDP declined by approximately 7.2 % in 2020, so real GDP development was 8.8 percentage points less than in 2019 (+1.6 %). In Germany, Westwing's largest market, real GDP was affected to a slightly lesser extent; however, the decline here is also estimated at – 6.0 %.

In Europe, growth of the Home & Living eCommerce market is mainly driven by the continuous shift from offline to online purchases. The COVID-19 pandemic required the population to limit social interactions and to avoid crowded places. The government-enforced temporary closure of most offline retail stores accelerated the shift from offline to online by several years.

Currently, the market for Home & Living products still has a lower online penetration compared to other retail categories. Thus, there is significant growth potential going forward by the market shifting to online.

2.2 Business Development[4]

2020 has been a tremendously successful year for Westwing with positive development in all countries and all our customer cohorts. We closed the year with revenue of EUR 433m (2019: EUR 267m) – a 62.0 % growth rate year-over-year – and an Adjusted EBITDA margin of +11.5 % (2019: – 3.8 %). This development was mainly driven by an accelerated shift towards online channels in all our markets, which we have profited from due to our attractive loyalty-based business model.

The number of Active Customers grew from 0.9m to 1.5m, and the number of orders increased by 68 % to 4.1m (2019: 2.4m). Free cash flow was EUR 39.5m (2019: EUR – 22.1m). For the first time since founding Westwing, we reached a net profit which amounted to EUR 29.8m (2019: net loss of EUR – 38.0m).

3 International Monetary Fund: World Economic Outlook Database December 2020.

4 All explanations and numbers regarding quarterly developments are unaudited.

Thus, we met our adjusted guidance to capital markets from October 2020 on revenue and Adjusted EBITDA. In the course of 2020, we updated our guidance several times; please see details in the table below:

Date	Revenue growth	Adjusted EBITDA	Adjusted EBITDA margin
March 28, 2020 (original)	5 % – 10 %	moderate improvement	moderate improvement
July 16, 2020	25 % – 35 %	–	3 % – 5 %
September 3, 2020	40 % – 50 %	–	6 % – 8 %
October 19, 2020	between 55 % – 65 %	between EUR 37m and EUR 48m	9 % – 11 %
March 29, 2021 Final result	**62.0 %**	**EUR 50.0m**	**11.5 %**

DACH segment results correspond to EUR 242.6m revenue (60.2 % growth) and EUR 41.0m Adjusted EBITDA (2019: EUR – 0.5m) while revenue in our International segment was EUR 190.3m (64.2 % growth) with an Adjusted EBITDA of EUR 9.2m (2019: EUR – 9.4m) (we refer to the results of segments for more details).

Major themes relevant for the business development in 2020 were the following:

Putting health and safety first

In the first quarter of 2020, the focus of the whole world shifted towards the basic needs of health and safety. Accordingly, the same has applied at Westwing. On February 26, 2020, we provided our employees with a comprehensive guide on how to deal with COVID-19 in offices and warehouses. Since mid-March 2020, and continuing through until the publication of this report in 2021, most office employees have worked mostly from home to avoid the spread of the virus. All employees who couldn't work from home, i.e. warehouse workers and photo studio employees, followed strict health procedures due to COVID-19.

Adapting our offering to the new situation

From March 2020 onwards, several lockdowns took place in Europe and in the whole world, people were forced to spend much more of their time at home, the number of contacts was reduced, social distancing became standard. Westwing coped with this new reality by offering its customers products and furniture which could improve the situation: ways to deal with small spaces, home office concepts, ideas on how to better use one's balcony, sports-at-home equipment, etc. Thanks to Westwing's business model, we were able to adapt quickly to the new challenges caused by COVID-19.

Dealing with very high double-digit growth

Due to the accelerated shift from offline to online channels, and the stronger focus on home, both probably caused by the circumstances related to the pandemic, we generated very strong revenue growth from the second quarter 2020 onwards. Westwing ramped up warehouses capacities and hired new employees in logistics and customer care to address this increased demand. At the same time, Westwing, like most other retailers, had to cope with issues in the supply chain resulting from regional lockdowns, affecting the availability especially of our Own & Private Label products.

Maintaining and Improving Customer Loyalty

In 2020, Westwing's customer loyalty remained very strong with 79 % of orders coming from repeat customers (2019: 82 %). We were able to increase the share of wallet as measured by last-twelve-months GMV per active customer from EUR 327 in 2019 to EUR 328 in the year 2020 despite having a record number of new customers who have lower values of this KPI as they have not been with us for a full twelve-months period. We saw the synergies in our flywheel of daily themes, permanent assortment and Own & Private Label as well as in our organic marketing.

2.2.1 RESULTS OF OPERATIONS

CONDENSED CONSOLIDATED INCOME STATEMENT

The condensed Consolidated Income Statement as reported under IFRS before adjustments looks as follows:

EUR m	2020	In % of revenue	2019*	In % of revenue	Change in EUR m	Change in %
Revenue	**432.9**	**100.0**	**267.3**	**100.0**	**165.6**	**62.0**
Cost of sales	– 218.9	– 50.6	– 148.1	– 55.4	– 70.8	47.8
Gross profit	**213.9**	**49.4**	**119.2**	**44.6**	**94.8**	**79.5**
Fulfilment expenses	– 86.1	– 19.9	– 62.7	– 23.4	– 23.5	37.5
Marketing expenses	– 31.0	– 7.2	– 23.2	– 8.7	– 7.8	33.4
General and administrative expenses*	– 64.9	– 15.0	– 65.4	– 24.5	0.5	– 0.7
Other operating expenses	– 3.6	– 0.8	– 2.1	– 0.8	– 1.5	73.9
Other operating income	3.0	0.7	1.0	0.4	2.0	207.2
Operating result*	**31.4**	**7.2**	**– 33.2**	**– 12.4**	**64.5**	–

* Previous-year figures adjusted according to IAS 8 (see note 2.3 for details).

The following table shows the reconciliation from operating result to Adjusted EBITDA:

EUR m	2020	2019*
Operating result*	**31.4**	**– 33.2**
Share-based compensation expenses*	8.4	11.3
Restructuring France and Italy	– 0.4	2.4
Depreciation, amortization and impairments	10.6	9.2
Adjusted EBITDA	**50.0**	**– 10.3**
Adjusted EBITDA margin	11.5 %	– 3.8 %

* Previous-year figures adjusted according to IAS 8 (see note 2.3 for details).

The adjusted consolidated income statement (as stated in the following table) down to Adjusted EBITDA that we use to comment on the operating development of the individual positions excludes share-based compensation expenses. In 2019, restructuring expenses in France and Italy were adjusted as well, which also caused some additional adjustments in 2020. Finally, depreciation, amortization and impairments are excluded to arrive at Adjusted EBITDA. In 2020, share-based compensation expenses of EUR 2.4m that were recognized in previous years became cash-effective.

ADJUSTED CONDENSED CONSOLIDATED INCOME STATEMENT

EUR m	2020	In % of revenue	2019	In % of revenue	Change in EUR m	Change in %
Revenue	**432.9**	**100.0**	**267.3**	**100.0**	**165.6**	**62.0**
Cost of sales	– 218.9	– 50.6	– 148.1	– 55.4	– 70.8	47.8
Gross profit	**213.9**	**49.4**	**119.2**	**44.6**	**94.8**	**79.5**
Fulfilment expenses*	– 86.2	– 19.9	– 62.1	– 23.2	– 24.1	38.9
Contribution profit	**127.7**	**29.5**	**57.1**	**21.4**	**70.6**	**123.7**
Marketing expenses*	– 30.9	– 7.1	– 23.0	– 8.6	– 7.9	34.3
General and administrative expenses*	– 56.9	– 13.1	– 52.4	– 19.6	– 4.4	8.5
Other operating expenses	– 3.6	– 0.8	– 2.1	– 0.8	– 1.5	73.9
Other operating income	3.0	0.7	1.0	0.4	2.0	207.2
Depreciation, amortization and impairments	10.6	2.5	9.2	3.4	1.4	15.7
Adjusted EBITDA	**50.0**	**11.5**	**– 10.3**	**– 3.8**	**60.2**	–

* The following adjustments were made in the corresponding lines:

EUR m	Expense line	2020	2019*
Share-based compensation expenses (1)	Fulfilment	0.0	0.1
	Marketing	0.0	0.2
	General and administrative	8.4	11.0
Restructuring France and Italy	Fulfilment	– 0.1	0.5
	General and administrative	– 0.3	1.9
Total		**8.0**	**13.7**

(1) Previous-year figures adjusted according to IAS 8 (see note 2.3 for details).

Revenues for the year comprise the following:

EUR m	2020	In % of revenue	2019	In % of revenue
Revenue from the sale of products	428.3	99.0	263.6	98.6
Other revenue	4.5	1.0	3.7	1.4
Total	**432.9**	**100.0**	**267.3**	**100.0**

In the reporting period, other performance indicators developed as follows:

OTHER PERFORMANCE INDICATORS

	2020	2019	Change
Own & Private Label share (in % of GMV)	25 %	24 %	1pp
GMV (in EUR m)	502	310	61.9 %
Number of orders (in k)	4,074	2,428	67.8 %
Average basket size (in EUR)	123	128	– 3.5 %
Active Customers (in k)	1,529	949	61.2 %
Average orders per Active Customer (in EUR)	2.7	2.6	4.1 %
Average GMV per Active Customer in the preceding twelve months (in EUR)	328	327	0.4 %
Mobile visit share	79 %	76 %	3pp

Westwing grew its revenue from EUR 267.3m in 2019 to EUR 432.9m in 2020. This corresponds to a year-over-year revenue growth rate of 62.0 %. The increase in Group revenue was mainly driven by a higher number of Active Customers with a corresponding rise in the number of orders. This development was driven by an accelerated shift towards online channels in all our markets pushed by the circumstances of the pandemic and due to our business model.

The Own & Private Label share grew slightly by 1 percentage point from 24 % of GMV in 2019 to 25 % of GMV in 2020, which, however, is a huge increase by more than EUR 50m in absolute numbers. In the fourth quarter of 2020, the Own & Private Label share was slightly less affected by low product availability and amounted to 28 % (2019 Q4: 25 %).

Westwing's gross profit margin was at an all-time high of 49.4 %, thus on a clearly higher level than 2019 (44.6 %). Gross margin in the fourth quarter 2020 even reached 51.3 %. The additional increase in the fourth quarter was mostly influenced by higher margin discipline, increased Own & Private Label share and additional volume discounts from suppliers.

Fulfilment expenses[5] (before share-based compensation and restructuring expenses) as percent of revenue were reduced compared to the previous year, to 19.9 % (2019: 23.2 %). This development was primarily driven by fixed cost leverage within our fulfilment costs and improved processes in our warehouses. In absolute terms, fulfilment expenses amounted to EUR 86.2m (2019: EUR 62.1m).

Marketing expenses (before share-based compensation) in percentage of revenue were reduced to 7.1 % (2019: 8.6 %) which was also caused by higher operating leverage. We continue to invest in organic marketing to use the current market momentum. Marketing expenses in absolute terms rose to EUR 30.9m (2019: EUR 23.0m).

General and administrative expenses (before share-based compensation and restructuring expenses) in percent of revenue decreased strongly from 19.6 % in 2019 to 13.1 % in 2020, highlighting the scalability of Westwing's business model. In absolute terms this corresponds to a low rise by EUR 4.4m to EUR 56.9m (2019: EUR 52.4m).

The Adjusted EBITDA in 2020 was EUR 50.0m (2019: EUR – 10.3m) a EUR 60.2m increase year-over-year. The Adjusted EBITDA margin improved strongly by 15.4 percentage points, and thus turned from negative – 3.8 % to positive 11.5 %.

5 Fulfilment expenses include shipping costs.

Amortization and depreciation increased by EUR 1.4m to EUR 10.6m primarily due to the increase in software capitalization over the recent years.

The net financial result hardly changed compared to 2019 and amounted to EUR – 3.5m (2019: EUR – 3.8m). It particularly included interest for leasing liabilities and default interest in the context of tax corrections.

As a result of the positive development in 2020, and thus reaching a taxbable income for the first time, income tax expenses rose strongly to EUR 5.5m (2019: EUR 1.0m). At the same time, Westwing recognized a deferred tax asset on loss carryforwards amounting to EUR 7.4m, which led to a total tax income of EUR 1.9m (2019: tax expense of EUR 1.0m).

In the 2020 fiscal year the profit after tax amounted to EUR 29.8m, increasing the net result of the previous year by EUR 67.8m (2019: net loss of EUR – 38.0m).

GMV increased from EUR 310.0m in 2019 to EUR 501.9m in 2020 representing growth of 61.9 %, thus nearly the same as revenue growth at 62.0 %. This extraordinary development was based on a total of 4.1m orders (2019: 2.4m) placed by 1.5m (2019: 0.9m) Active Customers, increasing their average GMV to EUR 328 in 2020, compared to EUR 327 in 2019.

Mobile visit share in 2020 continued to increase to 79 % (2019: 76 %). This development is in line with our expectation that mobile channels will become increasingly important over time.

RESULTS OF SEGMENTS

The split of the Group's revenue into segments is as follows:

EUR m	2020	In % of revenue	2019	In % of revenue	Change in EUR m	Change in %
DACH	242.6	56.0	151.4	56.6	91.2	60.2 %
International	190.3	44.0	115.9	43.4	74.4	64.2 %
Total	**432.9**	**100.0**	**267.3**	**100.0**	**165.6**	**62.0 %**

Adjusted EBITDA of the segments developed as follows:

EUR m	2020	Margin	2019	Margin	Change in EUR m
DACH	41.0	16.9 %	– 0.5	– 0.3 %	41.5
International	9.2	4.8 %	– 9.4	– 8.1 %	18.6
HQ/reconciliation	– 0.3	–	– 0.4	–	0.1
Total	**50.0**	**11.5 %**	**– 10.3**	**– 3.8 %**	**60.2**

Our DACH segment had a successful year and contributed EUR 242.6m in revenue, a growth of 60.2 % compared to 2019. Revenue in our International segment improved even stronger by 64.2 % to EUR 190.3m. The DACH segment reached an Adjusted EBITDA of EUR 41.0m and an Adjusted EBITDA margin of 16.9 % (2019: – 0.3 %). In the International segment, we improved Adjusted EBITDA to EUR 9.2m, corresponding to an Adjusted EBITDA margin of 4.8 % (2019: – 8.1 %).

2.2.2 FINANCIAL POSITION

CONDENSED STATEMENT OF CASH FLOWS

EUR m	2020	2019	Change in EUR m
Cash flows from operating activities	47.5	– 13.3	60.9
Cash flows from investing activities	– 8.0	– 8.8	0.7
Cash flows from financing activities	– 7.3	– 27.3	20.0
Change in cash and cash equivalents	**32.2**	**– 49.4**	**81.6**
Effect of exchange rate fluctuations on cash held	– 0.5	– 0.4	– 0.1
Cash and equivalents as of January 1	73.2	123.0	– 49.8
Cash and equivalents as of December 31	**104.9**	**73.2**	**31.7**

Westwing realized a positive cash flow from operating activities that totaled EUR 47.5m (2019 cash outflow of EUR – 13.3m), an increase of EUR 60.9m. This development is due to the very good operating profit. Cash and cash equivalents developed positively in 2020, resulting in an increase by EUR 31.7m compared to December 31, 2019. Net working capital – defined as inventory plus goods prepayments, current trade and other financial assets less trade payables, accrued liabilities and contract liabilities – has decreased slightly by EUR 0.7m to EUR – 4.0m in 2020 (2019: EUR – 3.4m).

Cash outflows from investing activities amounted to EUR – 8.0m (2019: EUR – 8.8m), which included investments in intangible assets of EUR 5.4m in 2020, especially in internally developed software.

As a result of the developments in the operating and investing cash flows described above, the free cash flow for the full year improved significantly to EUR 39.5m (2019: EUR – 22.1m).

The cash outflow from financing activities amounted to EUR – 7.3m (2019: EUR – 27.3m) and mainly included payments of lease liabilities. In 2019, it especially included the cash outflows connected to the repayment of the loans with GGC EUR S.À.R.L and the buyback program of shares in fall 2019.

Principles and objectives of financial management

Managing cash and working capital are at the heart of financial management at Westwing. Maintaining liquidity is also a paramount objective. The type and volume of transactions involving cash are focused on our operating business. Westwing only has term deposits such as short-term highly liquid investments with original maturities of three months or less. A rolling twelve-month cash flow planning is used to determine liquidity requirements.

The Company has cash reserves to cover additional investments in growth as well as to support the ongoing business. Westwing has consistently ensured that enough liquid funds were available to fund operations. Westwing was always able to meet its payment obligations.

Details on financial risk management can be found in the notes to the consolidated financial statements (note 23).

2.2.3 ASSETS AND LIABILITIES

CONDENSED STATEMENT OF FINANCIAL POSITION

EUR m	2020	2020 in % of Total	2019	2019 in % of Total	Change in EUR m	Change in %
Total assets	**229.0**	**100.0%**	**165.4**	**100.0%**	**63.6**	**38.4%**
Non-current assets	60.0	26.2%	51.5	31.1%	8.5	16.4%
Current assets	169.0	73.8%	113.9	68.9%	55.1	48.4%
Total liabilities + equity	**229.0**	**100.0%**	**165.4**	**100.0%**	**63.6**	**38.4%**
Equity	108.7	47.5%	74.4	45.0%	34.3	46.1%
Non-current liabilities	27.8	12.2%	26.7	16.1%	1.1	4.3%
Current liabilities	92.5	40.4%	64.4	38.9%	28.1	43.7%

Current assets accounted for EUR 169.0m as of December 31, 2020 (December 31, 2019: EUR 113.9m). Cash and cash equivalents were up to EUR 104.9m (December 31, 2019: EUR 73.2m), especially caused by the very good cash flow from operating activities. Inventory increased to EUR 30.2m (December 31, 2019: EUR 23.4m) due to overall business growth. For the same reason, trade and other current financial receivables rose to EUR 17.4m (December 31, 2019: EUR 9.4m), including expected credit losses of EUR 3.0m (December 31, 2019: EUR 1.9m). For certain receivables factoring agreements exist.

Non-current assets mainly consist of property, plant and equipment as well as intangible assets. The reduction in property, plant, and equipment from EUR 35.4m end of 2019 to EUR 34.5m end of 2020 is basically a matter of depreciation. Intangible assets, primarily representing capitalization of software development, increased by EUR 2.2m. Capitalization of software development of EUR 5.3m was partially offset by amortization of EUR 3.0m and an impairment charge of EUR 0.2m in 2020.

Current liabilities were EUR 28.1m higher compared to the previous year, at EUR 92.5m (December 31, 2019: EUR 64.4m). Trade payables increased from EUR 17.1m at the end of 2019 to EUR 27.9m as of December 31, 2020, due to the strong performance during the year and especially in the fourth quarter. This development was also observed in contract liabilities which were up by EUR 8.9m to EUR 17.8m (December 31, 2019: EUR 8.9m).

Non-current liabilities amounted to EUR 27.8m (December 31, 2019: EUR 26.7m). While lease liabilities decreased by EUR 2.5m, liabilities from cash-settled share-based compensation increased by EUR 3.7m, mainly because of the good share price development.

The Company's equity improved to EUR 108.7m as of December 31, 2020, compared to EUR 74.4m at the end of 2019. This development was caused by the net profit for the year and higher share-based compensation reserves.

As of December 31, 2020, the Group did not have available credit lines (December 31, 2019: none).

Overall assessment of the Group's economic position

Beginning in March 2020, the year was driven by the extraordinary developments caused by COVID-19. On the one hand, the pandemic caused downturns of the global economy, on the other side lockdowns and cautious behavior due to the spread of COVID-19 led to people staying home more and boosted the shift from offline to online channels. While Westwing's priority has always been the health and safety of its customers, employees and business partners, we were able to adapt quickly to the new situation and to adjust our offering accordingly. Our business model and processes have proven to be flexible and scalable in an unprecedented pandemic environment. Our International segment is on track again and now consequently follows the successful DACH role model. We realized a strong increase in revenue and became profitable on full-year basis. We are debt-free and possess a strong cash position. Therefore, we see ourselves in a very good economic position, and are prepared for the back-to-normal environment.

3. EMPLOYEES

At the end of December 2020, Westwing Group employed 1,671 full time equivalents (hereinafter: FTEs[6]), which is a strong increase compared to 1,290 employees at the end of 2019.

In December 2020, most staff were employed by the Munich-based legal entities Westwing Group AG (418 FTEs) and Westwing GmbH (221 FTEs), as well as the Polish entity (714 FTEs) that also operates Westwing's shared service center and one shared warehouse.

Westwing employees are very international. At the end of 2020, the Company employed more than 60 different nationalities. Likewise, Westwing sees gender diversity as an important factor. 62 % of Westwing employees are female.

4. NON-FINANCIAL STATEMENT[7]

Our vision is to be the European leader in Home & Living eCommerce for home enthusiasts. We want to achieve this by creating the most inspiring customer experience and the most loved brand.

To fulfil our mission "to inspire and make every home a beautiful home" and to drive future business success, we aim to ensure corporate social responsibility throughout the whole Group. Together with our employees, partners, suppliers and customers, we want to sustainably act and grow.

To be able to support and achieve our vision, accomplish our mission, and drive sustainability in the Home & Living eCommerce market, we have outlined the following Westwing values:

- Inspiration every day: We inspire our customers in everything we do to make every home a beautiful home.

- Customer delight: We work for our customers. We strive to make them truly fall in love with our brand, and a little more with every action and interaction.

- Genuine care: We genuinely care about our customers, colleagues and partners. We do not let people down. We are open, honest, direct, and reliable.

- Driven to get results: We get things done, in a fast and lean way, no matter the obstacles in our way.

- Unique team: We are a diverse and passionate team. We work together with integrity, creativity, fun and energy to achieve incredible things and build a company of true longevity.

- Ambition to be the best: We strive for excellence and aspire to create the European leader in Home & Living eCommerce.

6 According to Westwing definition, one FTE is equivalent to one employee working full-time.
7 This section of the Combined Management Report is unaudited.

Those values shape our culture and reflect what we appreciate as a company. They are the essence of our identity – our principles, beliefs or philosophy of values. They are thus timeless and do not change, they are sustainable in the longer term and they are universally applicable to all Westwing businesses, teams, and employees.

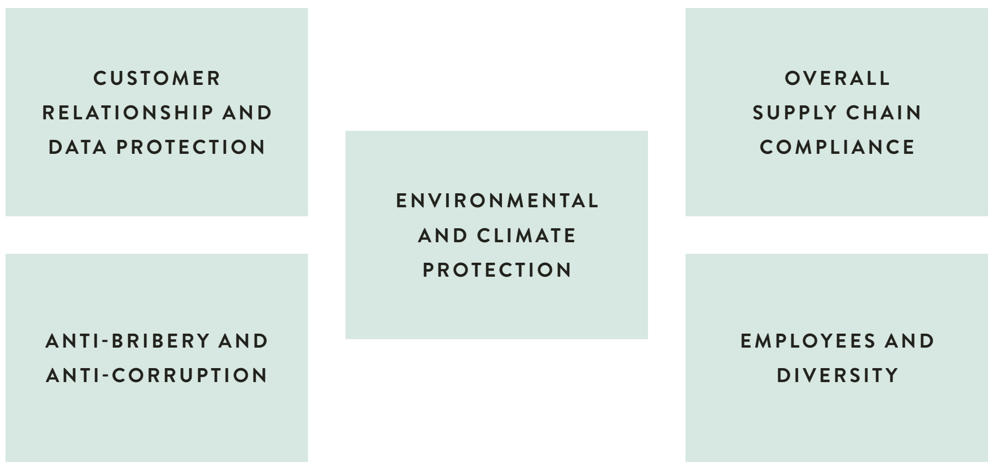
As a result, we defined five material topics of activity that are particularly important for us to achieve our aims to act and grow sustainably. These are Employees and Diversity, Environmental and Climate Protection, Human Rights in our Supply Chain, Customer Relationship and Data Protection as well as Anti-Bribery and Anti-Corruption initiatives at Westwing.

Our Governance, Risk and Compliance (GRC) function is an integrated collection of capabilities that enable an organization to reliably achieve objectives, address uncertainty and act with integrity. It consists of a set of functions that oversees and manages risks and compliance across the organization to reliably meet Company objectives.

The GRC function monitors risks that might impact our business performance, which includes not only financial risks, but also reputational, social, and environmental risks, among others. All identified risks are visualized to facilitate comparison of the risks' relative priority and to provide an overview of Westwing Group´s total risk exposure. The rating of risks reveals which risk information requires attention. The results of the risk assessment is summarized in the risk and opportunity report. We did not identify any material risks resulting from our business activities, value chain, products or services that would affect sustainability aspects concerning employees, environment, social concerns, anti-corruption and human rights.

This chapter includes our non-financial report for Westwing Group AG in accordance with Sec. 315b and 315c and in conjunction with Sec. 289b and 289c of the German Commercial Code (HGB). We oriented our report toward the German Sustainability Code (DNK). The non-financial report is divided into the sections:

MATERIAL TOPICS OF ACTIVITY



Concerning the definition of our business model we refer to section 1.1 of this combined management report.

Employees and diversity

The Westwing Group considers international diversity to be an important competitive factor. We believe that our diverse, smart, and friendly atmosphere is the secret to our success.

This international character is expressed in the diverse backgrounds of our employees. Westwing unites individuals from more than 60 nationalities, with great passion, integrity, creativity, joy and energy to achieve extraordinary results and build a company of true longevity. Constantly growing, we strive for excellence and aspire to create the European leader in Home & Living eCommerce. Likewise, Westwing sees gender diversity as an important factor: 62 % of employees of Westwing Group are female.

EMPLOYEES BY GENDER AND SEGMENT

	DACH		International		Group	
	Headcount	In %	Headcount	In %	Headcount	In %
Total	**718**	**100.0**	**1,057**	**100.0**	**1,775**	**100.0**
Female*	486	81.6	613	58.0	1,099	61.9
Male*	232	18.4	444	42.0	676	38.1

* As of December 31, 2020

This dynamic environment offers our nearly 1,800 employees great opportunities to develop.

We know that for the fulfilment of our vision and the achievement of our objectives, we are dependent on the knowledge, experience, and motivation of all our employees. Without their enthusiasm, diversity, ambition, and contributions Westwing would not be able to grow and expand. Westwing therefore focuses on investing in its current workforce and extending its workforce as required. We support personal and professional growth by building a strong feedback culture that enables development and learning opportunities on a daily basis.

We have created and want to sustain an open and honest atmosphere in which each employee feels encouraged to proactively state their opinions and suggestions – irrespective of age or position in the Company.

Hence, in addition to regular (at least annual, often bi-annual) performance feedbacks, we have established the following institutions not only to keep employees informed about current developments in the Company but also to gauge their current mood about their tasks and working conditions, for which our HR department is responsible:

- Allhands Meetings: Update on all important topics by the management on a regular basis followed by a Q&A session at the end.
- Insights Sessions: Presentations by our leaders to provide diverse Westwing business insights and discussions.
- Team Pulse Checks: Bi-annual request to gather anonymous feedback from employees about Westwing, team, what is good or what needs to be improved. This provides the opportunity to tell HR and management openly how everybody feels and what is good and not good, so we can learn about it and work on it.

- Upward Feedback Process: Upward Feedback provides an anonymous and confidential way for employees to provide feedback to their immediate supervisors to enhance supervisor's ability to lead their teams more effectively. It is administered once a year via an external service provider, to ensure anonymity.

- 1-on-1s: Regular meetings of every employee and their supervisor on a weekly or biweekly basis to give the opportunity to openly talk about pressing issues, give feedback, develop a strong relationship and ensure that an employee is on track working towards their goals.

Furthermore, we are always open to support trainings and further educational projects of our employees.

We also recognize our responsibility as an employer to protect the health of everybody at Westwing and to provide a working environment that cares about the current and future needs of our employees' work-life balance. Attracting talent is essential for our success and growth strategy. Thus, we want to design an attractive and innovative work environment together with our team.

We offer a safe and healthy work environment to our employees. Therefore, we aim to completely prevent accidents and minimize the risk of occupational illnesses. We have established clear and reliable structures within Westwing, offering suitable solutions for the corresponding work environments.

To prevent accidents in our offices, there is a mandatory "safety in workplace" guideline that every new employee must read and sign, and for which the sign-off is regularly updated. We offer trainings for fire protection assistants and to provide first aid. Furthermore, we provide health-promoting activities to our employees on a regular and voluntary basis. Usually, employees can participate in a variety of sports programs and consultations on ergonomics at the workplace, which has been interrupted since the measures taken as a result of COVID-19. During the year 2020, a major part of our employees has been working from home due to the situation caused by the pandemic. To support the working situation for our employees and to protect their health, various measures have been taken at Westwing. There has been a health week where employees were able participate in various workshops. In addition, online yoga sessions were offered and there are offers for individual coaching sessions to promote mental health. A virtual community was set up to enable regular cross-team exchanges and virtual events.

To be an attractive employer, we are very flexible concerning working hours, part-time employments, and job location solutions, such as the possibility of working from home even before COVID-19. In May 2020, Westwing as a family-conscious company, opened its own day care for children aged 0 to 3 years to make it easier to balance work and family life. Employee satisfaction has improved greatly in recent years. The last Pulse Check in the fourth quarter of 2020 showed that employee satisfaction was higher than ever before. Westwing is continuously working to further strengthen employee satisfaction. This is to be further increased in the coming years through measures such as management development, personnel development, offers for individual coaching and initiatives for the compatibility of family and career.

As Westwing places value on environmental protection, public transportation is supported for all employees. Furthermore, no company cars are provided to employees. Our travel guidance states that we should avoid travel as much as possible and replace it with video conferencing, which is currently used even more frequently due to the extended work from home.

Environmental and climate protection

Westwing has grown successfully in the past few years, leading to an increasing number of customers and consequently an increasing number of shipped packages, which is also causing a larger ecological footprint. Nevertheless, Westwing is aware of its responsibilities towards nature, the environment and climate protection. We therefore decided to establish new ways of delivery not only to save transportation costs but to avoid long routes of transport and to reduce environmental pollution. We have set up five logistics centers around Europe, and wherever possible we ship the ordered products from the logistic center located nearest to the customer.

Every day numerous orders are processed in our logistic centers, and with our growing business the number will increase even more. Consequently, we also expect the amount of packaging material to increase. Our packaging guidelines have been designed to define and implement a standard for Westwing's packages. Westwing stands for elegance, quality, variety of products and value. Therefore, every packaging decision is a negotiation between safety of the products, cost-efficiency and the customer experience when unpacking. Packages should leave the warehouse clean and undamaged without any exceptions and arrive at the customers in the same condition. To deliver Westwing's high quality-products in an impeccable condition, there must be enough cushioning material without overwhelming the customer with unnecessary waste. Packing and protection should not only be cost effective, but also aim to produce as little waste as possible.

All Westwing packages are eco-friendly, this means that all our boxes consist of 100 % recycled cardboard and are even biodegradable. Westwing sees itself as responsible for addressing sustainability and decreasing our CO_2 footprint. Westwing will continue to work on eco-friendly packaging. This includes developing and introducing alternatives for mailing bags such as paper mailing bags and polybags made of recycled material. In addition, the plastic stickers on Westwing boxes will be replaced by paper stickers in the future and for the filling material, we will be using materials made from recycled plastic.

A decisive signpost for the future is the established option of order bundling in 2020. The customers can decide on their own to receive all ordered items in one package or whether all items should be delivered individually as soon as they are available. In addition, we try to reduce transportation distances by partially using drop shipment (i.e. when the supplier delivers directly to the customer instead of to the Westwing warehouse). Furthermore, in order to reduce transportation almost all our Own & Private Label sofas and beds are produced in Europe.

Westwing plans to launch the first sustainable Westwing collection in 2021, which will include sustainable products such as textiles, furniture, and tableware.

A responsible and prudent use of natural resources is a prerequisite for our sustainable business operation. We therefore also expect our Own Label and Private Label business partners to define standards and implement procedures that enable a responsible use of resources. They shall provide a waste management as well as a disposal of hazardous substances management that guarantees a careful treatment of the environment. Furthermore, they have to particularly take into account human health and safety. All procedures should focus on the precautionary principle of low emissions and water conservation. Necessary permits, licenses and test reports must be obtained and kept up to date. This includes but is not limited to emissions to air, noise, water discharge, ground contamination and animal protection.

Overall supply chain compliance

Compliance with applicable laws and other legislation in each country in which we operate, the relevant industry minimum standards and the conventions of the International Labour Organization (ILO) form the base for our sustainability-oriented business.

As an internationally oriented company, we have to rely on the support and the cooperation of our business partners, since we not only aim to comply with the above-mentioned standards within the Westwing Group but also want our business partners to do so.

To keep the risk of reputational damage, legal fines and potential sourcing interruptions as low as possible, we have set up our own Code of Conduct for Own & Private Label suppliers, where we have our Westwing creations produced by third party suppliers. The principles of our Private Label Code of Conduct are based on the Conventions of the International Labour Organization (ILO), United Nations Global Compact Principles and OECD Guidelines for Multinational Enterprises. This code is the basis of Own & Private Label for any collaboration with business partners, no matter in which area. It includes sections to avoid inhuman circumstances and child labor, among many others. We recognize that local laws in some of our business partners' countries may have lower standards than those set out in our Code of Conduct. In such cases, we expect our business partners to adapt to our standards. Otherwise, we would end the collaboration and blacklist the supplier. The Code of Conduct entitles us to conduct regular and unannounced audits and obliges our suppliers to work on non-compliances and work only with compliant subcontractors. So far, we have managed to have 100 % of our Own & Private Label suppliers sign our Code of Conduct. To increase transparency, we collected and evaluated certified audit reports which suppliers have on hand from audits mandated by other suppliers or themselves. We implemented and are constantly improving and expanding an internal factory audit form which is an integral part of the onboarding process of new suppliers. At the first visit of a new supplier, it is mandatory for our Own & Private Label team to walk through the factory to get an overview of the situation and fill out the form. This form provides us with a first impression of the condition and shape of the factory to get an indication of potential risks and to understand the supplier's willingness to be transparent regarding these topics.

In 2019 we implemented the Code of Conduct as an integral part of our new supplier framework agreement to further leverage compliance. This entitles us to terminate for cause in case of a fundamental breach and hence cancel open purchase orders and return remaining stock against refund. Thus, we get more traction and importance on Supply Chain Compliance.

The code of conduct framework is signed by all our Own & Private Label suppliers. To improve compliance in our supply chain, we have expanded our framework agreement to make the Code of Conduct even more effective and binding. The amended version of this framework agreement was already signed by suppliers who account for approximately 91 % of our Own & Private Label order volume.

We expect our business partners to align their operations and activities with these principles. Furthermore, it is the responsibility of our business partners to disseminate and educate the principles of this code to their suppliers.

In addition, our partners are required to implement a control system with internal audits at least once a year and a minimum level of documentation for at least 24 months. The business partner has to agree to regular external audits which may take place unannounced.

As mentioned above, we do not manage all our warehouses by ourselves, but we also have checked to ensure that our service providers have set up policies and guidance to meet the industry minimum standards.

Customer relationship and data protection

With more than 1.5 million Active Customers we have been able to establish a very loyal customer base with a steadily increasing share of wallet. Customer loyalty is one of the major drivers of our success, so we try to maintain and improve customer satisfaction by offering new services on our website, such as interior design services, and a best-in-class customer service. We regularly request feedback from customers on transactions and we talk to them directly as part of customer service to learn how we can become even more attractive.

Another aspect concerning customer satisfaction is the quality of our products. Therefore, Westwing maintains close relationships with our suppliers to reduce any complications in our supply chain and ensure the best possible delivery quality. The staff in our warehouses also contributes to our delivery quality as they are trained to check the quality of each product. These quality checks are part of the inventory inbound process in each warehouse to avoid products of low quality being sent to customers.

As an online shop for Home & Living products we receive and handle a considerable amount of data day by day. In order to support our global business, it is essential that necessary information and data are provided throughout Westwing. The Company's international activities require us to comply with various legal regulations in different countries and regions. At the same time, adequate protection must be accorded to our business partners and our employees. To handle all these requirements, we have set up an IT Security Policy defining all aspects of information technology in use; it covers not only IT Systems, but also facilities and processes concerning relevant IT systems. Our Legal department together with our IT department is responsible for setting up the rules and taking care of any issues concerning data protection and IT security.

We have established rules to protect data handled at Westwing and prevent unauthorized usage of personal, confidential, or sensitive information in Westwing's possession. Complying with this policy is a requirement for the access and exchange of information within Westwing. Furthermore, Westwing has implemented appropriate technical and organizational measures to ensure the necessary data security.

The purpose of this policy is to secure and protect the information owned by Westwing. The Company provides and uses special software, networks, other electronic information systems and data to meet its mission, goals and initiatives. Westwing grants access to its resources as a privilege and as such has to maintain confidentiality, integrity and availability of all information assets. This responsibility can only be met if all users are fully aware of how to work securely given the data and the risks that are involved.

In conclusion, our IT Policy among other things establishes rules for all users of Westwing IT resources for handling any security incidents as well as personal, business, internal or sensitive data, ensuring the security of Westwing's network.

Anti-corruption initiatives at Westwing

Westwing has implemented a comprehensive anti-corruption policy. This policy outlines acceptable and non-acceptable behavior to avoid violations of anti-corruption laws. This behavior includes compliance with all laws, domestic and foreign, and the prohibition of improper payments, gifts, or inducements of any kind to or as received from any person.

The anti-corruption policy provides guidance on what can be accepted by an employee and when a gift constitutes bribery. If support is required, employees can ask their supervisor, the Compliance Officer, or the Legal department.

Westwing follows a zero tolerance policy for bribery. The policy applies to all Westwing employees and third parties Westwing engages. Furthermore, all subsidiaries were required to implement an equivalent policy as well. In the second half of 2019, Westwing conducted mandatory compliance trainings for all employees and the Management Board to ensure reasonable and ethical behavior. The compliance session has now moved online and is mandatory for all employees who are joining Westwing. Existing employees must attend the compliance session regularly as well, at least once a year. Their knowledge and understanding are assessed in a test after the session.

Westwing has implemented a whistleblower email address, where all employees can report incidences they believe to be non-compliant. In the past years, no suspicious events were reported. In addition, it is part of our overall risk management system to detect any violations.

5. SUBSEQUENT EVENTS

For subsequent events after the end of the 2020 fiscal year that have a significant impact on Westwing's future results of operations, financial position, and net assets, we refer to the disclosure in the notes (note 30).

6. RISK AND OPPORTUNITY REPORT

Regarding its business activities, the Westwing Group as an international group of companies is exposed to a multitude of risks. Risks and opportunities encompass events and developments with a certain probability of occurrence that may have material negative or positive financial and non-financial effects on the achievement of Westwing's objectives.

Westwing sees risk management as an integral part of creating transparency about risks and opportunities and, hence enhancing decision-making processes. The Company fosters a risk-conscious corporate culture in all decision-making processes. We carefully weigh the risks and opportunities associated with our decisions and our business activities, from a well-informed perspective. This involves consciously taking and accepting calculated risks that are within the Company's risk appetite and mitigating those which are not.

6.1 Risk Management System

The Management Board of Westwing Group AG has overall responsibility for the appropriateness and effectiveness of the risk management system in accordance with Sec. 91 (2) AktG ("Aktiengesetz": German Stock Corporation Act). Risk management is an integral part of management's approach to achieve its strategic objectives and to contribute to the long-term growth of the business. The Management Board has appointed a risk management officer, who reports directly to the Management Board. The risk management officer is mainly responsible for the risk management process, the coordination of trainings and all roles including risk owners. Risk owners are all employees of the operational and corporate functions. Their key responsibility is to continually report risks in their area on an operational level to their supervisor.

Risk assessment at Westwing is performed on a regular basis. During risk assessment, Westwing gathers information on potential risks identified locally as well as globally. This information is analyzed to determine whether the risks identified are still valid and correctly assessed. The documentation is continuously updated and summarized. On a half-yearly basis, a consolidated risk report is presented to the Management Board. The Management Board reports Westwing's current risk situation to the Supervisory Board.

A separate Governance, Risk and Compliance (GRC) function exists at Westwing that combines risk management, internal controls and compliance.

6.2 System of Internal Controls over Financial Reporting

As part of its internal control system, Westwing has implemented internal controls over financial reporting. These consist of preventive and detective control measures in accounting and operational functions that insure consistent process preparation of financial statements. The control mechanisms include identifying and defining processes, introducing layers of approval, and applying the principle of segregation of duties.

This year we focused on improving our internal control system within the key processes of Westwing. We reviewed relevant business processes and implemented additional or improved already existing controls. We will continue to review our business processes and improve our internal control environment.

Starting from 2021 a third-party internal audit function will assess our risk management system and control environment.

6.3 Risk Methodology

A detailed risk guidance was established and implemented within the Company to bring transparency in the process of risk identification and assessment. The risk guidance is reviewed and updated on a regular basis by Westwing's GRC function.

The risks identified by Westwing are quantified based on their likelihood of occurrence as well as their potential impact. The probability assessment is based on a time horizon of one year after the assessment date. In order to fully understand and highlight the effectiveness of the mitigation measures all risks are assessed on a gross risk basis (before mitigation measures are in place).

The likelihood of occurrence refers to the statistical or estimated probability of a risk issue occurring during the time horizon under review. It is stated as percentage. The likelihood of the occurrence is determined by choosing one of the given probability ranges which are shown in the table below:

Likelihood	Assessment
Probable	(75 % – 99 %)
Likely	(50 % – 74.9 %)
Possible	(25 % – 49.9 %)
Unlikely	(5 % – 24.9 %)
Rare	(1 % – 4.9 %)

To assess the impact Westwing uses qualitative and quantitative assessments. Quantitative assessment is used when the amount of the impact can be easily estimated. The quantitative impact basis is revenue, Adjusted EBIT and cash flow, depending on the nature of the risk. When quantitative assessment is not possible, i.e. when it is about reputation or shareholder trust, a qualitative assessment is used.

	Quantitative assessment (preferred)	
Effect	Financial Impact	
5	**> EUR 10.0m**	**Severe damaging** negative effect on business operations, financial status, profitability, and cash flows
4	**> EUR 5.0m**	**Substantial** negative effect on business operations, financial status, profitability, and cash flows
3	**> EUR 2.0m**	**Some** negative effect on business operations, financial status, profitability, and cash flows
2	**> EUR 0.5m**	**Limited** negative effect on business operations, financial status, profitability, and cash flows
1	**< EUR 0.5m**	**Insignificant** negative effect on business operations, financial status, profitability, and cash flows

Based on the assessment of the likelihood of occurrence and the impact, all identified risks are classified and visualized in the following risk matrix:

Likelihood	Rare (1 % – 4.9 %)	Unlikely (5 % – 24.9 %)	Possible (25 % – 49.9 %)	Likely (50 % – 74.9 %)	Probable (75 % – 99 %)
Impact					
5	MODERATE	HIGH	HIGH	VERY HIGH	EXTREME
4	LOW	MODERATE	HIGH	VERY HIGH	VERY HIGH
3	LOW	MODERATE	MODERATE	HIGH	HIGH
2	LOW	LOW	MODERATE	MODERATE	HIGH
1	LOW	LOW	LOW	LOW	MODERATE

The risk matrix facilitates the comparison of the risks' relative priority and increases transparency over Westwing's total risk exposure. In addition, the categorization of risks from "Low" to "Extreme" is used to determine which risk information needs to be provided in more detail to the Management Board and the Supervisory Board. Risks that could impact the ability of the Company to continue as a going concern are reported immediately once identified.

Westwing defines following risk categories within the Company:

- Strategic risks
- Financial risks
- Operational risks
- Corporate governance risks
- Political and regulatory risks
- IT risks
- Capital market related risks

In addition to the risk categories described above, we added and separated a new category in 2020: COVID-19 related risks (pandemic risks). These are risks that arose as a result of the COVID-19 outbreak in 2020.

6.4 Risk Report

Overall, no risks were identified that could threaten the going concern of the Westwing Group. The report below summarizes and presents the most significant risks that were classified as "High" according to the latest risk management assessment procedures. Currently no risks are assessed to be "Very High" or "Extreme".

6.4.1 COVID-19 RELATED RISKS (PANDEMIC RISKS)

Mid-term recession (High)

Despite the impact of COVID-19 that accelerated the shift towards online channels, the risk of a significant economic recession in the foreseeable future is high. As a result, the risk of this economic downturn could affect eCommerce as well. It is hard to predict how our customers will react in case of recession and how they will change their shopping behavior.

The management team of Westwing continuously monitors and evaluates the economic situation in Europe and the possible impact on the Home & Living market, and is ready to react accordingly: whether to adjust our offering or to partially adapt the Westwing Group's strategy.

Supply chain disruptions (High)
The COVID-19 outbreak brought significant supply disruptions around the world where many supply processes needed to be changed or adjusted to the new conditions. Although Westwing managed to run business smoothly and avoided significant supply disruptions in 2020, there is a risk that the supply chain could be affected by the measures taken in many countries or in case of further worsening of the pandemic situation. Furthermore, there is a risk that some companies could go bankrupt and Westwing would be forced to look for new reliable suppliers.

To mitigate this risk, our supply team proactively diversifies our supply channels, strengthening our partnerships with reliable suppliers and having backup solutions in case of supply disruptions, especially for our bestseller products.

6.4.2 FINANCIAL RISKS

Financial planning and performance (High)
Properly predicting revenue growth as well as overall business development is one of Westwing's key challenges in the time of significant growth and unpredictable global developments. Failure to forecast, monitor and control our business plan could lead to wrong decisions and may harm Westwing's revenue growth and profitability.

We gained a comprehensive experience over the past years to improve our planning process significantly. On a monthly basis we analyze our performance results, discuss current trends and update our business plan in case of significant deviations.

6.4.3 OPERATIONAL RISKS

Employee fluctuation (High)
Westwing's success depends on the knowledge, experience, and motivation of its employees to implement its vision and reach its goals. Without their enthusiasm and contribution, Westwing would be unable to advance its business. A potential lack of career and personal development or insufficient compensation could encourage employees to leave the Company.

To ensure Westwing's attractiveness as an employer, the Company has developed necessary structures to give all employees an opportunity to fulfil their career goals, such as leadership development programs as well as in-house and external trainings. Evaluation rounds for all employees are performed once a year. In addition, upward feedbacks and overall employee surveys are conducted by the Company to analyze and improve working conditions in the Company and make Westwing an attractive employer.

6.4.4 IT RISKS

Cyber security and IT infrastructure threats (High)

In the past years we have invested significant funds and internal resources into building and updating our IT platform and IT infrastructure. To operate successfully, Westwing has developed an extensive infrastructure with various complex IT solutions and interfaces. This high degree of interconnectivity could bear a significant risk for the Company if data does not transfer due to system failure. Additionally, cyber security threats as unauthorized logical access internally or externally could disrupt our vital internal tools or customer-facing applications.

Due to technology limitations, there is a risk that we are required to use critical software solutions from third-party developers whose solutions might not be reliable or could be complicated to support.

Currently, Westwing employs a skilled IT team of about 150 full-time employees. This enables Westwing to constantly monitor, develop and improve our internal IT infrastructure and support solutions from our third-party suppliers. No limiting cases occurred in 2020. In order to remain competitive, we will continue with significant investments in IT.

6.4.5 POLITICAL AND REGULATORY RISKS

Tax compliance and tax planning (High)

Our business is subject to the general tax environment in the jurisdictions in which we operate. Our ability to use tax loss carryforwards and other favorable tax provisions depends on national tax laws and our ability to produce taxable income in these countries.

For the German Westwing entities, income tax and transfer price audits are currently ongoing with respect to all periods starting from 2011, with no final feedback yet. As a result, we may be required to pay additional taxes concerning previous periods. Furthermore, tax authorities could revise their original tax assessments. Any tax assessments that deviate from our expectations could lead to an increase in our tax burden.

Late submission or non-completion of VAT declarations could also result in extraordinary VAT tax audits by the fiscal authorities. We cooperate with an external consulting company to assure that Westwing is compliant with tax rules and regulations in all countries.

eCommerce regulations (High)

Tax authorities in various jurisdictions are currently reviewing the appropriate treatment of eCommerce activities. Due to the international nature of our eCommerce business, various jurisdictions might attempt to levy additional sales, income or other taxes relating to our activities.

Such new tax regulation may subject us or our customers to additional taxes, which would increase our tax burden and may reduce the attractiveness of our online offering or decrease our profit margins. New taxes could also result in additional costs necessary to collect the data required to assess these taxes and to remit them to the relevant tax authorities.

6.4.6 OVERALL ASSESSMENT OF RISK BY THE MANAGEMENT BOARD

Management is satisfied that existence-threatening risks for the Company did not exist in 2020. No single risk or bundle of risks are currently considered to threaten the Company as a going concern in the next year. Management believes that it has taken all necessary precautions to address existing risks and reduce their possible impact.

6.5 Opportunities Report

While Westwing faces several risks, there are also many opportunities for the Company that have great potential to drive the Company forward. Not only will they provide Westwing with the possibility of growth, but they will also facilitate improved profitability. Below you can find a summary of the most significant opportunities identified by the Company.

eCommerce growth with a focus on mobile eCommerce

The shift of growth from traditional street shopping to eCommerce in the Home & Living market is one of the key opportunities for Westwing. This year we observed an accelerated shift towards online channels. Many new customers had a chance to try and to experience eCommerce in Home & Living for the first time.

Currently the market for Home & Living products, compared to other retailing categories, does not show a high online penetration yet. Given that the total (i.e. offline and online) Home & Living market is of similar size compared to the fashion market, there is a huge opportunity for Westwing as Home & Living moves online.

At the same time, its subsector mobile eCommerce is growing even faster. When referring to mobile eCommerce, Westwing means business on handheld devices such as smartphones or tablets instead of desktops or other stationary devices. For the past three years the mobile visit share increased from 70 % at the end of 2017 to 79 % at the end of 2020.

To meet or even exceed our customers' expectations, Westwing continuously invests in state-of-the-art apps as well as smartphone- and tablet-optimized web sites.

With its more than nine years on the market, strong brand recognition and customer loyalty, we believe Westwing is going to be a key player in the Home & Living market.

Brand awareness

Management sees Westwing's strong brand and brand recognition as an important factor for long-term success. Unlike other industries, e.g. fashion, where the customer focus is primarily on supplier brands, in the Home & Living industry the retailer brand is very important. This is driven by the fact that in Home & Living the supplier universe is very fragmented and the supplier brands as such are in many cases not the key driver for customers' purchasing decisions.

By focusing on organic marketing, such as a strong presence in social media and content creation and by applying carefully selected marketing initiatives, Westwing presents itself as a brand that values quality, style, and inspiration and that conveys confidence, trust, and personality to its customers.

Additionally, we constantly continue to increase the share of Own & Private Label in our offering. Our internally designed Own & Private Label products give us an opportunity to present a curated and well-rounded assortment on our website. This helps us to react quickly to changing market trends and drive the Home & Living market in Europe.

We believe that Westwing as a strong retail company combined with its increased awareness of Westwing as a provider of Own & Private Label products can create a very strong holistic Home & Living brand on the market.

7. OUTLOOK

The forecast for our business development in the coming year is based on the assumptions described in the economic as well as in the risk and opportunities reports. We do not expect material changes in the business activities of the Westwing Group.

For the year 2021 we have two focus areas. First, we want to run our business well, independent of extrinsic factors such as an economic downturn, employees still forced to work from home and potential issues with product availability. The second focus area is to lay the foundations of our five-year strategy to create the next level of Westwing customer experience.

Broken down to key messages this will be:

- Placing utmost priority on business basics, health, and safety
- Dealing with extreme volatility depending on the respective COVID-19 measures
- Enhancing our creative and inspirational core
- Bringing order and post-order customer experience to the next level
- Pushing sustainability in all our processes and offering

In addition, we plan to further increase our share of Own & Private Label towards the strategic long-term target of 50 % with expansion into new product categories, new product and collection launches within existing categories as well as intensified marketing in our International segment.

Regarding Westwing's financials we aim to use the momentum and scale we reached in 2020 and show profitable growth also in 2021. We expect revenue between EUR 510m and EUR 550m, an Adjusted EBITDA in a range of EUR 42m to EUR 55m, at a corresponding Adjusted EBITDA margin of 8 – 10 %.

However, due to the ongoing COVID-19 situation, with the results of vaccination not predictable yet, there is a substantial degree of uncertainty that may affect our forecast. We are constantly reassessing the development of the situation and taking appropriate action. Westwing's supply chain could be affected again and these effects cannot yet be reliably estimated. At the same time, the risk of a significant economic recession could affect eCommerce as well. Additional risks arise from possible government restrictions on work in warehouses, or the availability of logistics service providers – both potentially causing a disruption of Westwing's operations. Therefore, there is a considerable risk that these factors could lead to an unfavorable development of the business in 2021. In such a case, our results in terms of both revenue and Adjusted EBITDA would differ materially from the guidance presented. At the time of publication of this annual report (as of March 30, 2021), Westwing's business development is in line with the outlook for 2021.

We have proven in 2020 that our business model works at scale. The Management Board is confident in the business model and the Westwing flywheel of daily themes, permanent assortment, Own & Private Label as well as organic marketing. While short-term risks exist, we are convinced that Westwing will reach its vision in the long term.

8. SUPPLEMENTARY MANAGEMENT REPORT OF WESTWING GROUP AG (IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE – HGB)

The annual financial statements of Westwing Group AG have been prepared in accordance with the rules set out in the German Commercial Code (Handelsgesetzbuch). Westwing Group AG is the parent company of the Westwing Group and is also acting as holding company of the various operational entities and does not generate revenues with third parties but generates income from Group internal services provided, which are shown as revenue. Key performance indicators for Westwing Group AG are revenue and the result before tax and impairments.

8.1 Results of Operations Westwing Group AG

EUR m	2020	2019
Revenue	**59.2**	**40.2**
Own work capitalized	4.5	5.9
Other operating income	0.3	1.9
Gross performance	**64.1**	**48.0**
Expenses for material and services	– 16.9	– 12.0
Personnel expenses	– 30.6	– 25.4
Depreciation and amortization of property plant and equipment and intangible assets	– 4.1	– 3.1
Other operating expenses	– 17.9	– 9.7
Operating result	**– 5.5**	**– 2.2**
Interest income	3.0	1.6
Appreciation / (write-down) on investments	7.2	– 23.3
Interest and other expenses	– 0.2	– 2.1
Financial result	**10.1**	**– 23.8**
Income tax	0.1	– 0.0
Result after tax	**4.5**	**– 26.1**

Westwing Group AG increased revenue from EUR 40.2m in 2019 to EUR 59.2m in 2020. This corresponds to a strong year-over-year revenue growth rate of 47.1 %. As the Westwing Group AG provides several services to its affiliates its revenue grows with their business expansion. Own work capitalized decreased by 22.4 % to EUR 4.5m (2019: EUR 5.9m). Other operating income was lower in 2020, as in 2019 income from other periods of EUR 1.2m was recognized which related to the appreciation in value for liabilities to affiliates that had formerly been written off.

Personnel expenses were up by EUR 5.2m, primarily resulting from share-based compensation expenses for cash-settled options which increased to EUR 2.3m based on the positively developing share price (2019: EUR 0.2m). In addition, EUR 0.8m related to expenses recognized for the cash settlement of options of an originally equity-settled commitment package, which was not recognized according to HGB in previous years.

The cost of purchased services was EUR 16.9m (2019: EUR 12.0m) and thus up compared to the previous year. This primarily resulted from the overall expansion of business. Westwing further pursued its investments in its team and technological infrastructure in 2020. Such investments constitute the basis for adaptable and sustainable business operations. An increase of EUR 5.8m was caused by higher investments in marketing, due to Westwing's strategy to increase investments in organic marketing to use the current market momentum. The increase in other operating expenses correlates to the rise in revenue.

In total, an operating loss of EUR 1.3m before interest, amortization/depreciation, appreciation/write-offs on financial assets, and taxes was incurred in 2020, as higher revenues were compensated by increased personnel and other operating expenses, compared to a respective operating profit of EUR 0.9m in 2019.

The financial result of EUR 10.1m (2019: EUR – 23.8m) is primarily impacted by an appreciation in value on loans to and shares in affiliates of EUR 12.8m, which was due to the very positive business development in some countries, partially offset by an impairment of loans to affiliates amounting to EUR 5.6m. In addition, it includes interest income of EUR 3.0m (2019: EUR 1.6m) as well as interest and other expenses of EUR 0.2m (2019: EUR 2.1m). The increase of interest income is mainly due to newly issued loans to affiliates in 2020.

8.2 Financial Position of Westwing Group AG

Westwing Group AG had cash and cash equivalents of EUR 45.7m as of December 31, 2020 (December 31, 2019: EUR 46.4m). Cash and cash equivalents developed as follows:

- In 2020, the Company financed operations of its subsidiaries with loans of EUR 9.8m (2019: EUR 22.4m), which are deemed to be long-term in economic terms but are short-term in legal terms.

- Loan receivables to affiliates and interest were paid back in 2020 amounting to EUR 22.8m.

- Investments in tangible and intangible assets amounted to EUR 7.1m in the 2020 fiscal year (2019: EUR 7.7m).

- The Company settled share-based compensation options in cash amounting to EUR 2.4m (thereof EUR 0.8m for own employees).

- In the fourth quarter warrants were exercised leading to a cash capital increase of EUR 1.6m.

- The remaining EUR – 6.1m can be allocated to the financing of operations.

Westwing Group AG ensured that sufficient liquid funds were available to maintain the business activities of the Company and the Group. Westwing Group AG has issued a letter of comfort to its subsidiary Westwing GmbH in which it undertakes to be liable for the obligations arising up to December 31, 2022. Westwing Group AG always met its payment obligations.

8.3 Total Assets of Westwing Group AG

EUR m	12/31/2020	12/31/2019
Assets		
Non-current assets		
Intangible assets	14.0	11.8
Property, plant and equipment	3.0	2.3
Investment in subsidiaries and loans thereto	162.5	165.3
Total non-current assets	**179.5**	**179.4**
Current assets		
Trade and other receivables	20.5	7.4
Cash and cash equivalents	45.7	46.4
Total current assets	**66.2**	**53.8**
Prepaid expenses	1.4	0.7
Total assets	**247.2**	**234.0**
Equity/(deficit)		
Share capital	20.8	20.7
Treasury shares	– 0.5	– 0.7
Issued capital	20.3	20.0
Share premium	348.7	347.2
Accumulated losses	– 138.5	– 143.0
Total equity	**230.5**	**224.2**
Provisions	9.1	3.8
Trade and other liabilities	7.5	5.9
Deferred items	0.1	0.1
Total equity and liabilities	**247.2**	**234.0**

As of December 31, 2020, total assets amounted to EUR 247.2m, an increase by EUR 13.2m compared to the previous year (December 31, 2019: EUR 234.0m). This development is mainly driven by an increase of trade and other receivables, which was partly offset by lower intercompany loan receivables. The financial assets development was impacted by the repayments for intercompany loans and the appreciation on investments described above.

Current assets amounted to EUR 66.2m (2019: EUR 53.8m) as of the end of 2020. The accounts receivable from affiliated companies being part of trade and other receivables were up to EUR 17.7m (December 31, 2019: EUR 4.2m). Cash and cash equivalents were nearly on the same level as in the previous year at EUR 45.7m (December 31, 2019: EUR 46.4m).

In fiscal year 2020, intangible assets consisted of both purchased and internally developed software. In 2020, the net book value increased by EUR 2.2m to EUR 14.0m (December 31, 2019: EUR 11.8m) due to the capitalization of software development of EUR 5.3m that was partially offset by amortization of EUR 2.8m and an impairment charge of EUR 0.2m. Fixed tangible assets increased to EUR 3.0m (December 31, 2019: EUR 2.3m), mainly because of purchased office equipment.

Investments into subsidiaries increased by EUR 0.2m to EUR 15.4m in 2020 due to the appreciation in value. The loans provided to subsidiaries disclosed as long-term financial assets decreased by EUR 3.1m to EUR 147.1m. This development primarily results from the repayment of loan and interest receivables of EUR 22.8m, partially offset by new loans and interests to affiliates of EUR 12.7m. An appreciation of loans of EUR 12.6m was partly offset by an impairment of loans of EUR 5.6m.

As of the balance sheet date, the Company's equity increased by EUR 6.3m from EUR 224.2m in December 2019 to EUR 230.5m in December 2020, with the main driver being the profit of the year and the capital increase of EUR 1.6m.

The equity ratio decreased from 95.8 % as of December 31, 2019 to 93.2 % as of December 31, 2020.

Provisions increased from EUR 3.8m in December 2019 to EUR 9.1m in December 2020. This strong rise particularly resulted from the increase in cash-settled share-based compensation by EUR 3.7m, mainly because of the good share price development as a relevant factor for valuation.

Liabilities increased from EUR 5.9m at the end of 2019 to EUR 7.5m as of December 31, 2020, mainly caused by higher VAT payables due to the business expansion during the year.

8.4 Employees of Westwing Group AG

At the end of December 2020, Westwing Group AG employed 466 employees including interns, temporary staff, and management (2019: 372). Of these, 234 employees work in the areas of administration/IT and 232 in marketing. The software development is nearly completely done by employees in the technology department of Westwing Group AG.

At Westwing Group AG, 59 % of employees at the end of 2020 were female, which is lower than at the total Group given the high share of technology employees at Westwing Group AG, where we struggle to employ a higher share of female employees.

For information on the percentage of women and the corresponding targets and for disclosures regarding diversity on the Management Board and the Supervisory Board, please refer to the corporate governance statement.

8.5 Risk and Opportunities of Westwing Group AG

The risks and opportunities for Westwing Group AG are in substance the same as for the Group as a whole. Therefore, we refer to the risk and opportunity report under chapter 6 of this combined management report. Additional risks result from additional impairment need for loans to affiliates or the requirement to provide liquidity to them both of which are linked to their business performance.

8.6 Outlook for the Westwing Group AG

The forecast for Westwing Group AG is substantially the same as for the Westwing Group relating to economic environment and expectations for the operating business. We refer to chapter 7.

For fiscal year 2021, Westwing Group AG expects a similar revenue level compared to the previous year, reflecting the more stable business volume of the operating subsidiaries, driven by its activities as a holding company for the Westwing Group. The result before tax and before impairments is expected to slightly increase due to a higher expected operating profit.

Westwing Group AG's 2020 revenue was up by 47.1 % to EUR 59.2m, and thus strongly exceeded the projected slight extension, primarily due to higher service revenue from Westwing GmbH. The result before tax and before impairments did not reach the forecast to improve moderately, which is especially due to higher expenses for cash-settled share-based compensation which were not charged to other Group companies.

We are convinced that Westwing has the necessary operational and financial resources to reach our ambitions in the mid and long term.

9. REMUNERATION REPORT AND OTHER DISCLOSURES

9.1 Remuneration of the Management Board

BASIC FEATURES OF THE REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD

The Management Board's remuneration comprises a fixed base salary, a variable annual bonus and a long-term incentive with equity/option plans. The total remuneration is aligned to each board member's tasks and performance. The criteria used for the decision on remuneration is based on each Management Board member's responsibilities, personal target achievements and Westwing's economic situation as well as the expected Company development. The ratio of non-performance related remuneration to total remuneration (before share-based compensation) is 80 % (2019: 85 %).

Pursuant to the resolution passed by the Company's general meeting held on September 21, 2018, information on the Management Board members individual remuneration is not published in accordance with Sec. 286 (5) sentence 1, 285 no. 9, 315e (1) and (2) and 314 (3) sentence 1 HGB.

NON-PERFORMANCE-RELATED COMPENSATION

All members of the Management Board receive a non-performance-related remuneration in form of monthly salaries, non-cash transactions and other services. In the first quarter of 2020, the Management Board consisted of Stefan Smalla, Dr. Dr. Florian Drabeck and Delia Lachance. Delia Lachance stepped down from her role as Board member effective March 1, 2020, subsequently went into maternity leave and has been back and working for the Company (but not in the Management Board) since Q4 2020. Dr. Dr. Florian Drabeck stepped down from his role as board member with effective date as of April 1, 2020, while at the same time, Sebastian Säuberlich assumed his role in the Management Board.

Salaries are paid to each Management Board member as an installment at the end of each month. Westwing's Management Board members in total received gross salary payments of EUR 520k in the 2020 fiscal year (2019: EUR 625k). The decrease is largely due to the lower number of Board members during most of 2020.

All Management Board members receive reimbursements for travel and other out-of-pocket expenses. Furthermore, they are entitled to receive a subsidy for health insurance and pension.

For all Management Board members an insurance policy for directors and officers (D&O insurance) was taken out with adequate coverage according to the usual market practice and deductibles according to the corresponding regulations of the German Stock Corporation Act (Aktiengesetz or "AktG"). The annual insurance fee is EUR 8k. These insurance policies cover financial losses that may occur from Management Board members' breaches of duty during their terms of office. In addition, legal protection insurances were taken out for Stefan Smalla and Sebastian Säuberlich with annual expenses of EUR 2k each.

PERFORMANCE-RELATED COMPENSATION (SHORT-TERM INCENTIVE)

In addition to the non-performance-related compensation, the members of the Management Board are entitled to receive a total variable bonus for the 2020 fiscal year of EUR 88k (2019: EUR 110k), if 100 % of the agreed individual targets are met. The targets and the weighing of targets for bonus calculation are determined between the Company and the Management Board member for each fiscal year, at the latest by March 31, and usually consist of business development targets such as the achievement of planned growth and profitability. Due to the very good business performance in 2020 the performance-related compensation will be paid out at the performance cap of 150 % and hence EUR 131k. In 2019, there was no performance-related compensation achieved by the Management Board. However, there was a total of EUR 100k one-time bonus for Dr. Dr. Florian Drabeck granted in 2019 and paid out in April 2020.

SHARE-BASED COMPENSATION (LONG-TERM INCENTIVES)

Since 2011, the Company operates share-based compensation schemes under which eligible employees and the Management Board have (i) been provided with the opportunity to invest in the Company's shares or (ii) been granted options for shares in the Company.

As a basic principle, the share-based compensation awards have a vesting period of 36 or 48 months. The first tranche vests between six and twelve months, while the remaining awards vest in equal instalments on a quarterly basis over the remainder of the vesting period. Generally, the awards may only be exercised once vested.

In the third quarter of 2019, a new cash-settled stock option program was established and issued to executives and other top managers of the Company incl. the Management Board. For the Management Board, it comprises a total number of 342,000 virtual options, thereof all 84,000 options issued to Dr. Dr. Florian Drabeck were forfeited due to his leave as CFO in the second quarter of 2020. In 2020 additional 65,000 options were granted to Sebastian Säuberlich. The virtual shares fully vest on December 31, 2022, without intermediate vesting and they are only exercisable four years after the corresponding grant date, starting August 2023. In 2020, expenses of EUR 2.9m were recognized for this program (2019: EUR 0.1m).

The table below provides an overview of the options granted to the members of the Management Board during the 2020 reporting period:

	2020	2019
Options granted during the period	65,000	342,000
Weighted average exercise price (in EUR):	1.00	1.00
Weighted average fair value (in EUR):	2.32	2.57

TOTAL REMUNERATION OF THE MANAGEMENT BOARD

EUR k	2020	2019
Salaries (short-term employee benefits)	520	625
Bonus	131	100
Share-based compensation expenses	3,545	4,333
Total	**4,196**	**5,058**

In 2020 and 2019 only cash-settled options were issued. The weighted average fair value for these share-based compensation expenses reflects the average fair value in the year under review. It is dependent from the stock price and other factors as of each reporting date.

OTHER INFORMATION

During their employment, the Supervisory Board must approve the Management Board members' additional activities outside of Westwing in written form. Furthermore, all board contracts included restraints on competition that prohibit Management Board members from working for a company that is a direct or indirect competitor of Westwing.

The Management Board contract for Stefan Smalla has a term until August 7, 2023, and the Management Board contract for Sebastian Säuberlich until March 31, 2023.

An additional employment contract between Delia Lachance and the Westwing GmbH existed for PR services rendered. During her function as Board member until March 1, 2020, remuneration from this was EUR 27k in the 2020 fiscal year (2019: EUR 160k). As an exception, Stefan Smalla's remaining vacation days of 2019 were paid out in 2020, amounting to EUR 23k, which was approved by the Supervisory Board accordingly. In December 2020, Sebastian Säuberlich exercised 15,000 of his originally equity-settled options against cash amounting to EUR 397k. For Dr. Dr. Florian Drabeck an additional bonus of EUR 100k was granted in 2019 and paid out in 2020.

9.2 Remuneration of the Supervisory Board

The remuneration for the members of the Supervisory Board is regulated by the articles of associations of Westwing Group AG.

The members of the Supervisory Board receive a fixed based compensation for each fiscal year of the Company in the amount of EUR 25k. The chairman of the Supervisory Board receives a fixed base compensation of EUR 40k, the deputy chairman of EUR 30k. The chairman of the Audit committee is compensated with an additional EUR 20k, and other members of the audit committee with EUR 10k.

The compensation is payable after the end of the respective fiscal year. Supervisory Board members holding office only during a part of the fiscal year receive a corresponding portion of the compensation.

In addition to the compensation paid on a fixed base, Westwing reimburses the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as Supervisory Board members as well as the value added tax on their compensation and out-of-pocket expenses.

Furthermore, Supervisory Board members are included in the D&O liability insurance for board members that will provide reasonable coverage against financial damages. The premiums for this insurance policy are paid by the Company.

According to the Articles of Association (Art. 9 (1)), the Supervisory Board has four members. It is not subject to employee co-determination. All members of the Supervisory Board are elected by the Annual General Meeting as shareholder representatives.

Details on the members of the Management Board and the Supervisory Board are provided in the notes to the financial statements of Westwing Group AG in accordance with Sec. 285 HGB.

In fiscal year 2020, the Supervisory Board had one committee: the Audit Committee. Additional committees may be established as required.

The composition of the Company's Supervisory Board and its remuneration is shown in the following table:

Name	Function(s) remunerated	Remuneration (in EUR k)
Christoph Barchewitz	Chairman of the Supervisory Board and member of the Audit Committee	50
Dr. Antonella Mei-Pochtler	Deputy Chairwoman of the Supervisory Board	30
Michael Hoffmann	Member of the Supervisory Board and Chairman of the Audit Committee	45
Thomas Harding	Member of the Supervisory Board and the Audit Committee	35

9.3 Declaration on Corporate Governance

The declaration on corporate governance pursuant to Section 289f of the German Commercial Code (HGB) and Section 315d of the German Commercial Code (HGB) including the declaration of compliance according to Sec. 161 AktG is permanently and publicly available on the Company's website (https://ir.westwing.com/download/companies/westwing/CorporateGovernance/WW_2020_Corporate_Governance_ENG_170321_MQ20210322.pdf and https://ir.westwing.com/websites/westwing/English/5100/declaration-of-conformity.html in the section Investor Relations - Corporate Governance. It is also included in the corporate governance statement in the annual report.

9.4 Take-over law

The Management Board of Westwing Group AG (the "Company") has prepared the following explanatory report on the disclosures pursuant to Sections 289a and 315a of the German Commercial Code (*Handelsgesetzbuch*) in accordance with Section 176 Para. 1 Sentence 1 of the German Stock Corporation Act (*Aktiengesetz*):

COMPOSITION OF SUBSCRIBED CAPITAL (SEC. 289A SENTENCE 1 NO. 1 GERMAN COMMERCIAL CODE)

As of December 31, 2020, the paid-up share capital totalled EUR 20,844,351.00. The share capital is divided into 20,844,351 bearer shares of no-par value, with a pro rata amount of EUR 1.00 per share. The shares are fully paid up. All shares confer the same rights and obligations. Each share entitles the bearer to one vote.

RESTRICTIONS ON VOTING RIGHTS OR TRANSFER OF SHARES (SEC. 289A SENTENCE 1 NO. 2 GERMAN COMMERCIAL CODE)

As of December 31, 2020, the Company owns treasury shares totalling a nominal value of EUR 541,250, which do not entitle the Company to any rights pursuant to Section 71b of the German Stock Corporation Act.

DIRECT OR INDIRECT SHAREHOLDINGS EXCEEDING 10 % OF THE VOTING RIGHTS (SEC. 289A SENTENCE 1 NO. 3 GERMAN COMMERCIAL CODE)

As of December 31, 2020, the following shareholding exceeded the threshold of 10 % of the voting rights in the Company's share capital:

- Zerena GmbH, Grünwald, Germany, to which the voting rights of Rocket Internet SE, Berlin, Germany, are attributed pursuant to Section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*)

SHARES WITH SPECIAL RIGHTS WHICH CONFER CONTROL RIGHTS (SEC. 289A SENTENCE 1 NO. 4 GERMAN COMMERCIAL CODE)

The shareholders of the Company are not entitled to any special rights conferring control rights.

NATURE OF CONTROL OVER VOTING RIGHTS WHEN EMPLOYEES PARTICIPATE IN THE COMPANY'S CAPITAL (SEC. 289A SENTENCE 1 NO. 5 GERMAN COMMERCIAL CODE)

Employees with a participation in the share capital of the Company may exercise their control rights directly themselves.

STATUTORY REGULATIONS AND ARTICLES OF ASSOCIATION PROVISIONS GOVERNING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION (SEC. 289A SENTENCE 1 NO. 6 GERMAN COMMERCIAL CODE)

Statutory regulations (Sections 84 and 85 of the German Stock Corporation Act) apply for the appointment and dismissal of the members of the Management Board of the Company.

The Annual General Meeting has authorized the Supervisory Board of the Company to make amendments to the Articles of Association which affect only the wording (Sec. 179 Para. 1 Sentence 2 German Stock Corporation Act in conjunction with Sec. 11 Para. 4 of the Articles of Association). In particular, the Supervisory Board has been authorized to amend the wording of the Articles of Association accordingly after the exercise of authorized capital or after the expiry of the period for the exercise of authorized capital (Sec. 4 Para. 3 to Para. 8 of the Articles of Association). The same authorization shall apply in the event of the utilization of conditional capital and after the expiry of all option and conversion periods (Section 4 Para. 9 of the Articles of Association). Statutory regulations continue to apply with regard to any amendments of the Articles of Association of the Company (Sections 119 Para. 1 No. 6, 133, 179 Para. 1 and 2 of the German Stock Corporation Act).

POWERS OF THE MANAGEMENT BOARD, IN PARTICULAR WITH RESPECT TO THE ISSUING OR BUYING BACK OF SHARES (SEC. 289A SENTENCE 1 NO. 7 GERMAN COMMERCIAL CODE)

AUTHORIZATION TO ACQUIRE TREASURY SHARES

On September 21, 2018, the Extraordinary General Meeting of the Company has resolved to authorize the Management Board, with the approval of the Supervisory Board, to acquire treasury shares up to a total of 10 % of the Company's share capital at the time of the resolution or - if this amount is lower - at the time of the authorization being exercised until September 20, 2023, in compliance with the Principle of Equal Treatment (Section 53a of the German Stock Corporation Act).

Together with other treasury shares which the Company has already acquired and still holds or which are attributable to the Company pursuant to Sections 71a et seq. of the German Stock Corporation Act, the shares acquired on the basis of this authorization may at no point in time exceed 10 % of the Company's registered share capital. The authorization may be used once or several times, in whole or in part, in pursuit of one or more of the Company's objectives, but also by group companies or by third parties for the account of the Company or the group companies. The authorization may not be used for the purpose of trading treasury shares.

In addition to a sale through the stock exchange or by means of an offer to all shareholders, the treasury shares may also be used in the following manner:

- They may be redeemed and reduce the Company's registered share capital by that part of the registered share capital allotted to the redeemed shares. The Management Board may also redeem the shares in a simplified procedure without reducing the registered capital, so that by the redemption the proportion of the other shares in the registered share capital is increased.

- They can be offered for purchase and transferred to persons employed or who were employed by the Company or one of its affiliates and board members of the Company or its affiliates or their investment vehicles or other holders of acquisition rights especially under options.

- They can be offered for purchase and transferred to holders of virtual option rights to satisfy virtual option rights; in particular to satisfy virtual option rights granted by the Company prior to the conversion of the Company into a stock corporation to managing directors, employees and/or supporters of the Company and/or its direct and/or indirect subsidiaries, if and to the extent the Management Board of the Company decides in its sole discretion to settle claims resulting from virtual option rights by issuing treasury shares.

- They can with the approval of the Supervisory Board be offered in particular in the course of company mergers or the acquisition of companies, parts of companies or holdings, enterprises or interests to third parties in exchange for contributions in kind. The shares described above may also be used for ending or, respectively, for the settlement of valuation proceedings under company law of companies affiliated with the Company.

- They can be used in order to distribute a dividend in kind in the context of which shares of the Company (also in part or subject to election) may be issued against contribution of dividend claims (scrip dividend).

- They can with the approval of the Supervisory Board be sold to third parties for cash if the price at which the shares of the Company are sold is not significantly below the stock exchange price of one share of the Company at the time sale (Sections 71 Para. 1 No. 8 Sentence 5, 186 Para. 3 Sentence 4 German Stock Corporation Act).

- They can be used to serve acquisition obligations or acquisition rights to shares of the Company out of and in connection with convertible bonds, options, profit rights and/or profit bonds (respectively combinations of these instruments) issued by the Company or group companies, with conversion or option rights, respectively conversion or obligation obligations.

No use was made of this authorization in the 2020 fiscal year. For the share buyback program 2019, please refer to the disclosures on Takeover-Relevant Information in the Annual Report 2019.

From January 1, 2020 to December 31, 2020, the Company has sold 202,200 treasury shares to current or former employees or board members. Thus, a total of 202,200 share options were exercised in the 2020 financial year, corresponding to 0.97 % of the registered share capital as of December 31, 2020 and EUR 202,200.00 (amount of share capital attributable to the shares sold). The average exercise price was EUR 0.81. In individual cases, the exercise price was EUR 0.01, EUR 1.23, EUR 1.71, EUR 4.47, EUR 9.17 and EUR 19.30, depending on the individual agreement with the option holder. As a result, the Company has earned EUR 164,521.00 in proceeds which were not used for a specific purpose, but rather served the Company's general business operations.

ACQUISITION OF TREASURY SHARES THROUGH THE USE OF EQUITY CAPITAL DERIVATIVES

The Management Board has been authorized until September 20, 2023, with the approval of the Supervisory Board, to acquire treasury shares up to a total amount of 5 % of the registered share capital at the time of the resolution by the use of derivates (put or call option or a combination thereof). The acquisition of shares is in addition to be credited against the 10 % limitation in the authorizations to acquire treasury shares.

No use was made of this authorization in the 2020 fiscal year.

REDEMPTION OF ACQUIRED TREASURY SHARES AND REDUCTION OF CAPITAL AS WELL AS THE EXCLUSION OF SUBSCRIPTION RIGHTS

The Management Board has been authorized until September 20, 2023, with the approval of the Supervisory Board, to exercise call options for the acquisition of own shares under existing agreements, in particular the so-called Angel Agreements and the Call Option Agreements, which were concluded between the Company or its current or former subsidiaries with current and/or former employees, organ members and/or (former) advisors (service providers) and/or supporters (or their respective investment vehicles) of the Company and/or its subsidiaries, and to acquire own shares up to a total amount of 10 % of the share capital of the Company at the time of the resolution. The treasury shares acquired and owned by the Company are to be credited against this 10 % limitation.

No use was made of this authorization in the 2020 fiscal year.

AUTHORIZED CAPITAL 2018/I

The Management Board is authorized to increase the share capital on one or more occasions by August 6, 2023, with the approval of the Supervisory Board, by a maximum amount of EUR 90,000 by issuing up to a total of 90,000 new no-par value bearer shares in return for cash contributions (Authorized Capital 2018/I) and, with the approval of the Supervisory Board, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. This authorized capital is listed in the commercial register as Authorized Capital 2018/I.

AUTHORIZED CAPITAL 2018/II

The Management Board is authorized to increase the share capital on one or more occasions by August 6, 2023, by a maximum amount of EUR 3,088 by issuing up to a total of 3,088 new no-par value bearer shares in return for cash contributions (Authorized Capital 2018/II) and, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. This authorized capital is listed in the commercial register as Authorized Capital 2018/II.

AUTHORIZED CAPITAL 2018/III

The Management Board is authorized to increase the share capital on one or more occasions by August 6, 2023, with the approval of the Supervisory Board, by a maximum amount of EUR 67,500 by issuing up to a total of 67,500 new no-par value bearer shares in return for cash contributions (Authorized Capital 2018/III) and, with the approval of the Supervisory Board, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. After being partially exercised, the authorized capital remains EUR 57,708. This authorized capital is listed in the commercial register as Authorized Capital 2018/III.

AUTHORIZED CAPITAL 2018/IV

The Management Board is authorized to increase the share capital on one or more occasions by August 6, 2023, with the approval of the Supervisory Board, by a maximum amount of EUR 101,250 by issuing up to a total of 101,250 new no-par value bearer shares in return for cash contributions (Authorized Capital 2018/IV) and, with the approval of the Supervisory Board, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. After being partially exercised, the authorized capital remains EUR 7,500. This authorized capital is listed in the commercial register as Authorized Capital 2018/IV.

AUTHORIZED CAPITAL 2018/V

The Management Board is authorized to increase the share capital on one or more occasions by August 6, 2023, with the approval of the Supervisory Board, by a maximum amount of EUR 4,350,000 by issuing up to a total of 4,350,000 new no-par value bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2018/V) and, with the approval of the Supervisory Board, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. This authorized capital is listed in the commercial register as Authorized Capital 2018/V.

AUTHORIZED CAPITAL 2018/VI

The Management Board was authorized to increase the share capital on one or more occasions by September 20, 2023, with the approval of the Supervisory Board, by a maximum amount of EUR 2,847,853 by issuing up to a total of 2,847,853 new no-par value bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2018/VI) and, with the approval of the Supervisory Board, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. In principle, the shareholders are to be granted a subscription right. The shares may also be subscribed for by one or more credit institution(s) or one or several enterprise(s) operating pursuant to Section 53 Para. 1 Sentence 1 or Section 53b Para. 1 Sentence 1 or Para 7. of the German Banking Act (*Gesetz über das Kreditwesen*) with the obligation to offer the shares to the shareholders of the Company pursuant to Section 186 Para. 5 German Stock Corporation Act (so-called indirect subscription right). This authorized capital is listed in the commercial register as Authorized Capital 2018/VI.

CONDITIONAL CAPITAL 2018/I

The Company's share capital was conditionally increased by up to EUR 5,000,000 by issuing 5,000,000 no-par value bearer shares (Conditional Capital 2018/I).

The Conditional Capital 2018/I serves to grant shares when conversion or option rights are exercised or to fulfil conversion or option obligations to the holders or creditors of convertible bonds, warrant bonds, profit participation rights and/or participation bonds (or combinations of such instruments) (collectively, the "Bonds") issued under the authorization resolution adopted by the General Meeting on September 21, 2018.

The new shares are issued at the conversion or option price to be determined in accordance with the authorization resolution adopted by the General Meeting on September 21, 2018. The conditional capital increase will only be executed to the extent that bearers or creditors of Bonds which are issued or guaranteed by the Company, dependent companies or by companies in which the Company owns a majority interest either directly or indirectly. This may happen on the basis of the authorizing resolution of the General Meeting of September 21, 2018 until September 20, 2023, when bearers or creditors exercise their conversion or option right respectively satisfy the conversion or option obligations under such Bonds, or to the extent the Company grants shares in the Company instead of paying the amount due as well as the extent the conversion or the option rights respectively conversion or option obligations are not served by treasury shares but rather by shares from authorized capital or other consideration.

To date, no use has been made of this authorization to issue Bonds. This conditional capital is listed in the commercial register as Conditional Capital 2018/I.

SIGNIFICANT AGREEMENTS THAT ARE SUBJECT TO THE CONDITION OF A CHANGE OF CONTROL AS A RESULT OF A TAKEOVER BID (SEC. 289A SENTENCE 1 NO. 8 GERMAN COMMERCIAL CODE)

There are no significant agreements in this regard.

COMPENSATION AGREEMENTS WITH MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID (SEC. 289A SENTENCE 1 NO. 9 GERMAN COMMERCIAL CODE)

There are no significant agreements in this regard.

Munich, March 29, 2021

Stefan Smalla
Chief Executive Officer
Westwing Group AG

Sebastian Säuberlich
Chief Financial Officer
Westwing Group AG