WESTWING

HALF-YEAR REPORT

2020

WESTWING AT A GLANCE

Q2 2020 HIGHLIGHTS

- Revenue at EUR 111.1m in the second quarter of 2020 with 91.3 % growth year-over-year and GMV growth of 97.3 % year-over-year
- Strong profitability with an Adjusted EBITDA margin of 13.2 % (Q2 2019: – 8.5 %), up 21.7 percentage points
- Contribution margin at 28.7 % (+10.2 percentage points year-over-year) driven by initiatives started in 2019 and scale
- Free Cash Flow at EUR 22.7m, an improvement of EUR 31.6m compared to the second quarter of 2019

KEY FIGURES (UNAUDITED)

	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Results of operations						
Revenue (in EUR m)	178.6	119.5	49.5 %	111.1	58.1	91.3 %
Adjusted EBITDA (in EUR m)	13.5	– 8.8	22.3	14.7	– 4.9	19.6
Adjusted EBITDA margin (in % of revenue)	7.6 %	– 7.3 %	14.9pp	13.2 %	– 8.5 %	21.7pp
Financial position						
Free cash flow (in EUR m)	16.3	– 25.1	41.4	22.7	– 8.9	31.6
Cash and cash equivalents (in EUR m, as of reporting date)	86.2	92.4	– 6.3	86.2	92.4	– 6.3
Other performance indicators						
Private Label share (in %)	23 %	21 %	2pp	22 %	22 %	0pp
GMV (in EUR m)	214	141	51.6 %	128	65	97.3 %
Number of orders (in k)	1,727	1,083	59.4 %	1,051	492	113.5 %
Average basket size (in EUR)	124	130	– 4.9 %	122	132	– 7.4 %
Active customers (in k)	1,178	909	29.6 %			
Average orders per active customer in the preceding 12 months	2.6	2.6	1.9 %			
Average GMV per active customer in the preceding 12 months (in EUR)	325	322	0.9 %			
Mobile visit share (in %)	78 %	75 %	3pp	79 %	76 %	3pp
Other						
Full-time equivalent employees (as of reporting date)	1,382	1,143	20.9 %			

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REPORT ON ECONOMIC POSITION

1.1 FINANCIAL PERFORMANCE OF THE GROUP [1]

The condensed income statement for the second quarter of 2020 shows revenue of EUR 111.1m with a very strong growth of 91.3 % compared to the same quarter of the previous year (Q2 2019: EUR 58.1m). GMV grew at +97.3 % year-over-year. This strong development was driven by an increased demand from existing customers as well as acceleration of new customer acquisition, both across the Company's whole country portfolio, caused by an accelerated shift towards online channels. We assume this acceleration to be caused by the COVID-19 situation, which is leading people to be more at home and to use eCommerce more. Consequently, the number of orders increased by 113.5 % to 1,051k compared to the same period of the previous year (Q2 2019: 492k) while the average basket size decreased by 7.4 % to EUR 122 (Q2 2019: EUR 132). The number of active customers who made at least one order in the last twelve months was up by 29.6 % to 1.2m (Q2 2019: 0.9m). Customer loyalty remained very strong with 80 % of orders coming from repeat customers.

Both segments had a strong revenue growth. DACH segment grew by 87.3 % and the International segment by 96.2 % compared to the second quarter of 2019.

As a result of higher revenue, operational leverage and increased margins in the second quarter of 2020, our Adjusted EBITDA margin improved significantly by 21.7 percentage points to 13.2 % compared to the same period of the previous year (Q2 2019: – 8.5 %).

During the second quarter of 2020 most of our employees in administrative functions worked from home and all warehouse workers and photo studio employees followed strict health procedures due to COVID-19. During this time, we managed to run our business and operations smoothly, despite some disruptions in the supply chain especially from China and India. We continue to constantly monitor the situation in order to react fast to challenges caused by COVID-19. At the time this report was prepared, most of our employees outside our warehouse and photo studio operations still work from home.

With respect to business, we quickly adapted our offering to the special situation and were able to attract more new customers and increase orders from existing customers in the second quarter of 2020.

Overall, we continue to see strong results and we continue to focus on profitable growth going forward.

1 Figures in this section are presented on an adjusted basis, i.e. excluding (i) share-based compensation (in Fulfilment expenses, Marketing expenses as well as in General and administrative expenses) and (ii) expenses for the restructuring of the French business). We calculate "Adjusted EBITDA" by adjusting EBITDA for these items.

CONDENSED FIRST HALF 2020 CONSOLIDATED INCOME STATEMENT ON ADJUSTED BASIS[2] (UNAUDITED)

EUR m	H1 2020	In % of revenue	H1 2019	In % of revenue
Revenue	**178.6**	**100.0%**	**119.5**	**100.0%**
Cost of sales	–93.1	–52.1%	–68.3	–57.1%
Gross profit	**85.5**	**47.9%**	**51.2**	**42.9%**
Fulfilment expenses	–37.3	–20.9%	–29.1	–24.3%
Contribution profit	**48.2**	**27.0%**	**22.1**	**18.5%**
Marketing expenses	–12.4	–6.9%	–9.3	–7.8%
General and administrative expenses	–27.1	–15.2%	–25.5	–21.4%
Other operating expenses	–1.3	–0.7%	–0.7	–0.6%
Other operating income	1.0	0.6%	0.6	0.5%
Depreciation, amortization and impairments	5.0	2.8%	4.0	3.4%
Adjusted EBITDA	**13.5**	**7.6%**	**–8.8**	**–7.3%**

CONDENSED SECOND QUARTER 2020 CONSOLIDATED INCOME STATEMENT ON ADJUSTED BASIS[2] (UNAUDITED)

EUR m	Q2 2020	In % of revenue	Q2 2019	In % of revenue
Revenue	**111.1**	**100.0%**	**58.1**	**100.0%**
Cost of sales	–57.1	–51.4%	–32.9	–56.6%
Gross profit	**54.0**	**48.6%**	**25.2**	**43.4%**
Fulfilment expenses	–22.1	–19.9%	–14.5	–24.9%
Contribution profit	**31.8**	**28.7%**	**10.7**	**18.5%**
Marketing expenses	–5.9	–5.4%	–4.8	–8.4%
General and administrative expenses	–13.7	–12.3%	–12.8	–22.1%
Other operating expenses	–0.6	–0.6%	–0.3	–0.5%
Other operating income	0.5	0.5%	0.2	0.4%
Depreciation, amortization and impairments	2.6	2.3%	2.1	3.6%
Adjusted EBITDA	**14.7**	**13.2%**	**–4.9**	**–8.5%**

Revenue

Our revenue increased strongly by 91.3 % to EUR 111.1m in second quarter of 2020 compared to EUR 58.1m in the previous-year period, due to the multiple effects described above.

In the first half of 2020, revenue amounted to EUR 178.6m, an increase by EUR 59.2m or 49.5 % compared to the same period of the previous year (Q2 2019: EUR 119.5m).

2 Figures are presented on an adjusted basis, i.e. excluding (i) share-based compensation (in Fulfilment expenses, Marketing expenses as well as in General and administrative expenses) and (ii) expenses for the restructuring of the French business). We calculate “Adjusted EBITDA” by adjusting EBITDA for these items.

Contribution Margin

Our gross margin increased strongly from 43.4 % in the second quarter of the previous year to an all-time high of 48.6 % in the second quarter of 2020. The increase was mostly influenced by significantly improved margin discipline in our retail business.

Our fulfilment cost ratio decreased substantially from 24.9 % in the second quarter of the previous year to 19.9 % in the second quarter of 2020. The improvement was driven by three facts: First, the second quarter 2019 was negatively affected by a big warehouse move that was finished in the third quarter of 2019 and caused additional costs in the first half of the year 2019. Second, we have improved several processes driven by corresponding projects initiated in 2019. Third, the higher top line led to fixed cost leverage within our fulfilment costs.

As a result, our contribution margin grew strongly from 18.5 % in the previous-year period to 28.7 % in the second quarter of 2020. For the first six months of 2020, the contribution margin was 27.0 %, while it amounted to 18.5 % in the first half of 2019.

Compared to the second quarter of 2019 our Private Label share remained unchanged at 22 %. This was caused by a lower availability of our Own and Private label products that was caused by both a demand acceleration and a temporally disruption in supply from China and India due to lockdowns.

Marketing Expenses

Marketing expenses were up to EUR 5.9m (5.4 % of revenue) in the second quarter of 2020 compared to EUR 4.8m or 8.4 % of revenue in the previous-year period. In the beginning of the second quarter of 2020 we reduced some marketing expenses due to economic uncertainty to preserve cash. Towards the end of the second quarter, we have started to increase our marketing investments again to leverage the current market momentum.

In the first half of 2020 marketing expenses amounted to EUR 12.4m or 6.9 % of revenue, while they were at EUR 9.3m or 7.8 % of revenue in the same period 2019.

General and Administrative Expenses

In percent of revenue, general and administrative expenses significantly decreased by 9.7 percentage points to 12.3 % compared to the same period of the previous year (Q2 2019: 22.1 % of revenue). This development is primarily driven by high operating leverage in the current period. In absolute terms, general and administrative expenses increased by EUR 0.9m to EUR 13.7m in the second quarter of 2020 (Q2 2019: EUR 12.8m). Westwing will continue to invest into technology to keep apps and website attractive for our customers and strengthen Private Label teams to cover more product categories with higher-margin own products.

In the first half of 2020 general and administration expenses were EUR 27.1m (H1 2019: EUR 25.5m), corresponding to 15.2 % of revenue (H1 2019: 21.4 %).

Adjusted EBITDA

The Group's Adjusted EBITDA improved significantly by EUR 19.6m to EUR 14.7m in the second quarter of 2020 (Q2 2019: EUR – 4.9m). Our Adjusted EBITDA margin increased by 21.7 percentage points accordingly, from – 8.5 % in the second quarter of 2019 to 13.2 % in the same period of 2020.

In the second quarter of 2020 a positive effect of EUR 0.1m was recognized due to the partial release of the restructuring provision for the centralization of the French business which was done in 2019. Due to their non-recurring nature, related expenses and income are excluded from our Adjusted EBITDA.

Adjusted EBITDA for the first six months of the year increased to EUR 13.5m (H1 2019: EUR – 8.8m) which corresponds to an Adjusted EBITDA margin of 7.6 % (H1 2019: – 7.3 %).

1.2 SEGMENT INFORMATION

The Group's segments are DACH (Germany, Austria and Switzerland) and International (other European markets). The condensed segment results for the second quarter of 2020 show significant growth in revenue in both segments of Westwing. Both segments also had a positive Adjusted EBITDA in the second quarter of 2020.

CONSOLIDATED SEGMENT RESULTS (UNAUDITED)

EUR m	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Revenue						
DACH	97.4	65.4	49.0 %	59.8	31.9	87.3 %
International	81.3	54.1	50.2 %	51.3	26.2	96.2 %
Adjusted EBITDA						
DACH	12.1	– 2.8	14.9	11.2	– 1.9	13.1
International	1.7	– 5.8	7.6	3.8	– 2.9	6.7
Headquarter/reconciliation	– 0.3	– 0.2	– 0.2	– 0.2	– 0.1	– 0.1
Adjusted EBITDA margin						
DACH	12.4 %	– 4.3 %	16.7pp	18.7 %	– 6.0 %	24.6pp
International	2.1 %	– 10.8 %	12.9pp	7.3 %	– 11.2 %	18.6pp

Segment Revenue
Our DACH segment continued to show strong revenue growth of 87.3 % year-over-year in the second quarter of 2020. Our International segment showed even higher growth of 96.2 % year-over-year with continuing improvements in this segment.

Segment Adjusted EBITDA
The Adjusted EBITDA margin in the DACH segment increased by 24.6 percentage points to 18.7 % (Q2 2019: – 6.0 %). In the International segment our Adjusted EBITDA margin went up to 7.3 % which is 18.6 percentage points higher compared to the same period of the previous year (Q2 2019: – 11.2 %).

1.3 FINANCIAL POSITION

CASH FLOWS (UNAUDITED)

EUR m	H1 2020	H1 2019	Change	Q2 2020	Q2 2019	Change
Cash flows from operating activities	20.0	– 20.2	40.2	24.5	– 7.1	31.6
Cash flows used in investing activities	– 3.7	– 4.9	1.2	– 1.8	– 1.8	– 0.1
Cash flows from financing activities	– 3.2	– 5.2	2.1	– 1.6	– 4.0	2.3
Net increase/decrease in cash and cash equivalents	**13.2**	**– 30.3**	**43.5**	**21.0**	**– 12.8**	**33.9**
Effect of exchange rate fluctuations on cash held	– 0.2	– 0.2	0.1	– 0.1	– 0.1	0.1
Cash and cash equivalents as of January 1/April 1	73.2	123.0	– 49.8	65.2	105.4	– 40.2
Cash and cash equivalents as of June 30	**86.2**	**92.4**	**– 6.3**	**86.2**	**92.4**	**– 6.3**
Free cash flow	16.3	– 25.1	41.4	22.7	– 8.9	31.6

Cash flows from operating activities amounted to EUR 20.0m in the first six months of 2020 compared to EUR – 20.2m for the same period in 2019. This development was mainly driven by our improved operating result and changes in net working capital.

Cash flows used in investing activities decreased from EUR – 4.9m in the first half of 2019 to EUR – 3.7m for the same period in 2020. The development was mainly driven by a lower capitalization ratio of internally developed software as well as lower investments into property, plant and equipment.

Cash flows from financing activities decreased by EUR 2.1m to EUR – 3.2m. The reduction in cash outflow resulted from lower interest paid due to the repayment of all outstanding loans in the second half of 2019, among others.

Our cash balance was very strong and increased by EUR 13.0m to EUR 86.2m in the first half of 2020 (December 31, 2019: EUR 73.2m). We continued to be very cash-efficient by maintaining slightly negative working capital and a low capex ratio (capex ratio of 2 % for the first half of 2020).

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	June 30, 2020		December 31, 2019	
	EUR m	In % of Total	EUR m	In % of Total
Total assets	**189.4**	**100.0 %**	**165.4**	**100.0 %**
Non-current assets	53.2	28.1 %	51.5	31.1 %
Current assets	136.3	71.9 %	113.9	68.9 %
Total liabilities + equity	**189.4**	**100.0 %**	**165.4**	**100.0 %**
Equity	80.2	42.3 %	74.4	45.0 %
Non-current liabilities	27.4	14.5 %	26.7	16.1 %
Current liabilities	81.9	43.2 %	64.4	38.9 %

On June 30, 2020, total assets amounted to EUR 189.4m (December 31, 2019: EUR 165.4m).

The slight increase of non-current assets by EUR 1.6m to EUR 53.2m is primarily due to a higher amount of self-developed intangible assets which were up by EUR 1.4m. Current assets increased by EUR 22.4m to EUR 136.3m. This development was mainly caused by EUR 13.0m higher cash and cash equivalents which amounted to EUR 86.2m (December 31, 2019: EUR 73.2m). Furthermore, inventories and prepayments on inventories were up by EUR 3.1m and EUR 3.5m accordingly.

Equity increased from EUR 74.4m as of December 31, 2019, to EUR 80.2m as of June 30, 2020, mostly due to the profit of the period and an increase of the share-based compensation reserve.

Non-current liabilities were almost flat with a slight change by EUR 0.7m to EUR 27.4m (December 31, 2019: EUR 26.7m).

Current liabilities were up by EUR 17.5m to EUR 81.9m, primarily resulting from an increase in trade payables and accruals by EUR 8.7m, contract liabilities by EUR 7.5m as well as lease liabilities by EUR 0.7m and other non-financial liabilities by EUR 0.6m.

1.4 OUTLOOK

Westwing had a very successful first half of 2020 with very strong revenue growth and high profitability levels. As highlighted in our ad hoc release on July 16, 2020, we updated our guidance for the fiscal year 2020 accordingly: Westwing now expects 25 – 35 % revenue growth compared to the full year 2019 (previously: 5 – 10 %) and an Adjusted EBITDA margin of 3 – 5 % (previously: moderately better than fiscal year 2019 where Adjusted EBITDA margin was at – 3.8 %) for the full year 2020.

1.5 EVENTS AFTER THE BALANCE-SHEET DATE

There were no significant events after the balance-sheet date that would have a material impact on Westwing's results of operations, net assets or financial position.

Munich, August 13, 2020

Stefan Smalla Chief Executive Officer	Sebastian Säuberlich Chief Financial Officer

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CONSOLIDATED FINANCIAL STATEMENTS AND SELECTED NOTES

for the Period Ended June 30, 2020 (Unaudited)

2.1 CONSOLIDATED INCOME STATEMENT

EUR m	**H1 2020**	H1 2019[1]	**Q2 2020**	Q2 2019[1]
Revenue	178.6	119.5	111.1	58.1
Cost of sales	– 93.1	– 68.3	– 57.1	– 32.9
Gross profit	**85.5**	**51.2**	**54.0**	**25.2**
Fulfilment expenses	– 37.2	– 29.9	– 22.1	– 15.2
Marketing expenses	– 12.4	– 9.4	– 6.0	– 4.9
General and administrative expenses[1]	– 31.0	– 33.5	– 16.0	– 17.4
Other operating expenses	– 1.3	– 0.7	– 0.6	– 0.3
Other operating income	1.0	0.6	0.5	0.2
Operating result[1]	**4.7**	**– 21.7**	**9.8**	**– 12.4**
Finance costs	– 0.7	– 1.5	– 0.4	– 0.8
Finance income	0.0	0.7	0.0	0.2
Other financial result	– 0.2	– 0.2	– 0.0	– 0.1
Financial result	**– 0.9**	**– 1.1**	**– 0.4**	**– 0.7**
Result before income tax[1]	**3.8**	**– 22.8**	**9.4**	**– 13.1**
Income tax expense	– 1.2	0.0	– 1.1	0.0
Result for the period[1]	**2.5**	**– 22.8**	**8.3**	**– 13.1**
Result attributable to:				
Owners of the Company[1]	2.5	– 22.8	8.3	– 13.1
Non-controlling interests	– 0.0	– 0.0	– 0.0	– 0.0
Average number of shares in circulation; undiluted (= diluted)	19,999,522	20,732,288	20,001,686	20,740,146
Earnings per share (in EUR) attributable to the owners of the Company; undiluted (= diluted)[1]	0.13	– 1.10	0.41	– 0.63

1 Previous-year figures restated according to IAS 8 (see note 2.7.3 for details)

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30, 2020 AND 2019

EUR m	H1 2020	H1 2019[1]
Result for the period[1]	**2.5**	**– 22.8**
Other comprehensive income:		
Items that subsequently will be reclassified to the income statement:		
Exchange translation differences of foreign operations	0.1	0.0
Other comprehensive income for the period, net of tax	**0.1**	**0.0**
Attributable to:		
Owners of the Company	0.1	0.0
Non-controlling interests	–	–
Total comprehensive result for the period[1]	**2.6**	**– 22.8**
Attributable to:		
Owners of the Company	2.6	– 22.8
Non-controlling interests	– 0.0	– 0.0
Total comprehensive result for the period[1]	**2.6**	**– 22.8**

1 Previous-year figures restated according to IAS 8 (see note 2.7.3 for details)

2.3 RECONCILIATION OF ADJUSTED EBITDA

EUR m	H1 2020	H1 2019[1]	Q2 2020	Q2 2019[1]
Operating Result[1]	**4.7**	**– 21.7**	**9.8**	**– 12.4**
Adjustments				
Share-based compensation expenses[1]	4.2	6.6	2.5	3.1
Expenses for the restructuring of the French business	– 0.3	2.3	– 0.1	2.3
Depreciation, amortization, and impairments	5.0	4.0	2.6	2.1
Adjusted EBITDA	**13.5**	**– 8.8**	**14.7**	**– 4.9**

1 Previous-year figures restated according to IAS 8 (see note 2.7.3 for details)

2.4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR m	June 30, 2020	December 31, 2019[1]
Assets		
Non-current assets		
Property, plant and equipment	35.7	35.4
Intangible assets	13.2	11.9
Trade and other receivables	4.2	4.2
Total non-current assets	**53.2**	**51.5**
Current assets		
Inventories	26.5	23.4
Prepayments on inventories	5.9	2.4
Trade and other receivables	11.8	9.4
Other assets	5.9	5.5
Cash and cash equivalents	86.2	73.2
Total current assets	**136.3**	**113.9**
Total assets	**189.4**	**165.4**
Equity and liabilities		
Equity		
Share capital	20.7	20.7
Capital reserves	351.3	351.1
Treasury shares	– 2.5	– 2.6
Other reserves[1]	53.1	50.0
Retained earnings[1]	– 339.9	– 342.5
Other comprehensive income (OCI) reserve	0.4	0.3
Equity attributable to the owners of the Company	**83.0**	**77.2**
Non-controlling interests	– 2.8	– 2.8
Total equity	**80.2**	**74.4**
Non-current liabilities		
Lease liabilities	25.2	25.6
Other non-financial liabilities	1.1	0.2
Provisions	1.1	1.0
Total non-current liabilities	**27.4**	**26.7**
Current liabilities		
Lease liabilities	5.8	5.1
Trade payables and accruals	38.4	29.7
Contract liabilities	16.4	8.9
Refund liabilities	7.3	7.0
Other financial liabilities	0.0	0.0
Other non-financial liabilities	12.6	12.0
Provisions	1.4	1.7
Total current liabilities	**81.9**	**64.4**
Total liabilities	**109.2**	**91.1**
Total equity and liabilities	**189.4**	**165.4**

1 Previous-year figures restated according to IAS 8 (see note 2.7.3 for details)

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

EUR m	H1 2020	H1 2019[1]	Q2 2020	Q2 2019[1]
Result before income tax[1]	3.8	– 22.8	9.4	– 13.1
Adjustments				
Depreciation and impairment of property, plant and equipment	3.5	3.0	1.8	1.6
Amortization and impairment of intangible assets	1.4	1.0	0.7	0.5
Loss on disposal of property, plant and equipment	– 0.0	0.0	0.0	0.0
Share-based compensation expenses[1]	4.2	6.6	2.5	3.1
Fair value loss on financial liabilities	0.0	– 0.7	0.0	– 0.2
Finance income	– 0.0	– 0.0	– 0.0	– 0.0
Finance costs	0.7	1.5	0.3	0.8
Foreign currency effects	0.2	0.2	0.0	0.1
Other non-cash related adjustments	– 0.1	1.0	– 0.2	0.5
Changes in provisions	– 0.5	– 0.3	2.6	3.0
Cash effective operating profit/(loss) before changes in working capital	13.2	– 10.4	17.2	– 3.7
Adjustments for changes in working capital:				
Changes in trade and other receivables and prepayments	– 3.3	3.1	– 2.1	3.2
Changes in inventories	– 6.4	– 4.7	– 1.7	– 0.8
Changes in trade and other payables	16.6	– 8.2	11.2	– 5.8
Cash used in operations	**20.2**	**– 20.3**	**24.6**	**– 7.1**
Tax paid	– 0.2	0.1	– 0.0	0.0
Net cash flows from operating activities	**20.0**	**– 20.2**	**24.5**	**– 7.1**
Investing activities:				
Proceeds from sale of property, plant and equipment	0.0	0.0	– 0.0	0.0
Purchase of property, plant and equipment	– 0.9	– 1.4	– 0.5	– 0.8
Purchase of intangible assets	– 2.8	– 3.9	– 1.3	– 1.9
Disposal of subsidiaries	–	1.6	–	1.6
Security deposits received/(paid)	0.0	– 1.2	0.0	– 0.7
Net cash flows used in investing activities	**– 3.7**	**– 4.9**	**– 1.8**	**– 1.8**
Financing activities:				
Interest and other finance charges paid	– 0.7	– 1.7	– 0.3	– 1.4
Payments of lease liabilities	– 2.5	– 2.2	– 1.3	– 1.2
Purchase of equity instruments	–	– 1.0	–	– 1.0
Purchase of minorities	–	– 0.3	–	– 0.3
Sale of equity instruments	0.0	–	0.0	–
Net cash flows from financing activities	**– 3.2**	**– 5.2**	**– 1.6**	**– 4.0**
Net change in cash and cash equivalents	**13.2**	**– 30.3**	**21.0**	**– 12.8**
Effect of exchange rate fluctuations on cash held	– 0.2	– 0.2	– 0.1	– 0.1
Cash and cash equivalents as of January 1/April 1	73.2	123.0	65.2	105.4
Cash and cash equivalents as of June 30	**86.2**	**92.4**	**86.2**	**92.4**

1 Previous-year figures restated according to IAS 8 (see note 2.7.3 for details)

2.6 STATEMENT OF CHANGES OF EQUITY

EUR m	Attributable to the owners of the Company								
	Share capital	Share premium	Treasury shares	Other reserves[1]	Retained earnings[1]	Other comprehensive income (OCI) reserve	Total	Non-controlling interests	Total equity
As of January 1, 2019[1]	**20.7**	**349.1**	**– 0.8**	**42.8**	**– 304.5**	**0.3**	**107.6**	**– 2.7**	**104.9**
Result for the period	–	–	–	–	– 22.8	–	– 22.8	– 0.0	– 22.8
Other comprehensive income	–	–	–	–	–	0.0	0.0	–	– 0.0
Total comprehensive income	**–**	**–**	**–**	**–**	**– 22.8**	**0.0**	**– 22.8**	**– 0.0**	**– 22.8**
Share-based compensation expenses[1]	–	0.7	0.8	4.2	–	–	5.7	–	5.7
As of June 30, 2019[1]	**20.7**	**349.8**	**– 0.0**	**47.0**	**– 327.3**	**0.3**	**90.5**	**– 2.7**	**87.8**
As of January 1, 2020[1]	**20.7**	**351.1**	**– 2.6**	**50.0**	**– 342.5**	**0.3**	**77.2**	**– 2.8**	**74.4**
Result for the period	–	–	–	–	2.5	–	2.5	– 0.0	2.5
Other comprehensive income	–	–	–	0.0	–	0.1	0.1	–	0.1
Total comprehensive income	**–**	**–**	**–**	**0.0**	**2.5**	**0.1**	**2.6**	**– 0.0**	**2.6**
Share-based compensation expenses	–	0.1	0.0	3.1	0.0	–	3.2	–	3.2
As of June 30, 2020	**20.7**	**351.3**	**– 2.5**	**53.1**	**– 339.9**	**0.4**	**83.0**	**– 2.8**	**80.2**

1 Previous-year figures restated according to IAS 8 (see note 2.7.3 for details)

2.7 SELECTED EXPLANATORY NOTES

2.7.1 Information on the Company and the Group

The Westwing Group AG (referred to as the "Company" or "Westwing") and its subsidiaries (together referred to as the "Group") are one of the leading eCommerce companies in the European home & living sector.

The Company was incorporated in 2011 and is registered at Berlin District Court, Germany, under the number HRB 199007 B. The Company is headquartered in Moosacher Str. 88, 80809 Munich, Germany. As of 30 June 2020, the Group operated in 11 countries (Germany, Austria, Switzerland, Italy, Spain, the Netherlands, France, Poland, Belgium, Czech Republic and Slovak Republic) and consisted of 26 legal companies, all of which are consolidated in this half-year report.

2.7.2 Principles for preparation of the financial statements

These condensed consolidated interim financial statements for the period from January 1, 2020 to June 30, 2020 were prepared in accordance with IAS 34, Interim Financial Reporting and using the IFRS as adopted by the EU and are unaudited. Accordingly, these condensed consolidated interim financial statements do not include all of the information and notes which are necessary for consolidated financial statements in accordance with IFRS and should be read in conjunction with the Group's consolidated financial statements as of and for the year ended December 31, 2019.

In the course of preparing the condensed consolidated interim financial statements for interim reporting purposes in accordance with IAS 34, the management is required to make assessments, estimates and assumptions which affect the application of accounting principles in the Group and the recognition of assets, liabilities, income and expenses. Actual amounts may deviate from these estimates. The situation during the COVID-19 pandemic, despite the tragic circumstances for health and society, has so far had on a net basis more positive than negative effects on Westwing's business and as such does not trigger any Going Concern risk for the time being.

The accounting policies and recognition and measurement methods applied in the consolidated financial statements as of December 31, 2019 have been applied without change.

The consolidated interim financial statements have been prepared in millions of euros (EUR m). The values in the consolidated interim financial statement have been rounded according to commercial principles. Therefore, the sum of a table may not exactly be the same as the addition of the individual numbers and differences may arise when individual amounts or percentages are added up.

2.7.3 Adjustments of previous-year errors according to IAS 8

In the second quarter of 2020 it became apparent that the effect from equity-settled options which forfeited due to employees having left Westwing in 2018 and 2019 were not properly accounted for. The reversal of share-based compensation expenses resulting from the forfeiture was not properly recognized in the published consolidated financial statements for the years ended December 31, 2018 and December 31, 2019 as well as in the interim financial statements as of June 30, 2019. In 2018, the mistakes were related to the sale of the entities in Russia and Brazil and in 2019, it was related to the termination of two managers.

As a result, the opening balance of related accounts and comparable figures of the years 2019 and 2018, as disclosed in the financial statements for these years, had to be adjusted by reversing expense for equity-settled options. Major KPIs of the Company, such as revenue and Adjusted EBITDA, were not affected.

The correction of comparative amounts needs to be adjusted in the first set of financial statements published after the detection of the errors (IAS 8.42). As a result, Westwing adjusted the opening balance in the statement of changes of equity as of January 1, 2019 and 2020, as well as other previous-year figures included in the consolidated statement of changes in equity, consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows in this half-year year report for the period ended June 30, 2020.

In accordance with IAS 8.42, the identified instances were reported and adjusted retrospectively in these financial statements but not in any published consolidated financial statements for 2019 and 2018. Changes in equity and share-based compensation expenses within administrative expenses are as follows:

IAS 8 IMPACT ON EQUITY AND INCOME STATEMENT POSITIONS PREVIOUS YEARS

EUR m	January 1, 2019	June 30, 2019	January 1, 2020
Statement of changes in equity			
Other reserves (IFRS 2)	– 0.7	– 0.9	– 1.8
Retained earnings	0.7	0.9	1.8
Income statement	**FY 2018**	**H1 2019**	**FY 2019**
General and administrative expenses	– 0.7	– 0.1	– 1.0
Result for the period	0.7	0.1	1.0
Earnings per share	0.05	0.01	0.05
Statement of cash flows	**FY 2018**	**H1 2019**	**FY 2019**
Result before income tax	0.7	0.1	1.0
Share-based compensation expenses	– 0.7	– 0.1	– 1.0

2.7.4 Segment data

The operating segment information for the reporting period which ended June 30, 2020 (all amounts are in EUR m unless stated otherwise):

H1 2020	DACH	International	HQ/ Reconciliation	Group
Result before Income Tax	**6.5**	**0.6**	**– 3.3**	**3.8**
Finance costs	0.5	0.2	–	0.7
Finance income	– 0.0	–	–	– 0.0
Other financial result	0.0	0.2	–	0.2
Operating Result	**7.1**	**0.9**	**– 3.3**	**4.7**
Depreciation and amortization	0.8	1.1	3.0	5.0
Share-based compensation expenses	4.2	–	–	4.2
Costs for the restructuring of the French business	–	– 0.3	–	– 0.3
Adjusted EBITDA	**12.1**	**1.7**	**– 0.3**	**13.5**
Adjusted EBITDA margin	12.4 %	2.1 %	0.0 %	7.6 %
Revenue	97.4	81.3	–	178.6
Cash and cash equivalents	14.4	8.2	50.6	73.2

The operating segment information for the reporting period which ended June 30, 2019 (all amounts are in EUR m unless stated otherwise):

H1 2019	DACH	International	HQ/ Reconciliation	Group
Result Before Income Tax[1]	**– 10.9**	**– 9.5**	**– 2.4**	**– 22.8**
Finance costs	1.4	0.2	–	1.5
Finance income	– 0.7	– 0.0	–	– 0.7
Other financial result	0.1	0.1	–	0.2
Operating Result[1]	**– 10.1**	**– 9.2**	**– 2.4**	**– 21.7**
Depreciation and amortization	0.7	1.1	2.2	4.0
Share-based compensation expenses[1]	6.6	–	–	6.6
Expenses for the restructuring of the French business	–	2.3	0.0	2.3
Adjusted EBITDA	**– 2.8**	**– 5.8**	**– 0.2**	**– 8.8**
Adjusted EBITDA margin	– 4.3 %	– 10.8 %	–	– 7.3 %
Revenue	65.4	54.1	–	119.5
Cash and cash equivalents	3.6	4.1	84.8	92.4

1 Previous-year figures restated according to IAS 8 (see note 2.7.3 for details)

Group entities with their registered office in Germany attained revenue to the amount of EUR 115.2m (H1 2019: EUR 74.1m) and reported long-term assets (not including financial instruments) on the balance sheet amounting to EUR 40.1m (June 30, 2019: EUR 41.6m).

2.7.5 Analysis of revenue

Revenue from contracts with customers for the first six month of 2020 comprised of the following:

EUR m	H1 2020	H1 2019
Revenue from the sale of products	176.7	118.0
Other revenue	1.9	1.5
Total	**178.6**	**119.5**

2.7.6 Balances and Transaction with Related Partiess

Please refer to the consolidated financial statements as of December 31, 2019 for related party disclosures.

2.7.7 Corporate Governance

The declaration of compliance with the recommendations of the German Corporate Governance Code issued by the Supervisory Board and the Management Board for Westwing Group AG for fiscal year 2019 in accordance with Section 161 AktG ("Aktiengesetz": German Stock Corporation Act) was published in March 2020. It is permanently available in the Investor Relations section on Westwing Group AG's website at https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Corporate_Governance_Report_16032020.pdf.

2.7.8 Events after the Balance Sheet Date

There were no significant events after the balance sheet date that would have a material effect on the Westwing Group's business development.

Munich, August 13, 2020

Stefan Smalla
Chief Executive Officer

Sebastian Säuberlich
Chief Financial Officer

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RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

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

Munich, August 13, 2020

Stefan Smalla Chief Executive Officer	Sebastian Säuberlich Chief Financial Officer

FINANCIAL CALENDAR

Publication of third quarter results 2020
November 10, 2020

IMPRINT

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