WESTWING

HALF-YEAR REPORT

2023

WESTWING AT A GLANCE

Q2 2023 HIGHLIGHTS

- Westwing reported the third profitable quarter in a row: Adjusted EBITDA at EUR 4.4m and 4.4% Adjusted EBITDA margin in the second quarter 2023 (up EUR 6.8m versus the previous year)
- Continuing improvement of gross and contribution margin at 50.5% and 28.8% respectively
- GMV remained on the same level year-over-year despite a very challenging market environment
- Adjusted EBITDA Margin at 4.4%, an increase by 6.6 percentage points year-over-year
- Free cash flow improved by EUR 13.0m compared to the previous year. Strong cash level at EUR 76.3m
- Westwing Collection share increased year-over-year by 8 percentage points to 46%
- Average basket size was up by 12% year-over-year to EUR 178

KEY FIGURES (UNAUDITED)

	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Results of operations						
Revenue (in EURm)	204.7	214.1	–4.4%	101.8	103.0	–1.2%
Adjusted EBITDA (in EURm)	9.5	–4.0	13.5	4.4	–2.3	6.8
Adjusted EBITDA margin (in % of revenue)	4.6%	–1.9%	6.5pp	4.4%	–2.3%	6.6pp
Financial position						
Free cash flow (in EURm)	10.1	–29.8	39.9	0.2	–12.8	13.0
Cash and cash equivalents (in EURm, as of reporting date)	76.3	63.8	12.6			
Other performance indicators						
Westwing Collection share (in % of GMV)	46%	38%	8pp	46%	38%	8pp
GMV (in EURm)	227	237	–4%	109	109	0%
Number of orders (in k)	1,308	1,557	–16%	614	685	–10%
Average basket size (in EUR)	173	152	14%	178	159	12%
Active customers (in k)	1,252	1,486	–16%			
Average orders per active customer in the preceding 12 months	2.3	2.4	–6%			
Average GMV per active customer in the preceding 12 months (in EUR)	376	349	8%			
Mobile visit share (in %)	79%	80%	–1pp	78%	80%	–2pp
Other						
Full-time equivalent employees (as of reporting date)	1,570	2,215	–29.1%			

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REPORT ON ECONOMIC POSITION

1.1 FINANCIAL PERFORMANCE OF THE GROUP [1]

The condensed statement of profit or loss for the second quarter of 2023 shows revenue of EUR 101.8m with almost stable revenue development of –1.2% compared to the corresponding quarter of the previous year (Q2 2022: EUR 103.0m). GMV was on the same level compared to the second quarter of the last year. While the number of orders decreased by 10% to 0.6m (Q2 2022: 0.7m), the average basket size increased strongly by 12% to EUR 178 (Q2 2022: EUR 159). The number of active customers who made at least one order in the last twelve months declined by 16% to 1.3m (Q2 2022: 1.5m). Compared to the first quarter of 2023, it remained nearly stable with a reduction by 1% only.

Our DACH segment showed a revenue reduction by 5.5% in the second quarter of 2023. At the same time the International segment was up by 4.4% in the same period of 2023.

Westwing delivered a good top line result despite a very challenging market environment with only a slight revenue reduction by 1.2% year-over-year. Due to strong contribution margins and cost discipline within all areas the Adjusted EBITDA margin increased by 6.6 percentage points to 4.4% in the second quarter of 2023 (Q2 2022: –2.3%). Adjusted EBITDA in absolute terms amounted to EUR 4.4m (Q2 2022: EUR –2.3m).

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), (ii) restructuring expenses and (iii) the shift in the cost of sales and fulfilment expenses resulting from the capitalization of inbound costs to inventory. We calculate “Adjusted EBITDA” by adjusting EBITDA for these items.

CONDENSED FIRST HALF 2023 CONSOLIDATED STATEMENT OF PROFIT OR LOSS ON ADJUSTED BASIS[2] (UNAUDITED)

EURm	H1 2023	In % of revenue	H1 2022	In % of revenue
Revenue	**204.7**	**100.0**	**214.1**	**100.0**
Cost of sales	–101.5	–49.6	–110.0	–51.3
Gross profit	**103.1**	**50.4**	**104.2**	**48.7**
Fulfilment expenses	–45.2	–22.1	–50.1	–23.4
Contribution profit	**58.0**	**28.3**	**54.1**	**25.2**
Marketing expenses	–18.8	–9.2	–21.9	–10.2
General and administrative expenses	–39.5	–19.3	–44.2	–20.6
Other operating expenses	–3.2	–1.6	–1.1	–0.5
Other operating income	3.6	1.8	0.9	0.4
Depreciation, amortization and impairments	9.5	4.6	8.2	3.8
Adjusted EBITDA	**9.5**	**4.6**	**–4.0**	**–1.9**

CONDENSED SECOND QUARTER 2023 CONSOLIDATED STATEMENT OF PROFIT OR LOSS ON ADJUSTED BASIS[2] (UNAUDITED)

EURm	Q2 2023	In % of revenue	Q2 2022	In % of revenue
Revenue	**101.8**	**100.0**	**103.0**	**100.0**
Cost of sales	–50.4	–49.5	–52.9	–51.4
Gross profit	**51.4**	**50.5**	**50.1**	**48.6**
Fulfilment expenses	–22.1	–21.7	–24.2	–23.5
Contribution profit	**29.3**	**28.8**	**26.0**	**25.2**
Marketing expenses	–9.5	–9.4	–10.3	–10.0
General and administrative expenses	–19.8	–19.5	–22.1	–21.5
Other operating expenses	–2.3	–2.3	–0.5	–0.4
Other operating income	2.1	2.0	0.4	0.4
Depreciation, amortization and impairments	4.7	4.7	4.2	4.1
Adjusted EBITDA	**4.4**	**4.4**	**–2.3**	**–2.3**

Revenue

Revenue amounted to EUR 101.8m in the second quarter of 2023 and was almost stable with slight negative growth of –1.2% (Q2 2022: EUR 103.0m). The Westwing Collection share increased from 38% of GMV in the previous-year period to 46% in the second quarter of 2023.

In the first half of 2023, revenue was EUR 204.7m, a reduction by EUR 9.5m or 4.4% compared to the same period of the previous year (H1 2022: EUR 214.1m).

2 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), (ii) restructuring expenses and (iii) the shift in the cost of sales and fulfilment expenses resulting from the capitalization of inbound costs to inventory. We calculate “Adjusted EBITDA” by adjusting EBITDA for these items.

Contribution Margin

Our gross margin improved by 1.9 percentage points from 48.6% in the second quarter of the previous year to 50.5% in the second quarter of 2023. This increase was primarily driven by adjustments in pricing and a higher Westwing collection share.

Our fulfilment costs as percentage of revenue reduced by 1.7 percentage points from 23.5% in the previous year period to 21.7% in the second quarter of 2023.

As a result, our contribution margin increased from 25.2% in the second quarter of 2022 to 28.8% in the second quarter of 2023. In the first half 2023, the contribution margin amounted to 28.3% (H1 2022: 25.2%).

Marketing Expenses

Marketing expenses in percent of revenue decreased compared to the second quarter of 2022 from 10.0% to 9.4% in the same period 2023. In absolute terms marketing expenses declined by EUR 0.8m to EUR 9.5m. This resulted primarily from a more efficient marketing organization with corresponding savings in personnel costs and other expenses.

In the first half of 2023 marketing expenses amounted to EUR 18.8m or 9.2% of revenue, while they were at EUR 21.9m or 10.2% of revenue in the same period 2022.

General and Administrative Expenses

In percent of revenue, general and administrative expenses decreased by 2.0 percentage points in the second quarter of 2023 to 19.5% compared to the same period of the previous year (Q2 2022: 21.5% of revenue). This development is primarily driven by the cost savings initiated in the second half of the year 2022. In absolute terms, general and administrative expenses decreased by EUR 2.3m to EUR 19.8m in the second quarter of 2023 (Q2 2022: EUR 22.1m).

In the first half of 2023 general and administration expenses were EUR 39.5m (H1 2022: EUR 44.2m), corresponding to 19.3% of revenue (H1 2022: 20.6%).

Adjusted EBITDA

The Group's Adjusted EBITDA was positive at EUR 4.4m in the second quarter of 2023, compared to the previous-year result of EUR −2.3m. This corresponds to an increase of the Adjusted EBITDA margin from −2.3% in the second quarter of 2022 to 4.4% in the same period of 2023.

Adjusted EBITDA for the first six months of the year was up by EUR 13.5m to EUR 9.5m (H1 2022: EUR −4.0m) which corresponds to an Adjusted EBITDA margin of 4.6% (H1 2022: −1.9%).

This significantly improved Adjusted EBITDA results from strict margin and cost discipline, while at the same time was supported by a high Westwing Collection share.

Next to share-based compensation expenses in the second quarters 2022 and 2023, Westwing adjusted its EBITDA for restructuring expenses of EUR 1.1m in the second quarter 2022. Due to their non-recurring nature, related expenses are excluded from our Adjusted EBITDA.

1.2 SEGMENT INFORMATION

The Group's segments are DACH (Germany, Austria and Switzerland) and International (other European markets).

CONSOLIDATED SEGMENT RESULTS (UNAUDITED)

EURm	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Revenue						
DACH	111.1	119.2	–6.7%	55.3	58.5	–5.5%
International	93.6	95.0	–1.5%	46.5	44.5	4.4%
Adjusted EBITDA						
DACH	9.4	3.6	5.7	4.3	1.3	3.1
International	0.3	–7.1	7.4	0.2	–3.3	3.5
Headquarter/reconciliation	–0.2	–0.6	0.4	–0.1	–0.3	0.2
Adjusted EBITDA margin						
DACH	8.4%	3.0%	5.4pp	7.8%	2.2%	5.6pp
International	0.4%	–7.5%	7.8pp	0.4%	–7.4%	7.8pp

Segment Revenue
The DACH segment showed a slight revenue reduction in the second quarter 2023, down by –5.5%, while the International segment was up by 4.4% in the same period of 2023.

Segment Adjusted EBITDA
In the second quarter of 2023 the Adjusted EBITDA margin in the DACH segment increased by 5.6 percentage points to 7.8% (Q2 2022: 2.2%). In the International segment the Adjusted EBITDA margin was slightly positive at 0.4%, thus 7.8 percentage points above the second quarter of 2022 (Q2 2022: –7.4%).

1.3 FINANCIAL POSITION

CASH FLOWS (UNAUDITED)

EURm	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Cash flows from operating activities	13.3	–24.2	37.5	1.9	–10.3	12.2
Cash flows from investing activities	–3.1	–5.6	2.5	–1.7	–2.5	0.8
Cash flows from financing activities	–9.7	–4.0	–5.7	–3.8	–2.9	–1.0
Net increase in cash and cash equivalents	**0.4**	**–33.8**	**34.2**	**–3.6**	**–15.7**	**12.0**
Effect of exchange rate fluctuations on cash held	–0.1	0.2	–0.2	–0.1	0.1	–0.1
Cash and cash equivalents at the beginning of the period	76.0	97.4	–21.4	80.0	79.3	0.7
Cash and cash equivalents as of June 30	**76.3**	**63.8**	**12.6**	**76.3**	**63.8**	**12.6**
Free cash flow	10.1	–29.8	39.9	0.2	–12.8	13.0

Cash flows from operating activities strongly improved to EUR 13.3m in the first six months of 2023 compared to EUR –24.2m for the same period in 2022. This development was primarily driven by the significantly better operating result as well as strongly improved net working capital. The operating cash flow includes an investment subsidy of EUR 0.8m for the lease agreement in Bitterfeld for which an alternative lessee was found.

Cash flows from investing activities decreased from EUR −5.6m in the first half of 2022 to EUR −3.1m for the same period in 2023. This was mostly caused by lower investments into internally developed software and office equipment. Additionally, deposit returns of EUR 2.5m for a rent contract were included in the second half of 2022.

As a result of the developments in the operating and investing cash flows described above, the free cash flow for the first half of 2023 was up to EUR 10.1m (H1 2022: EUR −29.8m).

Cash flows from financing activities were EUR −9.7m in the first half of 2023 (H1 2022: EUR −4.0m). This development was mostly driven by the share buy-back, increased payments for lease liabilities as well as the repayment of supplier finance arrangements.

Our net cash balance as of June 30, 2023, remained stable at EUR 76.3m (December 31, 2022: EUR 76.0m).

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	June 30, 2023		December 31, 2022	
	EURm	In % of Total	EURm	In % of Total
Total assets	**217.0**	**100.0**	**228.3**	**100.0**
Non-current assets	79.4	36.6	82.3	36.1
Current assets	137.6	63.4	146.0	63.9
Total liabilities + equity	**217.0**	**100.0**	**228.3**	**100.0**
Equity	86.8	40.0	90.1	39.4
Non-current liabilities	41.9	19.3	45.6	20.0
Current liabilities	88.3	40.7	92.7	40.6

As of June 30, 2023, total assets amounted to EUR 217.0m (December 31, 2022: EUR 228.3m).

Non-current assets were down by EUR 3.0m primarily due to the reduction in property, plant and equipment by EUR 3.0m.

The reduced amount of current assets by EUR 8.3m to EUR 137.6m (December 31, 2022: EUR 146.0m) is mainly caused by lower inventories and prepayments on inventories which decreased by EUR 6.0m to EUR 42.8m (December 31, 2022: EUR 48.8m) as well as lower trade and other financial receivables that were down by EUR 2.5m to EUR 10.0m (December 31, 2022: EUR 12.6m).

Equity declined from EUR 90.1m as of December 31, 2022, to EUR 86.8m as of June 30, 2023. This was driven by the negative net result and a higher amount of treasury shares which is deducted from equity.

Non-current liabilities were at EUR 41.9m as of June 30, 2023, which is EUR 3.6m below the amount as of December 31, 2022. This was particularly driven by lower lease liabilities and liabilities for cash-settled share-based compensation.

Current liabilities reduced by EUR 4.4m to EUR 88.3m (December 31, 2022: EUR 92.7m), primarily resulting from EUR 1.8m lower contract liabilities, as well as reductions of refund liabilities by EUR 2.4m and other non-financial liabilities by EUR 1.8m. This was partially offset by EUR 1.4m higher trade payables and accruals.

Overall assessment of the Group’s economic position

Despite the very challenging market environment we stabilized our top line in the second quarter of 2023. We significantly improved unit economics and increased the high margin Westwing Collection share comparing to the same period of the last year. Additionally, we have continued to deliver cost savings initiated in the second half of 2022.

Both gross and contribution margins increased in the second quarter of 2023 by 1.9 percentage points and 3.6 percentage points respectively compared to second quarter of the previous year.

As a result of these measures, Westwing achieved a positive Adjusted EBITDA for the third quarter in a row. Free cash flow was positive at EUR 10.1m in the first half year of 2023. Our cash balance stays strong at EUR 76.3m.

Therefore, we are confident to return to revenue growth in the second half of 2023 while at the same time keep margins high and maintain cost consciousness on a reasonable level.

1.4 RISK AND OPPORTUNITY REPORT

Considering the respective probability of occurrence and the potential impact of the risks described in the 2022 annual report, we identified no risks that might threaten Westwing Group as a going concern.

1.5 OUTLOOK

Based on recent results and the expected return to growth in the second half of 2023, we confirm our full year guidance 2023 that was published in March 2023. Currently we expect to achieve revenue and Adjusted EBITDA in the upper half of the guidance. The full year guidance indicates a revenue between EUR 390m and EUR 440m (with a year-over-year growth rate of −9% to +2%) and an Adjusted EBITDA between EUR +4m and EUR +13m (at an Adjusted EBITDA margin in the range of +1% to +3%) for the fiscal year 2023.

1.6 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 10, 2023

Dr. Andreas Hoerning Chief Executive Officer	Sebastian Westrich Chief Financial Officer

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CONSOLIDATED FINANCIAL STATEMENTS AND SELECTED NOTES

for the Period Ended June 30, 2023 (Unaudited)

2.1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EURm	**H1 2023**	H1 2022	**Q2 2023**	Q2 2022
Revenue	204.7	214.1	101.8	103.0
Cost of sales	–102.6	–110.0	–50.7	–52.9
Gross profit	**102.1**	**104.2**	**51.1**	**50.1**
Fulfilment expenses	–44.1	–50.1	–21.8	–24.2
Marketing expenses	–18.8	–22.5	–9.6	–11.0
General and administrative expenses	–40.0	–40.8	–21.4	–22.6
Other operating expenses	–3.2	–1.1	–2.3	–0.5
Other operating income	3.6	0.9	2.1	0.4
Operating result	**–0.5**	**–9.5**	**–1.9**	**–7.6**
Finance costs	–1.0	–1.0	–0.5	–0.5
Finance income	0.3	0.0	0.3	0.0
Other financial result	0.1	–0.9	0.1	–0.5
Financial result	**–0.6**	**–1.8**	**–0.0**	**–1.0**
Result before income tax	**–1.1**	**–11.4**	**–2.0**	**–8.6**
Income tax expense	–0.7	–1.1	–0.7	0.2
Result for the period	**–1.8**	**–12.5**	**–2.7**	**–8.4**
Undiluted average number of shares in circulation	20,370,949	20,577,493	20,370,949	20,577,493
Diluted average number of shares in circulation	21,259,411	21,511,744	21,259,411	21,511,744
Undiluted earnings per share (in EUR)	–0.09	–0.61	–0.13	–0.41
Diluted earnings per share (in EUR)	–0.08	–0.58	–0.12	–0.39

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30, 2023 AND 2022

EURm	H1 2023	H1 2022
Result for the period	**–1.8**	**–12.5**
Other comprehensive income:		
Items that subsequently will be reclassified to the income statement:		
Exchange translation differences of foreign operations	0.1	0.1
Other comprehensive income for the period, net of tax	**0.1**	**0.1**
Total comprehensive result for the period	**–1.7**	**–12.4**

2.3 RECONCILIATION OF ADJUSTED EBITDA

EURm	H1 2023	H1 2022	Q2 2023	Q2 2022
Operating Result	**–0.5**	**–9.5**	**–1.9**	**–7.6**
Adjustments				
Share-based compensation expenses/(income)	0.6	–3.8	1.6	–0.1
Restructuring expenses	–	1.1	–	1.1
Depreciation, amortization, and impairments	9.5	8.2	4.7	4.2
Adjusted EBITDA	**9.5**	**–4.0**	**4.4**	**–2.3**

2.4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURm	June 30, 2023	December 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	50.2	53.2
Intangible assets	23.8	23.3
Trade and other receivables	1.8	2.3
Deferred tax assets	3.6	3.6
Total non-current assets	**79.4**	**82.3**
Current assets		
Inventories	37.0	45.2
Prepayments on inventories	5.8	3.6
Trade and other receivables	10.0	12.6
Other assets	8.5	8.6
Cash and cash equivalents	76.3	76.0
Total current assets	**137.6**	**146.0**
Total assets	**217.0**	**228.3**
Equity and liabilities		
Equity		
Share capital	20.9	20.9
Capital reserves	364.6	364.5
Treasury shares	−4.2	−1.6
Other reserves	42.6	41.7
Retained earnings	−337.7	−335.9
Other comprehensive income (OCI) reserve	0.6	0.4
Total equity	**86.8**	**90.1**
Non-current liabilities		
Lease liabilities	31.7	35.0
Other financial liabilities	5.8	6.1
Provisions	2.1	2.1
Deferred tax liabilities	2.3	2.3
Total non-current liabilities	**41.9**	**45.6**
Current liabilities		
Lease liabilities	10.4	9.7
Trade payables and accruals	35.5	34.1
Contract liabilities	15.3	17.0
Refund liabilities	4.4	6.8
Supplier finance arrangements	7.0	7.8
Other non-financial liabilities	13.2	15.1
Provisions	0.8	0.6
Tax liabilities	1.7	1.7
Total current liabilities	**88.3**	**92.7**
Total liabilities	**130.3**	**138.3**
Total equity and liabilities	**217.0**	**228.3**

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

EURm	H1 2023	H1 2022	Q2 2023	Q2 2022
Result before income tax	–1.1	–11.4	–2.0	–8.6
Adjustments				
Depreciation and impairment of property, plant and equipment	6.5	5.8	3.2	3.0
Amortization and impairment of intangible assets	3.0	2.4	1.5	1.2
Gain on disposal of property, plant and equipment	0.0	0.0	0.0	0.0
Share-based compensation expenses/(income)	0.6	–3.8	1.6	–0.1
Finance income	–0.3	–0.0	–0.3	–0.0
Finance costs	1.0	1.0	0.5	0.5
Changes in other assets	0.3	3.0	–0.1	–0.0
Changes in other liabilities	–1.8	–0.1	–1.1	0.3
Changes in provisions	–2.1	–3.0	–0.2	–0.5
Operating cash flows before changes in working capital	**5.9**	**–6.2**	**3.1**	**–4.2**
Adjustments for changes in working capital:				
Changes in trade and other receivables and prepayments	2.5	–1.0	2.4	–0.7
Changes in inventories	6.0	–0.5	4.4	4.7
Changes in trade and other payables	–0.4	–17.5	–7.3	–11.7
Cash flows from operating acitivities	**14.1**	**–25.2**	**2.6**	**–11.9**
Tax paid	–0.9	1.0	–0.7	1.6
Net cash flows from operating activities	**13.3**	**–24.2**	**1.9**	**–10.3**
Investing activities:				
Proceeds from sale of property, plant and equipment	0.0	0.0	0.0	0.0
Purchase of property, plant and equipment	–0.5	–2.3	–0.3	–0.8
Purchase of intangible assets	–3.5	–5.7	–1.7	–2.8
Rent deposits	0.5	2.5	0.1	1.1
Interest income	0.3	0.0	0.3	0.0
Net cash flows from investing activities	**–3.1**	**–5.6**	**–1.7**	**–2.5**
Financing activities:				
Interest and other finance charges paid	–1.0	–1.0	–0.5	–0.5
Supplier finance arrangements	–0.8	–	0.1	–
Payments of lease liabilities	–5.4	–4.6	–2.5	–2.4
Sale of equity instruments	0.0	–	–	–
Purchase of treasury shares	–2.6	–	–0.9	–
Contribution right-of-use assets	–	1.5	–	–
Net cash flows from financing activities	**–9.7**	**–4.0**	**–3.8**	**–2.9**
Net change in cash and cash equivalents	**0.4**	**–33.8**	**–3.6**	**–15.7**
Effect of exchange rate fluctuations on cash held	–0.1	0.2	–0.1	0.1
Cash and cash equivalents at the beginning of the period	76.0	97.4	80.0	79.3
Cash and cash equivalents as of June 30	**76.3**	**63.8**	**76.3**	**63.8**

2.6 CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

EURm	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other comprehensive income (OCI) reserve	Total equity
As of January 1, 2022	**20.9**	**364.5**	**–1.2**	**38.1**	**–303.4**	**0.4**	**119.3**
Result for the period	–	–	–	–	–12.5	–	–12.5
Other comprehensive income	–	–	–	–	–	0.1	0.1
Total comprehensive income	**–**	**–**	**–**	**–**	**–12.5**	**0.1**	**–12.4**
Share-based compensation	–	–	–	3.0	–	–	3.0
As of June 30, 2022	**20.9**	**364.5**	**–1.2**	**41.1**	**–315.9**	**0.5**	**109.9**
As of January 1, 2023	**20.9**	**364.5**	**–1.6**	**41.7**	**–335.9**	**0.4**	**90.1**
Result for the period	–	–	–	–	–1.8	–	–1.8
Other comprehensive income	–	–	–	–	–	0.1	0.1
Total comprehensive income	**–**	**–**	**–**	**–**	**–1.8**	**0.1**	**–1.7**
Purchase of treasury shares	–	–	–2.6	–	–	–	–2.6
Share-based compensation	–	0.0	–	0.9	–	–	0.9
As of June 30, 2023	**20.9**	**364.6**	**–4.2**	**42.6**	**–337.7**	**0.6**	**86.8**

2.7 SELECTED EXPLANATORY NOTES

2.7.1 Information on the Company and the Group

The Westwing Group SE (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 239114 B. The Company is headquartered in Moosacher Str. 88, 80809 Munich, Germany. As of June 30, 2023, the Group operated in 11 countries (Germany, Austria, Switzerland, Italy, Spain, the Netherlands, France, Poland, Belgium, Czech Republic and Slovak Republic) and consisted of 23 legal companies, all of which are consolidated in these half-year financial statements.

2.7.2 Principles for preparation of the financial statements

These condensed consolidated interim financial statements for the period from January 1, 2023, to June 30, 2023, 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 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, 2022.

Westwing had intended to enter into a new lease agreement starting as of January 2023. However, a decision was taken that this new warehouse is no longer required, and an agreement was reached with the landlord to search for an alternative lessee, which was successful. As a result, Westwing received the agreed EUR 0.8m investment subsidy in June 2023.

While 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 accounting policies and recognition and measurement methods applied in the consolidated financial statements as of December 31, 2022, have been applied without change.

The consolidated interim financial statements have been prepared in millions of euros (EURm). The values in the consolidated interim financial statements 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 Segment data

The operating segment information for the reporting period which ended on June 30, 2023 (all amounts are in EURm unless stated otherwise):

H1 2023	DACH	International	Headquarter/ Reconciliation	Group
Result before Income Tax	**6.0**	**–1.4**	**–5.7**	**–1.1**
Finance costs	0.8	0.2	–	1.0
Finance income	–0.3	–0.0	–	–0.3
Other financial result	0.1	–0.2	–	–0.1
Operating Result	**6.6**	**–1.4**	**–5.7**	**–0.5**
Depreciation and amortization	2.2	1.8	5.5	9.5
Share-based compensation	0.6	–	–	0.6
Restructuring expenses	–	–	–	–
Adjusted EBITDA	**9.4**	**0.3**	**–0.2**	**9.5**
Adjusted EBITDA margin	8.4%	0.4%	–	4.6%
Revenue	111.1	93.6	–	204.7
Cash and cash equivalents	16.9	11.1	48.3	76.3

The operating segment information for the reporting period which ended on June 30, 2022 (all amounts are in EURm unless stated otherwise):

H1 2022	DACH	International	Headquarter/ Reconciliation	Group
Result before Income Tax	**3.7**	**–9.7**	**–5.4**	**–11.4**
Finance costs	0.8	0.2	–	1.0
Finance income	–	–0.0	–	–0.0
Other financial result	0.6	0.3	–	0.9
Operating Result	**5.0**	**–9.2**	**–5.4**	**–9.5**
Depreciation and amortization	1.9	1.5	4.8	8.2
Share-based compensation	–3.8	–	–	–3.8
Restructuring expenses	0.6	0.6	–	1.1
Adjusted EBITDA	**3.6**	**–7.1**	**–0.6**	**–4.0**
Adjusted EBITDA margin	3.0%	–7.5%	–	–1.9%
Revenue	119.2	95.0	–	214.1
Cash and cash equivalents	16.5	8.4	38.9	63.8

Group entities with their registered office in Germany attained revenue to the amount of EUR 158.8m (H1 2022: EUR 160.2m) and reported long-term assets (not including financial instruments) on the balance sheet amounting to EUR 62.6m (June 30, 2022: EUR 66.0m).

2.7.4 Analysis of revenue

Revenue from contracts with customers for the first six months of 2023 comprised of the following:

EURm	H1 2023	H1 2022
Revenue from the sale of products	200.6	210.4
Service revenue	0.5	0.4
Other revenue	3.6	3.4
Total	**204.7**	**214.1**

2.7.5 Balances and Transaction with Related Parties

Please refer to the consolidated financial statements as of December 31, 2022, for related party disclosures.

2.7.6 Corporate Governance

In December 2022, the Supervisory Board and Management Board issued a declaration of compliance for Westwing Group SE in accordance with section 161 of the German Stock Corporation Act (AktG) for fiscal year 2022. It is permanently available in the Investor Relations section on Westwing Group SE's website at https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Compliance_Declaration_Westwing_Group_SE_2022.pdf.

2.7.7 Events after the Balance Sheet Date

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

Munich, August 10, 2023

Dr. Andreas Hoerning
Chief Executive Officer

Sebastian Westrich
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 10, 2023

Dr. Andreas Hoerning Chief Executive Officer	Sebastian Westrich Chief Financial Officer

FINANCIAL CALENDAR

NOVEMBER 9, 2023
Publication of third quarter results 2023

IMPRINT

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