WESTWING

Annual Financial Statements and Combined Management Report
for the Fiscal Year from January 1, 2022 to December 31, 2022

Confirmation of the auditor

Westwing Group SE
(formerly Westwing Group AG)
Berlin

Westwing Group SE (fromerly Westwing Group AG), Berlin

Annex 1

Balance sheet as of December 31, 2022

Assets	Dec. 31, 2022 EURk	Dec. 31, 2021 EURk
A. Fixed assets		
I. Intangible assets		
1. Self-generated industrial property rights and similar rights and assets	23,098	18,624
2. Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	128	198
	23,226	18,822
II. Tangible fixed assets		
Other equipment, factory and office equipment	3,148	3,675
	3,148	3,675
III. Long-term financial assets		
1. Shares in affiliated companies	15,435	15,435
2. Loans to affiliated companies	131,954	135,448
	147,390	150,884
	173,763	173,380
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	6	9
2. Receivables from affiliated companies	22,782	39,323
3. Other assets	649	3,391
	23,437	42,722
II. Cash and cash equivalents	38,556	43,411
	61,993	86,134
C. Prepaid expenses	2,108	1,820
	237,864	261,334

Equity and Liabilities	Dec. 31, 2022 EURk	Dec. 31, 2021 EURk
A. Equity		
I. Subscribed Capital	20,904	20,904
Treasury shares	-382	-326
Issued capital	20,522	20,577
thereof conditional capital EURk 5,000 (2021: EURk 5,000)		
II. Capital reserves	348,383	348,820
III. Accumulated losses	-156,251	-129,998
	212,654	239,400
B. Provisions		
1. Tax provisions	271	100
2. Other provisions	10,510	9,888
	10,781	9,988
C. Liabilities		
1. Liabilities to credit institutions	3,992	0
2. Trade payables	1,822	4,724
3. Liabilities to affiliated companies	4,641	1,872
4. Other liabilities	3,876	5,240
thereof taxes EURk 3,517 (2021: EURk 5,154)		
thereof social security EURk 298 (2021: EURk 8)		
	14,332	11,835
D. Deferred income	97	111
	237,864	261,334

Westwing Group SE (formerly Westwing Group AG), Berlin Annex 2
Statement of profit or loss for the period from January 1 to December 31, 2022

		2022 EURk	2021 EURk
1.	Revenue	70,018	98,087
2.	Own work capitalized	9,640	7,167
3.	Other operating income	261	1,250
	thereof currency translation gains EURk 47 (2021: EURk 10)		
	Gross profit	79,919	106,504
4.	Cost of materials		
	a) Cost of purchased services	32,247	40,495
5.	Personnel expenses	34,135	38,565
	a) Saleries and wages	29,128	33,191
	b) Social security and pension expenses	5,007	5,373
6.	Depreciation, amortization, and writedowns of tangible fixed assets and intangible assets	7,256	5,385
7.	Other operating expenses	35,267	16,839
	thereof currency translation losses EURk 102 (2021: EURk 47)		
		-28,986	5,220
8.	Income from loans held as financial assets	3,932	3,672
	thereof from affiliated companies EURk 3,849 (2021: EURk 3,662)		
9.	Interest and similar expenses	311	277
	thereof from affiliated companies EURk 0 (2021: EURk 33)		
	Interest and financial result	3,621	3,395
10.	Taxes on income	258	114
11.	Result after tax	-25,624	8,501
12.	Expenses from profit transfer	630	0
13.	Profit for the year	-26,253	8,501
14.	Loss carried forward	-129,998	-138,498
15.	Accumulated losses	-156,251	-129,998

Westwing Group SE (formerly Westwing Group AG), Berlin

Notes for the fiscal year from January 1, 2022 to December 31, 2022

I. General Information

The Westwing Group SE ("Company", until February 22, 2022: Westwing Group AG) is a corporation founded in Germany and headquartered in Berlin, Germany (registered at Berlin District Court, under HRB 239114 B).

The Westwing Group SE is a listed stock corporation under the SE Implementation 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 (Handelsgesetzbuch – HGB) and in accordance with the relevant provisions of the German Stock Corporation Act (Aktiengesetz – 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 the statement of profit or loss complies with sections 266, 275 HGB and sections 150 et seq. AktG.

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

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

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

II. Accounting and valuation methods

The following accounting and valuation methods, which have essentially remained unchanged, have been applied in the preparation of the annual financial statements:

Acquired and internally generated **intangible assets** are recognized at cost less amortization according to their useful lives using the straight-line method over 3 to 8 years, where required. Impairment losses are recognized when events or changes in market conditions indicate that the carrying amount of intangible assets may not be fully recoverable.

The use of the accounting option to capitalize internally generated intangible assets in accordance with section 248 (2) sentence 1 HGB relates to the capitalization of internal costs incurred in the development of software. There is a distribution restriction on the amount of the net carrying amount at the respective balance sheet date.

The capitalized development costs are amortized over 3 to 8 years after the software has been put into operation and are subject to extraordinary depreciation if necessary.

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

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

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

Maintenance and repair costs are expensed as incurred.

Property, plant and equipment are depreciated over their estimated useful lives.

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

Office furniture and 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 written off in full or expensed in the year of acquisition; their immediate disposal has been assumed.

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

In the case of **financial assets**, shares are stated at cost and loans at the lower of nominal value or fair value. The lower fair value is determined using a DCF method, with corresponding budgeted figures for the individual national companies being derived from the Westwing Group's business plan. In the event of permanent impairment, an impairment loss is recognized.

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

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

Prepaid expenses include expenses incurred prior to the balance sheet date, to the extent that they represent expenses for a certain period after the balance sheet date.

Deferred taxes arising from temporary or quasi-permanent differences between the carrying amounts of assets, liabilities and prepaid expenses 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 charge or benefit are not discounted. Deferred tax assets and liabilities are offset. Deferred tax assets are not recognized in excess of the carrying amount of the asset or liability in the balance sheet. Significant deferred tax assets result from the tax loss carryforward.

Subscribed capital is stated at nominal value. 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 subscribed capital item. The difference between the calculated value (nominal amount) and the acquisition cost 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 are recognized at the settlement amount deemed necessary in accordance with prudent business judgment. For reasons of materiality, provisions with a remaining term of less than one year are not discounted.

As compensation for work performed, some employees receive share-based payments 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. Westwing also considers 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 an accounting treatment is applied.

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 are recognized in personnel expenses or other operating income.

Liabilities are recognized at their settlement amount.

Deferred income include income received prior to the balance sheet date to the extent that it represents income for a certain period after the balance sheet date.

Prudence has been exercised in the valuation, namely all foreseeable risks and losses arising up to the balance sheet date have been taken into account, even if they only became known between the balance sheet date and the preparation of the annual financial statements.

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

Transactions in foreign currencies are translated at the average 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 comprise acquired and internally generated software.

The additions to internally generated intangible assets amounting to EURk 10,206 (December 31, 2021: EURk 8,507) mainly result from the development of proprietary software for warehouse and logistics applications, consumer apps, websites, payment methods, and new features in the area of stability, speed, and security of the web portals. The development projects are divided into sub-projects characterized by the developments of new functions.

The total amount of research and development costs in the fiscal year was EURk 17,371 (2021: EURk 16,096).

In each fiscal year, the valuation of assets under development is analyzed for impairment. In the fiscal year 2022, as in the previous year, Westwing decided not to continue some of the projects. Therefore, an impairment loss totaling EURk 721 (2021: EURk 77) was recognized for the carrying amounts of these assets under development.

Property, plant and equipment

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

Shares in and loans to affiliated companies

Loans exclusively comprise loans to affiliated companies, which bear interest at 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 nature and have no fixed terms, they are presented under loans as non-current assets.

The shares and loans were tested for impairment. In fiscal year 2022, the Company reports a decrease in loans and interest to affiliated companies of EURk 3,494 (2021: addition EURk 41,107). Repayments of EURk 41,550 were offset by the issuance of new loans in the amount of EURk 37,056.

Receivables and other assets

Receivables are stated at nominal value. Receivables from affiliated companies mainly relate to receivables from service charges due within 14 days (EURk 15,102; December 31, 2021: EURk 15,268) and license receivables (EURk 7,680; December 31, 2021: EURk 24,054). The decrease as of December 31, 2022 to EURk 22,782 (December 31, 2021: EURk 39,323) is mainly due to lower recharges to subsidiaries as a result of lower demand for central services, which is related to the lower business volume in general.

Other assets mainly include rental deposits (EURk 512; December 31, 2021: EURk 3,088). The decrease mainly results from the derecognition of guarantees in connection with rental properties.

As in the previous year, all receivables and other assets have a remaining term of up to one year, with the exception of the remaining rental deposits.

Equity

As of December 31, 2022, the subscribed capital amounted to EURk 20,904 (December 31, 2021: EURk 20,904). The share capital is divided into 20,903,968 no-par value shares, of which the Company holds 382,230 treasury shares (December 31, 2021: 326,475) with a nominal value of EUR 1.00 per share.

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

Additional paid-in capital includes amounts paid in in excess of the nominal capital.

The following is an overview of the development of subscribed capital:

	Number of Shares	Treasury Shares
As of January 1, 2021	**20,844,351**	**541,250**
Capital increase	59,617	
Settlement of share options	-	-214,775
As of December 31, 2021 / January 1, 2022	**20,903,968**	**326,475**
Purchase of treasury shares	-	55,775
As of December 31, 2022	**20,903,968**	**382,230**

The total number of no-par value shares with voting rights issued as of December 31, 2022 amounted to 20,521,738 shares (December 31, 2021: 20,577,493 shares) with a nominal value of EUR 1.00 per share. Each share grants the holder one vote at the Annual General Meeting of Westwing Group SE. The par value of all ordinary shares is fully paid in.

On November 24, 2022, the Executive Board of Westwing Group SE resolved, with the approval of the Supervisory Board, to implement a share buyback program with a maximum volume of up to 600,000 shares at a maximum total purchase price of up to EURm 3. The buyback via Xetra trading on the Frankfurt Stock Exchange started on November 28, 2022 and is scheduled to end on March 31, 2023. By December 31, 2022, a total of 55,755 shares had been acquired against EURk 493 in cash.

In the financial year 2022, no stock options were exercised that were settled with treasury shares (2021: 214,775). The average exercise price was EUR 1.99 in 2021, resulting in cash inflows of EURk 372 in the previous year. The difference between the exercise price and the nominal amount was offset against the capital reserve and resulted in an increase in the capital reserve of EURk 157 in fiscal year 2021.

Treasury shares accounted for 1.8% of the share capital as of December 31, 2022 (December 31, 2021: 1.6%), with a market value of EURk 3,669 as of the reporting date (December 31, 2021: EURk 7,228). In the previous year, 43,200 stock options were also exercised, which were settled in cash for a payment of EURk 1,511. As the entire amount was attributable to the Company's own employees, it was recognized in full in personnel expenses.

An overview of all additions and disposals of treasury shares is presented in an annex to these notes.

The capital reserve amounted to EURk 348,383 as of December 31, 2022 (December 31, 2021: EURk 348,820). The decrease is due to the acquisition of treasury shares, the value of which in excess of the nominal amount is deducted from the capital reserve. Of the derivative financial instruments recognized there in previous years, none existed as of the reporting date, as the last option agreement was exercised in January 2021.

The residual carrying amount of internally generated intangible assets (EURk 23,098; December 31, 2021: EURk 18,624) is classified as restricted pursuant in accordance with Section 268 (8) HGB.

The accumulated loss of EURk 156,251 (December 31, 2021: EURk 129,998) results from the net loss for the past fiscal year and the carryforward from the previous fiscal year.

Authorized capital as of December 31, 2022

Authorized capital 2022/I

The Management Board was authorized by the Annual General Meeting on May 18, 2022 – which also rescinded Authorized Capital 2018/V – with the Supervisory Board's approval, to increase the Company's share capital by up to EUR 2,090,396.00 in the period up to May 17, 2027 (inclusive) by issuing up to 2,090,396 new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions ("Authorized Capital 2022/I"). Shareholders' preemptive subscription rights shall be disapplied. The details of Authorized Capital 2022/I are set out in Article 4(3) of the Company's Articles of Association.

Authorized capital 2018/VI

The Management Board has been authorized to increase the Company's share capital in the period up to September 20, 2023, with the Supervisory Board's approval, by up to EUR 2,847,853 by issuing, on one or more occasions a total of up to 2,847,853 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2018/VI). Shareholders must be granted subscription rights in principle. Shareholders' preemptive subscription rights can be disapplied in certain circumstances and within prescribed limits, with the Supervisory Board's approval. The shares can also be subscribed for by one or more credit institutions or one or more entities doing business pursuant to section 53(1) sentence 1, section 53b(1) sentence 1, or section 53b(7) of the German Banking Act (Gesetz über das Kreditwesen – KWG),subject to the obligation to offer the shares to the Company's shareholders pursuant to section 186(5) of the AktG ("indirect subscription rights"). The details of this Authorized capital are set out in Article 4(4) of the Company's Articles of Association.

Conditional capital 2018

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

Conditional Capital 2018 is used in cases in which conversion rights or options are exercised, or conversion or option obligations are met, to grant shares to the bearers or creditors of convertible bonds, bonds with warrants, profit participation rights, and /or participating bonds (or combinations of these instruments) (referred to collectively as **“bonds”**) issued on the basis of the authorization resolved 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 authorizing resolution passed by the General Meeting on September 21, 2018. The conditional capital increase will only be implemented to the extent that, in the period up to September 20, 2023, bearers or creditors of bonds issued or guaranteed on the basis of the authorizing resolution passed by the General Meeting on September 21, 2018, by the Company, its dependent companies, or companies in which the company directly or indirectly holds a majority interest, exercise their conversion rights or options, or comply with their conversion or option obligations under such bonds, or to the extent that the Company grants shares in the Company instead of paying the amount due, and to the extent that the conversion or option rights or conversion or option obligations are not serviced using treasury shares, but by shares from authorized capital or other consideration.

This authorization to issue bonds has not been utilized to date. The details of this contingent capital are set out in Article 4(5) of the Company’s Articles of Association.

Authorization to increase the company’s share capital following it’s change of legal form to an SE

No new capital was created in connection with Westwing’s change of legal form to a European Society (Societas Europaea,SE) with the name of Westwing Group SE.

Other provisions

Other provisions amounting to EURk 10,510 (December 31, 2021: EURk 9,888) mainly comprise the provision for cash-settled share-based payment (EURk 5,164; December 31, 2021: EURk 5,724), provisions for outstanding invoices (EURk 2,073; December 31, 2021: EURk 1,324), provisions for personnel (EURk 1,860; December 31, 2021: EURk 787), provisions for marketing (EURk 429; December 31, 2021: EURk 809), provisions for rent-free periods (EURk 515; December 31, 2021: EURk 616) and provisions for restoration obligations (EURk 285; December 31, 2021: EURk 245).

Cash-settled share-based payment

In the second half of 2019 and the first half of 2020, a cash-settled share-based payment program was established for the Management Board and certain senior management positions. In 2022, no stock options have been granted for this program (2021: 111,000 options), 14,375 have expired (2021: 8,000) and none have been withdrawn (2021: 35,000). At December 31, 2022, 883,625 options were outstanding (December 31, 2021: 891,000). The options vested in full on December 31, 2022 and are each exercisable four years after grant. Expenses of EURk 140 were recognized for this program in fiscal year 2022 (2021: EURk 2,339).

In 2022, a new share-based compensation program was established for a broader range of employees to be settled in cash. The amount of the payment depends on the Company's share price. The term of ECP 2022 is limited to three years, starting on July 1, 2022, with the last performance period ending on June 30, 2025. Shorter service periods may occur. The provision for this amounted to EURk 182 as of December 31, 2022. In addition, the provision for share-based compensation includes expenses for the reimbursement of the tax difference relating to shares issued for dilution protection in the amount of EURk 12 (December 31, 2021: EURk 301). In 2021, EURk 231 was paid out to beneficiaries in this context.

As of December 31, 2022, the cumulative value of the provision for share-based payment totaled EURk 5,164 (December 31, 2021: EURk 5,724).

Liabilities

The liabilities shown in the statement of financial position can be broken down as follows:

	Dec. 31, 2022 EURk	Dec. 31, 2021 EURk
Liabilities to credit institutions	3,992	-
Trade payables	1,822	4,724
Liabilities to affiliated companies from trade payables	4,641	1,872
Other liabilities		
- thereof from taxes	3,517	5,154
- thereof from social security	298	8
- Other	61	77
Total	**14,332**	**11,835**

As in the previous year, all liabilities have a term of less than one year.

Liabilities increased from EURk 11,835 in 2021 to EURk 14,332 in 2022. The development is mainly attributable to trade finance liabilities, which are reported under liabilities to credit institutions. They relate to the assignment of trade payables to financing partners arranged by this service provider. These take over the payment to the trade partner and Westwing reimburses this payment with a time delay of two months.

Liabilities to affiliated companies result from trade payables. The increase in these liabilities was almost offset by the decrease in trade payables to third parties.

Westwing Group SE had no guarantee accounts as of December 31, 2022 (December 31, 2021: EURk 1,542).

Deferred income

Deferred income of EURk 97 (December 31, 2021: EURk 111) 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 EURk 70,018 (2021: EURk 98,087) result from intercompany charges for services of EURk 69,113 (2021: EURk 96,986) and other revenues of EURk 905 (2021: EURk 1,101). The decrease in revenues is mainly due to lower recharges from licenses and lower marketing expenses as well as the overall decline in business development, since the demand for central services of the subsidiaries is also declining with the reduction in their activities.

Revenues from intercompany charges, relate with EURk 61,788 to Germany (2021: EURk 82,039) and with EURk 7,326 to other countries (2021: EURk 14,947). The international sales from intercompany charges relate with EURk 5,067 to Western Europe (2021: EURk 10,658) and with EURk 2,259 to Eastern Europe (2021: EURk 4,289).

Other own work capitalized

Other own work capitalized includes capitalized personnel expenses for the creation of internally generated intangible assets amounting to EURk 9,640 (2021: EURk 7,167).

Other operating income

Other operating income of EURk 261 (2021: EURk 1,250) mainly relates to maternity leave grants of EURk 114 (2021: EURk 115) and income from the reversal of provisions of EURk 112 (2021: EURk 1,041). In the previous year, EURk 994 related to the reversal of a provision for litigation.

Cost of purchased services

Purchased services amounting to EURk 32,247 (2021: EURk 40,495) were purchased from outside the Group and are largely charged on within the Group. They mainly relate to central marketing and IT services.

Personnel data

During the year, the Company had an average of 405 employees excluding the Management Board (2021: 465), broken down as follows:

	2022	2021
Administration / IT	247	235
Marketing/ Fulfilment	158	231
Total	**405**	**465**

Personnel expenses amounted to EURk 34,135 (2021: EURk 38,565). Of this amount, EURk 1,097 relates to severance payments. Personnel expenses also include expenses for share-based payments in the amount of EURk 185 (2021: EURk 2,788). These relate in the amount of EURk 100 to the new ECP 2022 and in the amount of EURk 85 to the share-based payment program with cash settlement from 2019. An offsetting effect resulted from a correction that led to income of EURk 590, of which EURk 359 is attributable to employees of Westwing Group SE.

In the previous year, this also included expenses for a cash settlement of share-based payment programs in the amount of EURk 1,511, which had not previously been recognized under HGB because they were originally intended to be settled by equity instruments.

Personnel expenses can be broken down as follows:

	2022 EURk	**2021** EURk
Wages and saleries	29,301	30,403
Social security	5,007	5,373
Expenses/(Income) for share-based payments	-174	2,788
Total	**34,135**	**38,565**

Other operating expenses

Other operating expenses of EURk 35,267 (2021: EURk 16,839) mainly include costs incurred in connection with the headquarters function. These include rental expenses, costs passed on to employees of other Group companies, consulting costs, expenses for the IT infrastructure and expenses from share-based payments attributable to Group employees not employed by Westwing Group SE. In addition, expenses of EURk 384 relating to other periods are included (2021: EURk 582).

Financial result

Income from loans of financial assets in the amount of EURk 3,932 (2021: EURk 3,672) mainly results from loans to affiliated companies. Interest and similar expenses of EURk 311 (2021: EURk 277) relate in full to third parties.

V. Other

Other financial obligations

There are financial obligations (gross) as follows:

Remaining terms	up to 1 year	1 to 5 years	over 5 years	Total
	EURk	EURk	EURk	EURk
Rental Agreements	-63	-20	-	-83
Leasing Agreements	-3,412	-12,421	-	-15,834
Service Agreements	-355	-179	-	-535
	-3,830	**-12,621**	**-**	**-16,451**

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:

	Dec. 31, 2022	Dec. 31, 2021
	EURk	EURk
Guarantees and warranties	690	1,160
	690	**1,160**

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 business operations. The risk of a claim arising from the individual contingent liabilities is considered to be low, as the subsidiaries are showing a positive development.

In addition, Westwing Group SE has committed itself to its subsidiary Westwing GmbH and the other direct, non-operating subsidiaries by way of letters of comfort to guarantee the obligations arising until December 31, 2024. The risk of a claim arising from this contingent liability is also considered to be low, as the future development of Westwing GmbH can be seen as positive.

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

Company	Registered Office	Equity in EURk resp. converted at the closing rate 2022[1]	Shares in Capital in %	Annual Result 2022 in EURk[1]
Westwing GmbH	Munich	-26,338	100.00%	-4,490
Westwing Commercial GmbH	Berlin	-10	100.00%	5
Westwing Delivery Service GmbH[2]	Munich	16	100.00%	-3
Westwing Bitterfeld Logistics GmbH[3]	Munich	25	100.00%	0
Westwing Spain Holding UG	Berlin	-1,129	100.00%	63
Westwing France Holding UG	Berlin	306	100,00%	-58
Westwing Italy Holding UG	Berlin	-1,261	100.00%	-29
Westwing Netherlands Holding UG	Munich	-230	100.00%	98
Tekcor 1. V V UG	Bonn	-240	100.00%	487
Brillant 1256. GmbH & Co. Dritte Verwaltungs KG	Berlin	-16,471	88.80%	-27
Brillant 1256. GmbH	Berlin	-2,060	100.00%	4
Bambino 66. V V UG	Berlin	-4,868	94.20%	-26
Bambino 68. V V UG	Berlin	-3,238	87.24%	-17
VRB GmbH & Co. B-157 KG	Berlin	-2,409	77.30%	-102
VRB GmbH & Co. B-160 KG	Berlin	-738	97.50%	-7

Company	Registered Office	Equity in EURk resp. converted at the closing rate 2022[1]	Shares in Capital in %	Annual Result 2022 in EURk[1]
WW E-Services Iberia S.L.[4]	Barcelona	362	100.00%	-1,058
WW E-Services Italy S.r.I.[4]	Milan	-61	100.00%	-178
WW E-Services France SAS[4]	Paris	-20,589	100.00%	-1,789
Westwing Home & Living Poland Sp. z o.o.[4]	Warsaw	2,843	100.00%	627
WW E-Services The Netherlands B.V.[4]	Amsterdam	-14,636	100.00%	-1,597
wLabels Hong Kong Ltd.[4]	Hongkong	607	100.00%	198
wLabels China Co., Ltd.[4]	Dongguan	5	100.00%	12

1 The values correspond to the annual financial statements after any profit transfer, in the case of subsidiaries in accordance with IFRS consolidated financial statements.
2 Founded at July 30, 2021
3 Founded at October 14, 2021
4 indirect

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 Company Register.

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

The shareholder structure of Westwing Group SE is based on the voting rights as last notified by the shareholders and as published by the shareholders in relation to the current share capital of the company as of December 31, 2022. It should be noted that the number of voting rights last reported may 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 SE as of December 31, 2022.

Shareholder	Share in Subscribed Capital
Zerena GmbH (Rocket Internet SE)	29%
Amiral Gestion	10%
The Capital Group Companies	8%
Bram Cornelisse (Farringdon Netherlands BV)	5%
Tengelmann Ventures	5%
UBS AG	5%
Duke University (Blackwell Partners LLC - Series A)	5%
Inflection Point Investments LLP	4%
Allianz Global Investors	3%
Janus Henderson Group PLC	3%
David Hathaway (Far View Capital Management)	3%
Public float/Other	21%
Total	**100%**

Public float/Other refers to the shareholdings in Westwing Group SE of less than 3%.

Events after the balance sheet date

The following events occurred after the end of the 2022 fiscal year that could have an impact on Westwing's future financial performance, financial position, and cash flows or affects the composition of the Management Board.

On January 25, 2023, the Company announced that Sebastian Westrich will take over the position of Chief Financial Officer (CFO) by August 1, 2023 at the latest. He succeeds Sebastian Säuberlich, who will leave the Company by mutual agreement on March 31, 2023 at the end of his current office term. CEO Dr. Andreas Hoerning assumes the CFO responsibility at Management Board level for the interim period.

Auditor's fee

The disclosures on the auditor's fee are part of the consolidated financial statements of Westwing Group SE, which the company prepares for the largest and smallest group of companies. The consolidated financial statements are published in the company register. The other assurance services relate to auditing activities in connection with the non-financial statement (limited assurance) and auditing activities in connection with the remuneration report.

Declaration of conformity with the German Corporate Governance Code

In December 2022, the Executive Board and Supervisory Board of Westwing Group SE 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/Compliance_Declaration_Westwing_Group_SE_2022.pdf).

Management Board

The Management Board members acting during the year were Stefan Smalla (Chief Executive Officer until June 30, 2022), Dr. Andreas Hoerning (Chief Executive Officer since July 1, 2022 and Sebastian Säuberlich (Chief Financial Officer). Stefan Smalla is also a member of the Supervisory Board of HelloFresh SE.

The total remuneration granted to the Management Board in the financial year 2022 amounted to EURk 680 (2021: EURk 2,295). No virtual option rights were granted in 2022. In the financial year 2021, the Executive Board was granted 45,000 virtual option rights with cash settlement from the virtual program VSOP 2019 with a fair value at the time of grant of EURk 627.

In 2022, expenses of EURk 240 were recognized for former board members and income of EURk 55 was recognized in connection with the measurement of cash-settled share-based payment. The total remuneration of former board members in fiscal year 2021 amounted to EURk 186.

The individualized compensation disclosure of the members of the Management Board is provided in the Remuneration Report.

Supervisory Board

The total compensation granted to the Supervisory Board in the 2022 fiscal year amounted to EURk 227. The remuneration of the members of the Supervisory Board is governed by the Articles of Association of Westwing Group SE. The members of the Supervisory Board receive a fixed basic remuneration of EURk 25 for each fiscal year of the company, with the Chairman of the Supervisory Board receiving a fixed basic remuneration of EURk 40 and the Deputy

Chairman receiving EURk 30. The Chairman of the Audit Committee receives a further EURk 20 and the other members of the Audit Committee EURk 10.

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

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

Furthermore, the members of the Supervisory Board are included in the D&O liability insurance policy for members of the Executive Board, which provides coverage 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 five 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 fiscal year 2022, the Supervisory Board had three committees: The Audit Committee, the Compensation Committee and the Nomination Committee. Additional committees may be formed as required.

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

Name	Remunerated functions
Christoph Barchewitz, Co-CEO Global Fashion Group	Chairman of the Supervisory Board Chairman of the Nomination Committee Member of the Remuneration Committee
Dr. Antonella Mei-Pochtler, Senior Advisor Boston Consulting Group	Deputy Chairwoman of the Supervisory Board Chairwoman of the Remuneration Committee Since May 18, 2022: Member of the Nomination Committee
Michael Hoffmann, Independent consultant	Member of the Supervisory Board Chairman of the Audit Committee Member of the Remuneration Committee
Mareike Wächter, Managing Director BANOVO GmbH	Member of the Supervisory Board Member of the Audit Committee Member of the Nomination Committee
Susanne Samwer Finance Director for HZG Additive Manufacturing Tech Fund (since May 18, 2022)	Member of the Supervisory Board Member of the Audit Committee
Thomas Harding, Partner Bridford Group (until May 18, 2022)	Member of the Supervisory Board Member of the Audit Committee Member of the Nomination Committee

The members of the Supervisory Board of Westwing Group SE are also members of supervisory boards and controlling bodies of the following companies:

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 Social and Environmental Sustainability Committee and member of the Related Party Transactions Committee of Assicurazioni Generali S.p.A.
- Member of the Supervisory Board and member of the Audit Committee and the Executive and Nominating Committee of ProSiebenSat.1 Media SE

Michael Hoffmann

- Member of the Supervisory Board and Chairman of the Audit Committee of Telefónica Deutschland Holding AG
- Chairman of the non-profit association Die Tafel e.V.

Thomas Harding (until May 18, 2022)

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

Responsibility statement by 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, 2023

Dr. Andreas Hoerning Management Board Westwing Group SE	Sebastian Säuberlich Management Board Westwing Group SE

Westwing Group SE (formerly Westwing Group AG), Berlin
Development of fixed assets 2022

	Cost				Accumulated depreciation and amoirtization					Carrying amounts	
	Jan. 01, 2022 EURk	Additions EURk	Disposals EURk	Dec. 31, 2022 EURk	Jan. 01, 2022 EURk	Additions EURk	Disposals EURk	Reversal of write-downs EURk	Dec. 31, 2022 EURk	Dec. 31, 2022 EURk	Dec. 31, 2021 EURk
I. Intangible assets											
1. Self-generated industrial property rights and similar rights and assets	27,389	10,206	0	37,594	./. 8,765	./. 5,732	0	0	./. 14,497	23,098	18,624
2. Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	677	0	0	677	./. 479	./. 70	0	0	./. 549	128	198
3. Goodwill	4,338	0	0	4,338	./. 4,338	0	0	0	./. 4,338	0	0
	32,403	10,206	0	42,609	./. 13,582	./. 5,802	0	0	./. 19,384	23,226	18,822
II. Tangible fixed assets											
Other equipment, factory and office equipment	9,344	997	./. 1,102	9,238	./. 5,669	./. 1,454	1,033	0	./. 6,090	3,148	3,675
	9,344	997	./. 1,102	9,238	./. 5,669	./. 1,454	1,033	0	./. 6,090	3,148	3,675
III. Long-term financial assets											
1. Shares in affiliated companies	16,071	0	0	16,071	./. 635	0	0	0	./. 635	15,435	15,435
2. Loans to affiliated companies	224,019	38,056	./. 41,550	220,524	./. 88,570	0	0	0	./. 88,570	131,954	135,448
	240,089	38,056	./. 41,550	236,595	./. 89,205	0	0	0	./. 89,205	147,390	150,884
Total	**281,836**	**49,259**	**./. 42,653**	**288,442**	**./. 108,457**	**./. 7,256**	**1,033**	**0**	**./. 114,679**	**173,763**	**173,380**

Westwing Group SE (formerly Westwing Group AG), Berlin
Development of treasury shares

Balance sheet date	Date of acquisition or disposal	Price per share in EUR	Treasury shares	Cause of the movement
Dec. 31, 2017			**-191**	
			-28,650	share split
			5,850	exercise share options
Dec. 31, 2018			**-22,800**	
	03.07.19	0.02	22,800	exercise share options
	04.09.19	14.85	-10,050	acquisition of treasury shares
	05.09.19	14.85	-8,850	acquisition of treasury shares
	05.13.19	0.01	18,900	exercise share options
	08.14.19	4.40	-2,600	share buy-back
	08.15.19	4.10	-658	share buy-back
	08.16.19	3.94	-2,442	share buy-back
	08.19.19	3.90	-3,000	share buy-back
	08.20.19	3.66	-3,500	share buy-back
	08.21.19	3.24	-3,500	share buy-back
	08.22.19	2.71	-6,500	share buy-back
	08.23.19	2.75	-11,000	share buy-back
	08.26.19	3.07	-5,000	share buy-back
	08.27.19	3.46	-15,000	share buy-back
	08.28.19	3.71	-11,542	share buy-back
	08.29.19	3.57	-18,000	share buy-back
	08.30.19	3.42	-13,693	share buy-back
	09.02.19	3.21	-18,013	share buy-back
	09.03.19	3.28	-12,507	share buy-back
	09.04.19	3.21	-22,000	share buy-back
	09.05.19	3.09	-25,000	share buy-back
	09.06.19	3.00	-25,880	share buy-back
	09.09.19	2.91	-28,500	share buy-back
	09.10.19	2.96	-29,000	share buy-back
	09.11.19	2.88	-19,939	share buy-back
	09.12.19	2.88	-24,513	share buy-back
	09.13.19	2.92	-19,923	share buy-back
	09.16.19	2.77	-11,078	share buy-back
	09.17.19	2.61	-35,500	share buy-back
	09.18.19	2.62	-35,500	share buy-back
	09.19.19	2.64	-3,000	share buy-back
	09.20.19	2.57	-3,000	share buy-back
	09.23.19	2.58	-3,000	share buy-back
	09.24.19	2.61	-3,000	share buy-back
	09.25.19	2.49	-3,000	share buy-back
	09.26.19	2.20	-3,000	share buy-back
	09.27.19	2.00	-3,000	share buy-back
	09.30.19	2.15	-3,000	share buy-back
	10.01.19	2.25	-3,000	share buy-back
	10.02.19	2.33	-3,000	share buy-back
	10.04.19	2.25	-3,000	share buy-back
	10.07.19	2.31	-3,000	share buy-back
	10.08.19	2.62	-22,500	share buy-back
	10.09.19	2.98	-13,000	share buy-back
	10.10.19	3.08	-13,684	share buy-back

	10.11.19	3.27	-37,816	share buy-back
	10.14.19	3.42	-20,000	share buy-back
	10.15.19	3.60	-10,000	share buy-back
	10.16.19	3.63	-14,236	share buy-back
	10.17.19	3.88	-34,600	share buy-back
	10.18.19	4.17	-34,353	share buy-back
	10.21.19	4.48	-21,383	share buy-back
	10.22.19	4.62	-27,617	share buy-back
	10.23.19	4.82	-15,850	share buy-back
	10.24.19	4.78	-35,866	share buy-back
	10.25.19	4.88	-22,100	share buy-back
	10.28.19	4.75	-11,818	share buy-back
	10.29.19	4.62	-14,730	share buy-back
	10.30.19	4.39	-10,659	share buy-back
	11.27.19	1.71	16,350	exercise share options
	11.27.19	1.71	3,450	exercise share options
	11.27.19	0.01	1,650	exercise share options
	11.27.19	0.01	9,600	exercise share options
	11.27.19	0.01	600	exercise share options
	11.27.19	0.01	2,850	exercise share options
	11.27.19	1.23	1,900	exercise share options
	11.27.19	0.01	2,100	exercise share options
	11.27.19	0.01	1,050	exercise share options
Dec. 31, 2019			**-743,450**	
	04.21.20	1.71	2,550	exercise share options
	04.30.20	0.01	3,300	exercise share options
	06.04.20	0.01	300	exercise share options
	07.30.20	0.01	5,250	exercise share options
	09.01.20	1.23	3,600	exercise share options
	09.02.20	0.01	3,450	exercise share options
	09.02.20	1.23	2,850	exercise share options
	09.02.20	4.47	16,200	exercise share options
	09.02.20	4.47	1,350	exercise share options
	09.02.20	4.47	1,500	exercise share options
	09.17.20	0.01	2,550	exercise share options
	09.24.20	0.01	5,850	exercise share options
	10.01.20	1.23	10,500	exercise share options
	10.01.20	1.23	3,600	exercise share options
	10.05.20	0.01	24,000	exercise share options
	10.05.20	0.01	5,400	exercise share options
	11.17.20	0.01	85,200	exercise share options
	12.03.20	0.01	1,650	exercise share options
	12.03.20	0.01	300	exercise share options
	12.03.20	0.01	15,000	exercise share options
	12.03.20	0.01	1,950	exercise share options
	12.03.20	1.71	1,200	exercise share options
	12.03.20	1.71	750	exercise share options
	12.03.20	4.47	900	exercise share options
	12.03.20	9.17	1,200	exercise share options
	12.03.20	19.30	1,800	exercise share options
Dec. 31, 2020			**-541,250**	
	03.17.21	0.01	3,000	exercise share options
	05.04.21	0.01	1,200	exercise share options
	05.04.21	0.01	1,350	exercise share options
	05.04.21	0.01	4,650	exercise share options

	05.04.21	0.01	2,700	exercise share options
	05.04.21	0.01	1,800	exercise share options
	05.04.21	0.01	4,800	exercise share options
	05.04.21	0.01	2,550	exercise share options
	05.04.21	0.01	4,650	exercise share options
	05.04.21	0.01	14,200	exercise share options
	05.04.21	0.01	800	exercise share options
	05.04.21	0.01	1,050	exercise share options
	05.04.21	0.01	2,550	exercise share options
	05.04.21	0.01	1,500	exercise share options
	05.04.21	1.23	4,500	exercise share options
	05.04.21	1.23	40,000	exercise share options
	05.04.21	1.71	1,125	exercise share options
	05.04.21	4.47	150	exercise share options
	05.04.21	7.66	4,350	exercise share options
	05.04.21	12.20	750	exercise share options
	05.04.21	19.30	1,350	exercise share options
	05.04.21	19.30	900	exercise share options
	05.11.21	0.01	1,800	exercise share options
	05.11.21	9.06	2,700	exercise share options
	05.12.21	9.06	2,100	exercise share options
	05.18.21	0.01	10,000	exercise share options
	05.18.21	12.16	1,200	exercise share options
	05.18.21	29.01	150	exercise share options
	05.19.21	0.01	150	exercise share options
	05.19.21	0.01	24,000	exercise share options
	05.19.21	19.30	300	exercise share options
	05.20.21	4.47	450	exercise share options
	05.20.21	9.17	2,700	exercise share options
	05.27.21	0.01	11,250	exercise share options
	05.27.21	0.01	5,550	exercise share options
	06.02.21	0.01	1,500	exercise share options
	06.02.21	0.01	12,450	exercise share options
	06.02.21	0.01	600	exercise share options
	06.02.21	0.01	600	exercise share options
	06.09.21	0.01	4,650	exercise share options
	06.09.21	4.47	600	exercise share options
	06.09.21	19.30	900	exercise share options
	06.09.21	29.01	1,650	exercise share options
	06.15.21	0.01	6,900	exercise share options
	06.15.21	6.67	5,850	exercise share options
	07.07.21	0.01	2,850	exercise share options
	07.07.21	0.01	3,000	exercise share options
	07.12.21	1.71	1,050	exercise share options
	07.20.21	0.01	4,650	exercise share options
	07.20.21	19.30	750	exercise share options
	09.06.21	0.01	750	exercise share options
	09.14.21	4.47	2,100	exercise share options
	09.30.21	0.01	1,650	exercise share options
Dec. 31, 2021			**-326,475**	
	11.28.22	8.84	-4,454	share buy-back
	11.29.22	8.63	-4,602	share buy-back
	11.30.22	8.34	-2,060	share buy-back
	12.01.22	8.66	-1,901	share buy-back
	12.02.22	8.90	-1,112	share buy-back

	12.05.22	9.38	-2,902	share buy-back
	12.06.22	8.89	-3,422	share buy-back
	12.07.22	8.71	-3,549	share buy-back
	12.08.22	8.57	-2,737	share buy-back
	12.09.22	8.46	-1,512	share buy-back
	12.12.22	8.85	-388	share buy-back
	12.13.22	9.42	-1,186	share buy-back
	12.14.22	9.22	-985	share buy-back
	12.15.22	9.14	-2,243	share buy-back
	12.16.22	8.92	-5,040	share buy-back
	12.19.22	8.55	-3,163	share buy-back
	12.20.22	8.67	-2,396	share buy-back
	12.21.22	8,83	-2,856	share buy-back
	12.22.22	8.85	-1,801	share buy-back
	12.23.22	8.90	-1,556	share buy-back
	12.27.22	8.85	-1,967	share buy-back
	12.28.22	9.05	-1,027	share buy-back
	12.29.22	9.26	-1,044	share buy-back
	12.30.22	9.66	-1,852	share buy-back
Dec. 31, 2022			**-382,230**	

02

COMBINED MANAGEMENT REPORT

1. FUNDAMENTAL INFORMATION ABOUT THE GROUP

The Westwing Group – the parent company of which is Westwing Group SE and which is referred to hereinafter as "Westwing," the "Company," or the "Group" for short – operates an inspirational Home & Living eCommerce brand in Europe.

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

1.1 Business Activities

Westwing is a European Home & Living eCommerce brand that aims to inspire its loyal customers using a shoppable magazine concept, a curated range of products, and varying content.

Ever since Westwing was founded, our strategy has been to inspire our customers with a daily interior magazine allowing them to discover and instantly shop their favorite Home & Living pieces. This shopping experience distinguishes us from typical Home & Living eCommerce offerings, which are usually search-based. We offer our customers relevant Home & Living categories such as textiles, furniture, lighting, kitchen accessories, and decoration, addressing all their Home & Living needs.

Our Club sales (Daily Themes) introduce customers to new ideas ranging from decoration tips to home styling looks, plus the matching products. Customers can also find a large variety of products on our Shop website, which features our permanent assortment. We present our products alongside beautiful visual content such as shoppable interior themes, home stories, and home styling tips.

Our content is created by a large team of art directors, interior designers, videographers, and photographers, among other people. The content creation teams work with our style and merchandizing units to find the right combination of inspiration and merchandizing for our customers.

Westwing targets a highly attractive market that is worth approximately EUR 130bn[1] in the geographies in which we operate. Our business model is fueled by our high customer loyalty, with 82% of orders coming from repeat customers. Our business activities follow our Company's mission: "To inspire and make every home a beautiful home."

In 2022, our gross merchandise volume (GMV, see also section 1.3 of this Combined Management Report) amounted to EUR 481m. Of this figure, 17% was attributable to textiles and rugs, 11% to home decoration and accessories, 10% to kitchen and dining, 9% to lighting, 33% to large furniture, 7% to small furniture, and 12% to other products.

The combination of our Westwing Collection and third-party products enables us to offer customers a broad, relevant assortment. The share of GMV accounted for by our Westwing Collection increased to 41% in 2022 as a whole (2021: 34%) and to 44% in the fourth quarter (Q4 2021: 37%). Our long-term goal is to grow this figure to 50%+ of GMV.

1.2 Structure of the Group

The Group is headed by our holding company, Westwing Group SE, a German stock corporation entered in the commercial register of the District Court in Berlin under the number HRB 239114 B. The Company is headquartered at Moosacher Strasse 88, 80809 Munich, Germany. Westwing has been listed on Frankfurt Stock Exchange's regulated market (Prime Standard) since October 9, 2018.

As of December 31, 2022, 23 companies were included in the Westwing Group's consolidated financial statements, of which 11 were nonoperating. The most important affiliate in terms of revenue is Germany-based Westwing GmbH, which also accounts for part of our international business. This means that the revenue generated by the legal entities in other

1 Euromonitor (as of May 30, 2022).

countries does not fully reflect Westwing's sales in those countries; rather, only Westwing's Club sales (Daily Themes) are attributable to these companies.

Westwing GmbH generated third-party revenue of EUR 328.4m in 2022 (2021: EUR 383.9m), while Westwing Poland Sp. z o.o had revenue of EUR 27.9m in 2022 (2021: EUR 35.6m). Italian company Westwing S.r.l. had revenue of EUR 27.9m (2021: EUR 41.5m), while revenue at the Spanish Westwing Iberia S.L. amounted to EUR 23.9m (2021: EUR 30.2m).

1.3 Performance Measurement System

Westwing manages its operating business via two segments: DACH and International. The key performance indicators used in management are revenue, revenue growth, Adjusted EBITDA, and the Adjusted EBITDA margin. The DACH segment comprises Germany, Switzerland, and Austria. The International segment consists of Spain, Italy, France, Poland, the Czech Republic, the Slovak Republic, Belgium, and the Netherlands.

We define EBITDA as total earnings before interest and taxes (EBIT) plus depreciation, amortization, and impairments. Adjusted EBITDA is calculated by modifying this figure to take account of share-based payment expenses. This provides a performance metric for the Company's operating business. In 2022, Westwing adjusted its EBITDA for one-time restructuring severance payments of EUR 5.7m, since the Company's cost base did not reflect the challenging market environment. We also reversed the shift in the cost of goods sold and fulfilment expenses resulting from the first-time capitalization of inbound costs to inventory as of December 31, 2021, in our Adjusted Statement of Profit or Loss, since management still follows the former approach when analyzing expense lines. Equally, EBITDA was adjusted in 2021 for expenses resulting from a tax claim for previous years brought against a divested entity, plus expenses incurred for the change in Westwing Group AG's legal form to a European Company (Societas Europaea – SE). The Adjusted EBITDA margin is defined as Adjusted EBITDA expressed as a percentage of revenue.

Other financial and non-financial performance indicators apart from our key performance indicators (revenue, revenue growth, Adjusted EBITDA, and the Adjusted EBITDA margin) are also reported to corporate management and include the following:

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

- Westwing Collection share: The share of total GMV accounted for by our Westwing Collection, expressed in percent.

- Number of orders: This is defined as the total number of valid orders placed during the twelve months before the period-end, and is not adjusted for returns.

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

- Active Customers: Customers who have placed at least one valid order during the twelve months before the period-end, not adjusted for returns.

- Average orders per Active Customer in the preceding twelve months: This is the total number of orders placed in the twelve months before the period-end, divided by the number of Active Customers as of the period-end.

- Average GMV per Active Customer in the preceding twelve months: GMV in the twelve months before the period-end divided by the number of Active Customers as of the period-end.

- Mobile visit share: The proportion of site visits made via mobile devices, expressed as a percentage of total site visits.

- Contribution margin: Total gross profit less adjusted fulfilment expenses, expressed as a percentage of revenue.
- Free cash flow: The sum of cash flow from operations and cash flow from investments.

1.4 Research and Development

Ever since it was founded, Westwing has invested in developing and enhancing its software to support its growing internal and external business requirements. The Company has an in-house technology team that provides all countries with centralized support for maintaining this software architecture. As of year-end 2022, the team consisted of 229 employees (December 31, 2021: 267 employees). One 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, plus smartphone- and tablet-optimized sites.

Development costs are capitalized in accordance with IAS 38 and HGB. The net carrying amount of intangible assets resulting from the capitalization of internally developed software increased by EUR 4.4m in the 2022 fiscal year, to total EUR 23.1m. Capitalized development costs accounted for roughly 23% of total technology costs in 2022 (2021: 30%). Amortization of capitalized development costs amounted to EUR 5.0m during the same period (2021: EUR 3.6m), while impairment expenses totaled EUR 0.7m (2021: EUR 0.1m).

2. REPORT ON ECONOMIC POSITION

2.1 Macroeconomic and Sector-specific Environment

Westwing operates in the Home & Living eCommerce market in 11 European countries. The Group's revenue and profitability depend on conditions in these markets and the potential they offer. Relevant factors include macroeconomic developments, general conditions in the Home & Living market, and the prospects for eCommerce (including mobile channels).

In 2022, macroeconomic developments were severely challenged by a series of major disruptive factors. As in previous years, the COVID-19 pandemic still negatively affected the world market. China's zero COVID strategy, which resulted in frequent lockdowns during the year, had a particularly serious influence on global supply chains. At the same time the Russian invasion of Ukraine, which started in February 2022, strongly destabilized the global economy. The Russian curtailment of gas deliveries resulted in a significant increase in gas prices and considerable uncertainty regarding future energy supplies.[2]

These factors, among other things, reinforced global inflation pressure. The rise in global consumer prices of 8.8% in 2022 was one of the highest in decades, and is tightening monetary conditions for both consumers and producers.[3] While consumer prices in advanced economies rose by an average of roughly 7.3 %[4] in 2022, Europe was hit especially hard with inflation of around 8.3%.[5]

Due to these distortions, global GDP growth is expected to have slowed to 3.4% in 2022 (2021: 6.2%).[6] Although this forecast is in line with predictions made at the end of the first half of 2022, it is lower than had been expected in April 2022. European GDP growth is predicted to have slowed to 3.5% (2021: 5.3%) as the continent suffered from the war in Ukraine and the resulting reduction in Russian gas supplies. GDP growth in Germany, Westwing's largest market, in 2022 is expected to have been even lower than the European average, at an estimated 1.9%.[7]

2 International Monetary Fund: World Economic Outlook Database October 2022.
3 International Monetary Fund: World Economic Outlook Database January 2023.
4 International Monetary Fund: World Economic Outlook Database January 2023.
5 International Monetary Fund: World Economic Outlook Database January 2023.
6 International Monetary Fund: World Economic Outlook Database January 2023.
7 International Monetary Fund: World Economic Outlook Database January 2023.

2022 was impacted by a drop in overall demand in the Home & Living market, driven by lower consumer sentiment caused by the factors described above. The online Home & Living market saw an even stronger decline as COVID-19 restrictions eased and people enjoyed offline shopping again.

OVERALL ASSESSMENT OF THE ECONOMIC ENVIRONMENT

As expected, 2022 was a difficult year for the global economy. In addition to the lingering COVID-19 pandemic, the war in Ukraine and higher inflation led to substantial uncertainties and put a brake on global economic activity. However, we expect the trend towards online purchasing in the Home & Living market to continue despite the challenging economic environment. Since Westwing has accumulated more than a decade's worth of eCommerce experience, we are confident and optimistic that we will overcome these difficult times and continue our success story in the coming years.

2.2 Course of Business[8]

2022 was a challenging year for Westwing, too. Our business was impacted by the war in Ukraine and the related market weakness. We closed the year with revenue of EUR 431m (2021: EUR 522m) – a drop of 17.5% year-over-year – and an Adjusted EBITDA margin of –1.0% (2021: 7.7%). Relative optimism at the beginning of 2022 gave way to economic challenges later on, with the decline in customer demand for the reasons described above impacting us strongly. As a result, we revised our original guidance downwards in August 2022.

We met this revised capital market guidance in terms of revenue and also ended the year in the upper half of our projected Adjusted EBITDA range, actually meeting the original March 2022 guidance for this item. However, we failed to meet our original revenue target.

Date	Revenue	Revenue growth	Adjusted EBITDA	Adjusted EBITDA margin
March 28, 2022 (original guidance)	EUR 460m to EUR 540m	–12% to +3%	EUR –9m to EUR +16m	–2% to +3%
August 10, 2022 (revised guidance)	EUR 410m to EUR 450m	–22% to –14%	EUR –15m to EUR 0m	–4% to 0%
FY 2022 result	EUR 431m	–17.5%	EUR –4.2m	–1.0%

The DACH segment generated revenue of EUR 242.4m (down 18.3%) and Adjusted EBITDA of EUR 7.9m (2021: EUR 38.8m), while revenue in our International segment was EUR 188.4m (down 16.5%) and Adjusted EBITDA amounted to EUR –11.2m (2021: EUR 2.8m). Please refer to the segment results for more details.

8 All statements and figures relating to our quarterly performance are unaudited.

The following major topics were relevant to the Company's course of business in 2022:

Fast-changing Environment Caused by the War in Ukraine

The overall macroeconomic environment caused by the Russian invasion of Ukraine saw accelerating inflation and a significant fall in customer confidence. As a result, we were faced with a drop in revenue which strongly impacted our margins. We were able to offset some of the resulting negative effects due to a substantial increase in our Westwing Collection's share of GMV. However despite this, and despite the fact that we passed on some cost increases to our customers, we experienced a negative short-term impact on our contribution margin.

Dealing with Higher Energy Prices and Gas Shortages

The end of gas supplies from Russia led to higher energy prices and the prospect of potential gas shortages. We coped with this by reducing energy consumption in our warehouses and offices, and by developing alternative options for heating our warehouses and hence ensuring operations.

Reduction of Online Sales After the Return of Offline Shops

Online market growth slowed down when offline sales came back after COVID-19 related restrictions ended. We had not anticipated this development, and had planned instead for additional growth, which was also reflected in a higher cost base. As a result, we had to adjust our business in the course of the year.

Maintaining and Improving Customer Loyalty

Customer loyalty to Westwing remained very strong in 2022, with 82% of orders coming from repeat customers (2021: 80%). We increased our share of wallet (measured in terms of the GMV per Active Customer for the preceding twelve months) from EUR 343 in 2021 to EUR 364 in 2022. We attract home enthusiasts by offering unique blend of Club sales (Daily Themes), our Shop (Permanent Assortment), our Westwing Collection, and organic marketing.

2.2.1 RESULTS OF OPERATIONS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The condensed Consolidated Statement of Profit or Loss (IFRSs) before adjustments is as follows:

EURm	2022	In % of revenue	2021	In % of revenue	Change in EURm	Change in %
Revenue	**430.8**	**100.0**	**522.5**	**100.0**	**–91.7**	**–17.5**
Cost of sales	–228.1	–52.9	–265.7	–50.9	37.6	–14.2
Gross profit	**202.7**	**47.1**	**256.8**	**49.1**	**–54.0**	**–21.0**
Fulfilment expenses	–94.2	–21.9	–107.1	–20.5	12.9	–12.1
Marketing expenses	–40.6	–9.4	–49.3	–9.4	8.7	–17.7
General and administrative expenses	–92.9	–21.6	–79.3	–15.2	–13.6	17.1
Other operating expenses	–5.2	–1.2	–3.8	–0.7	–1.3	34.7
Other operating income	2.6	0.6	3.9	0.7	–1.2	–31.7
Operating profit/loss	**–27.4**	**–6.4**	**21.1**	**4.0**	**–48.5**	**–**

The following table shows the reconciliation from the operating profit/loss to Adjusted EBITDA:

EURm	2022	2021
Operating profit/loss	**–27.4**	**21.1**
Share-based payment expenses/(income)	–0.6	5.6
Restructuring severance payments	5.7	–
Expenses for tax claim on discontinued operations	–	0.3
Expenses for change in legal form to an SE	–	0.4
Restructuring in France	–	–0.0
Depreciation, amortization, and impairments	18.1	13.0
Adjusted EBITDA	**–4.2**	**40.4**
Adjusted EBITDA margin	–1.0%	7.7%

The Adjusted Consolidated Statement of Profit or Loss shown in the following table, which we use to comment on operating developments in the individual items, does not include share-based payment expenses. In 2022, Westwing adjusted its EBITDA for restructuring severance payments of EUR 5.7m, since the Company's cost base did not reflect the challenging market environment. We also reversed the shift in the cost of goods sold and fulfilment expenses resulting from the first-time capitalization of inbound costs to inventory as of December 31, 2021, in our Adjusted Statement of Profit or Loss, since management still follows the former approach when analyzing expense lines. Equally, EBITDA was adjusted in 2021 for expenses relating to the tax claim brought against a divested entity in previous years, plus expenses incurred for the change in Westwing Group AG's legal form to a European Company (SE). Finally, depreciation, amortization, and impairments were excluded to arrive at the Adjusted EBITDA. In 2022, no share-based payment expenses recognized in previous years impacted cash (2021: EUR 1.5m).

ADJUSTED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EURm	2022	In % of revenue	2021	In % of revenue	Change in EURm	Change in %
Revenue	**430.8**	**100.0**	**522.5**	**100.0**	**–91.7**	**–17.5**
Cost of sales*	–223.8	–51.9	–265.7	–50.9	41.9	–15.8
Gross profit	**207.1**	**48.1**	**256.8**	**49.1**	**–49.7**	**–19.4**
Fulfilment expenses*	–98.0	–22.7	–107.1	–20.5	9.1	–8.5
Contribution margin*	**109.1**	**25.3**	**149.7**	**28.7**	**–40.6**	**–27.1**
Marketing expenses	–39.2	–9.1	–49.3	–9.4	10.1	–20.4
General and administrative expenses*	–89.7	–20.8	–73.4	–14.0	–16.3	22.2
Other operating expenses*	–5.2	–1.2	–3.5	–0.7	–1.7	47.5
Other operating income	2.6	0.6	3.9	0.7	–1.2	–31.7
Depreciation, amortization, and impairments	18.1	4.2	13.0	2.5	5.1	39.0
Adjusted EBITDA	**–4.2**	**–1.0**	**40.4**	**7.7**	**–44.7**	**–**

* The following adjustments were made in these line items:

EURm	Expense item	2022	2021
Share-based payment expenses/(income)	Fulfilment expenses	0.0	0.0
	Marketing expenses	0.0	0.0
	General and administrative expenses	–0.6	5.6
Restructuring severance payments	Fulfilment expenses	0.5	–
	Marketing expenses	1.3	–
	General and administrative expenses	3.8	–
Capitalization of inbound costs	Cost of sales	4.3	–
	Fulfilment expenses	–4.3	–
Provision for tax claim for discontinued operations	Other expenses	–	0.3
Expenses for the change in legal form to an SE	General and administrative expenses	–	0.4
Restructuring in France	Fulfilment expenses	–	–0.0
	General and administrative expenses	–	–0.0
Total		**5.1**	**6.3**

Revenues for the fiscal year can be broken down as follows:

EURm	2022	In % of revenue	2021	In % of revenue
Revenue from the sale of products	423.0	98.2	515.0	98.6
Service revenue	1.0	0.2	0.6	0.1
Other revenue	6.9	1.6	6.8	1.3
Total	**430.8**	**100.0**	**522.5**	**100.0**

Changes in the other performance indicators were as follows in the reporting period:

OTHER PERFORMANCE INDICATORS

	2022	2021	Change
Westwing Collection share (in % of GMV)	41%	34%	7pp
GMV (in EURm)	481	586	–18%
Number of orders (in thousands)	3,128	4,371	–28%
Average basket size (in EUR)	154	134	+15%
Active Customers (in thousands)	1,320	1,705	–23%
Average orders per Active Customer in the preceding 12 months (in EUR)	2.4	2.6	–8%
Average GMV per Active Customer in the preceding 12 months (in EUR)	364	343	+6%
Mobile visit share	80%	80%	0pp

BUSINESS PERFORMANCE[9]

Westwing's revenue in 2022 amounted to EUR 430.8m, a decline of 17.5% compared to 2021. The decrease was primarily due to the difficult market environment that mainly resulted from the war in Ukraine, with the resulting inflation driving low consumer confidence and reduced customer demand. At the same time, 2022 must be compared to a very strong 2021, in which online Home & Living demand still benefited from offline lockdowns.

The share of revenue accounted for by the Westwing Collection grew by 7 percentage points, from 34% of GMV in 2021 to 41% of GMV in 2022. The figure for the fourth quarter of 2022 amounted to 44% (Q4 2021: 37%).

Westwing's gross profit margin of 48.1% remained strong and was only slightly lower than the figure for 2021 (49.1%). This encouraging figure was largely due to the higher Westwing Collection share, which offset lower margins from increased product costs.

Fulfilment expenses[10] as a percentage of revenue increased year-over-year to 22.7% (2021: 20.5%). In absolute terms, they amounted to EUR 98.0m (2021: EUR 107.1m). This was driven by the new warehouse that opened in the first quarter of 2022, increasing our fixed costs, and by the generally low utilization of our fulfilment infrastructure in 2022.

Marketing expenses as a percentage of revenue amounted to 9.1% and were on a similar level to the previous year (2021: 9.4%). Expressed in absolute terms, they fell to EUR 39.2m (2021: EUR 49.3m).

General and administrative expenses as a percentage of revenue rose from 14.0% in 2021 to 20.8% in 2022. This was primarily driven by the lower revenue base plus an increased cost base in key areas such as technology and the Westwing Collection. In absolute terms, general and administrative expenses increased by EUR 16.3m to EUR 89.7m (2021: EUR 73.4m).

Adjusted EBITDA in 2022 was EUR –4.2m (2021: EUR 40.4m), down EUR 44.7m year-over-year. The Adjusted EBITDA margin declined by 8.7 percentage points, from 7.7% to –1.0%.

Depreciation and amortization increased by EUR 5.1m to EUR 18.1m. This was primarily due to higher amortization of internally generated software resulting from higher capitalized expenses over recent years, plus increased depreciation of right-of-use assets.

The net financial result fell by EUR 0.8m compared to 2021 and amounted to EUR –2.9m (2021: EUR –2.1m). This mainly resulted from higher interest on lease liabilities and higher currency losses.

9 Figures are presented on an adjusted basis; for details, see the Adjusted Statement of Profit or Loss tables above.

10 Fulfilment expenses include shipping costs.

Income tax expenses were down compared to the previous year, at EUR 2.1m (2021: EUR 7.0m). In 2022, Westwing reduced deferred tax assets on loss carryforwards as well as deferred tax liabilities. In total, this resulted in an expense of EUR 1.8m (2021: EUR 4.3m), which led to a total tax expense of EUR 2.1m (2021: EUR 7.0m).

Result after tax in the 2022 fiscal year amounted to EUR -32.4m, a year-on-year decline of EUR 44.4m (2021: EUR 12.0m).

GMV fell by 17.9%, from EUR 585.6m in 2021 to EUR 480.9m in 2022. This drop was based on a 28.4% reduction in customer orders to 3.1m (2021: 4.4m), which were placed by 1.3m (2021: 1.7m) Active Customers. The average GMV per Active Customer increased to EUR 364 in 2022 compared to EUR 343 in 2021.

The mobile visit share was stable in 2022 at 80% (2021: 80%).

SEGMENT RESULTS

The Group's revenue can be broken down by segment as follows:

EURm	**2022**	**In % of revenue**	2021	In % of revenue	Change in EURm	Change in %
DACH	242.4	56.3	296.8	56.8	–54.4	–18.3
International	188.4	43.7	225.7	43.2	–37.2	–16.5
Total	**430.8**	**100.0**	**522.5**	**100.0**	**–91.7**	**–17.5**

Adjusted EBITDA for the segments was as follows:

EURm	**2022**	**Margin**	2021	Margin	Change in EURm
DACH	7.9	3.3%	38.8	13.1%	–30.8
International	–11.2	–5.9%	2.8	1.2%	–13.9
HQ/reconciliation	–1.0	–	–1.1	–	0.1
Total	**–4.2**	**–1.0%**	**40.4**	**7.7%**	**–44.7**

Our DACH segment contributed EUR 242.4m to revenue, a decline of 18.3% compared to 2021. Revenue in our International segment fell 16.5% to EUR 188.4m. The DACH segment achieved an Adjusted EBITDA of EUR 7.9m and an Adjusted EBITDA margin of 3.3% (2021: 13.1%). Adjusted EBITDA in the International segment was a negative EUR –11.2m (2021: EUR 2.8m), corresponding to an Adjusted EBITDA margin of –5.9% (2021: 1.2%).

2.2.2 FINANCIAL POSITION

CONDENSED STATEMENT OF CASH FLOWS

EURm	2022	2021	Change in EURm
Cash flows from operating activities	–7.5	18.1	–25.5
Cash flows from investing activities	–11.4	–16.0	4.6
Cash flows from financing activities	–2.7	–9.7	7.0
Net change in cash and cash equivalents	**–21.5**	**–7.6**	**–13.9**
Effect of exchange rate fluctuations on cash held	0.1	0.1	0.0
Cash and cash equivalents as of January 1	97.4	104.9	–7.5
Cash and equivalents as of December 31	**76.0**	**97.4**	**–21.4**

Westwing generated cash flow from operating activities of EUR –7.5m in 2022 (2021: EUR 18.1m) due to its operating loss. Cash and cash equivalents declined by EUR 21.4m compared to December 31, 2021. Net working capital – defined as inventories plus prepayments, current trade receivables, and other financial assets less trade payables, accruals, supplier finance arrangements, and contract liabilities – decreased year-over-year and amounted to EUR 2.5m in 2022 (2021: EUR 4.4m).

Cash flows from investing activities amounted to EUR –11.4m in 2022 (2021: EUR –16.0m). This item included investments in intangible assets, and especially in internally developed software, of EUR 10.2m (2021: EUR 8.6m), plus purchases of property, plant, and equipment totaling EUR 3.7m (2021: EUR 6.3m). These mainly related to technical equipment for the new warehouse in Poland and the Company's headquarters.

Due to the changes in cash flows from operating activities and cash flows from investing activities described above, free cash flow for full-year 2022 was EUR –18.8m (2021: EUR 2.1m).

Cash flows from financing activities amounted to EUR –2.7m (2021: EUR –9.7m). This improvement is basically due to supplier finance arrangements and a one-time lease incentive payment of EUR 1.5m, which were partially offset by higher payments for lease liabilities. The supplier finance arrangements led to a financing cash inflow of EUR 7.8m. Conversely, cash outflows for lease liabilities increased by EUR 3.0m. In addition, Westwing had credit lines of up to EUR 20.0m.

Principles and Objectives of Financial Management

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

The Company maintains cash reserves to cover additional investments in growth and to support its ongoing business. Westwing consistently ensured that enough liquid funds were available to fund operations and 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 22).

2.2.3 NET ASSETS

CONDENSED STATEMENT OF FINANCIAL POSITION

EURm	2022	2022 in % of total	2021	2021 in % of total	Change in EURm	Change in %
Total assets	**228.3**	**100.0**	**277.4**	**100.0**	**–49.1**	**–17.7**
Non-current assets	82.3	36.1	87.4	31.5	–5.0	–5.8
Current assets	146.0	63.9	190.1	68.5	–44.1	–23.2
Total equity and liabilities	**228.3**	**100.0**	**277.4**	**100.0**	**–49.1**	**–17.7**
Equity	90.1	39.4	119.3	43.0	–29.3	–24.5
Non-current liabilities	45.6	20.0	54.0	19.5	–8.4	–15.6
Current liabilities	92.7	40.6	104.2	37.5	–11.5	–11.0

Non-current assets mainly consist of property, plant, and equipment, and intangible assets. Property, plant, and equipment hardly changed from EUR 55.5m at the end of 2021 to EUR 53.2m at the end of 2022. Intangible assets, which are primarily attributable to the capitalization of software development expenses, increased by EUR 4.4m. Capitalized software development expenses of EUR 10.2m in 2022 were partially offset by amortization of EUR 5.0m and an impairment charge of EUR 0.7m.

Current assets amounted to EUR 146.0m as of December 31, 2022 (December 31, 2021: EUR 190.1m). Cash and cash equivalents decreased to EUR 76.0m (December 31, 2021: EUR 97.4m), primarily because of negative cash flows from operating activities. Inventories fell to EUR 45.2m (December 31, 2021: EUR 54.9m) as supply chains stabilized and we were able to decrease inventory buffers. Trade and other current financial receivables rose by EUR 1.1m to EUR 12.6m (December 31, 2021: EUR 11.5m); this item included expected credit losses of EUR 3.0m (December 31, 2021: EUR 4.6m).

The Company's equity declined to EUR 90.1m as of December 31, 2022, compared to EUR 119.3m as of the end of 2021. This change was mainly caused by the net loss for the year.

Non-current liabilities decreased by EUR 8.4m to EUR 45.6m (December 31, 2021: EUR 54.0m). This was primarily caused by a decrease of EUR 4.2m in liabilities from cash-settled share-based payments and the EUR 2.7m lower deferred tax liabilities.

As of December 31, 2022, the Group had credit lines of EUR 10.0m at UniCredit Bank AG (December 31, 2021: EUR 10.0m), valid until further notice, plus credit lines of EUR 10.0m at Norddeutsche Landesbank, valid until December 31, 2024.

Current liabilities declined by EUR 11.5m year-over-year to EUR 92.7m (December 31, 2021: EUR 104.2m). Trade payables decreased from EUR 41.8m at the end of 2021 to EUR 16.7m as of December 31, 2022. This was mainly due to the inventory build-up in 2021, especially in the fourth quarter, which led to high trade payables at the end of the previous year. The effect was partially offset by the first-time recognition of supplier finance arrangements of EUR 7.8m, which enabled us to pay suppliers earlier and hence receive discounts. In addition, personnel-related liabilities rose by EUR 3.4m, mainly due to restructuring severance payments as well as expected wage tax payments.

Overall Assessment of the Group's Economic Position

Although COVID-19 was initially still a topic of concern, it was nearly completely displaced by Russia's large-scale military invasion of Ukraine, which started on February 24, 2022. Global sanctions against Russia deeply impacted world market developments and had side effects such as a spike in inflation that was caused in particular by energy prices, and plummeting consumer sentiment. This situation must be compared with a successful previous year that saw high growth rates.

Overall, the fall in revenue led to weaker margins and negative Adjusted EBITDA, as the size of our business had been based on expectations of higher sales levels. We addressed this by reducing our headcount over the year and becoming even more cost-conscious. These measures enabled us to meet the updated forecast we issued in August 2022, with revenue of EUR 431m and Adjusted EBITDA of EUR −4.2m. Despite being unprofitable in 2022, we are still seeing strong unit economics and a very positive performance by our Westwing Collection share. We are therefore confident that we will return to profitable growth again, especially once the market environment improves.

3. EMPLOYEES

Westwing Group employed 1,729 full time equivalents (FTEs) as of the end of December 2022 – a significant decrease on the 2,312 employees recorded as of the end of 2021.

In December 2022, most staff were employed by the Munich-based legal entities Westwing Group SE (295 FTEs) and Westwing GmbH (254 FTEs), and by the Group's Polish entity (764 FTEs). The latter also operates Westwing's shared service center and shared warehouses.

Westwing's employees are highly international. As of the end of 2022, the Company employed people with more than 71 different nationalities. Likewise, Westwing sees gender diversity as an important factor: A total of 61% of the Company's employees are female.

4. NON-FINANCIAL STATEMENT

This Non-financial Group Statement covers the Westwing Group's operations and was prepared in accordance with sections 315b and 315c in conjunction with sections 289b and 289c of the German Commercial Code (Handelsgesetzbuch – HGB). The Non-financial Statement presents our sustainability focus areas, describes our management approach, lists our performance indicators, and highlights specific initiatives undertaken during the reporting period. The identification and analysis of the material aspects described in this statement was based on the Global Reporting Initiative (GRI) Standards (GRI Universal Standards Version 2016) and on section 289c(3) of the HGB. We have not fully applied any given reporting framework as these did not appear to us to be fit for purpose.

The Non-financial Statement contains the disclosures required pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter referred to as the "EU Taxonomy Regulation"), and the Delegated Acts adopted under it.

Westwing focuses on building and maintaining a long-lasting relationship with our customers, inspiring them with a curated selection of products in our shoppable magazine and Shop (Permanent Assortment), and combining these with beautiful content. Specific information on our business model can be found in section 1 of the Combined Management Report ("Fundamental Information About the Group").

At Westwing, we believe that we can improve our overall sustainability performance by focusing on our products, suppliers, and employees, and on the way we communicate with our customers. This approach will also underpin our continued sustainable growth. Our strategy describes how we intend to reach our sustainability ambitions.

Sustainability Strategy 2030

Our Sustainability Strategy 2030 is based on our belief that our customers can choose to live both beautifully and sustainably.

It aims to address environmental, social, and governance (ESG) challenges that are important to our customers, employees, suppliers, investors, and other stakeholders. It focuses on four key areas: 1) products and packaging, 2) customers, 3) people and planet, and 4) supplier engagement:

1. Make our Westwing Collection more sustainable – using product and packaging materials that have the best possib-le environmental, social, and ethical profile.

2. Enable our customers to make more sustainable choices – offering more sustainable products that can be seamlessly integrated into beautiful, sustainable homes.

3. Create the best workplace – continuing to provide exceptional working spaces that are safe, healthy, inclusive, and environmentally friendly.

4. Ensure our suppliers act on sustainability – partnering with them to develop and improve their environmental and social performance.

Defining What is Important: Our Material Topics

We performed a materiality assessment in 2021 after extensive consultation with various internal and external stakeholder groups. As a result, we identified six topics on which our corporate activities have an impact and which are also relevant for understanding Westwing's business performance, financial results and position. We also defined our overall goals and targets in relation to these impact areas. For 2022, our Management Board and other members of the Sustainability Steering Committee confirmed that these topics were complete and valid from the perspective of both their business relevance and their impact.

Matters required by the HGB	Topic	Goals	Targets
Environmental matters	Climate and energy	• Avoid, reduce, and offset our greenhouse gas emissions	• Source 100% of overall energy[1] used from renewable sources by 2027 • Set science-based emissions reduction targets by 2023 • Stay climate neutral[2]
Environmental matters	Packaging	• Reduce amount of packaging • Reduce use of virgin materials • Reduce use of materials that are harmful to the environment • Reduce packaging going to landfill	• Reduce the amount of packaging[3] used by Westwing • Reduce foam material (Westwing's own packaging) • Eliminate single-use plastics and increase the use of recycled plastics (Westwing's own packaging) • Eliminate styrofoam packaging by 2028 (Westwing Collection products) • Make more than 90% of Westwing's own packaging recyclable or compostable by 2028 • Reuse, recover, or recycle more than 90% of packaging waste generated at our own sites by 2027
Environmental matters	Materials sourcing	• Increase the proportion of sustainable materials used in our products • Eliminate hazardous materials and avoid the use of toxic chemicals	• Use more than 90% certified[4] sustainable wood in our Westwing Collection products by 2026 • Use more than 90% certified[5] organic, recycled, and/or responsibly sourced cotton in our Westwing Collection products by 2026 • Use more than 90% responsibly[6] sourced animal by-products[7] in our Westwing Collection products by 2026 • Increase the share of recycled content in the plastics used in our Westwing Collection products • Eliminate hazardous materials and avoid the use of toxic chemicals in our Westwing Collection products

1 Energy includes electricity, heating, cooling, and fuels for vehicle fleet trucks.

2 Climate neutrality is defined as covering direct emissions generated within Westwing (electricity and heat generation, vehicle fleet emissions, and fugitive gases) and indirect emissions caused by purchased energy, business trips, and employee travel. Other indirect emissions that occur outside Westwing during the production of raw materials and intermediate products, in external logistics, in the use and disposal of products, or in other processes do not fall under this definition. Our activities to reach climate neutrality encompass energy efficiency and reduction measures as well as the purchase of carbon offsets.

3 Inbound for Westwing Collection products, outbound (excluding dropshipping) in our warehouses.

4 Certifications include FSC® and PEFC.

5 Certifications include GOTS, MADE IN GREEN by OEKO-TEX, and OCS.

6 Certifications include Leather Working Group, Natural Leather IVN, Global Traceable Down Standard, Responsible Down Standard and Downpass.

7 Animal by-products refer to leather, down, and fur.

Matters required by the HGB	Topic	Goals	Targets
Social matters – human rights	Supplier impacts	• Enhance our suppliers' social and environmental performance • Brand partners to be aligned with our sustainability standards	• 100% of Westwing Collection suppliers to be evaluated regularly by 2025 • 50% of Westwing Collection suppliers by purchase order volumes to have established environmental and social management systems[8] by 2028 • Brand partners to be aligned with our sustainability standards by 2027
Employee matters – human rights	Fair working conditions	• Operate to the highest standards of health, safety, and job satisfaction	• 50% of Westwing Collection suppliers to establish programs to measure and improve working conditions by 2028 • Maintain Westwing employee satisfaction rate above 80% • Avoid accidents in our warehouses
Social matters	Responsible marketing and communications	• Provide transparent, credible information on the sustainability qualities of our products, and assist our customers to make more sustainable choices	• A significant share of our products to be labeled as sustainable • 50% of our Westwing Collection products to be labeled as sustainable by 2027 • A significant share of Westwing's communications to be dedicated to promoting sustainability

In addition to these topics, we identified the area of Integrity, legal compliance, and data protection (matters required by HGB: anti-corruption and bribery matters) as needing to be included in the Non-financial Statement, based on its relevance for our business and its impact.

Sustainability Governance

Our Management Board, which is overseen by the Supervisory Board, is ultimately responsible for our Sustainability Strategy 2030. Our Head of Corporate Sustainability develops and drives the strategy across the business setting targets, measuring progress, and reporting on milestones achieved. She leads a core team that works directly with designated individuals ("sustainability champions") in all areas of the business. This Corporate Sustainability team devises goals and processes, monitors performance, and aims to ensure that Westwing complies with all relevant environmental, social, and ethical requirements. It works with key managers across the business to identify and implement road maps and monitor performance, with the goal of ensuring we are setting and meeting relevant targets. It also supports key executives in their engagement and communication with external stakeholders and especially with customers, suppliers, and investors. The Head of Corporate Sustainability reports to the Director of Governance, Risk Management, and Compliance (GRC), who in turn reports progress to the CFO and the Management Board. The CFO is provided with a monthly sustainability update.

8 Environmental and social management systems (e.g., ISO 14000, SA 8000).

The dedicated Sustainability team at our Shop (Permanent Assortment) and Westwing Collection business is led by the Director of Quality and Sustainability. This team aims to ensure the sustainability of our products, inbound packaging, supply chain operations, and materials sourcing – factors that are vital to our strategy – and to guarantee compliance with the relevant regulations and material/product sustainability guidelines.

Our GRC function monitors risks across the business, identifying financial and non-financial risks embedded in the existing risk management process - taking into account reputational, social and environmental risks. As part of this process, we also assess if any potential material negative impacts must be included in this Non-financial Statement. For 2022, we did not identify any unaddressed risks resulting from our operations, business activities, and business relationships that could very likely have a serious negative impact on material non-financial aspects.

CLIMATE AND ENERGY

Management Approach

The carbon emissions that we generate in our operations, products, and supply chain are of material importance to the business, to our employees, customers and to investors.

At Westwing, our efforts to address carbon emissions start with the annual calculation performed using the Greenhouse Gas Protocol methodology. The Corporate Sustainability team collects and reviews underlying data and information from Westwing's departments and then calculates the Company's carbon footprint with the assistance of an external partner.

The Corporate Sustainability team, working in alignment with the Management Board, is in charge of setting emission reduction targets, in close communication and cooperation with other relevant departments. Carbon offsetting is also coordinated by the Corporate Sustainability team in agreement with the Management Board, and is then implemented by external partners. Our strategic focus is threefold: We aim to understand our footprint so as to set realistic targets, to avoid and reduce emissions as far as possible (including by increasing our efficiency and use of renewables), and to offset the remaining emissions.

Key Achievements in 2022

Westwing is still at the beginning of its journey to reduce carbon emissions, but we are confident of being on the right path. We made further progress on switching to renewable energy in our operations in 2022, and aim to reach 100% by 2027. Our delivery service hubs in Munich and Hamburg started running on renewable electricity this year, and this is also used in our newly opened Hamburg store. Renewable electricity currently accounts for 22% of our total electricity use and renewable energy for 5% of our total energy use.

Scope	Emissions covered (before carbon offsets)[9]	2022	2021
Scope 1 (in t CO_2e)	Direct emissions from heating, the combustion of fuels by our own vehicles, and fugitive emissions from air conditioning	2,776	2,249
Scope 2 (in t CO_2e)[10]	Indirect emissions from purchased electricity and district heating	2,397	1,732
Scope 3 (in t CO_2e)[11]	Indirect emissions from business travel[12], employee commuting, and fuel- and energy-related activities not included in Scope 1 and Scope 2	5,788	4,548

As expected, the opening of our new warehouse in Poland contributed to emission increases across scopes 1, 2 and 3. Nonetheless, our new warehouse has been designed with key sustainability features including solar panels, waste water recovery systems, vehicle charge points, water conservation technologies, LED lighting, enhanced natural light and ventilation systems. The warehouse was granted a BREEAM certification ('Very Good') in 2022. Additionally, higher office attendance of our employees in 2022 contributed to increased emissions from commuting as part of our scope 3 emissions.

We also stayed climate neutral[13] in our own operations by purchasing carbon offsets for our 2021 emissions shown in the table above. For 2022 we are currently finalizing the offsetting of those emissions. Our own operations include Westwing's direct emissions linked to electricity and heat generation, its vehicle fleet, and fugitive gases, plus indirect emissions caused by purchased energy, business trips, and employee travel. Other indirect emissions linked to the production of raw materials and intermediate products, external logistics and the use and disposal of products, or other processes, are not taken into account here. In addition, we worked to further improve our energy efficiency so as to reduce the need for offsetting. We have started to measure and optimize how we utilize our outbound trucks so as to decrease the impact of our shipping operations: The aim is to use as few trucks as possible to ship to our customers reliably and on time.

Westwing has also gone a step further and committed to the Science Based Targets initiative (SBTi), which aims to reduce carbon emissions and help limit global warming to 1.5 °C in line with the Paris Agreement on climate change. Targets are considered "science-based" if they are in line with what the latest climate science deems necessary to address global warming in line with the 2015 Paris Agreement. Here we piloted the process of estimating our entire Scope 3 emissions, with the emphasis being on our own and third-party products for the prior year. Once we are able to collect data for the current financial year, these will also be included in our reporting. Additionally, we identified current business growth scenarios and analyzed our operations to identify potential ways of achieving our emission reduction targets. Westwing aims to submit its emission reduction targets by early 2023 to the SBTi.

9 The calculations were based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). Emission factors were taken from scientifically recognized databases such as ecoinvent and DEFRA in the most current versions. Our corporate carbon footprint calculates all emissions as CO_2 equivalents (CO_2e). This means that all relevant greenhouse gases, as stated in the IPCC Assessment Report, were taken into account in the calculations. These include carbon dioxide (CO_2), methane (CH_4), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).
CO_2 emissions were calculated using the company's consumption data. Wherever possible, primary data for the reporting period was used. Where information was not readily available, we made assumptions. For example, prior-year data or facilities' floor areas (m^2) were used where heating, air conditioning or electricity data was not available to estimate Scope 1 or Scope 2 emissions. For employee commuting generic assumptions were made as to the means of transportation used by employees (% share of cars, public transportation, etc.) and the average distance traveled. For business travel via air, we assume average distances for short-haul and long-haul trips, for travel via rail we differentiate between inner-city and domestic/continental travels and use average distances for each category.

10 Emissions for electricity were calculated using the market-based method. For the market-based method, specific emission factors were provided by our energy providers, if available. If these specific factors were not available, factors for the residual mix in the country of operation were used.

11 Excluding emissions from purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments.

12 Business travel includes air, rail, and road travel.

13 Our activities to achieve climate neutrality include energy efficiency and reduction measures as well as the purchase of carbon credits.

Key challenges in reaching some of our energy usage objectives have been the fact that we do not directly manage all of our facilities, and that replacing existing energy systems or electricity contracts with renewable ones can be technically difficult and also depends on market conditions.

Outlook for 2023

In 2023, we aim to set our carbon emissions reduction targets and have them validated by SBTi. One of the most significant objectives for the year will be to define a carbon reduction strategy and a road map to underpin our targets.

We plan to start our 2023 journey towards our Scope 1 and Scope 2 carbon emission targets by enhancing our energy and resource efficiency, looking into ways of increasing our use of renewable energy throughout the business, and improving our logistics and transportation operations. Measures will include exploring opportunities for geothermal heating and photovoltaics usage, and identifying and addressing energy consumption and efficiency improvement opportunities. With regard to our Scope 3 emissions, we want to plan how to best start engaging with key suppliers and will pilot our first product carbon footprints.

PACKAGING

Management Approach

At Westwing, we care about how our products are packaged, since we want them to be delivered safely to our customers while having a minimal impact on the environment. We recognize our responsibility to provide the most sustainable packaging possible for our products and aim to achieve this by focusing on two main areas. These are firstly the packaging used by our warehousing and logistics operations to protect products for delivery to our customers (outbound packaging), and secondly the packaging developed for our own products by our Westwing Collection suppliers (inbound packaging).

Our commitment includes plans to eliminate foams, to replace virgin plastics with recycled plastics or paper, to continue increasing the amount of recycled, recyclable, or compostable paper used, and to reduce our use of packaging materials overall. These targets are informed by our Packaging Guidelines (PGs).

These have been developed in alignment with our corporate goals, with European regulations, packaging waste, and extended producer responsibility, and with relevant European and national quality and safety standards. Among other things, they cover preferred materials, restricted substances, closure methods, safety warnings, drop tests, labeling, polymer use, and third-party certifications such as those awarded by the Forest Stewardship Council (FSC®).

Outbound Packaging: Outbound packaging is the packaging used by our warehousing and logistics operations. The Head of Quality and Customer Experience and their team are responsible for outbound packaging. They plan and supervise the way products are packaged for our end customers, focusing in particular on packaging procurement and reduction, subject to cost and utility. Additionally, the team manages how products are packaged and stored in the warehouse. Support for sustainability issues is currently provided by the Corporate Sustainability team.

Inbound Packaging: Inbound packaging is the packaging used for Westwing Collection Products. The Director of Product Quality and Sustainability and their team are responsible for this. They oversee the development of packaging solutions by our suppliers, provide guidance as necessary, and take full responsibility for the design, quality, sustainability, and overall procurement of suitable solutions. The final stage of all product development is when packaging is developed at the supplier. The packaging details are added to our product specification tracking and checked for adherence to our packaging guidelines.

Key Achievements in 2022

In 2022, we set up defined data collection procedures across our locations and determined the baseline for the majority of our strategic targets. We will start reporting on the progress made on our reduction targets during the next reporting cycle.

The key challenge in making our packaging more sustainable has been the availability of reasonably priced packaging solutions that deliver on the important aspects of quality, safety, and product sustainability.

Outbound Packaging: In 2022, Westwing worked to define and use sustainable packaging options, in line with customer expectations that we avoid “overpackaging.” We also developed a packaging improvement road map for our European Logistics Center in Poland and introduced 100% recycled foil bags both there and in our Italian Logistics Center.

Category	Packaging metric[14]	Scope	2022[15]
Recycled plastics	Share of plastics containing > 60% recycled materials (in %)[16]	Outbound packaging in warehouses and for product protection/storage	2
Packaging reduction	Weight of packaging used per package[17] shipped (in kg)	Outbound packaging in warehouses and for product protection/storage. Excluding wood, metal, and fabric.	0.7
Packaging reduction	Weight of packaging used per item shipped (in kg)	Outbound packaging in warehouses and for product protection/storage. Excluding wood, metal, and fabric.	0.3
Packaging reduction	Weight of packaging used per cubic meter of product shipped (in kg)	Outbound packaging in warehouses and for product protection/storage. Excluding wood, metal, and fabric.	7
Foam reduction	Share of foam material out of all plastic material (in %)[18]	Outbound packaging in warehouses and for product protection/storage	3
Recyclable/biodegradable/compostable	Share of recyclable material out of all packaging material (in %)[19,20]	Outbound packaging in warehouses and for protection/storage of products. Excluding wood.	95
Packaging waste reused, recovered, and/or recycled[21]	Share of packaging reused, recovered and/or recycled out of all packaging waste (in %)	Packaging waste in our own warehouses	58

With 95% of our outbound packaging material being recyclable we are above the target set out in our Sustainability Strategy (90%). We are also on track to hit our target for reused, recovered and/or recycled packaging waste in our warehouses, with 58% of our packaging currently being transferred to disposal service providers for recovery and/or recycling (target: 90% in 2028).

14 All packaging figures (with the exception of inbound) have been calculated using the averages given in our quarterly reporting.
15 Prior-year data is not available as the reporting processes were only established in the reporting period.
16 Excluding fitting bags, plastic tapes, silica bags, any type of plastic foam.
17 A package can include multiple items.
18 Foam includes spongy plastics (e.g., corners/fleece). Excluding fitting bags, plastic tapes, silica bags, any type of plastic foam.
19 Excluding single-used plastics.
20 Recyclable plastics refers to LDPE, HDPE, and PP; recyclable paper refers to all paper that is not covered in wax, foil, or plastic.
21 Packaging waste was transferred to disposal service providers for reuse,recovery and/or recycling.

Inbound Packaging: Here we rolled out the use of recycled foil bags for Westwing Collection rugs and have removed a majority of the styrofoam previously used in our Westwing Collection portfolio. This year, the share of our order volume for which sustainable packaging solutions have been negotiated[22] topped 90% for the Westwing Collection. This means that the packaging solutions concerned abide by the following criteria, as applicable:

a. Use of recycled materials (at least 60% recycled content for plastics)

b. Use of 100% biodegradable, compostable, and/or recyclable materials

c. No use of styrofoam

In addition, where paper-/wood-based packaging materials are used, preference is given to those that are FSC®-certified. Sustainable packaging is already mandatory for all new developments.

Packaging metric	2022[23]
Share of order volume related to the Westwing Collection for which sustainable packaging has been negotiated (out of total purchase order volume as of 12/31/2022 in %)	94
Proportion of orders related to the Westwing Collection that no longer contain styrofoam (in %)[24]	85

We have already reached our target for sustainable packaging negotiated for inbound packaging, and also increased the share of styrofoam eliminated in orders to 85% in this area – a major step towards our target of 100% until 2028.

Outlook for 2023

Outbound Packaging: In this area, we plan to implement measures to reduce the overall consumption of materials, switch outbound protection material to reused cardboard waste, reduce the amount of stretch foil used in outbound packaging, replace outbound virgin plastic cushion bubbles by more sustainable alternatives, and use non-plastic materials instead of foams.

Inbound Packaging: In the case of our Westwing Collection products, we plan to complete our shift to sustainable pa-ckaging in the existing product portfolio, and to prioritize fully eliminating single-use plastics and styrofoam. Internally, we are aiming to build a comprehensive packaging database and to further standardize our packaging data collection process.

22 Westwing Collection Inbound Packaging suppliers committed to comply with criteria for sustainable packaging.
23 Prior-year data is not available as the reporting processes were only established in the reporting period.
24 Based on total order volume, which originally included Styrofoam packaging.

MATERIALS SOURCING

Management Approach

Our Sustainability Strategy contains a commitment to using long-lasting materials from sustainable sources and to being as resource-efficient as possible throughout our supply chain. In this context, we have set ambitious targets, including ensuring the use of more than 90% certified sustainable wood and the use of more than 90% certified organic, recycled and/or responsibly sourced cotton for Westwing Collection products by 2026. The dedicated Sustainability team in our Shop (Permanent Assortment) and Westwing Collection business is responsible for materials sourcing.

The Design, Product, and Buying teams for our Westwing Collection follow a comprehensive set of guidelines that are designed to help them select the most sustainable materials and products possible for the Westwing portfolio:

- The Sustainable Material Grading (SMG) Guidelines classify materials (fibers, wood, etc.) based on their environmental footprint.

- The Sustainability Labeling (SL) Guidelines set out a list of product and material certificates and attributes that are considered sustainable and that are eligible for labeling on our websites.

- The Restricted Substance List (RSL) Guidelines take account of all relevant rules and regulations on materials safety, and in particular the EU's REACH regulation on the use of hazardous substances. They are designed to achieve our goals of eliminating hazardous materials and avoiding the use of toxic chemicals.

Our participation in global initiatives and certification to global standards for responsibly sourcing materials and products help us reach our targets. Our membership of the Better Cotton Initiative enables us to support responsible cotton production, while certification to the Global Organic Textile Standard (GOTS) lets us source organic textile products whose manufacture complies with a high level of environmental and social criteria throughout the supply chain. We source Forest Stewardship Council® (FSC) certified products to support sustainable forestry practices and are also certified to the Global Recycled Standard (GRS). Additionally, we are committed to complying with applicable laws and regulations. For example, Westwing operates in accordance with the EU Timber Regulation (EUTR), which aims to counter illegal logging and the associated trade in timber and timber products.

Key Achievements in 2022

Westwing became a member of Better Cotton in early 2022. This is one of the largest cotton sustainability programs in the world, supporting farming communities socially, environmentally, and economically. Our second major achievement in the reporting period was our successful certification to the Global Recycled Standard (GRS). This has allowed us to increase the share of sourced products made from recycled plastics, and hence to make progress towards this goal in our Sustainability Strategy. On top of this, we maintained all relevant material sourcing certifications (e.g., GOTS) and licenses (e.g., FSC®) relevant for our business, while the EUTR audit by the German Federal Agency for Agriculture and Food (BMEL) confirmed that we have a due diligence system in place for trading in timber products.

We worked steadily throughout the year to increase our share of sustainable wood (FSC®-certified), cotton (GOTS-certified or Better Cotton labeled), and animal by-products (certified by the Leather Working Group or IVN Naturleder, or complying with Global Traceable Down Standard, Responsible Down Standard, or Downpass requirements) used in our Westwing Collection products. This represents an important step towards the commitments made in our 2026 materials sourcing targets that form part of our Sustainability Strategy. In particular, we were able to increase our sourcing of sustainable wood and cotton thanks to our efforts to obtain the relevant licenses and certifications, and to introduce clear preferences for sustainable materials during the design and sourcing phases of product development. The addition of new products meant that the overall share of responsibly sourced animal by-products decreased year-on-year, although the total number stayed constant.

Materials	Scope	2022	2021
Share of certified, sustainable wood (in %)[25]	Westwing Collection	60	8
Share of certified organic, recycled, and/or responsibly sourced sustainable cotton (in %)[26]	Westwing Collection	31	7
Share of responsibly sourced animal by-products (in %)[27]	Westwing Collection	33	39

Our efforts also extend to our external communication and stakeholder engagement. Westwing supported the FSC® Forest Week 2022 – a global consumer awareness-raising campaign. As a supporting partner of the FSC® campaign, we contributed to the goal of "Forests Forever – For All" and used the initiative to raise customer awareness of sustainable forest management on our social media channels.

The main challenges facing us in making our material sourcing more sustainable have been that market supplies of certified sustainable materials are still relatively limited, and that supplier certification processes tend to be fairly resource-intensive.

Outlook for 2023

In 2023, we plan to systematically continue increasing the percentage of sustainable wood, cotton and animal by-products used for Westwing Collection products, expand our materials focus to include the use of recycled plastics, and transition our first product ranges to using this material. We will continue our ongoing research into sustainable alternatives for additional materials such as foams and metals, explore innovative technologies in the materials industry, create a capsule collection focusing on selected materials, and identify pilot flagship products to estimate their carbon footprint. Additionally, we plan to become RWS (Responsible Wool Standard) certified and a GoodWeave license holder.

SUPPLIER IMPACT

Management Approach

Our suppliers are either manufacturers making products on our behalf (Westwing Collection suppliers) or brands whose products we sell (third-party suppliers). Both categories play a crucial role in enabling us to provide our customers with products that are desirable, durable, and sustainable.

Third-party Suppliers: Our Supplier Code of Conduct applies to our third-party suppliers and reflects the key requirements set out by the International Labour Organization (ILO) and in the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. Key themes covered include working conditions, environmental performance, and the prevention of modern slavery and child labor. Our policies entitle us to perform unannounced audits and to require subcontractors to adhere to the same standards.

Westwing Collection Suppliers: Our sustainability efforts focus in particular on companies manufacturing products on our behalf, since we can directly specify materials and operational standards in these cases. This work is overseen by our Director Buying and our Director of Product Quality and Sustainability and their teams. Our Westwing Collection suppliers are bound by our Private Label Supplier Code of Conduct, which covers the same topics as our Supplier Code of Conduct for third-party suppliers.

25 Certification by FSC®.
26 Certification by GOTS; manufacturer is Better Cotton member.
27 Certifications include Leather Working Group, Natural Leather IVN, Global Traceable Down Standard, Responsible Down Standard and Downpass.

Transparency is vital in supplier engagement and in our internal due diligence processes. Social audits are one of the most widely recognized ways of understanding and assessing social standards at Westwing Collection supplier sites. Independent third-party auditors physically visit production workshops, dormitories, canteens, and similar facilities to assess health and safety standards and overall working conditions. Social audits are mandatory for our non-EU Westwing Collection suppliers. Suppliers have to submit all audit reports, including corrective action plans, to Westwing, which individually assesses them and documents them internally.

We have established clear zero tolerance thresholds in this area and have developed routines for dealing with exceptional cases. If a zero tolerance issue is discovered during an audit performed during onboarding (i.e., prior to initiating the business relationship), the supplier will not be onboarded unless it is resolved. If a zero tolerance issue occurs during a re-audit of an existing supplier, we will work together with the latter on immediate remediation. If the supplier does not cooperate, the business relationship will be put on hold until the results are satisfactory or will ultimately be terminated.

Westwing currently accepts the following world-leading social certification programs and initiatives from its Westwing Collection suppliers: amfori BSCI (Business Social Compliance Initiative), SMETA (Sedex Members Ethical Trade Audit), and the SA8000 Standard (only applicable for China and Vietnam due to quality concerns in other countries). These programs permit Westwing to understand conditions on the ground, monitor supplier performance, and assess compliance with our values and the requirements set out in upcoming regulations. They also form the basis for open, direct dialogue with suppliers.

Our priority focus remains on our non-EU suppliers, because we see a higher risk of human rights and working standards violations occurring in these regions. Suppliers located within the EU are subject to EU regulations and this, coupled with the fact that they are regularly visited personally by our buying teams, gives us greater certainty on their overall social and environmental performance. Nevertheless, we will roll out internal audit checks for EU suppliers going forward to increase transparency within European factories.

Key Achievements in 2022

Third-party Suppliers: In 2022, we introduced our Supplier Code of Conduct for third-party products and added product labeling requirements (see the section entitled “Responsible Marketing and Communications”) to the relevant contractual agreements. All third-party suppliers of products offered in our Shop (Permanent Assortment) have now signed the Supplier Code of Conduct. We also engaged more systematically with key third-party brand partners of our Club Sales (Daily Themes), and piloted our Supplier Code of Conduct with selected partners in this area. This is the first step towards achieving our target of having all brand partners aligned with our sustainability standards by 2027.

Westwing Collection Suppliers: In the case of our non-EU Westwing Collection suppliers, we continued our systematic annual reviews of the social audits results. By the end of the year, 96% of our non-EU Westwing Collection suppliers (measured in terms of purchase order volumes in euros) were able to present valid social audit results. Suppliers are re-audited based on the external audit scheme’s expiry dates. The reason why we did not reach our 100% target was that the remaining suppliers are still being re-audited following delays due to local travel restrictions.

In 2022, we moved beyond social aspects in our supplier assessment, expanding its scope to pilot a first environmental assessment. We developed a new environmental assessment checklist internally that covers issues such as energy, water use, and chemical management, and piloted this with ten suppliers selected from across our sourcing countries (both EU and non-EU). We plan to use the results of the trial to hone our supplier environmental training and to refine our questionnaire before launching it more widely in 2023.

We also improved our supplier onboarding, and developed a comprehensive and more automated supplier onboarding process – an important foundation for regulatory compliance. Since supplier engagement is a key priority in our work, we aim to have dedicated meetings with, and hold training courses for, key suppliers. We want to know how we can better address their questions and concerns, and to discuss how we can best make a difference while taking their needs and capabilities into account. We have also started to track whether they have environmental and social management systems in place. A total of 9% of our Westwing Collection suppliers by purchase order volume are currently covered by valid environmental management systems (ISO 14001), and we are aiming to intensify our efforts in this area in line with our 2028 target (50% of our Westwing Collection suppliers should have established environmental and social management systems). Data on social management systems is not yet available since these have been assigned a later priority in our sustainability road map.

The main challenge we face in limiting supplier impacts is that extensive capacity building is necessary in many cases if suppliers are to understand existing sustainability requirements, and the tools and systems that are available. This is a prerequisite for implementing any improvements. The first step towards overcoming this challenge is to inform suppliers clearly of our expectations, and of current and upcoming requirements. This is done in direct supplier meetings, which are used to discuss prerequisites, the support needed, and clear timelines for measures on an ongoing basis. Our efforts are focused on strategic and key suppliers.

Outlook for 2023

Third-party Suppliers: We aim to continue using our Supplier Code of Conduct with all new third-party suppliers and to devise plans to introduce it for our existing suppliers in the campaigns we run for our Club Sales (Daily Themes).

Westwing Collection Suppliers: We plan to continue working with our Westwing Collection suppliers in 2023 to increase transparency and social and environmental compliance, and to also expand audit coverage of social and environmental aspects for our EU suppliers. We will pilot our own social audits of EU suppliers and expand the application of our environmental assessments, which we launched in 2022. We also plan to work with strategic non-EU suppliers throughout the year to improve their social audit ratings by implementing dedicated corrective action plans. Finally, we want to continue evaluating whether our Westwing Collection suppliers have environmental and social management systems in place.

FAIR WORKING CONDITIONS

Management Approach

Our Sustainability Strategy prioritizes fair working conditions for our own and our Westwing Collection suppliers' employees. These include providing a healthy and safe working environment, ensuring employees' physical and mental wellbeing, and offering training and career development opportunities.

Westwing Employees: We communicate with our own employees using regular all-hands meetings, ongoing interaction with corporate leaders, and our Company-wide Pulse Check survey. Our internal Westwing Code of Conduct sets the tone and direction for employee welfare and behavior in relation, for example, to corruption, competition, conflicts of interest, reporting, and relationships with suppliers and business partners. It also incorporates relevant international standards, and EU and national labor, health, safety, and welfare regulations. Our WestwingFlex policy sets out our hybrid working model that combines in-office work with working from home and remote work.

Ensuring our employees' mental and physical wellbeing is an integral part of our Sustainability Strategy and a key way of ensuring fair working conditions in our own operations. This is why we engage with a number of wellbeing service providers across our various locations. Ensuring safe working practices goes without saying for us. Our Sustainability Strategy has set a target of zero accidents in our warehouses, and we regularly conduct health and safety initiatives and measures there. We are currently developing consistent quantitative tracking of work-related safety metrics so as to measure our progress against our target going forward.

A sense of social responsibility and commitment has always been part of our Company's DNA. We want to give back to the communities in which we operate and to create lasting value there. Corporate volunteering is an important pillar of our corporate citizenship activities, and an efficient and meaningful way for individuals to make a difference. We also believe that it enhances employee satisfaction.

Our Vice President People & Culture is part of the Executive team and is responsible for our people strategy, with the support of the HR teams in our regional offices and warehouse operations.

Westwing Collection Suppliers: Evaluating working conditions programs at our Westwing Collection suppliers is a key objective for this component of our Sustainability Strategy (for our general approach to, and the roles and responsibilities involved in, managing overall supplier impact, please see the "Supplier Impact" section.)

Key Achievements in 2022

Westwing Employees: Employee retention is a key corporate goal, which is why we intensified our efforts to increase team member satisfaction. We launched the MyCareer program at our headquarters this year and will roll it out internationally in 2023. The launch was performed in stages due to the project's complexity. After a pilot with the People & Culture and Operations teams, lessons learned were evaluated before the full rollout at Westwing's HQ. The program comprises a multi-year journey for team members consisting of career and succession planning, performance management, compensation and benefits, and training. We also continued to offer a range of wellbeing programs across the Company. For example, we held our first Mental Health Week in Munich and Poland, with meditation sessions and workshops by health and wellness experts promoting the importance of mental wellbeing.

Another priority in 2022 was female empowerment. We offered 18 internal insight sessions and workshops in the course of the year with women who work at Westwing. Topics ranged from female entrepreneurship, women in tech, leadership training, systemic coaching, and balancing the needs of both a career and a family.

Our European Logistics Center in Poland continued to host the Westwing Safety Academy – a comprehensive program designed to prevent accidents, provide practical tips on handling materials, and promote leadership skills. We also organized a forklift training program for female employees. In addition, 2022 saw the publication of a group-wide Environment, Health, and Safety (EHS) policy. This sets out the basic principles underlying Westwing's EHS commitments.

A number of philanthropic activities were also held in 2022, ranging from donations through direct support for Ukrainian refugees down to corporate volunteering activities. Westwing's first Social Impact Day took place at our headquarters in April 2022. Nearly 300 volunteers supported 25 different environmental and social projects. We underscored our commitment in this area by formally drafting our Corporate Citizenship Commitment Strategy, which sets out our focus areas, principles, and key activities.

Employee satisfaction is measured regularly using our Pulse Check surveys. The latest results from 2022 reveal high overall satisfaction with working at Westwing, with 85% of all team members rating Westwing as either good or very good. This means that we again reached our target of maintaining the satisfaction rate at above 80%. Team cohesion and remote working options were mentioned positively in the survey, while career development was highlighted as an area for improvement.

Westwing Collection Suppliers:
We continued evaluating the approaches to addressing working conditions taken by our Westwing Collection suppliers by assessing the existence of programs, measures, and management systems targeting fair and safe work practices. Systematic tracking of quantitative statements on the existence of programs addressing working conditions will be introduced in coming years, in line with the priorities set out in our internal sustainability road map.

We became a member of the United Nations Global Compact (UNGC) in 2022 so as to further underscore our commitment to a more sustainable future and to fair working conditions in particular. This membership will provide Westwing with access to the necessary tools, training, and stakeholder networks to stay abreast of new developments in these important areas of sustainability. We expect this to help us take strategic action to advance broader societal goals, with an emphasis on collaboration and innovation.

For the challenges facing us in our supply chain, please see the “Supplier Impact” section.

Outlook for 2023
Westwing Employees:
In 2023, we plan to drive forward our MyCareer program by designing clear guide rails for performance measurement and employee development, allowing everyone to understand their career development options at Westwing. We are also planning to enable leaders to design compact role descriptions and provide clear career paths. Other objectives are to launch a platform where employees can provide anonymous feedback, and to introduce 360° performance reviews.

Westwing Collection Suppliers:
We plan to continue working with our Westwing Collection suppliers to identify programs addressing working conditions and assess which suppliers already have these in place. We are aiming to help them in their work towards implementing such programs, so as to reach our target of 50% of suppliers with established concepts in this area by 2028.

RESPONSIBLE MARKETING AND COMMUNICATIONS

Management Approach

We aim to provide all stakeholders with transparent, credible information on our sustainability performance, both at the corporate level and with respect to our products. We also aim to use our various communications channels to inspire customers to make more sustainable choices.

Our Marketing, Communications, Public Relations, and Investor Relations departments all communicate on sustainability topics. This work is coordinated by the department heads at corporate headquarters, supported by the Corporate Sustainability team. The Corporate Sustainability team is responsible for handling all disclosures required as part of the Annual Report and for publication of an annual standalone Sustainability Report.

Westwing's Responsible Marketing and Communications Policy guides our approach across our marketing, sales, promotion, and communications activities, and applies in all of the countries in which we operate. Its main goals are to ensure compliance with all relevant legislation, plus transparent, ethical, and honest communication that is respectful to all. The policy provides guidelines on transparency and honesty, child protection, diversity and inclusion, social media interaction, consumer data privacy, compliance, and communications.

Our Brand and Product Labeling Approach

Product sustainability is communicated through the “We Care” label in our Club Sales (Daily Themes) and the “Sustainable” label in our Shop (Permanent Assortment). The “We Care” label aims to promote brands that act in a socially and environmentally responsible manner. To qualify for a “We Care” label, brands need to meet at least one of the following criteria: They must a) use environmentally friendly materials, b) have integrated sustainability into their mission/vision, or c) have a credible approach to sustainability.

Going beyond this approach, we also decided to establish an additional “Sustainable” label at product level. Westwing Collection and third-party products in our Shop (Permanent Assortment) have their own labeling system that supports consumers in making sustainable purchasing decisions. Our Sustainability Labeling Guidelines, which accommodate more than 50 independent certification requirements (EU Ecolabel, Blue Angel, etc.) and a number of sustainability attributes (e.g., recycled or organic content) are used as the basis for deciding whether a product is to be awarded the “Sustainable” label. Our suppliers provide us with information on the materials used in their products and on the certificates available at either the product or the material level, with the focus being on the main material components. In the case of certificates, further information such as the license number and certifying body may be supplied. Information provided by suppliers is validated as necessary by making selective checks, and is assessed against our guidelines. Products are labeled as “sustainable” when their material attributes or the certificates available for them match those included in our Sustainability Labeling Guidelines.

Flanking this, we have added a sustainability filter to our website. Our Sustainability teams worked closely together to prepare clear and accurate statements underpinning all sustainability claims. These can be accessed via a dedicated sustainability section in the product descriptions in our Shop (Permanent Assortment).

Responding to Investors' Information Needs
Our Investor Relations team hosts regular earnings calls and discussions with investors. These provide an opportunity to address key business developments and ESG data, including updates to our Sustainability Strategy and plans for improvement. Market scrutiny of ESG performance has grown significantly in recent years. Our Corporate Sustainability team is working closely together with our Investor Relations team to address information needs for our key ratings and to identify potential for further improvement.

Key Achievements in 2022
One of the main goals of our Sustainability Strategy is to help customers include sustainability in their purchasing decisions by appropriately labeling our sustainable offering online. We launched more than one hundred group-wide campaigns with brands bearing the "We Care" label in 2022. Additionally, by the end of the year more than 14% of our products had been identified as "Sustainable" in our Shop (Permanent Assortment). Our Westwing Collection portfolio had a share of 29%, bringing us a step closer towards our targets of having 50% of our products labeled as sustainable by 2027 and of achieving a significant share of labeled products in our total product offering. This effort has been challenging, since it largely depends on suppliers' ability and willingness to provide and substantiate the associated sustainability claims.

We consider ESG ratings to be a valuable vehicle for tracking and communicating our ESG efforts and progress. In 2022, we carefully prioritized the ESG ratings we actively participate in. We will reevaluate our approach on an annual basis in light of our stakeholders' information needs. We were awarded a C- score in the 2022 ISS ESG Corporate Rating, placing us in the decile rank top 3. This means we are in the top 30% of our industry. In 2022, Westwing received a rating of AAA (on a scale of AAA–CCC) in the MSCI ESG Ratings assessment, a clear improvement to the previous year's A rating. Westwing scored 29 (out of 100) in the 2022 S&P Global Corporate Sustainability Assessment (score date: February 17, 2023), putting it in the 85th percentile in the RTS Retailing industry category. Additionally, we conducted a gap analysis against ESG rating requirements and set up a road map to improve our results in the future.

Other successes in the past year were the publication of our first standalone Sustainability Report in March 2022, the relaunch of the sustainability section of our corporate homepage, and the publication of multiple news articles with sustainability content on our website and on social media. These activities were in line with our goal of dedicating a significant share of Westwing's communications to promoting sustainability. The status of this goal cannot currently be quantified, but we are planning to work on defining clear metrics and track performance in the coming years.

Outlook for 2023
We aim throughout to increase the overall share of our products in our Shop (Permanent Assortment) that are labeled as sustainable, and to work with many more brands offering sustainable products. In 2023, we plan to introduce the "Sustainability" label for our Club Sales (Daily Themes) as well. This had been planned for 2022 but could not be implemented due to limited internal capacities and resources. We are aiming to continue using our marketing expertise and communications channels to showcase a range of sustainable choices for our customers. Given the reputational risks associated with sustainability marketing, increased regulatory scrutiny and consumer awareness, and demands for transparency, our efforts will be focused on ensuring that all our communications are credible, consistent, and trustworthy.

We are planning to continue engaging with rating agencies and identifying relevant improvement opportunities in 2023.

INTEGRITY AND LEGAL COMPLIANCE

Management Approach

Our shareholders, employees, business partners, and other stakeholders expect us to do business in line with all applicable laws and regulations, established legal principles, and Company policies.

The Legal department promotes compliance with all of these requirements. A policy management tool and a number of obligatory training courses are used for training, and for monitoring the results, and are supplemented by face-to-face training. Clear guidance is given to employees on day-to-day business operations, both in concrete projects and using handouts and guidelines. The Legal department cooperates closely with other teams across Westwing such as GRC, HR, IT, and Sustainability.

Compliance risks are an integral part of the group-wide risk management system and are systematically identified and evaluated by the GRC team, working together with the relevant risk owners, every year.

Data Protection and Information Security

Westwing and its management consider the protection and security of personal data to be crucial. As one of Europe's leading Home & Living eCommerce businesses, Westwing receives and handles a large amount of data, something that requires a high level of diligence as well as technical and organizational risk mitigation measures.

Data protection has become more important in recent years due to the European Union's General Data Protection Regulation (GDPR), and is a top priority for the Legal and Information Security teams. In addition to our in-house functions, we have appointed an external data protection officer with extensive expertise and practical experience, who helps ensure that we operate in accordance with all applicable data protection laws.

Our Legal and Information Security teams work together with the relevant business teams to define the rules and procedures for handling data protection and IT security issues. Among other things, our rules and procedures aim to ensure that all personal data handled by Westwing is secure and protected in line with all applicable data protection laws. Among other things, we have implemented appropriate technical and organizational measures in line with Article 32 of the GDPR to achieve the necessary level of data security and data protection compliance. In particular, Westwing has secure software, networks, and electronic information systems, and monitors its carefully selected data processors. In addition, employees are regularly made aware of the risks that can arise from the improper handling of personal data, and of the fact that personal data must always be processed in the most risk-averse manner possible and in accordance with the GDPR. A set of guidelines and policies have been implemented to help ensure data protection compliance.

Above and beyond these data protection guidelines and policies, Westwing has also implemented an information security management system (ISMS) that covers all aspects of the information technology in use, including our IT systems and associated facilities and processes. Westwing's ISMS sets out the rules to be followed by all users of Westwing IT resources. Among other things, these govern how to handle security incidents and personal, business, internal, or sensitive data, and hence aim to ensure the security of Westwing's network. Complying with our ISMS is a requirement for accessing and sharing information within Westwing. Obligatory IT security training is provided to Westwing Germany´s employees using the Policy Manager tool. In addition, mandatory IT security training is given in live or virtual formats when onboarding new employees.

Anti-corruption

Westwing has a zero tolerance approach to bribery and corruption. The Company has implemented a comprehensive Anti-corruption Policy. This applies to all Westwing employees and any third parties engaging with the business. Digital anti-corruption compliance training is obligatory for Westwing employees, including management. The policy outlines acceptable and unacceptable behaviors so as to enable compliance with the relevant laws, and provides clear guidance to managers and employees on how to avoid improper payments, gifts, invitations, or inducements of any kind. If support is required, employees can consult their supervisor and the Legal team. In the case of a potential corruption incident, the Compliance team analyzes the facts, provides advice, and arranges for follow-up actions. The Management Board and/or the Supervisory Board are informed where necessary.

Key Achievements in 2022

The new Policy Manager tool was rolled out by the Legal department in 2022. It consists of eight mandatory training courses and policies (including the Code of Conduct, Health and Safety, Anti-corruption, and IT Security) were launched. The tool allows employees to always consult the latest versions of policies and enables digital monitoring of training rates, which are reported back to the Management Board and the Supervisory Board.

A clear governance process has been set up for formal policies and their approval by the Policy Committee and the Management Board.

In addition to these formal policies, a variety of new compliance handouts and business guidelines were launched and shared on Westwing's intranet for easy access. These included materials on conflicts of interests, powers of attorney, rebates, and meetings with competitors. Face-to-face compliance training was also held by the Legal team on specific topics (for example on antitrust law and intellectual property rights).

An information security roadmap setting out improvement measures for the period up to 2024 and a series of new IT security guidelines and policies were launched. Westwing uses the ISO 27000 framework as a guiding principle for its information security activities.

The whistleblower tool established in Q4 2021, which can be used by employees and external stakeholders to report potential violations of laws, policies, and/or unethical behavior, has proven an efficient and appropriate tool.

Outlook for 2023

Our aim in 2023 is to further enhance our compliance management system, and to review and adequately cover upcoming regulations. We will continue updating policies such as our Travel Policy and are planning to continue our work on new standards and processes. In addition, the Group policy management system is to be revised and optimized to include coverage of international countries. Awareness raising for compliance topics will continue with face-to-face training for the senior leadership and a compliance video update for all employees. In addition, the Legal department plans to hold specialized face-to-face training sessions with relevant teams on topics such as conflicts of interest compliance and intellectual property.

TAXONOMY REGULATION

Pursuant to Article 8 of the EU's Taxonomy Regulation, this Non-financial Group Statement includes information on how the Company's activities that are considered eligible and aligned to qualify as environmentally sustainable under that regulation.

Our Activities

Westwing performed a detailed review of the economic activities listed in the Taxonomy Regulation and subordinate legislation, and mapped potential sustainable business activities to its business model. After screening for macro sector applicability in relation to the two environmental targets of climate change mitigation and climate change adaptation, the Corporate Sustainability department reviewed all activities for their potential applicability to Westwing. Long-listed activities were investigated further and their eligibility discussed with multiple Executive team members and senior Westwing employees.

No taxonomy-eligible activities could be identified with which Westwing generates revenue. Consequently, 100% of the Company's revenue was generated with activities that are not Taxonomy-eligible, and no revenue was generated with Taxonomy-aligned activities.

As regards capital expenditures, the leasing of assets such as office buildings and warehouses was identified as a Taxonomy-eligible activity for climate change mitigation (7.7 Acquisition of and ownership of buildings). In 2022, additions to our leased assets – representing increases of leased floor space at our headquarters, an office building in Poland, two Polish warehouses, and the lease for our newly opened Hamburg store – accounted for 24.0% of our total capital expenditures and are reported as Taxonomy-eligible. This figure is lower than the previous year (47%), when the capitalization of our large ELC 7 warehouse led to higher additions to leased assets being recognized. In the context of operating expenditures we identified fees for cloud services to be Taxonomy-eligible (8.1 Data processing, hosting and related activities). A Taxonomy-alignment for both activities could not be determined due to the unavailability of evidence from third parties including climate risk and vulnerability assessments to comply with the do no significant harm criteria for climate change adaptation.

Our KPIs

The calculation methodology for the KPIs reported in this section remained consistent with that for the previous year.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

	Substantial contribution criteria								
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EURm	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)		0	0%	0%	0%				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%						
Total (A.1 + A.2)		0	0%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities (B)		430.8	100%						
Total (A + B)		430.8	100%						

DNSH criteria ("Does not significantly harm")										
Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned propor-tion of turnover, year 2022 (18)	Taxonomy-aligned propor-tion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category ("transitional activity") (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
							0%			
							0%			

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

	Substantial contribution criteria								
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EURm	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Acquisition of and ownership of buildings	7.7	5	24 %						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5	24%						
Total (A.1 + A.2)		5	24%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities (B)		15.8	76%						
Total (A + B)		20.8	100%						

DNSH criteria ("Does not significantly harm")										
Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category ("transitional activity") (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
							0%			
							0%			

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EURm	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Data processing, hosting and related activities	8.1	2.5	5.7%						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.5	5.7%						
Total (A.1 + A.2)		2.5	5.7%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities (B)		42.0	94.3%						
Total (A + B)		44.5	100%						

DNSH criteria ("Does not significantly harm")										
Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity) (20)	Category ("transitional activity") (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
							0%			
							0%			

As we do not carry out activities related to natural gas and nuclear energy (activities 4.26-4.31), we do not use the specific templates introduced by the complementary Delegated Act for activities in certain energy sectors.

We will closely track and evaluate future developments to the Taxonomy Regulation going forward and adapt our reporting obligations as necessary. In the meantime, we will continue to concentrate on delivering on our Sustainability Strategy and on implementing sustainability-centered initiatives and activities, as outlined in this Non-financial Statement.

Accounting Policies
The KPIs are determined in accordance with Annex I of the Article 8 Delegated Act. The Taxonomy-eligible and Taxonomy-aligned KPIs are determined in accordance with the legal requirements as follows:

The proportion of our total turnover accounted for by Taxonomy-eligible and Taxonomy-aligned economic activities has been calculated as the share of net turnover derived from products and services associated with Taxonomy-eligible and Taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator). The denominator of the turnover KPI is based on our consolidated net revenue in accordance with IAS 1.82(a). For further details on the accounting policies used with our consolidated net revenue, please refer to section 2.5. of the notes to the consolidated financial statements. As explained above, we did not identify any Taxonomy-eligible or Taxonomy-aligned activities for the numerator. Our consolidated net revenue can be reconciled to our consolidated financial statements; see the consolidated statement of profit or loss.

The capex KPI is defined as Taxonomy-eligible and Taxonomy-aligned capex divided by our total capex. Total capex comprises additions to tangible and intangible fixed assets incl. right of use assets during the financial year before depreciation, amortization, and any remeasurements (including those resulting from revaluations and impairments), excluding changes in fair value. Our total capex can be reconciled to our consolidated financial statements, cf. notes 12 and 13 in the notes to the consolidated financial statements.

Our opex KPI is defined as Taxonomy-eligible and Taxonomy-aligned opex divided by our total operating expenses according to subsection 1.1.3.1 of Annex I of Delegated Regulation (EU) 2021/2178. They consists of direct non-capitalized costs that relate to research and development, short-term leases, maintenance, and repairs.

5. REPORT ON POST-BALANCE SHEET DATE EVENTS

The following events occurred after the end of the 2022 fiscal year that could have an impact on Westwing's future financial performance, financial position, and cash flows or affects the composition of the Management Board.

On January 25, 2023, the Company announced that Sebastian Westrich will take over the position of Chief Financial Officer (CFO) by August 1, 2023 at the latest. He succeeds Sebastian Säuberlich, who will leave the Company by mutual agreement on March 31, 2023 at the end of his current office term. CEO Dr. Andreas Hoerning assumes the CFO responsibility at Management Board level for the interim period.

6. REPORT ON OPPORTUNITIES AND RISKS

Westwing pursues a philosophy of generating sustainable growth and creating economic value while managing risks and opportunities in a due and proper manner. Westwing sees risk management as an integral part of the process of creating transparency about risks and opportunities, and hence of improving decision-making processes. The Company promotes a risk-conscious corporate culture in all departments. We carefully weigh the risks and opportunities associated with our decisions and business activities from a well-informed perspective. This includes consciously accepting calculated risks that match the Company's risk appetite, and mitigating those that do not.

6.1 Risk Management System

Westwing Group SE's Management Board has overall responsibility for the appropriateness and effectiveness of the risk management system. Risk management is an integral part of how the management achieves the Company's strategic objectives and contributes to long-term business growth.

The Management Board has appointed a risk management officer, who reports directly to it and is responsible for Westwing's Governance, Risk, and Compliance (GRC) function. This combines risk management, compliance, the internal control environment, coordination of internal audit activities, and training on GRC processes.

The risk owners are the employees in the Company's operating and corporate functions. Their key responsibility with respect to GRC is to continuously report operational risks in their areas to their supervisors.

Westwing performs full risk assessments semiannually. At the year-end, workshops are held with the operating and corporate functions to gather information on existing and potential risks that have been identified both locally and globally. This information is then analyzed to determine whether the risks identified still exist and whether they have been correctly assessed. Risk documentation is continuously updated and summarized.

A consolidated risk report is presented to the Management Board twice a year. The Management Board regularly informs the Supervisory Board of Westwing's current risk situation.

6.2 Internal Control System for Financial Reporting

Westwing had already implemented internal controls for financial reporting in previous years as part of its internal control system. In 2022, we significantly enhanced the existing control environment in critical departments, including the financial reporting area.

These controls consist of preventive and detective measures in the accounting and operating functions that ensure a consistent process for preparing the financial statements and managing operational risks. Mechanisms include identifying and defining processes and risks, introducing layers of approval, and applying the principle of the segregation of duties.

6.3 Risk Methodology

Westwing has a detailed risk manual that ensures a transparent risk identification and assessment process. The manual is reviewed and updated on a regular basis by Westwing's GRC function.

The risks that Westwing identifies are quantified based on their likelihood of occurrence and potential impact. Likelihood is assessed for a time horizon of one year as from the assessment date. All risks in the risk report are presented on a net basis (i.e., after all mitigation measures have been considered).

The likelihood of occurrence refers to the statistical or estimated probability of a risk occurring during the time horizon under review, and is stated as a percentage. The evaluation range for likelihoods is shown in the table below:

Likelihood	Assessment
Very high	(75%–99%)
High	(50%–74.9%)
Medium	(25%–49.9%)
Low	(5%–24.9%)
Very low	(1%–4.9%)

Westwing uses qualitative and quantitative assessments to evaluate the impact of the identified risks. Quantitative assessments are used in those cases in which this can be easily estimated. Quantitative impacts are measured using revenue, Adjusted EBIT, or cash flow as a reference, depending on the nature of the risk. A qualitative assessment is performed in some cases in which no quantitative assessment is possible – for example because reputational risk or shareholder trust is involved.

	Quantitative assessment (preferred)	
Score	Financial impact	
5	**> EUR 10m**	A **severely damaging** negative effect on the Company's business activities, financial position, profitability, and cash flows
4	**> EUR 5m**	A **substantial negative** effect on the Company's business activities, financial position, profitability, and cash flows
3	**> EUR 2m**	A **certain negative** effect on the Company's business activities, financial position, profitability, and cash flows
2	**> EUR 0.5m**	A **limited negative** effect on the Company's business activities, financial position, profitability, and cash flows
1	**> EUR 0.2m**	An **insignificant negative** effect on the Company's business activities, financial position, profitability, and cash flows

All risks are evaluated before and after applying mitigation measures, i.e., as gross and net risks. In addition, an aggregated risk assessment is performed to evaluate the combined impact of the full risk register for the top risks.

The final risk rating is determined as a combination of the estimated likelihood and the impact, and ranges from “low” to “extreme.” All identified risks are classified and visualized using the following risk matrix:

Likelihood	Very low (1 % – 4.9 %)	Low (5 % – 24.9 %)	Medium (25 % – 49.9 %)	High (50 % – 74.9 %)	Very high (75 % – 99 %)
Impact					
5 (> EUR 10m)	MODERATE	HIGH	HIGH	VERY HIGH	EXTREME
4 (> EUR 5m)	LOW	MODERATE	HIGH	VERY HIGH	VERY HIGH
3 (> EUR 2m)	LOW	MODERATE	MODERATE	HIGH	HIGH
2 (> EUR 0.5m)	LOW	LOW	MODERATE	MODERAT	HIGH
1 (> EUR 0.2m)	LOW	LOW	LOW	LOW	MODERATE

This risk matrix facilitates comparison of relative risk priorities and enhances transparency as to Westwing’s total risk exposure. In addition, the risk categories – which range from “low” to “extreme” – are used to determine the detailed risk information that needs to be provided to the Management Board and the Supervisory Board. Any risks that could impact the Company’s ability to continue as a going concern are reported immediately as they are identified.

Westwing has defined the following risk categories within the Company:

- Strategic risks
- Financial risks
- Capital market risks
- Operational risks
- IT risks
- Regulatory and compliance risks

6.4 Significant Characteristics of the Internal Control and Risk Management System*

Our Internal Control System (ICS) and Risk Management System (RMS) include the management of risks and opportunities relating to the achievement of business goals, the correctness and reliability of internal and external accounting, and compliance with the laws and regulations relevant to Westwing Group. Sustainability aspects are covered as well and are continuously developed based on the regulatory requirements.

Our ICS and RMS are based on the globally accepted COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). The framework defines the elements of a control system and sets the standard for assessing the adequacy and effectiveness of the ICS and RMS.

Overall responsibility for our ICS and RMS lies with the Management Board. The central GRC team coordinates and integrates the ICS and RMS processes and supports the Management Board in designing and maintaining adequate and effective processes for implementing, monitoring and reporting on ICS and RMS activities. For more information on Risk Management, see chapter 6.1.

At the end of each fiscal year, the Management Board performs an evaluation of the adequacy and effectiveness of the ICS and RMS. This evaluation is based primarily on the Annual GRC report presented to the Management Board by the Director GRC and regular meetings of the GRC function with the management during the year. The GRC report summarizes the key elements of the ICS and RMS of Westwing Group, the activities undertaken to review its adequacy and effectiveness during the year and reports any critical control weaknesses identified during these activities. In the report,

* The disclosures in this section are not part of the management report and are not subject to PWC‘s audit.

an overall conclusion is made about the adequacy and effectiveness of our ICS and RMS. Based on this, the Management Board has no indication that our ICS or RMS have not been adequate or effective as of December 31, 2022.

Nevertheless, there are inherent limitations on the effectiveness of any risk management and control system. No system - even if deemed to be adequate and effective – can guarantee that all risks will be identified in advance or that any process violations or misstatements will be prevented or detected under all circumstances.

The Audit Committee is also integrated into our control system. It oversees the GRC function and the effectiveness of the ICS and RMS and the internal audit function. The information contained in the Annual GRC report is provided to the Audit Committee of the Supervisory Board of Westwing Group SE to report on the effectiveness of the ICS and RMS.

6.5 Risk Report

There was no significant structural change year-over-year in our assessment of the likelihood of occurrence and/or potential financial impact of the risks and opportunities listed above. Equally, the updated estimate did not result in any fundamental change to the risk situation. Based on the current assessment, no risks were identified that could threaten the Westwing Group's status as a going concern. The report below summarizes and presents the key risks for Westwing, based on the most recent risk management assessment procedures. All risks are presented on a net basis, i.e., after all mitigation measures have been applied. No risks are currently assessed as "very high" or "extreme." This assessment applies to both the DACH and the International segments.

6.5.1 STRATEGIC RISKS

Potential Economic Downturn and Consumer Sentiment (2022: High; 2021: High)

There is a high risk of an economic recession in 2023. Many companies, especially in the technology sector, announced massive layoffs worldwide in the second half of 2022.

An economic downturn would most likely affect eCommerce as well. We already observed lower consumer demand for Home & Living in 2022 and there is a risk that this could persist due to the macroeconomic challenges. It is hard to predict how our customers would react and how their shopping behavior would change if an economic recession were to materialize.

Westwing's management team continuously monitors and evaluates the economic situation in Europe and its possible impact on the Home & Living market, and is ready to react as necessary by adjusting the Group's offering or partially adapting its strategy. We implemented significant cost reductions across our general and administrative expenses, marketing expenses, and capital expenditure over the past months to reflect the lower demand environment, while continuously improving our net working capital.

Acquisition of Brands for Club Sales (Daily Themes) (2022: High; 2021: Low)

The current market situation has made it more difficult to acquire new brands for our Club sales (Daily Themes). Over the past year, we have experienced partial brand loss due to the difficult sourcing situation, which is caused by stock scarcity and stronger brand positioning and pressure in the eCommerce business, among other things. This poses a risk to future GMV growth, since it could make our product range insufficiently varied, diverse, and attractive.

Westwing has mitigated this risk by increasing management involvement in supplier acquisition, and recently restructured and strengthened the brand buying teams that focus on brand and product range acquisition on our website.

Execution of our New Marketing Strategy (2022: High; 2021: Moderate)

The marketing model was revised and adopted in 2022 to ensure long-term profitable growth. The new strategy includes an updated approach for each marketing channel and the definition of new KPIs and targets along the customer journey. Failure to implement the new marketing strategy in 2023 might negatively influence the Company's growth and result in high costs.

To mitigate this risk, Westwing has hired a new Chief Marketing Officer (CMO) with extensive marketing experience who will oversee the implementation of the new strategy. Westwing's management team continuously monitors and assesses the success of this strategy and is ready to respond if necessary.

Increased Competition and Margin Pressure (2022: High; 2021: Moderate)
We are currently observing increased competition due to the larger number of players in the Home & Living market and shrinking overall market size. This is leading to increased margin pressure in brand sourcing. Accelerated market consolidation as a result of M&A transactions in 2022 may bring further challenges for Westwing. This could harm our business growth and reduce the profitability and attractiveness of the business in the future.

Westwing is closely monitoring all market developments and will continue to focus on profitable growth in 2023.

Inflation (2022: High; 2021: High)
2022 saw inflation spike after a long period of stability. The December 2022 figure for the eurozone climbed to 9.2%. There is a risk that high inflation will reduce our customers' purchasing power. Since Home & Living products are not considered essential, this could negatively impact our sales.

Despite the very high inflation rate for much of the year, economists are now seeing signs of improvement: energy and transportation prices are going down, while inflation also eased somewhat in November and December 2022.

Our teams are focusing on mitigating this risk by renegotiating prices with our suppliers, reducing our supply chain costs, and increasing retail prices and shipping fees to account for inflation. Additionally, we are constantly reviewing our pricing strategy and our offering to ensure product variety and high quality.

External Political Influences (2022: High; 2021: Moderate)
The rise in global uncertainty in 2022 was mostly driven by Russia's war against Ukraine. As an international company with its main warehouses located in Poland, Westwing is exposed to a risk should the conflict spread.

The management team and the GRC team monitor the current political and economic situation in the countries affected and how this impacts the Group's business activity, so as to be able to react and take appropriate strategic decisions if needed.

6.5.2 IT RISKS

Cybersecurity and IT Infrastructure Threats (2022: High; 2021: High)
We have invested significant funds and internal resources in recent years in building and updating our IT platform and our sophisticated IT infrastructure. Westwing's cybersecurity risk has risen due to the Company's growth and the opening of new warehouses and local offices. Threats such as unauthorized logical access (whether internal or external) could disrupt vital internal tools or customer-facing applications.

Westwing employs a skilled technology team that includes IT security experts. This enables us to constantly monitor, develop, and improve our internal IT infrastructure. No limiting events occurred in 2022. Westwing will maintain and enhance its security standards to guarantee a safe IT environment throughout the Group in 2023.

6.6 Changes in the Risk Situation

Overall, Westwing slightly decreased its risk exposure last year by implementing and significantly enhancing risk mitigation measures and developing new processes within the Group.

The following table provides an overview of the changes in key risks compared to the previous year, i.e., risks that were assessed as high in the 2021 Annual Report but as lower in 2022, or vice versa. Reductions in risk are mainly due to process enhancements and the implementation of effective mitigation measures, while increases relate to economic developments or other extrinsic factors.

Risk	2022	2021
OPERATIONAL RISKS		
Increased raw material prices	Moderate	High
Increased transportation costs	Low	High
STRATEGIC RISKS		
Financial planning and performance	Moderate	High
Acquisition of brands for Club sales (Daily Themes)	High	Low
Execution of our new marketing strategy	High	Moderate
Increased competition and margin pressure	High	Moderate
External political influences	High	Moderate

Overall Risk Assessment by the Management Board

Management is satisfied that no going-concern risks existed for the Company in 2022. At present, no individual risks or bundles of risks are considered to threaten the Company's continued existence as a going concern in 2023. Management believes that it has taken all necessary precautions to address existing risks and reduce their possible impact.

6.7 Report on Opportunities

While Westwing faces a number of risks, the Company also has many opportunities with great potential for the future. Opportunities are defined as positive deviations from planning and offer Westwing the prospect of both growth and increased profitability. We are constantly on the lookout for new business opportunities and new ways of improving customer satisfaction. A summary of the most significant opportunities identified by the Company is given below. In 2022, we added especially the new customer experience by OneWestwing, the Westwing stores and the improved negotiation position in China.

Brand Awareness and Westwing Collection

Management sees Westwing's strong brand and high brand recognition as important factors in its long-term success. Unlike other industries such as fashion, where the customer focus is primarily on supplier brands, retailer brands are very important in Home & Living. This is due to the fact that the supplier universe in this sector is highly fragmented and supplier brands are often not the key driver for customers' purchasing decisions.

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

2022 was a breakthrough year for the Westwing Collection and the Westwing brand overall. Westwing rapidly built up its Westwing Collection in the previous year and will continue to do so in 2023. The share of our offering accounted for by the Westwing Collection reached an all-time high of 44% of GMV in the third and fourth quarters of 2022. These internally designed products enable us to present a curated and well-rounded assortment on our website. Together with the higher margins that they offer, this helps us to react quickly to changing market trends and to drive the Home & Living market in Europe.

We believe that Westwing's strong position as a retail company, combined with increased awareness of the Company as the provider of Westwing Collection products, will allow us to create a very strong, holistic Home & Living brand.

New Customer Experience Through Website Integration ("OneWestwing")

The Shop (Permanent Assortment) and Club sales (Daily Themes) are currently being integrated under a single domain in order to create a new, seamless customer website experience. This will improve visibility for the Shop (Permanent Assortment) and the Westwing Collection. We believe that this step will create a better and more intuitive customer experience leading to higher conversion and GMV, plus increased traffic for the Westwing Collection that will ultimately drive growth and profitability and enable nondigital brand marketing to act as a "door opener" for new target customer groups.

Westwing Studio

Westwing is continuing to develop its own interior design service, Westwing Studio. Customers can order an interior design service, the price of which can be redeemed in the form of vouchers for Westwing products. We are already seeing demand in this area from customers and use this exclusive customer contact to strengthen our positioning as interior design and creative experts. Continuing to ramp up this service and offering it to broader customer groups such as B2B clients could result in a substantial opportunity to increase Westwing's growth and attractiveness as a Home & Living brand.

Westwing Stores

In 2022, Westwing opened its first permanent store at one of Hamburg's top addresses, the famous Jungfernstieg boulevard. Visitors can discover furniture, home accessories, decoration trends, and everything else to make their homes more beautiful. A team of experts is available to advise them on site. In addition, customers can meet our Westwing Studio interior designers in person and discuss their new furnishing projects directly in a comfortable and relaxing atmosphere. Expanding into more cities and successfully meeting or exceeding customer expectations can boost loyalty.

Improved Negotiation Position in China

The global economic crisis and an increasing shift in sourcing models to European markets following the COVID-19 pandemic means that many factories in China are facing lower order volumes from customers for 2023. This puts Westwing in a better negotiation position with suppliers from China for our rapidly growing Westwing Collection. In addition, container prices for shipments from Asia have decreased significantly. Our team can use this opportunity to cut costs and improve our margins and profitability.

7. OUTLOOK

7.1 Future Macroeconomic and Sector-specific Environment

The global economy faced some tough challenges in 2022 and the outlook for 2023 does not suggest a rapid recovery. While the world can only hope that the war in Ukraine will end as soon as possible, its consequences will remain with us for a long time to come. Together with persistent high inflation rates in many economies around the world and the fact that the COVID-19 pandemic is not yet completely over, this means there is substantial uncertainty regarding future macroeconomic developments and makes accurate forecasting very difficult.

According to the IMF, global consumer price inflation is expected to ease in 2023 to 6.6%. This trend will probably be more pronounced in the case of advanced economies, where inflation is forecasted to decrease by 2.7 percentage points to 4.6% in 2023. Inflation rates in emerging markets and developing economies are forecasted 8.1% by the end of 2023.

Global GDP growth in 2023 is predicted to be even lower than in 2022 and to amount to only 2.9%. Advanced economies in particular will be hit harshly by this slowdown, with expected GDP growth of only 1.2% in 2023. By contrast, GDP growth in emerging markets and developing economies is expected to even slightly increase to 4.0%, a less grim picture than for the advanced economies.[11]

With Europe suffering especially hard from the spillover effects of the war in Ukraine and the resulting energy shortage, GDP growth in the region is predicted to be only 0.7% in 2023. The impact in Germany, Westwing's largest market, will be especially pronounced, with the IMF forecasting an annual GDP growth of only 0.1% for 2023.[12]

7.2 Future Development of the Westwing Group

Our business development forecast for the coming year is based on the assumptions described in the Report on the Company's Economic Position, the Risk Report, and the Report on Opportunities. We do not expect to see any material changes in the Westwing Group's business activities.

Our outlook takes into consideration the low visibility of consumer behavior, the economic environment, and ongoing developments regarding the war in Ukraine. We are convinced that our business is developing in the right direction in structural terms.

For 2023, we are focusing on selected growth initiatives, expanding the categories offered by our Westwing Collection and driving forward sustainability in all our processes and offerings.

We are forecasting total revenue for 2023 of between EUR 390m and EUR 440m, with growth of −9% to +2% and Adjusted EBITDA of between EUR 4m and EUR 13m. The Adjusted EBITDA margin will be in the range of 1% to 3%.

This forecast has been made a time of ongoing high uncertainty regarding consumer sentiment, inflation, and geopolitical developments, and assumes there is no further deterioration during the remainder of 2023 compared to what we have been seen already in 2023.

11 International Monetary Fund: World Economic Outlook Database January 2023.

12 International Monetary Fund: World Economic Outlook Database January 2023.

8. SUPPLEMENTARY MANAGEMENT REPORT FOR WESTWING GROUP SE (IN ACCORDANCE WITH THE HGB)

Westwing Group SE's annual financial statements were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB). Westwing Group SE is the parent company of the Westwing Group and also acts as the holding company for the Group's various operating entities. It does not generate revenue with third parties itself; rather, its income comes from the provision of internal Group services that are reported as revenue. Key performance indicators for Westwing Group SE are revenue, profit before tax, and writedowns.

8.1 Results of Operations of Westwing Group SE

EURm	2022	2021
Revenue	**70.0**	**98.1**
Own work capitalized	9.6	7.2
Other operating income	0.3	1.3
Gross profit	**79.9**	**106.5**
Cost of materials	–32.2	–40.5
Personnel expenses	–34.1	–38.6
Depreciation, amortization, and writedowns of tangible fixed assets and intangible assets	–7.3	–5.4
Other operating expenses	–35.3	–16.8
Operating result	**–29.0**	**5.2**
Interest income	3.9	3.7
Interest and similar expenses	–0.3	–0.3
Financial result	**3.6**	**3.4**
Taxes on income	–0.3	–0.1
Profit/loss after tax	**–25.6**	**8.5**
Expenses from profit transfer	–0.6	–
Result after tax	**–26.3**	**8.5**

Revenue at Westwing Group SE decreased from EUR 98.1m in 2021 to EUR 70.0m in 2022. The drop reflected the Company's overall weaker business development, which was primarily due to the difficult market environment. Since Westwing Group SE provides services to its affiliates, its revenue correlates with their business. Own work capitalized increased by 34.5% to EUR 9.6m (2021: EUR 7.2m). Other operating income returned to a normal level again in 2022 at EUR 0.3m. In 2021 it had included income of EUR 1.0m from other periods that mainly related to the reversal of a provision recognized in the previous year for a legal dispute.

Personnel expenses declined by EUR 4.4m, primarily because of the smaller number of employees and the reduction in share-based compensation. Share-based payment expenses fell due to the changes in personnel and the lower share price to EUR 0.2m (2021: EUR 1.3m). The prior-year figure also contained EUR 1.5m in expenses recognized for the cash settlement of commitment packages that were originally intended to be equity-settled.

The cost of materials, which only comprises the cost of purchased services, was EUR 32.2m (2021: EUR 40.5m). This year-over-year drop resulted primarily from the overall decrease in the Company's business and hence a lower marketing spend. Other expenses rose, with one main reason being higher personnel-related intercompany recharges for services performed for Westwing Group SE by other Group entities, especially in Poland.

All in all, an operating loss of EUR −21.7m before interest, amortization, depreciation, and taxes was incurred in 2022 (2021: profit of EUR 10.6m).

The financial result of EUR 3.6m (2021: EUR 3.4m) was driven by interest income of EUR 3.9m (2021: EUR 3.7m), plus interest and similar expenses of EUR 0.3m (2021: EUR 0.3m).

8.2 Financial Position of Westwing Group SE

Westwing Group SE had cash and cash equivalents of EUR 38.6m as of December 31, 2022 (December 31, 2021: EUR 43.4m). The changes in the cash and cash equivalents item were as follows:

In 2022, the Company financed operations at its subsidiaries by extending loans of EUR 37.1m (2021: EUR 40.9m). These loans are deemed to be long-term from an economic perspective but are short-term for legal purposes.

Loan receivables from affiliates and interest amounting to EUR 41.5m were repaid in 2022 (2021: EUR 52.7m).

Investments in tangible and intangible assets amounted to EUR 11.2m in the 2022 fiscal year (2021: EUR 10.9m).

Supplier finance arrangements resulted in a cash inflow of EUR 4.0m, while releases of rental deposits led to a cash inflow of EUR 2.6m.

EUR 0.5m of cash outflows related to the purchase of treasury shares.

Westwing Group SE ensured that sufficient liquid funds were available to continue conducting business activities at the Company and the Group. Westwing Group SE has issued a letter of comfort to its subsidiary Westwing GmbH and all other direct affiliates in which it assumes liability for obligations arising up to December 31, 2024. Westwing Group SE has always met its payment obligations.

8.3 Net Assets of Westwing Group SE

EURm	Dec. 31, 2022	Dec. 31, 2021
Assets		
Non-current assets		
Intangible assets	23.2	18.8
Tangible fixed assets	3.1	3.7
Long-term financial assets	147.4	150.9
Total non-current assets	**173.8**	**173.4**
Current assets		
Receivables and other assets	23.4	42.7
Cash and cash equivalents	38.6	43.4
Total current assets	**62.0**	**86.1**
Prepaid expenses	2.1	1.8
Total assets	**237.9**	**261.3**
Equity and liabilities		
Equity		
Share capital	20.9	20.9
Treasury shares	−0.4	−0.3
Issued capital	**20.5**	**20.6**
Capital reserves	348.4	348.8
Accumulated losses	−156.3	−130.0
Total equity	**212.7**	**239.4**
Liabilities		
Provisions	10.8	10.0
Trade payables and other liabilities	14.3	11.8
Deferred income	0.1	0.1
Total equity and liabilities	**237.9**	**261.3**

Total assets as of December 31, 2022, amounted to EUR 237.9m, a decrease of EUR 23.5m compared to the previous year (December 31, 2021: EUR 261.3m). This change was mainly driven by lower receivables and other assets, plus a decrease in cash and cash equivalents.

Intangible assets consisted of both purchased and internally developed software in fiscal year 2022. The net carrying amount increased by EUR 4.4m to EUR 23.2m (December 31, 2021: EUR 18.8m). This was due to the capitalization of software development expenses amounting to EUR 10.2m, which were partially offset by amortization of EUR 5.0m and writedowns of EUR 0.7m. Tangible fixed assets decreased to EUR 3.1m (December 31, 2021: EUR 3.7m), mainly because of depreciation charges.

Investments in subsidiaries did not change, amounting to EUR 15.4m in both 2022 and 2021. Loans extended to subsidiaries reported under long-term financial assets decreased by EUR 3.5m to EUR 132.0m. This was primarily due to the repayment of loan and interest receivables totaling EUR 41.5m and was partially offset by new loans to affiliates of EUR 37.1m.

Current assets amounted to EUR 62.0m as of the end of 2022 (December 31, 2021: EUR 86.1m). Receivables from affiliated companies included in trade and other receivables decreased to EUR 22.8m (December 31, 2021: EUR 39.3m). Cash and cash equivalents were EUR 4.9m lower than in the previous year, at EUR 38.6m (December 31, 2021: EUR 43.4m).

The Company's equity as of the balance sheet date fell by EUR 26.7m in 2022, from EUR 239.4m in December 2021 to EUR 212.7m in December 2022. The main driver for this was the loss after tax.

The equity ratio decreased from 91.6% as of December 31, 2021, to 89.4% as of December 31, 2022.

Provisions increased slightly from EUR 10.0m in December 2021 to EUR 10.8m in December 2022.

Liabilities rose from EUR 11.8m as of the end of 2021 to EUR 14.3m as of December 31, 2022. This was mainly due to liabilities from supplier finance arrangements of EUR 4.0m.

8.4 Westwing Group SE Employees

Westwing Group SE employed 356 people including interns, temporary staff, and management personnel as of the end of December 2022 (2021: 488). Of these, 234 people worked in administration/IT and 118 in marketing. Software development is performed internally by Westwing Group SE's Technology department in almost all cases.

A total of 59.8% of Westwing Group SE's employees were female as of the end of 2022, on a par with the figure for the Group as a whole.

Please see the Corporate Governance Statement for information on the percentage of, and targets for, the proportion of women on the Management Board and the Supervisory Board, and for the Company's diversity disclosures.

8.5 Risks and Opportunities Facing Westwing Group SE

The risks and opportunities facing Westwing Group SE are largely the same as for the Group as a whole. For further information, please refer to the Report on Opportunities and Risks in section 6 of this Combined Management Report. Additional risks exist in relation to the potential need to write down loans to affiliates, or to provide liquidity to them, depending on their business performance.

8.6 Outlook for Westwing Group SE

The economic forecast and expectations for Westwing Group SE's operating business are substantially the same as for the Westwing Group. Please see section 7 of this Combined Management Report for further details.

Westwing Group SE is expecting a similar level of revenue in fiscal year 2023 to the previous year. This reflects the expectation of more stable business volumes at its operating subsidiaries, in line with Westwing Group SE's role as the holding company for the Westwing Group. Earnings before interest, amortization, depreciation, and taxes should improve moderately compared to fiscal year 2022.

Westwing Group SE's 2022 revenue declined by 28.6% to EUR 70.0m. This is clearly below expectations, which were for similar revenue to the previous year. The Company missed its guidance due to the negative performance by the Group as a whole, which was driven by lower market demand and the weak economic environment. Consequently, earnings before interest, amortization, depreciation, and taxes were not at the expected level similar to 2021, but declined by EUR 32.3m to EUR - 21.7m.

Nevertheless, after this challenging year we are convinced that Westwing has the necessary operational and financial resources to achieve its ambitious targets in the medium and long term, and that it will return to profitable growth.

9. OTHER DISCLOSURES

9.1 Corporate Governance Statement

The Corporate Governance Statement pursuant to section 289f and section 315d of the German Commercial Code (Handelsgesetzbuch – HGB), including the Compliance Declaration pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) have been made publicly available on the Investor Relations/Corporate Governance section of the Company's website. Past corporate governance statements and compliance declarations can also be found there. The current Corporate Governance Statement including the current Compliance Declaration has also been published in the annual report.

9.2 Disclosures Required under Takeover Law

The Management Board of Westwing Group SE (the "Company") has prepared the following explanatory report on the disclosures required by sections 289a and 315a of the HGB pursuant to section 176(1) sentence 1 of the AktG:

COMPOSITION OF SUBSCRIBED CAPITAL (SECTION 289A SENTENCE 1 NO. 1 AND SECTION 315A SENTENCE 1 NO. 1 OF THE HGB)

The share capital was unchanged as of December 31, 2022, at EUR 20,903,968.00. The share capital is composed of 20,903,968 no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share. The share capital is fully paid up. All shares carry the same rights and duties. Each no-par value share entitles the holder to one vote. The right of shareholders to receive share certificates is excluded under Article 5(2) of the Company's Articles of Association.

RESTRICTIONS ON VOTING RIGHTS OR THE TRANSFER OF SHARES (SECTION 289A SENTENCE 1 NO. 2 AND SECTION 315A SENTENCE 1 NO. 1 OF THE HGB):

As of December 31, 2022, the Company held 382,230 treasury shares. Pursuant to section 71b of the AktG, the Company is not entitled to any rights in respect of its treasury shares.

Otherwise, no basic restrictions on voting rights exist. Westwing Group SE is not aware of any agreements restricting voting rights or the transferability of shares. In addition to the statutory provisions governing insider dealing and the prohibition on trading set out in the Market Abuse Regulation, the Company provides information on "silent periods" – the 30 days before the publication of the financial results for each quarter – and recommends refraining from trading during these periods. The Company has produced an internal capital markets compliance policy.

DIRECT AND INDIRECT SHAREHOLDINGS EXCEEDING 10% OF THE VOTING RIGHTS (SECTION 289A SENTENCE 1 NO. 3 AND SECTION 315A SENTENCE 1 NO. 3 OF THE HGB):

According to the information made available to the Company, the following interests in the Company's share capital exceeded the threshold of 10% of the voting rights as of December 31, 2022:

- Zerena GmbH, Grünwald, to which the share in the voting rights held by Rocket Internet SE, Berlin (28.9% of the share capital) is attributed pursuant to section 34 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

SHARES WITH SPECIAL RIGHTS CONVEYING POWERS OF CONTROL (SECTION 289A SENTENCE 1 NO. 4 AND SECTION 315A SENTENCE 1 NO. 4 OF THE HGB):

There are no shares with special rights, and in particular no special rights conveying powers of control.

CONTROL OF VOTING RIGHTS IF EMPLOYEES ARE SHAREHOLDERS (SECTION 289A SENTENCE 1 NO. 5 AND SECTION 315A SENTENCE 1 OF THE HGB):

Like other shareholders, employees who hold interests in the Company's share capital exercise their voting rights directly themselves, in line with the statutory provisions and the Articles of Association.

STATUTORY REQUIREMENTS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION GOVERNING THE APPOINTMENT AND REMOVAL OF MEMBERS OF THE MANAGEMENT BOARD AND CHANGES TO THE ARTICLES OF ASSOCIATION (SECTION 289A SENTENCE 1 NO. 6 AND SECTION 315A SENTENCE 1 NO. 6 OF THE HGB):

In accordance with Article 7 of the Articles of Association and section 84 of the AktG, the Supervisory Board determines the number of members of the Management Board and is responsible for appointing and dismissing them. The Supervisory Board can appoint a chairman and a deputy chairman. Appointments are made for a maximum term of five years. Reappointments or prolongations of the members' terms of office are possible for a maximum of five years in each case. Appointments may be revoked for good cause pursuant to section 84(4) of the AktG. Otherwise, the statutory provisions shall apply (sections 84 and 85 of the AktG).

Pursuant to section 179(1) of the AktG, all amendments to the Articles of Association require a resolution by the General Meeting. Article 20(2) of the Articles of Association states that, where no other majority is prescribed by law, amendments to the Article of Associations require a majority of two-thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast. In the case of amendments made following the utilization of Authorized Capital 2022/I and/or after expiration of the authorization period, after the exercise of Contingent Capital 2018, and after expiration of all option and conversion deadlines, section 179(1) sentence 2 of the AktG in conjunction with sections 4 (3), (4), and (5) of the Articles of Association authorizes the Supervisory Board to amend the Articles of Association appropriately.

POWERS OF THE MANAGEMENT BOARD, IN PARTICULAR CONCERNING THE ABILITY TO ISSUE OR BUY BACK SHARES (SECTION 289A SENTENCE 1 NO. 7 AND SECTION 315A SENTENCE 1 NO. 7 OF THE HGB):

AUTHORIZATION TO ACQUIRE TREASURY SHARES

On August 5, 2021, the Company's Annual General Meeting authorized the Management Board, with the Supervisory Board's approval, to acquire treasury shares amounting to up to a total of 10% of the Company's share capital at the time of the resolution or – should this amount be lower – of the Company's share capital in existence at the time the authorization is exercised. The authorization expires at the end of August 4, 2026, and acquisitions shall comply with the principle of equal treatment (section 53a of the AktG). At no point may the shares acquired on the basis of this authorization, together with any other treasury shares that the Company has already acquired and continues to hold, or that are attributable to it pursuant to sections 71a et seq. of the AktG, exceed 10% of the Company's share capital.

The authorization may be exercised once or several times, in whole or in part, in pursuit of one or more purposes by the Company, as well as by Group companies or by third parties for the account of the Company or the Group companies concerned. The authorization may not be exercised for the purpose of trading in treasury shares. For further details, please see agenda item 9 of the invitation to the Company's Annual General Meeting on August 5, 2021; this is also available from the Investor Relations/Annual General Meeting section of the corporate website.

This authorization was exercised as follows in fiscal year 2022: Basis on the authorization above, Westwing Group SE's Management Board resolved on November 24, 2022, with the Supervisory Board's approval, to implement a share buyback program with a maximum volume of 600,000 shares of the Company at a total price (not including ancillary costs) of up to EUR 3.0m ("2022 Share Buyback Program"). The buyback of the shares in XETRA trading on the Frankfurt Stock Exchange started on November 28, 2022, and will end in principle at the end of March 31, 2023. The Company held 326,475 treasury shares (approximately 1.56% of the Company's share capital) at the start of the 2022 Share Buyback Program.

A total of 55,755 shares had been purchased under this share buyback program as of December 31, 2022. Additional details of the 2022 Share Buyback Program, including weekly transaction reports, can be found in the Investor Relations/Share/Share Buy-back 2022 section of the corporate website.

The Company did not sell and transfer any treasury shares to current or former employees or members of governing bodies in the period from January 1, 2022, to December 31, 2022.

AUTHORIZATION TO ACQUIRE TREASURY SHARES USING EQUITY DERIVATIVES

In addition, the Management Board was authorized by the General Meeting on August 5, 2021, to acquire, with the Supervisory Board's approval, treasury shares amounting to up to a total of 5% of the share capital in existence at the time of the resolution in the period up to August 4, 2026, using derivatives (put or call options or a combination of the two). Any shares acquired in this way must also be counted towards the 10% limit on the authorization to acquire treasury shares. For further details, please see agenda item 10 of the invitation to the Company's Annual General Meeting on August 5, 2021; this can be found in the Investor Relations/Annual General Meeting section of the corporate website.

This authorization was not utilized in fiscal 2022.

EXERCISE OF PURCHASE RIGHTS RELATING TO THE PURCHASE OF TREASURY SHARES

The Management Board was also authorized by the Company's Extraordinary General Meeting on September 21, 2018, to exercise, with the Supervisory Board's approval, and in the period up to September 20, 2023, the call options for the acquisition of treasury shares under existing agreements – in particular so-called angel agreements - which were concluded between the Company or its subsidiaries and the Company's or its subsidiaries' current and/or former employees, members of governing bodies, (former) advisers, and/or supporters (or their respective investment vehicles) and to acquire treasury shares up to a total of 10% of the Company's share capital at the time of the resolution or – if the volume is lower – of the Company´s share capital at the time of the exercise of the authorization. The treasury shares acquired and held by the Company must be credited against this 10% limit.

This authorization was not utilized in fiscal 2022.

AUTHORIZED CAPITAL AS OF DECEMBER 31, 2022:

AUTHORIZED CAPITAL 2022/I

The Management Board was authorized by the Annual General Meeting on May 18, 2022 – which also rescinded Authorized Capital 2018/V – with the Supervisory Board's approval, to increase the Company's share capital by up to EUR 2,090,396.00 in the period up to May 17, 2027 (inclusive) by issuing up to 2,090,396 new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions ("Authorized Capital 2022/I"). Shareholders' preemptive subscription rights shall be disapplied. The details of Authorized Capital 2022/I are set out in Article 4(3) of the Company's Articles of Association.

AUTHORIZED CAPITAL 2018/VI

The Management Board has been authorized to increase the Company's share capital in the period up to September 20, 2023, with the Supervisory Board's approval, by up to EUR 2,847,853 by issuing, on one or more occasions a total of up to 2,847,853 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2018/VI). Shareholders must be granted subscription rights in principle. Shareholders' preemptive subscription rights can be disapplied in certain circumstances and within prescribed limits, with the Supervisory Board's approval. The shares can also be subscribed for by one or more credit institutions or one or more entities doing business pursuant to section 53(1) sentence 1, section 53b(1) sentence 1, or section 53b(7) of the German Banking Act (Gesetz über das Kreditwesen – KWG), subject to the obligation to offer the shares to the Company's shareholders pursuant to section 186(5) of the AktG ("indirect subscription rights"). The details of this Authorized capital are set out in Article 4(4) of the Company's Articles of Association.

CONDITIONAL CAPITAL 2018

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

Conditional Capital 2018 is used in cases in which conversion rights or options are exercised, or conversion or option obligations are met, to grant shares to the bearers or creditors of convertible bonds, bonds with warrants, profit participation rights, and/or participating bonds (or combinations of these instruments) (referred to collectively as "bonds") issued on the basis of the authorization resolved 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 authorizing resolution passed by the General Meeting on September 21, 2018. The conditional capital increase will only be implemented to the extent that, in the period up to September 20, 2023, bearers or creditors of bonds issued or guaranteed on the basis of the authorizing resolution passed by the General Meeting on September 21, 2018, by the Company, its dependent companies, or companies in which the company directly or indirectly holds a majority interest, exercise their conversion rights or options, or comply with their conversion or option obligations under such bonds, or to the extent that the Company grants shares in the Company instead of paying the amount due, and to the extent that the conversion or option rights or conversion or option obligations are not serviced using treasury shares, but by shares from authorized capital or other consideration.

This authorization to issue bonds has not been utilized to date. The details of this contingent capital are set out in Article 4(5) of the Company's Articles of Association.

AUTHORIZATION TO INCREASE THE COMPANY'S SHARE CAPITAL FOLLOWING ITS CHANGE OF LEGAL FORM TO AN SE

No new capital was created in connection with Westwing's change of legal form to a European Society (Societas Europaea, SE) with the name of Westwing Group SE.

MATERIAL AGREEMENTS BY THE COMPANY THAT TAKE EFFECT IN THE EVENT OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID, TOGETHER WITH THE RESULTING EFFECTS (SECTION 289A SENTENCE 1 NO. 8 AND SECTION 315A SENTENCE 1 NO. 8 OF THE HGB):

A EUR 10m global credit facility entered into in September 2022 between Westwing Group SE and Norddeutsche Landesbank grants Norddeutsche Landesbank a right to terminate the facility if a single shareholder acquires a majority of the voting rights and/or an interest of at least 50% in the share capital.

COMPENSATION AGREEMENTS ENTERED INTO BETWEEN THE COMPANY AND THE MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN CASE OF A TAKEOVER BID (SECTION 289A SENTENCE 1 NO. 9 AND SECTION 315A SENTENCE 1 NO. 9 OF THE HGB):

The Management Board contract of service agreed between Westwing Group SE and CEO Dr. Andreas Hoerning on June 17, 2022, grants the CEO the right to terminate his contract of service in writing within two months of a change of control occurring, giving three months' notice to the end of a calendar month ("special termination right"), and to resign his position in line with this. Should the special termination right be exercised, the amount of any severance payment shall be limited to a maximum of two fixed annual salaries, but no more than the remuneration for the remaining term of office (severance payment cap).

Munich, March 29, 2023

Dr. Andreas Hoerning
Chief Executive Officer
Westwing Group SE

Sebastian Säuberlich
Chief Financial Officer
Westwing Group SE

INDEPENDENT AUDITOR'S REPORT

To Westwing Group SE, Berlin

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Westwing Group SE (formerly: Westwing Group AG), Berlin, which comprise the balance sheet as at December 31, 2022, and the statement of profit and loss for the financial year from January 1 to December 31, 2022, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Westwing Group SE, which is combined with the group management report, for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its financial performance for the financial year from January 1 to December 31, 2022 in compliance with German Legally Required Accounting Principles and

- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the „Other Information“ section of our auditor’s report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Measurement of shares in affiliated companies as well as loans to and receivables from affiliated companies

❷ Recognition and measurement of internally generated intangible assets for software solutions

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ **Measurement of shares in affiliated companies as well as loans to and receivables from affiliated companies**

① In the annual financial statements of Westwing Group SE as at December 31, 2022, shares in affiliated companies amounting to EUR 15.4 million (6% of total assets) are reported under the "Financial assets" balance sheet item. In addition, loans to affiliated companies amounting to EUR 132.0 million (55% of total assets) and receivables from those affiliated companies amounting to EUR 22.8 million (10% of total assets) are reported. Shares in affiliated companies, loans to affiliated companies and receivables from affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair values are calculated as the present value of the expected future cash flows according to the planning projections prepared by the executive directors using discounted cash flow models. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the relevant affiliated company. On the basis of the values determined and supplementary documentation, no write-downs were required in the financial year.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used by the Company for the purposes of the valuation of shares in affiliated companies as well as loans to and receivables from affiliated companies, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. Finally, we evaluated whether the values calculated in this way were properly compared against the carrying amount, in order to determine any write-downs or reversals of write-downs. In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies as well as loans to and receivables from affiliated companies.

③ The Company's disclosures on the measurement of shares in affiliated companies, loans to and receivables from those affiliated companies are contained in the sections "II: Accounting policies: Financial assets and receivables", "III: Notes to the balance sheet: Shares in and loans to affiliated companies" and "Receivables and other assets" of the notes to the financial statements.

❷ Recognition and measurement of internally generated intangible assets for software solutions

① In the annual financial statements of Westwing Group SE as at December 31, 2022, internally generated intangible fixed assets for internally developed software solutions amounting to EUR 23.1 million (10% of total assets) are reported under the balance sheet item "Internally generated industrial property rights and similar rights and assets". The internally generated intangible assets relate to software solutions for the purposes of the websites, apps and warehouse management system of Westwing Group SE. For the capitalization of an internally generated intangible fixed asset it is essential that the intended intangible asset is highly probable and that the development costs can be reliably attributed to the intangible asset to be capitalized. The capitalization of development costs for an internally generated intangible fixed asset already completed requires that the asset be expanded or materially improved, which means substantially enhanced. The amortization of internally generated assets is based on the assumptions made by the executive directors regarding the expected useful lives. Furthermore, disposals are recognized if specific expectations regarding the feasibility of developments projects are not met. The capitalization and measurement of the development costs incurred for these software solutions are based to a large extent on estimates and assumptions made by the Company’s executive directors, which mainly relate to the technical and economic feasibility of the development project and the distinction between substantial enhancement and the maintenance of existing software solutions.

Due to the large number of projects for the development of software solutions and the fact that the recognition and measurement of this material item in terms of amount are based to a large extent on estimates and assumptions made by the Company's executive directors, this matter was of particular significance in the context of our audit.

② As part of our audit procedures relating to the recognition and measurement of development costs incurred for software solutions, we first examined the processes and controls implemented by the executive directors for the capitalization of development costs for internally generated software solutions on the basis of the documentation provided to us, using individual development projects. In addition, we evaluated, among other things, the recognition of intangible assets and the method used for the accounting treatment and measurement of the development costs incurred in accordance with the requirements of German commercial law. In doing so, we also inspected the corresponding project records to assess the respective stage of project completion. Furthermore, we performed an analytical review of the list of all capitalized projects for the development of software solutions and the capitalization of associated development costs, and examined the methodology employed by the Company. In addition, on the basis of samples of the development projects for software solutions initially capitalized in the financial year, we examined the eligibility of development costs for capitalization, the existence of substantial enhancements to existing software solutions compared with existing software solutions as well as the assumptions made by the executive directors with respect to determining useful lives and the point at which to commence amortization. We also verified and assessed the ability to capitalize the development costs incurred based on documents of individual activities. For the estimates of useful lives, we also obtained an overview of all software development projects for software solutions and discussed with the executive directors which estimates and considerations were used for the deposited values. Furthermore, we compared – on a sample basis – the amounts of the development costs capitalized for material development projects with the personnel costs incurred, and reconciled these with the underlying timesheets, also on a sample basis. In order to detect indications for derecognition of development projects, we interviewed the executive directors and the responsible employees and analyzed the age structure of the development projects as well as the project-specific progress reports.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

③ The Company's disclosures on the recognition and measurement of internally developed intangible assets for software solutions are contained in sections "II Accounting policies: Intangible assets", "III Notes to the balance sheet: Intangible assets" and "IV Notes to the income statement: Other own work capitalized" of the notes to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the non-financial group statement to comply with §§ 315b to 315c HGB included in section "4. Non-financial Statement " of the management report
- the subsection "6.4 Significant Characteristics of the Internal Control and Risk Management System" in section "Report on Opportunities and Risks" of the management report

The other information comprises further the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file Westwing_SE_JA+LB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2022 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 18, 2022. We were engaged by the supervisory board on December 28, 2022. We have been the auditor of the Westwing Group SE, Berlin, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Popp.

Munich, March 29, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Dietmar Eglauer	(sgd.) Michael Popp
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)