

# WESTWING

---

QUARTERLY STATEMENT

*January – March 2021*



# WESTWING AT A GLANCE

## Q1 2021 HIGHLIGHTS

- Revenue grew 104.9% year-over-year to EUR 138.4m in the first quarter of 2021
- Significantly improved profitability with an Adjusted EBITDA of EUR 19.6m at an Adjusted EBITDA margin of 14.2% (Q1 2020: – 1.8%)
- Westwing Collection share<sup>1</sup> at 31% of GMV, an increase of 6 percentage points (Q1 2020: 25%)
- Free Cash Flow at EUR 13.7m, improved by EUR 20.0m (Q1 2020: EUR – 6.4m)

## KEY FIGURES (UNAUDITED)

	Q1 2021	Q1 2020	Change
<b>Results of operations</b>			
Revenue (in EUR m)	138.4	67.6	104.9%
Adjusted EBITDA (in EUR m)	19.6	– 1.2	20.8
Adjusted EBITDA margin (in % of revenue)	14.2%	– 1.8%	15.9pp
<b>Financial position</b>			
Free cash flow (in EUR m)	13.7	– 6.4	20.0
Cash and cash equivalents as at 31.03. (in EUR m)	116.4	65.2	51.2
<b>Key performance indicators</b>			
Westwing Collection share (in %) <sup>1</sup>	31%	25%	6pp
GMV (in EUR m)	164	85	91.6%
Number of orders (in k)	1,268	675	87.8%
Average basket size (in EUR)	129	127	2.0%
Active customers (in k)	1,720	986	74.4%
Average orders per active customer in the preceding 12 months	2.7	2.5	6.5%
Average GMV per active customer in the preceding 12 months (in EUR)	337	324	4.0%
Mobile visit share (in %)	79%	76%	3pp
<b>Other</b>			
Full-time equivalent employees as of balance-sheet date	1,742	1,263	37.9%

<sup>1</sup> Previously named “Private Label share”

# 1

## REPORT ON ECONOMIC POSITION

### 1.1 FINANCIAL PERFORMANCE OF THE GROUP <sup>2</sup>

The condensed income statement for the first quarter of 2021 showed revenue of EUR 138.4m, a growth of 104.9% compared to the same quarter of the previous year (Q1 2020: EUR 67.6m). GMV at the same time grew by 91.6% year-over-year. This development was primarily driven by the higher number of orders which was up by 87.8% compared to the previous-year period. Additionally, the average basket size increased slightly to EUR 129 (Q1 2020: EUR 127). The number of Active Customers who made at least one order in the last twelve months went up by 74.4% to 1.7m at the end of the first quarter 2021 (Q1 2020: 1.0m).

Both segments, DACH and International, showed strong revenue growth in the first quarter of 2021. The DACH segment grew by 110.2% and the International segment by 98.2% year-over-year.

As a result of an improved contribution margin and operating leverage, our Adjusted EBITDA margin improved by 15.9 percentage points to 14.2% in the first quarter of 2021 (Q1 2020: -1.8%). Absolute Adjusted EBITDA improved to EUR 19.6m (Q1 2020: EUR -1.2m).

During the first quarter of 2021, a major part of our office-based employees continued to work from home due to the COVID-19 situation. All employees who couldn't work from home, i.e. warehouse workers and photo studio employees, followed strict health procedures we had introduced and continue to follow due to COVID-19. We continue to monitor the COVID-19 situation closely and react fast to upcoming challenges. Our employees are provided with relevant updates on an ongoing basis.

Overall, we see strong and promising results in the first quarter of 2021.

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

## CONDENSED FIRST QUARTER 2021 CONSOLIDATED INCOME STATEMENT ON ADJUSTED BASIS (UNAUDITED)

EUR m	Q1 2021	In % of revenue	Q1 2020	In % of revenue
<b>Revenue</b>	<b>138.4</b>	<b>100.0%</b>	<b>67.6</b>	<b>100.0%</b>
Cost of sales	-68.4	-49.4%	-36.0	-53.3%
<b>Gross profit</b>	<b>70.1</b>	<b>50.6%</b>	<b>31.5</b>	<b>46.7%</b>
Fulfilment expenses	-26.8	-19.4%	-15.1	-22.4%
<b>Contribution profit</b>	<b>43.2</b>	<b>31.2%</b>	<b>16.4</b>	<b>24.3%</b>
Marketing expenses	-10.3	-7.4%	-6.4	-9.5%
General and administrative expenses	-16.6	-12.0%	-13.4	-19.9%
Other operating expenses	-0.3	-0.2%	-0.6	-0.9%
Other operating income	0.5	0.3%	0.5	0.7%
Depreciation, amortization and impairments	3.0	2.2%	2.4	3.5%
<b>Adjusted EBITDA</b>	<b>19.6</b>	<b>14.2%</b>	<b>-1.2</b>	<b>-1.8%</b>

### Revenue

Our revenue grew by 104.9% to EUR 138.4m in the first quarter of 2021, compared to EUR 67.6m in the same period of the previous year. This development was driven by an accelerated shift towards online channels in all our markets driving new customer acquisition and repurchase rates of existing customers. We assume this shift in customer behavior to be partially driven by the COVID-19 situation which is leading people to be more at home and to use eCommerce more.

### Contribution Margin

Our gross margin improved significantly from 46.7% in the previous-year period to 50.6% in the first quarter of 2021. The increase was mostly influenced by a mix shift towards our high-gross margin Westwing Collection products that contributed 31% of GMV and margin gains in those Westwing Collection products.

Our fulfilment costs as percentage of revenue decreased from 22.4% in the previous-year period to 19.4% in the first quarter of 2021. This reduction was driven by fixed cost leverage within our fulfilment costs, efficiency gains and a lower return rate compared to the previous year.

As a result, our contribution margin grew from 24.3% for the first three months of 2020 by 7.0 percentage points to 31.2% in the first quarter of 2021.

### Marketing Expenses

Marketing expenses were up to EUR 10.3m (7.4% of revenue) in the first quarter of 2021 compared to EUR 6.4m (9.5% of revenue) in the same period of the previous year. We continue to invest in marketing to leverage the current market momentum.

## General and Administrative Expenses

In percent of revenue, general and administrative expenses in the first quarter of 2021 decreased significantly by 7.9 percentage points to 12.0 % compared to the same period of the previous year (Q1 2020: 19.9 % of revenue). This development was primarily driven by operating leverage. In absolute terms, general and administrative expenses increased by EUR 3.1m to EUR 16.6m in the first quarter of 2021 (Q1 2020: EUR 13.4m). Westwing will continue to invest into growth, especially into Technology and our Westwing Collection teams.

## Adjusted EBITDA<sup>3</sup>

The Group's Adjusted EBITDA improved significantly to EUR 19.6m in the first quarter of 2021 (Q1 2020: EUR –1.2m). Our Adjusted EBITDA margin increased accordingly from –1.8 % in the first three months of 2020 to 14.2 % in the first quarter of 2021.

## 1.2 SEGMENT INFORMATION

### CONSOLIDATED SEGMENT RESULTS (UNAUDITED)

EUR m	Q1 2021	Q1 2020	Change
<b>Revenue</b>			
DACH	79.1	37.6	110.2%
International	59.3	29.9	98.2%
<b>Adjusted EBITDA</b>			
DACH	15.8	0.9	14.8
International	4.0	–2.0	6.0
Headquarter/reconciliation	–0.1	–0.1	0.0
<b>Adjusted EBITDA margin</b>			
DACH	19.9%	2.4%	17.5pp
International	6.7%	–6.7%	13.4pp

The Group's results are broken down into the segments DACH (Germany, Austria and Switzerland) and International (other European markets). The condensed segment results for the first quarter of 2021 show very strong performance for both segments. Both segments had a positive Adjusted EBITDA.

### Segment Revenue

Both segments showed very strong revenue development with DACH segment revenue up by 110.2 % and International by 98.2 % respectively.

### Segment Adjusted EBITDA

In the first quarter of 2021 the Adjusted EBITDA margin in the DACH segment increased by 17.5 percentage points to 19.9 % (Q1 2020: 2.4 %). In the International segment the Adjusted EBITDA margin improved by 13.4 percentage points to 6.7 % in the first quarter of 2021 (Q1 2020: –6.7 %).

<sup>3</sup> Adjusted EBITDA is excluding (i) share-based compensation (in Fulfilment expenses, Marketing expenses as well as in General and administrative expenses), (ii) expenses/income for the restructuring of the French business.



## 1.3 FINANCIAL POSITION

### CASH FLOWS (UNAUDITED)

EUR m	Q1 2021	Q1 2020
Cash flows from operating activities	15.9	-4.5
Cash flows from investing activities	-2.2	-1.9
Cash flows from financing activities	-1.8	-1.5
Net increase/(decrease) in cash and cash equivalents	11.8	-7.9
Effect of exchange rate fluctuations on cash held	-0.3	-0.1
Cash and cash equivalents as of January 1	104.9	73.2
<b>Cash and cash equivalents as of March 31</b>	<b>116.4</b>	<b>65.2</b>
Free cash flow	13.7	-6.4

Cash flows from operating activities improved strongly and amounted to EUR 15.9m in the first three months of 2021 compared to EUR -4.5m in the same period of 2020. This significant improvement was primarily driven by our strong operating result.

Cash flows from investing activities decreased slightly from EUR -1.9m in the first three months of 2020 to EUR -2.2m in the same period in 2021.

Subsequently, the free cash flow for the first quarter of 2021 improved by EUR 20.0m to EUR 13.7m (Q1 2020: EUR -6.4m).

Cash flows from financing activities of EUR -1.8m in the first three months of 2021 (Q1 2020: EUR -1.5m) result from higher payments for leasing liabilities and related interest expenses.

Our net cash balance increased by EUR 11.5m in the first three months of 2021 to EUR 116.4m (December 31, 2020: EUR 104.9m). We continued to be very cash-efficient by maintaining slightly negative working capital and a low capex ratio (capex ratio of 2% for the first three months of 2021).

### CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	March 31, 2021		December 31, 2020	
	EUR m	In % of Total	EUR m	In % of Total
<b>Total assets</b>	<b>247.3</b>	<b>100.0%</b>	<b>229.9</b>	<b>100.0%</b>
Non-current assets	58.7	23.7%	60.0	26.2%
Current assets	188.7	76.3%	169.0	73.8%
<b>Total liabilities + equity</b>	<b>247.3</b>	<b>100.0%</b>	<b>229.0</b>	<b>100.0%</b>
Equity	122.4	49.5%	108.7	47.5%
Non-current liabilities	27.9	11.3%	27.8	12.2%
Current liabilities	97.0	39.2%	92.5	40.4%

On March 31, 2021, total assets amounted to EUR 247.3m (December 31, 2020: EUR 229.0m).

Non-current assets hardly changed compared to year-end 2020. The small decrease by EUR 1.3m to EUR 58.7m was primarily caused by straight-line depreciation of non-current assets that was partially compensated by a higher amount of self-developed intangible assets.

The rise in current assets by EUR 19.6m was mainly caused by higher cash and cash equivalents which increased by EUR 11.5m to EUR 116.4m (December 31, 2020: EUR 104.9m). In addition, inventories and prepayments on inventories were up by EUR 6.8m and EUR 2.2m respectively.

Equity increased from EUR 108.7m as of December 31, 2020, to EUR 122.4m as of March 31, 2021, primarily due to the result of the period and a higher share-based compensation reserve.

Overall, non-current liabilities remained nearly unchanged.

Current liabilities were up by EUR 4.5m to EUR 97.0m, primarily resulting from an increase in contract liabilities by EUR 6.8m as well as other non-financial liabilities by EUR 1.8m. This was partially compensated by EUR 2.3m lower refund liabilities and EUR 0.8m other financial liabilities. In addition, a contingent liability exists for a tax claim against a former affiliate. As it has yet to be confirmed whether Westwing has a present obligation that could lead to an outflow and the probability of occurrence is unclear, a provision was not recognized. The financial impact is considered to be up to EUR 1.5m.

## **1.4 OUTLOOK**

Westwing had a strong start into 2021 and we doubled our revenue compared to the last year's quarter at high profitability of 14.2% Adjusted EBITDA.

Despite the very strong results in the first quarter 2021, there is a high level of uncertainty around the macro-economic environment and consumer sentiment for the remainder of the year.

We confirm our previously provided guidance for the full year 2021 and expect revenue between EUR 510m and EUR 550m, an Adjusted EBITDA in a range of EUR 42m to EUR 55m, at a corresponding Adjusted EBITDA margin of 8 – 10%.

## **1.5 EVENTS AFTER THE BALANCE-SHEET DATE**

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

Munich, May 12, 2021

Stefan Smalla  
Chief Executive Officer

Sebastian Säuberlich  
Chief Financial Officer

# 2

## CONSOLIDATED FINANCIAL STATEMENTS

for the Period Ended March 31, 2021 (Unaudited)

### 2.1 CONSOLIDATED INCOME STATEMENT

EUR m	Q1 2021	Q1 2020
Revenue	138.4	67.6
Cost of sales	-68.4	-36.0
<b>Gross profit</b>	<b>70.1</b>	<b>31.5</b>
Fulfilment expenses	-26.8	-15.1
Marketing expenses	-10.3	-6.4
General and administrative expenses	-19.2	-15.0
Other operating expenses	-0.3	-0.6
Other operating income	0.5	0.5
<b>Operating result</b>	<b>13.9</b>	<b>-5.1</b>
Finance costs	-0.5	-0.3
Other financial result	-0.3	-0.2
<b>Financial result</b>	<b>-0.8</b>	<b>-0.5</b>
<b>Result before income tax</b>	<b>13.1</b>	<b>-5.6</b>
Income tax expense	-1.9	-0.1
<b>Result for the period</b>	<b>11.1</b>	<b>-5.7</b>
<b>Result attributable to:</b>		
Owners of the Company	11.1	-5.7
Non-controlling interests	-0.0	-0.0

### 2.2 RECONCILIATION OF ADJUSTED EBITDA

EUR m	Q1 2021	Q1 2020
<b>Operating Result</b>	<b>13.9</b>	<b>-5.1</b>
Adjustments		
Share-based compensation expenses	2.7	1.7
Release restructuring provision France	-0.0	-0.2
Depreciation, amortization, and impairments	3.0	2.4
<b>Adjusted EBITDA</b>	<b>19.6</b>	<b>-1.2</b>



## 2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR m	March 31, 2021	December 31, 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	33.4	34.5
Intangible assets	14.8	14.1
Trade and other receivables	3.1	4.0
Deferred tax asset	7.4	7.4
<b>Total non-current assets</b>	<b>58.7</b>	<b>60.0</b>
<b>Current assets</b>		
Inventories	37.0	30.2
Prepayments on inventories	10.0	7.8
Trade and other receivables	19.1	17.4
Other assets	6.0	8.7
Cash and cash equivalents	116.4	104.9
<b>Total current assets</b>	<b>188.7</b>	<b>169.0</b>
<b>Total assets</b>	<b>247.3</b>	<b>229.0</b>
<b>Equity and liabilities</b>		
<b>Equity/(deficit)</b>		
Share capital	20.9	20.8
Capital reserves	358.8	357.8
Treasury shares	-1.9	-1.9
Other reserves	48.6	47.1
Retained earnings	-301.6	-312.7
Other comprehensive income (OCI) reserve	0.4	0.4
<b>Equity attributable to the owners of the Company</b>	<b>125.3</b>	<b>111.5</b>
Non-controlling interests	-2.9	-2.8
<b>Total equity</b>	<b>122.4</b>	<b>108.7</b>
<b>Non-current liabilities</b>		
Lease liabilities	22.0	23.0
Other financial liabilities	4.8	3.7
Provisions	1.1	1.1
<b>Total non-current liabilities</b>	<b>27.9</b>	<b>27.8</b>
<b>Current liabilities</b>		
Lease liabilities	5.9	5.9
Trade payables and accruals	41.9	41.7
Contract liabilities	24.6	17.8
Refund liabilities	7.4	9.8
Other financial liabilities	0.0	0.8
Other non-financial liabilities	11.0	9.2
Tax liabilities	4.6	5.4
Provisions	1.6	2.0
<b>Total current liabilities</b>	<b>97.0</b>	<b>92.5</b>
<b>Total liabilities</b>	<b>124.9</b>	<b>120.3</b>
<b>Total equity and liabilities</b>	<b>247.3</b>	<b>229.0</b>

## 2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

EUR m	Q1 2021	Q1 2020
Result before income tax	13.1	-5.6
Adjustments		
Depreciation and impairment of property, plant and equipment	2.2	1.7
Amortization and impairment of intangible assets	0.8	0.7
Gain on disposal of property, plant and equipment	-0.0	-0.0
Share-based compensation expenses	2.7	1.7
Loss on financial liabilities at FVPL	0.1	-
Finance costs	0.4	0.3
Foreign currency effects	0.3	0.2
Other non-cash related adjustments	1.2	0.1
Changes in provisions	-2.4	-3.0
<b>Cash effective operating profit/(loss) before changes in working capital</b>	<b>18.4</b>	<b>-3.9</b>
Adjustments for changes in working capital:		
Changes in trade and other receivables and prepayments	1.2	-1.1
Changes in inventories	-10.2	-4.7
Changes in trade and other payables	9.1	5.4
<b>Cash flows from operations</b>	<b>18.5</b>	<b>-4.4</b>
Tax paid	-2.7	-0.1
<b>Net cash flows from operating activities</b>	<b>15.9</b>	<b>-4.5</b>
<b>Investing Activities:</b>		
Proceeds from sale of property, plant and equipment	0.0	0.0
Purchase of property, plant and equipment	-0.6	-0.4
Purchase of and investments in intangible assets	-1.5	-1.5
Rent deposits	-0.0	0.0
<b>Net cash flows from investing activities</b>	<b>-2.2</b>	<b>-1.9</b>
<b>Financing activities</b>		
Proceeds from capital increase/sale of equity instruments	0.1	-
Interest and other finance charges paid	-0.4	-0.3
Payments of lease liabilities	-1.5	-1.2
<b>Net cash flows from financing activities</b>	<b>-1.8</b>	<b>-1.5</b>
<b>Net change in cash and cash equivalents</b>	<b>11.8</b>	<b>-7.9</b>
Effect of exchange rate fluctuations on cash held	-0.3	-0.1
Cash and cash equivalents as of January 1	104.9	73.2
<b>Cash and cash equivalents as of March 31</b>	<b>116.4</b>	<b>65.2</b>

# FINANCIAL CALENDAR

---

**AUGUST 5, 2021**

Annual General Meeting Fiscal Year 2020

**AUGUST 12, 2021**

Publication of half-year financial report 2021

**NOVEMBER 11, 2021**

Publication of third quarter results 2021

# IMPRINT

---

**Contact:**

Westwing Group AG  
Moosacher Strasse 88  
80809 Munich  
Germany

**Investor Relations:**

ir@westwing.de

**Press:**

Julia Venohr  
presse@westwing.de

**Concept, Design and Realization:**

3st kommunikation,  
Mainz, Germany

**DISCLAIMER**

Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made and are subject to significant risks and uncertainties. You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements. Our actual results may differ materially and adversely from any forward-looking statements discussed on this call due to a number of factors, including without limitation, risks from macroeconomic developments, external fraud, inefficient processes at fulfillment centers, inaccurate personnel and capacity forecasts for fulfillment centers, hazardous material/conditions in production with regard to Private Labels, lack of innovation capabilities, inadequate data security, lack of market knowledge, risk of strike and changes in competition levels.