

Q3 2024 results

Munich, 7 November 2024

SSI DI MILANO
TASCHEN

STORIES TASCHEN



Disclaimer | Forward-looking statements

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 in these statements due to a number of factors. These include, without limitation, risks from macroeconomic developments, external fraud, inefficient processes at fulfilment centres, inaccurate personnel and capacity forecasts for fulfilment centres, hazardous materials/production conditions with regard to private labels, insufficient innovation capabilities, inadequate data security, insufficient market knowledge, strike risks and changes in competition levels.

1. Business update



State of Westwing



We continued to grow in a declining market.

- **GMV growth** of 2% and **revenue growth** of 3% year-over-year (yoy) despite market headwinds and shifts in product assortment.
- In the DACH segment, **topline grew 9 percentage points (pp) faster** than market.⁽¹⁾
- **Adjusted EBITDA** of EUR 4 million at 4% margin (+1pp yoy) with improved contribution margin and brand awareness investments.
- **Free cash flow** of EUR -6 million. **Net cash** of EUR 63 million (end of Q3).
- **Net working capital** at EUR -5 million at the end of Q3.



We made good progress on our 3-step plan to unlock Westwing's full value potential.

- We **successfully implemented** the announced **reorganisations** in Central and Eastern European countries and in our headquarters.
- Our new **technology platform** was rolled out to customers in four additional countries, ahead of plan.
- **Westwing Collection share** increased to 58% of Group GMV in Q3 2024, a new all-time high.
- We continued to strengthen our **premium brand positioning**.

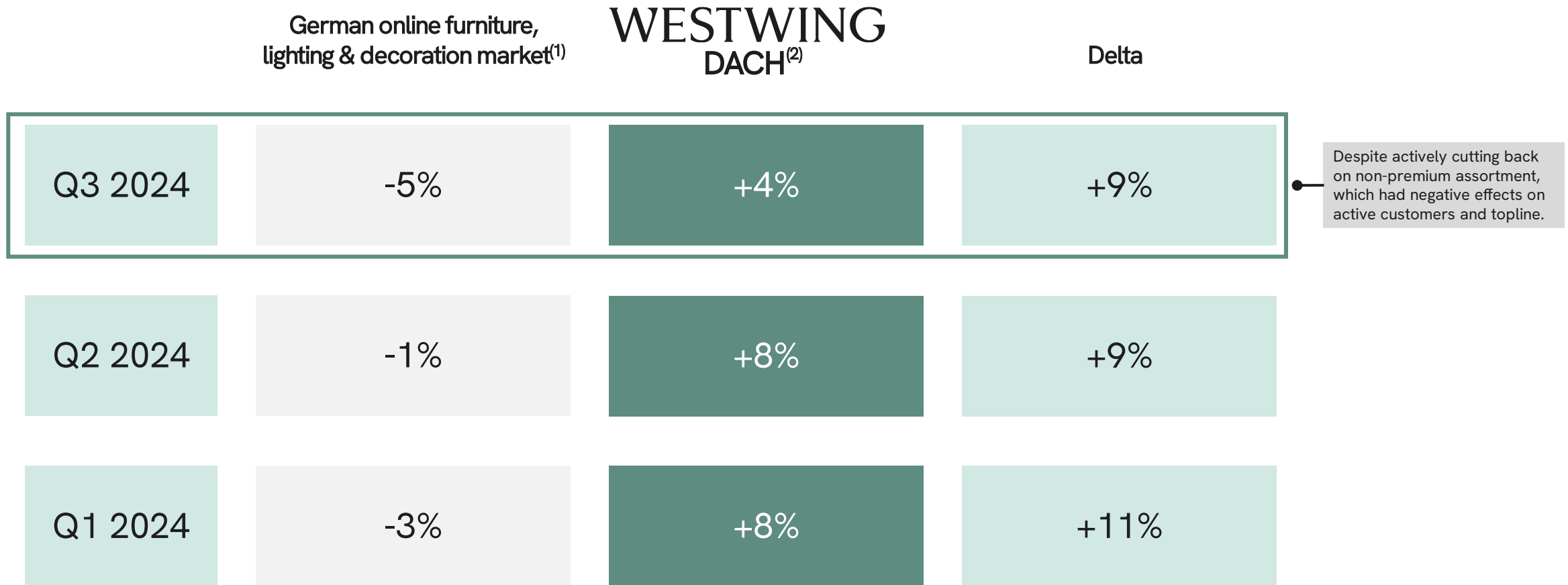


We are confirming our FY 2024 guidance.

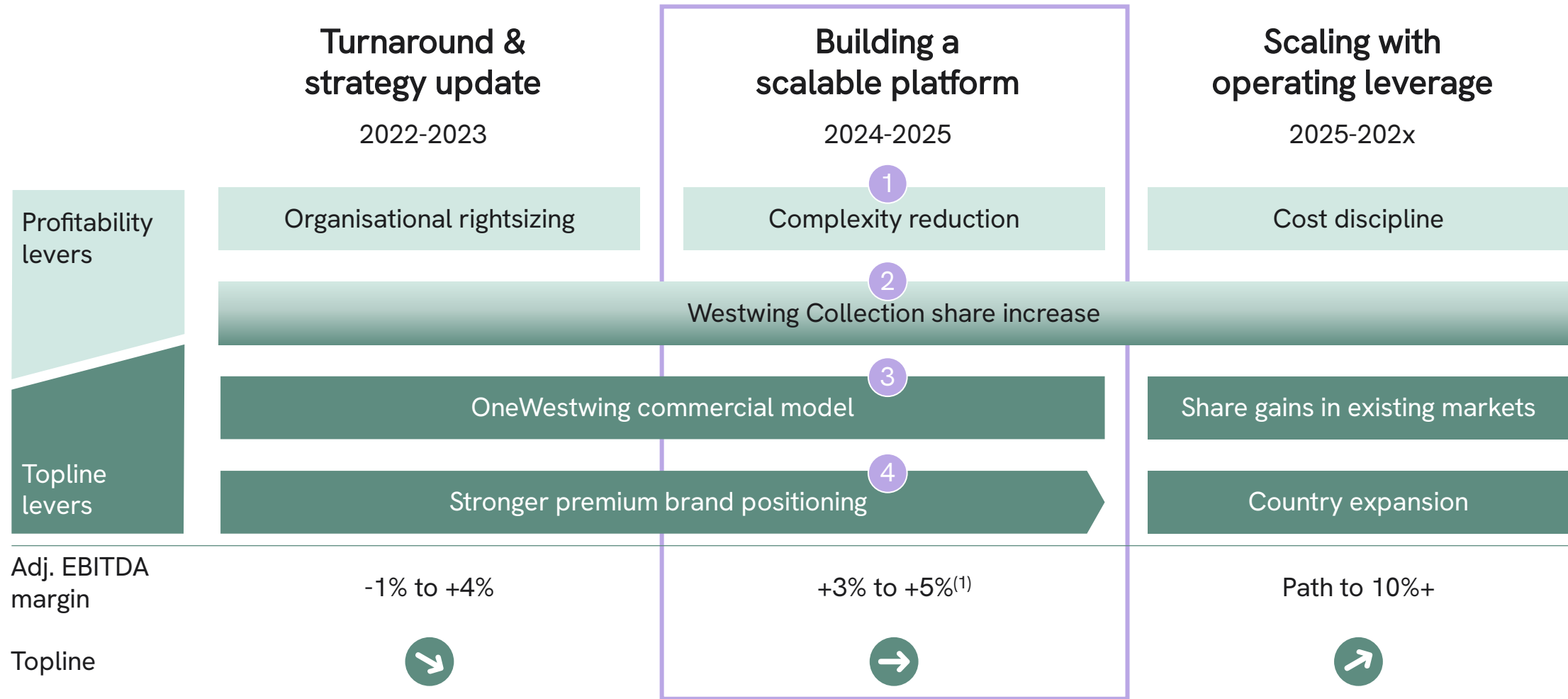
- **Revenue** of EUR 415 million to EUR 445 million (-3% to +4% yoy growth).
- **Adjusted EBITDA** of EUR 14 million to EUR 24 million (+3% to +5% adjusted EBITDA margin).

We are clearly outperforming the market in our largest geography

Year-over-year sales growth



Recap: We are in the middle of a 3-step plan to unlock Westwing's full value potential



1 3 4 Recap: In August, we shared that we had completed the restructuring of Italy and Spain, including consolidation of logistics centre

Status of measures as of August 2024

Mostly Software-as-a-Service (SaaS) tech platform	Mostly global product assortment for IT/ES
Consolidation of local PL/IT/ES logistics centre footprint	Restructuring of IT/ES corporate functions

- ✓ Completed
- ▶▶ Ongoing
- ▶ Started

Impact in 2024

Topline loss	Low to mid single-digit % of FY 2024 Group revenue, main impact in H2
One-off cash costs for implementation	EUR -10 to -12 million
Higher D&A	EUR -3 to -4 million



Return on investment

- SaaS tech platform: Short payback period of one year after full implementation.
- Other measures: Complexity reduction with longer payback period.
- Positive impact on premium brand positioning.

1 3 4 Recap: In August, we then announced further measures to reduce complexity and to strengthen our premium positioning

Status of measures as of August 2024

Mostly Software-as-a-Service (SaaS) tech platform	Mostly global product assortment for IT/ES	Mostly global product assortment for CEE ⁽¹⁾	Premiumisation of global product assortment
Consolidation of local PL/IT/ES logistics centre footprint	Restructuring of IT/ES corporate functions	Restructuring of CEE ⁽¹⁾ related business functions	Consolidation of HQ related business functions

- ✓ Completed
- ▶▶ Ongoing
- ▶ Started

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Return on investment

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- Other measures: Complexity reduction with longer payback period.
- Positive impact on premium brand positioning.

134 Since August, we have been able to implement all measures according to plan

Status of measures as of November 2024

Mostly Software-as-a-Service (SaaS) tech platform ▶▶	Mostly global product assortment for IT/ES ✓	Mostly global product assortment for CEE ⁽¹⁾ ✓	Premiumisation of global product assortment ▶▶
Consolidation of local PL/IT/ES logistics centre footprint ✓	Restructuring of IT/ES corporate functions ✓	Restructuring of CEE ⁽¹⁾ related business functions ✓	Consolidation of HQ related business functions ✓

- ✓ Completed
- ▶▶ Ongoing
- ▶ Started

Impact in 2024

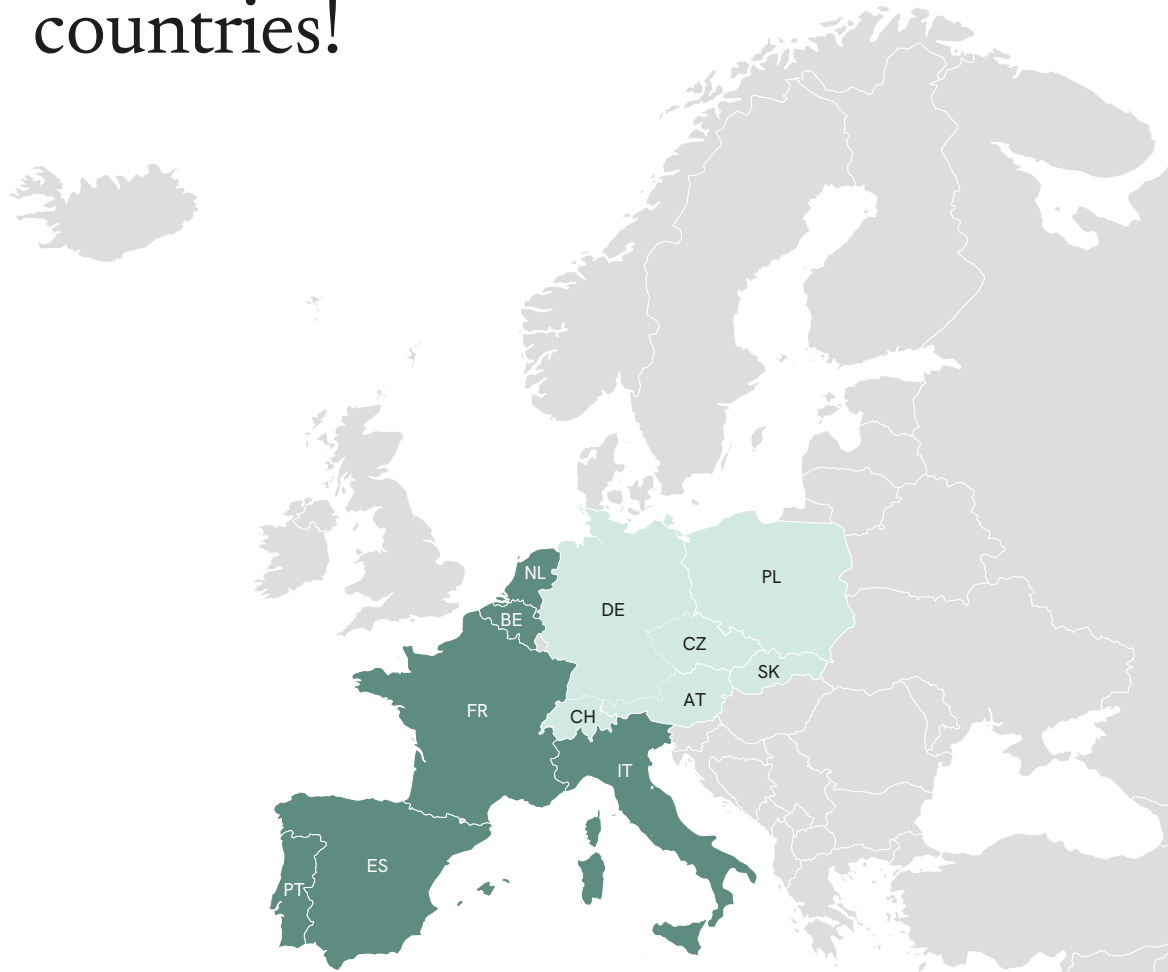
Topline loss	Low to mid single-digit % of FY 2024 Group revenue, main impact in H2
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Return on investment

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1 Our new tech platform is now available to customers in six countries!



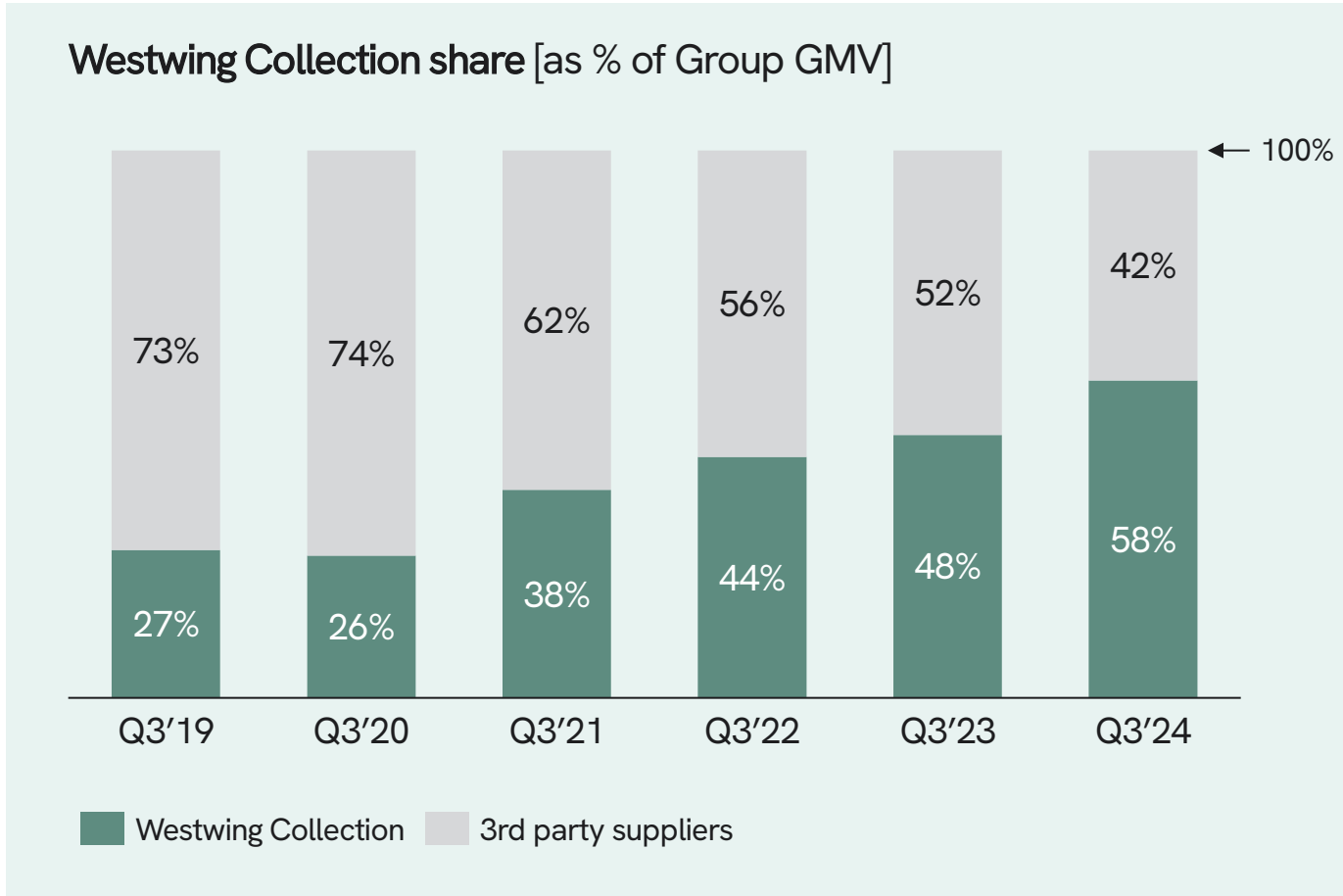
WESTWING ■ New SaaS-based tech platform ■ Old in-house developed tech platform



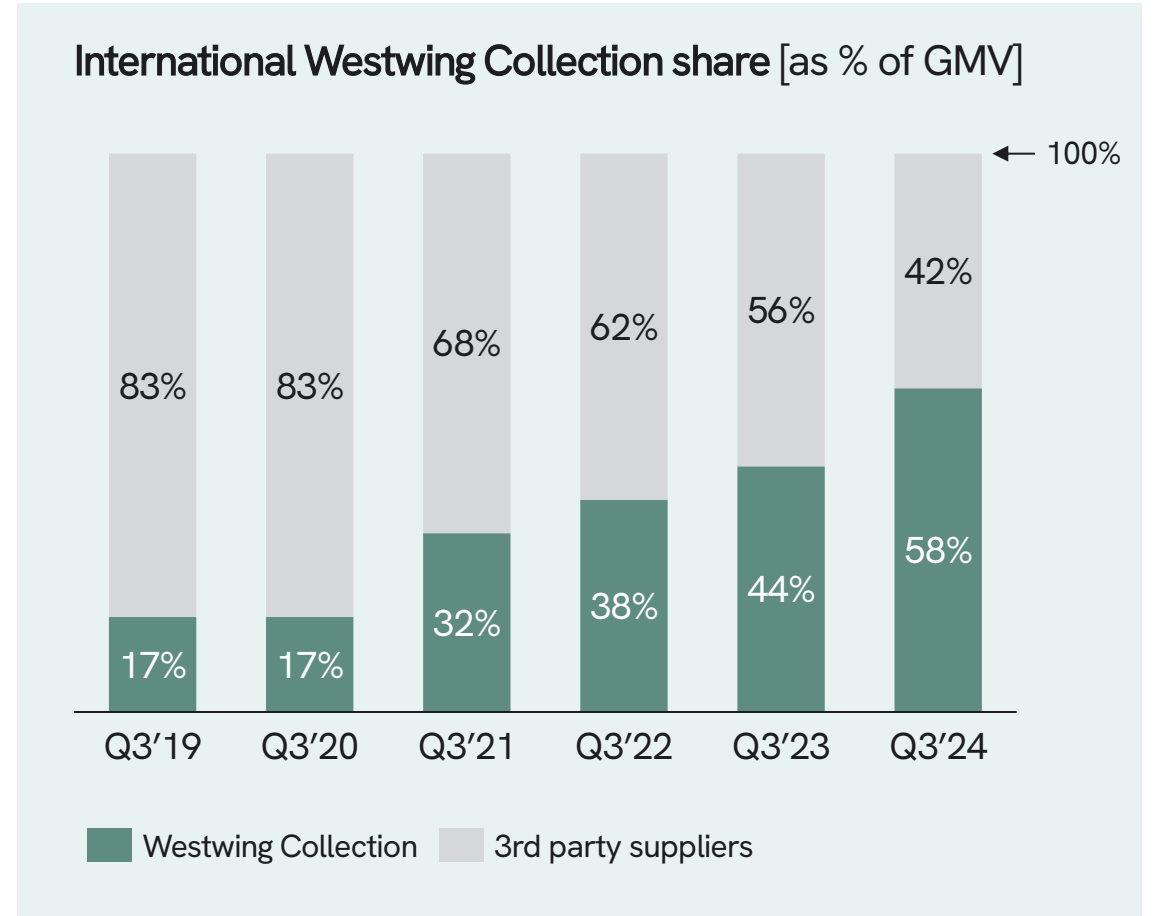
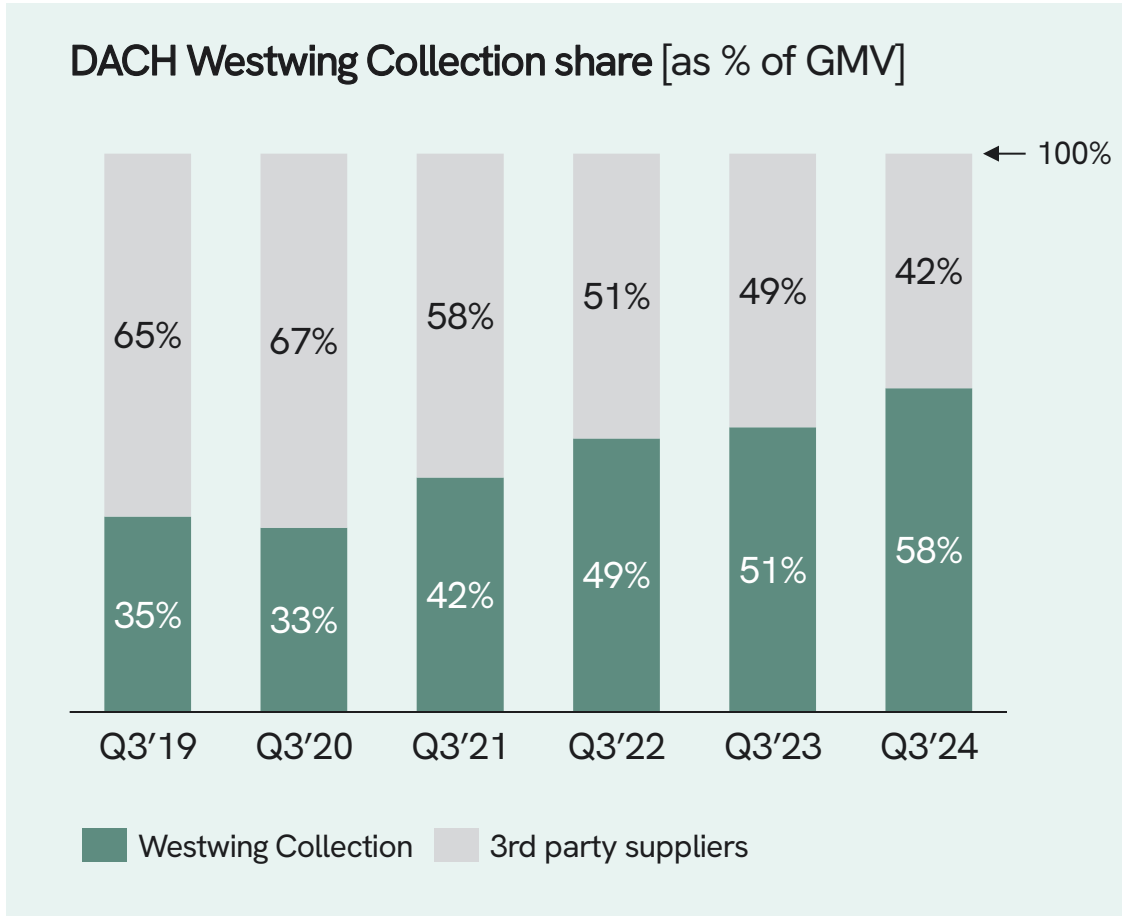
Explora nuestras categorías



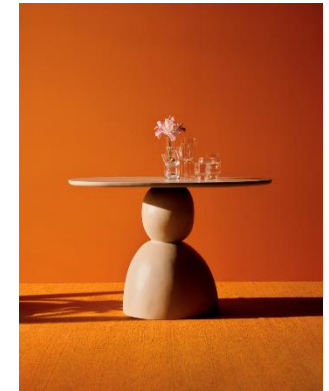
2 Westwing Collection share continued to increase



2 Due to the switch to a mostly global and more premium offering, Westwing Collection share in International is on par with DACH



- 4 We launched a brand awareness campaign in Germany which included out-of-home advertising across major German cities



- 4 We announced an exclusive collaboration with the renowned porcelain manufacturer MEISSEN

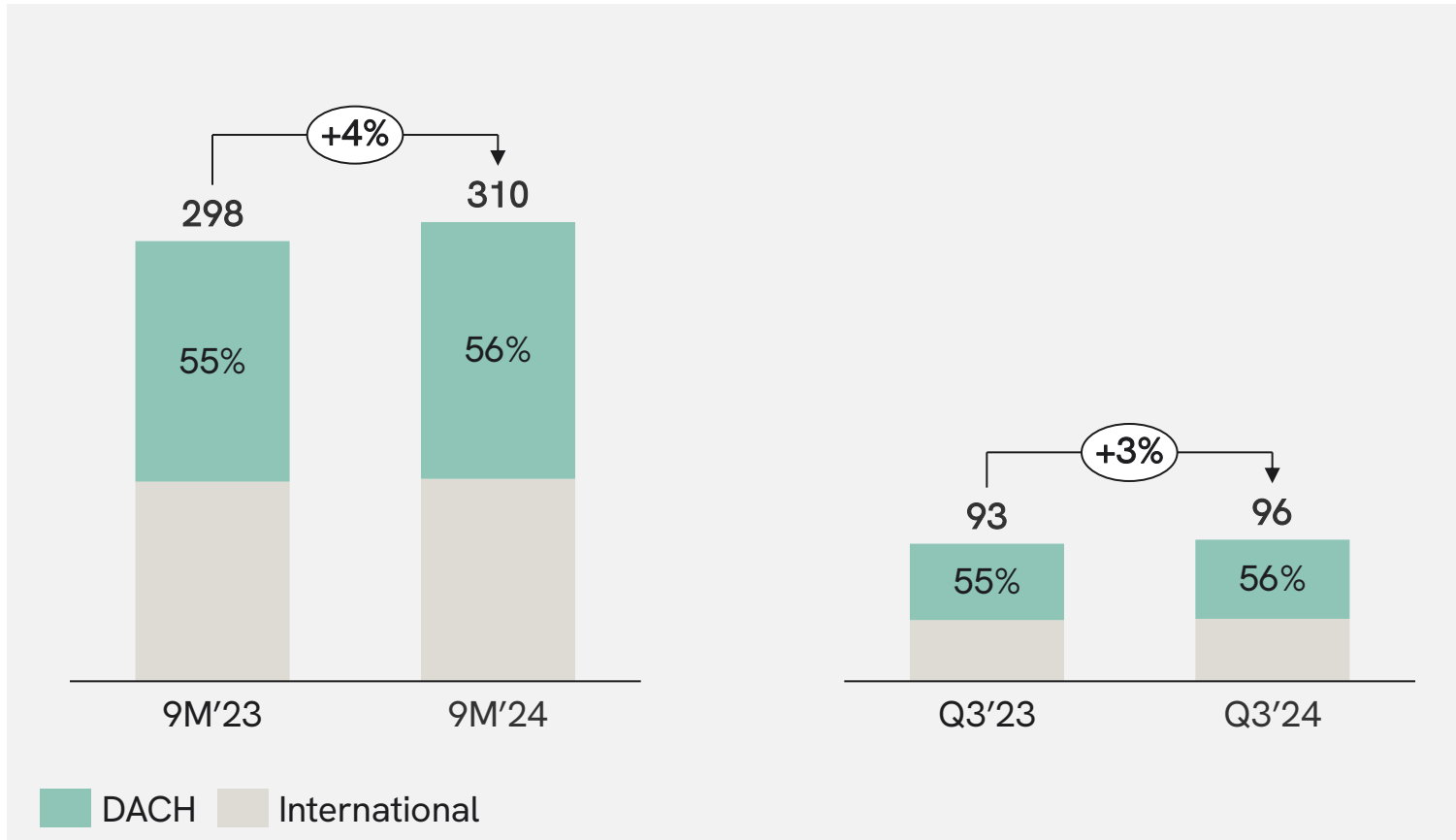




2. Financial update

Revenue growth of 3% year-over-year in the third quarter of 2024

Group revenue [in EUR million]



Westwing achieved revenue growth and market share gains in third quarter despite

- worsened market conditions.
- increasing negative topline impact from the switch to a mostly global and more premium product assortment.

Both segments grew despite the switch to a mostly global and more premium assortment

Segment revenue [in EUR million]

DACH segment



International segment



- Westwing's DACH segment grew by 4% year-over-year, outperforming the market despite cutting back on non-premium assortment.
- International segment grew by 2% year-over-year despite the negative impact of switching to a mostly global and more premium product assortment.

Improvements across most of the P&L lines

[as % of revenue]	9M 2023	9M 2024	Delta 24 vs. 23	Q3 2023	Q3 2024	Delta 24 vs. 23	
Gross margin ⁽¹⁾	49.9%	50.8%	+1.0pp	49.8%	50.5%	+0.7pp	Strong Westwing Collection share gains partially offset by higher container costs and pressure on 3 rd party market prices.
Fulfilment ratio ⁽¹⁾	-21.6%	-19.5%	+2.1pp	-21.6%	-18.9%	+2.7pp	Cost negotiations and efficiency gains.
Contribution margin	28.3%	31.3%	+3.0pp	28.2%	31.7%	+3.4pp	
Marketing ratio	-9.9%	-12.8%	-3.0pp	-11.4%	-13.2%	-1.8pp	Continued investments as planned.
G&A ratio ⁽²⁾	-19.2%	-19.4%	-0.1pp	-19.5%	-20.2%	-0.7pp	EUR -0.6 million impact (-0.6pp) from shortened lifetime of in-house developed tech assets, EUR -0.6 million impact (-0.6pp) from non-adjusted restructuring expenses.
D&A ratio	4.8%	5.2%	+0.5pp	5.2%	5.4%	+0.2pp	EUR 0.8 million impact (0.8pp) from shortened lifetime of in-house developed tech assets.
Adj. EBITDA margin	4.0%	4.4%	+0.4pp	2.5%	3.7%	+1.1pp	

International segment with strong improvement in adjusted EBITDA

Segment adjusted EBITDA [as % of revenue]

DACH segment



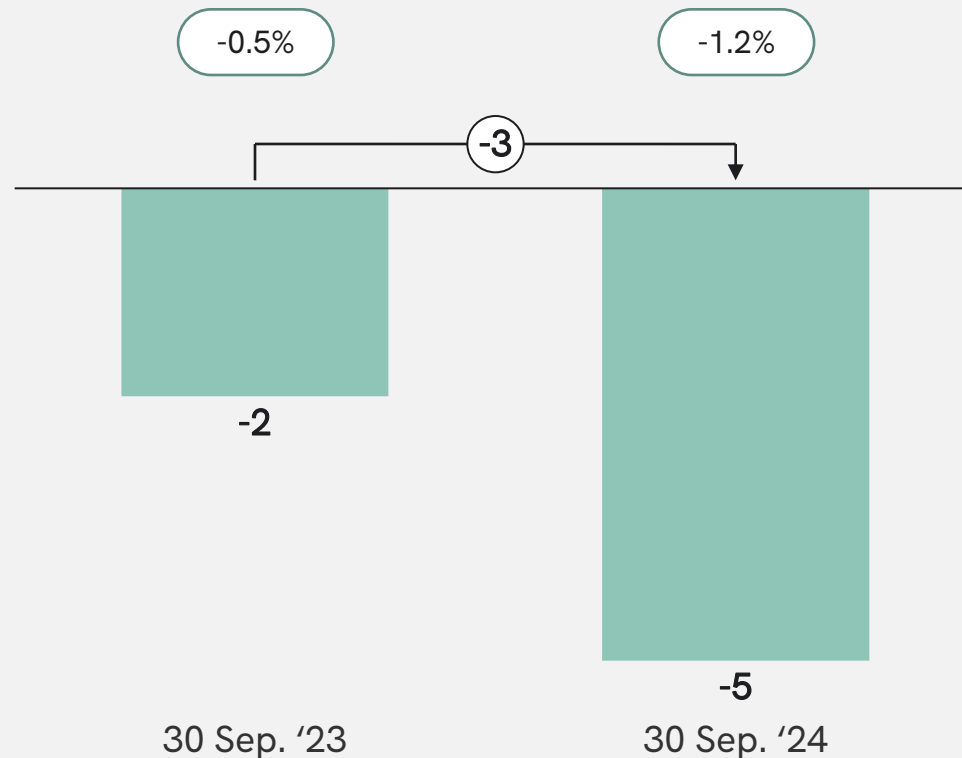
International segment



- Both DACH and International segment with positive adjusted EBITDA margin in Q3 2024 and 9M 2024.
- DACH segment profitability impacted by continued investments into brand awareness.
- International segment profitability driven by strong increase in Westwing Collection share.

Net working capital remained negative with improvement of EUR 3 million year-over-year

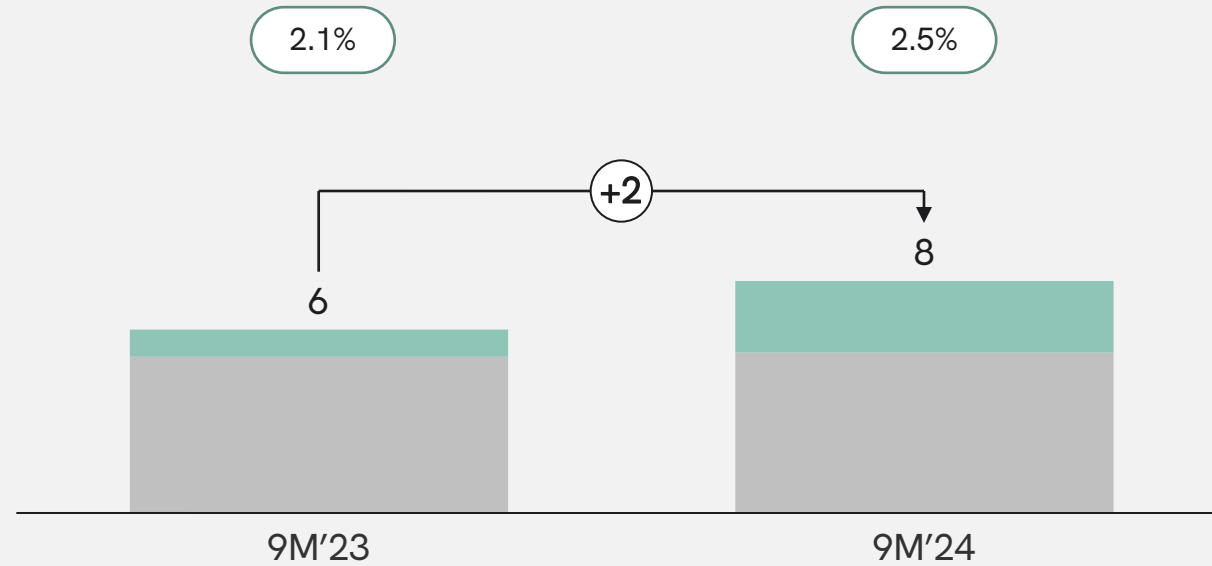
Net working capital [in EUR million, as % of revenue LTM]



- Net working capital mainly impacted by **increased trade payables and decreased prepayments** on inventories year-over-year at the end of Q3.
- Net working capital increased by EUR 6 million quarter-over-quarter driven by **seasonal inventory build-up**.

CAPEX in 9M 2024 slightly increased compared to previous year's level

CAPEX [in EUR million, as % of revenue]

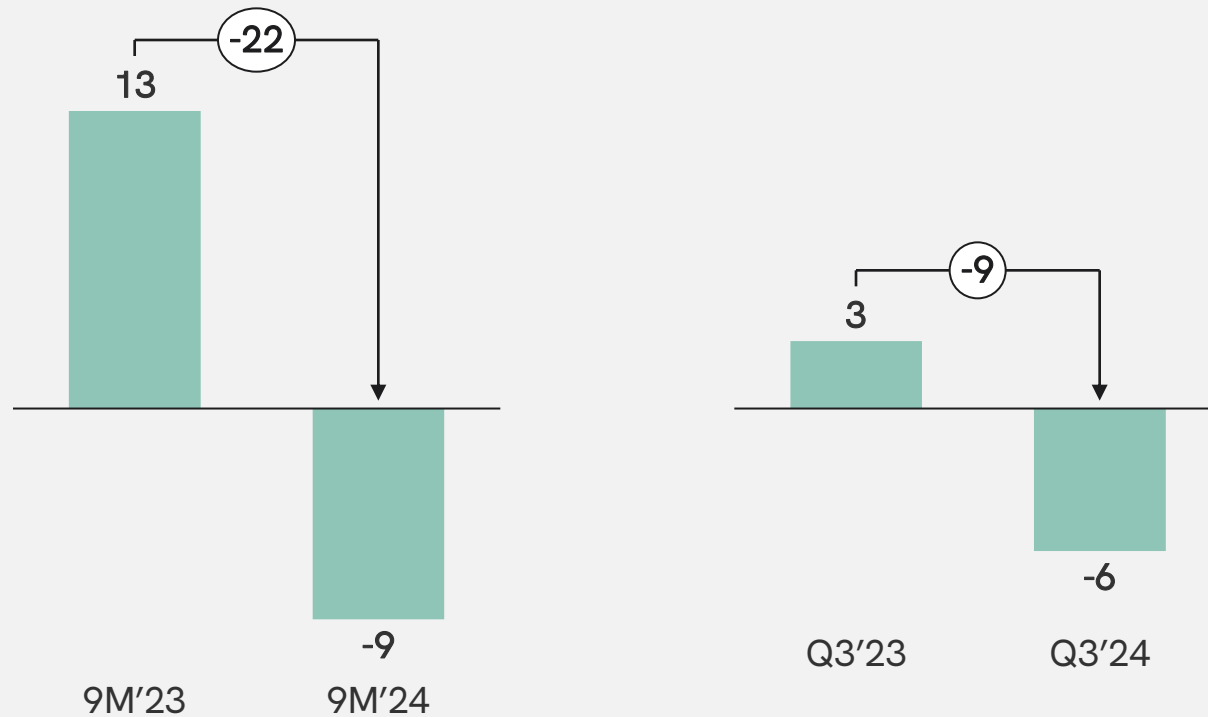


Property, plant and equipment Intangible



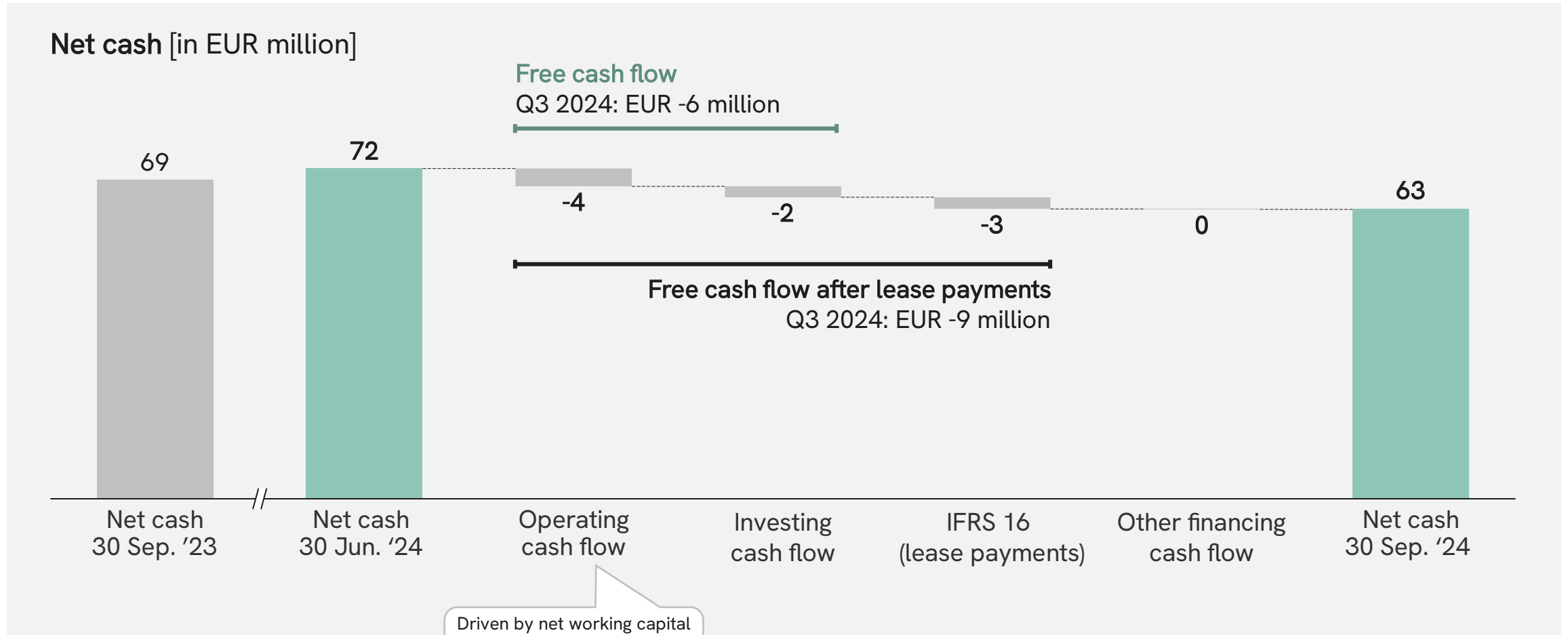
Free cash flow impacted by restructuring expenses and seasonal inventory increase

Free cash flow [in EUR million]



- **Net working capital** effect in Q3 2024 of EUR -6 million with seasonal inventory increase of EUR 6 million quarter-over-quarter after 2 years of excess inventory reduction.
- EUR -1.5 million **cash payments** in Q3 2024 for restructuring expenses.

Strong net cash position of EUR 63 million at the end of September 2024



FY 2024 guidance confirmed

	FY 2023	Guidance FY 2024
Revenue	EUR 429m	EUR 415m to 445m (-3% to +4% year-over-year growth)
Adjusted EBITDA	EUR 18m	EUR 14m to 24m (+3% to +5% margin)

Comments on full year guidance

- **Stronger negative impact** from centralisation and premiumisation expected in the fourth quarter compared to Q3 2024.
 - Due to importance of peak season and challenging market conditions **uncertainty remains high**.
 - However, **revenue decline** for the full year 2024 is **unlikely** by now.
-
- Continued investment into **brand awareness**.
 - **Investment for complexity reduction** of EUR 10-12 million will be mostly adjusted.
 - **Free cash flow** expected to be **break even**, including investments in complexity reduction.

3. Investment highlights



Investment highlights



- **Unique assortment** of gorgeous, own design Westwing Collection and the best 3rd party design brands.
- Best in class **inspirational storytelling** with distinct visuals and tone of voice.
- **Premium services** such as interior design service and branded delivery fleet.
- **The one-stop destination** for premium Home & Living.



- Addressing sizeable **premium segment of EUR c.130b** total Home & Living market⁽¹⁾ in existing 12 Westwing geographies. Future country expansion with additional potential.
- Massive **online penetration potential** in a mostly offline market.



- **Desirable brand** among design lovers, with a strong presence on social media.
- Clear **premium positioning**, only getting stronger.
- **Huge upside potential** from brand marketing invest and offline presence.
- Westwing Collection product brand with attributes of **superior design, quality and sustainability**.



- **High margins** as a result of **pricing power** based on a strong brand, as well as the unique **Westwing Collection** with further GMV share potential.
- Platform & commercial model allowing for **scaling with operating leverage** in existing countries and beyond.



- Strong **net cash position and no debt**.
- Strong **net working capital**.
- Low **CAPEX**.

Clear path towards long-term adjusted EBITDA margin of 10-15% with strong cash conversion.

4. Q&A

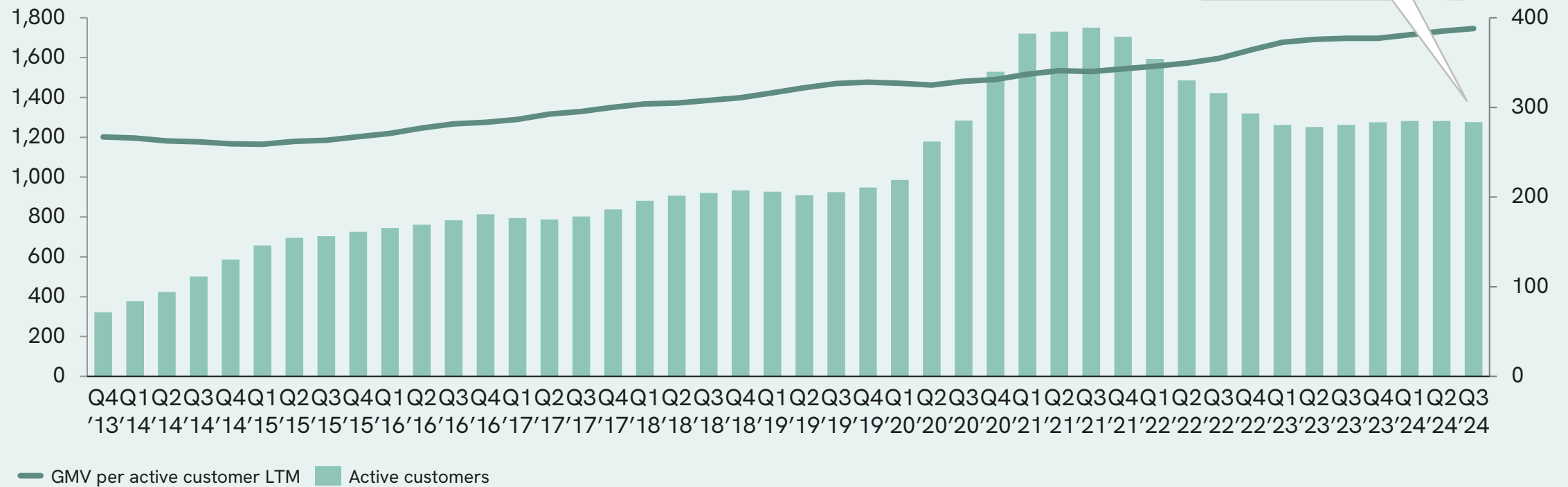


5. Appendix



Continuously expanding share of wallet with customers

Active customers and average GMV per active customer [in k, in EUR]



KPI overview

Group KPIs	Unit	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Westwing Collection share	in % of GMV	25%	22%	26%	28%	31%	32%	38%	37%	37%	38%	44%	44%	46%	46%	48%	47%	51%	53%	58%
Active customers	in k	986	1,178	1,284	1,529	1,720	1,730	1,750	1,705	1,593	1,486	1,422	1,320	1,262	1,252	1,262	1,275	1,282	1,282	1,276
Number of orders	in k	675	1,051	874	1,474	1,268	1,022	819	1,262	872	685	620	951	694	614	605	939	676	578	528
Average basket size	in EUR	127	122	129	119	129	135	144	131	147	159	164	149	169	178	177	157	185	198	206
Average orders LTM per active customer	in #	2.5	2.6	2.7	2.7	2.7	2.7	2.6	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.2	2.1
Average GMV LTM per active customer	in EUR	324	325	330	328	337	341	340	343	345	349	355	364	373	376	377	377	381	385	388
GMV	in EUR m	85	128	113	175	164	139	118	166	128	109	102	142	118	109	107	147	125	114	109
Mobile visit share	in %	76%	79%	80%	79%	79%	80%	80%	80%	80%	80%	80%	80%	79%	78%	79%	82%	81%	81%	81%

KPI definitions

Westwing Collection share	GMV share of Westwing Collection: GMV of Westwing Collection business as % of Group GMV in the same reporting period.
Active customers	A customer who has made a valid order within the last 12 months at the end of the reporting period.
Number of orders	Total number of valid orders (excluding failed and cancelled orders) of a reporting period.
Average basket size	Weighted average value of an order: GMV divided by total number of orders of the same reporting period.
Average orders LTM per active customer	Total number of orders of the last 12 months divided by active customers at the end of the reporting period.
Average GMV LTM per active customer	GMV of the last 12 months divided by active customers.
GMV	Gross Merchandise Volume: Value of all valid customer orders placed of a reporting period (i.e. excluding cancellation and VAT, but including returns).
Mobile visit share	Share of daily unique sessions per platform via mobile devices (tablets and smartphones) as % of all daily unique sessions per platform of a reporting period.

Consolidated income statement

EUR million, in % of revenue	9M 2023	9M 2024	Q3 2023	Q3 2024
Revenue	297.6	310.4	92.9	95.8
Cost of sales	-149.2	-152.6	-46.6	-47.4
Gross profit	148.3	157.8	46.3	48.4
Fulfilment expenses	-64.2	-61.4	-20.1	-18.1
Marketing expenses	-29.5	-40.0	-10.6	-12.7
General and administrative expenses	-59.6	-62.6	-19.6	-20.1
Other operating expenses	-3.6	-5.1	-0.4	-1.9
Other operating income	4.5	4.1	0.9	1.4
Operating result	-4.0	-7.2	-3.5	-2.9
Financial result	-0.7	0.1	-0.1	0.0
Result before income tax	-4.7	-7.1	-3.6	-2.9
Income tax expense	-0.8	0.4	-0.1	1.0
Result for the period	-5.5	-6.8	-3.7	-1.9
Reconciliation to adjusted EBITDA				
Operating result (EBIT)	-4.0	-7.2	-3.5	-2.9
Share-based compensation expenses	1.6	0.1	1.0	0.1
Complexity reduction	-	4.5	-	1.2
Depreciation and amortisation	14.3	16.3	4.8	5.1
Adjusted EBITDA	11.9	13.7	2.4	3.5
Adjusted EBITDA margin (%)	4.0%	4.4%	2.5%	3.7%

Adjusted income statement

EUR million, in % of revenue	9M 2023	9M 2024	Q3 2023	Q3 2024
Revenue	297.6	310.4	92.9	95.8
Revenue growth year-over-year	-1.6%	4.3%	5.2%	3.1%
Cost of sales	-149.2	-152.6	-46.6	-47.4
Gross profit	148.3	157.8	46.3	48.4
Gross margin	49.9%	50.8%	49.8%	50.5%
Fulfilment expenses	-64.2	-60.6	-20.1	-18.1
Contribution profit	84.2	97.3	26.2	30.3
Contribution margin	28.3%	31.3%	28.2%	31.7%
Marketing expenses	-29.3	-39.8	-10.6	-12.6
General and administrative expenses	-58.1	-59.1	-18.6	-18.9
Other operating expenses	-3.6	-5.1	-0.4	-1.9
Other operating income	4.5	4.1	0.9	1.4
Depreciation and amortisation	14.3	16.3	4.8	5.2
Adjusted EBITDA	11.9	13.7	2.4	3.5
Adjusted EBITDA margin (in %)	4.0%	4.4%	2.5%	3.7%

Segment reporting

DACH in EUR million	9M 2023	9M 2024	Q3 2023	Q3 2024
Revenue	162.6	173.6	51.5	53.6
Year-over-year growth (in %)	-3.7%	6.7%	3.7%	4.1%
Adjusted EBITDA	11.9	7.4	2.5	1.3
Adjusted EBITDA margin (in %)	7.3%	4.3%	4.9%	2.4%
International in EUR million	9M 2023	9M 2024	Q3 2023	Q3 2024
Revenue	134.9	136.9	41.4	42.1
Year-over-year growth (in %)	1.0%	1.4%	7.2%	1.8%
Adjusted EBITDA	0.3	6.3	-0.1	2.2
Adjusted EBITDA margin (in %)	0.2%	4.6%	-0.2%	5.2%

Excluding adjustments, Q3 2024 EBITDA of EUR 2.2 million and EBIT of EUR -2.9 million

EUR million	Q1 2023	Q2 2023	Q3 2023	Q1 2024	Q2 2024	Q3 2024
Adjusted EBITDA	5.1	4.4	2.4	6.3	3.9	3.5
Adjusted D&A	-4.7	-4.7	-4.8	-5.6	-5.5	-5.2
Adjusted EBIT	0.4	-0.3	-2.5	0.7	-1.6	-1.7
Share-based compensation expenses	1.0	-1.6	-1.0	0.7	-0.7	-0.1
Complexity reduction	-	-	-	-2.7	-0.5	-1.2
EBT	0.9	-2.0	-3.6	-1.7	-2.5	-2.9
EBIT	1.4	-1.9	-3.5	-1.5	-2.8	-2.9
EBITDA	6.1	2.8	1.3	4.3	2.7	2.2

Issued share capital

Share information as at 30 September 2024

Type of shares	Ordinary bearer shares with no-par value (Stückaktien)
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (prime standard)
Number of shares issued	20,903,968
Issued share capital	EUR 20,903,968
Treasury shares	885,795

Stock option programs as at 30 September 2024

Program	# of options outstanding	Weighted average exercise price (in EUR)
LTIP 2023 ⁽¹⁾	479,221	10.88
ECP 2022	397,245	1.00
VSOPs ⁽²⁾	645,625	3.00 ⁽²⁾
LTIP 2019	1,828,800	19.30
LTIP 2016	96,450	0.01
Other	746,675	11.35
Total	4,194,016	12.24

Investor Relations Contact

Teresa Fischer Perez-Lozao

Director Corporate Finance

ir@westwing.de



Events

26 November 2024

Deutsches Eigenkapitalforum

