

WESTWING

HALF-YEAR REPORT

2022



WESTWING AT A GLANCE

Q2 2022 HIGHLIGHTS

- Westwing Collection Share increased by 6 percentage points to 38%
- Average basket size was up by 18% to EUR 159
- Gross margin at 48.6% nearly on the same level as previous-year quarter (49.5%) despite difficult market environment and cost inflation

KEY FIGURES (UNAUDITED)

	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change
Results of operations						
Revenue (in EUR m)	214.1	270.1	-20.7%	103.0	131.7	-21.8%
Adjusted EBITDA (in EUR m)	-4.0	30.3	-34.3	-2.3	10.7	-13.1
Adjusted EBITDA margin (in % of revenue)	-1.9%	11.2%	-13.1pp	-2.3%	8.1%	-10.4%
Financial position						
Free cash flow (in EUR m)	-29.8	20.7	-50.5	-12.8	7.3	-20.0
Cash and cash equivalents (in EUR m, as of reporting date)	63.8	122.1	-58.3			
Other performance indicators						
Westwing Collection share (in %)	38%	32%	6pp	38%	32%	6pp
GMV (in EUR m)	237	302	-21%	109	139	-21%
Number of orders (in k)	1,557	2,290	-32%	685	1,022	-33%
Average basket size (in EUR)	152	132	15%	159	135	18%
Active customers (in k)	1,486	1,730	-14%			
Average orders per active customer in the preceding 12 months	2.4	2.7	-8%			
Average GMV per active customer in the preceding 12 months (in EUR)	349	341	2%			
Mobile visit share (in %)	80%	79%	1pp	80%	80%	0pp
Other						
Full-time equivalent employees (as of reporting date)	2,215	1,853	19.5%			

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REPORT ON ECONOMIC POSITION

1.1 FINANCIAL PERFORMANCE OF THE GROUP¹

The condensed income statement for the second quarter of 2022 shows revenue of EUR 103.0m with a negative growth of 21.8% compared to the same quarter of the previous year (Q2 2021: EUR 131.7m). GMV reduced by 21% year-over-year. While the number of orders decreased by 33% to 0.7m (Q2 2021: 1.0m), the average basket size increased strongly by 18% to EUR 159 (Q2 2021: EUR 135). The number of active customers who made at least one order in the last twelve months decreased by 14% to 1.5m (Q2 2021: 1.7m). Customer loyalty remained very strong with 83% of orders coming from repeat customers.

Both segments showed a similar decline in revenue in the second quarter 2022. The DACH segment reduced its revenue by 21.7% and the International segment by 21.9% compared to the second quarter of 2021.

Corresponding to the lower top line and a lower contribution margin, the Adjusted EBITDA margin decreased by 10.4 percentage points to -2.3% in the second quarter of 2022 (Q2 2021: 8.1%). Adjusted EBITDA in absolute terms amounted to EUR -2.3m (Q2 2021: EUR 10.7m).

¹ Figures in this section are presented on an adjusted basis, i.e. excluding (i) share-based compensation (in Fulfilment expenses, Marketing expenses as well as in General and administrative expenses) and (ii) expenses for a tax claim provision against a divested entity regarding previous years, (iii) restructuring severances and (iv) income/expenses for the restructuring of the French business. We calculate "Adjusted EBITDA" by adjusting EBITDA for these items.

CONDENSED FIRST HALF 2022 CONSOLIDATED INCOME STATEMENT ON ADJUSTED BASIS² (UNAUDITED)

EUR m	H1 2022	In % of revenue	H1 2021	In % of revenue
Revenue	214.1	100.0	270.1	100.0
Cost of sales	-110.0	-51.3	-134.8	-49.9
Gross profit	104.2	48.7	135.3	50.1
Fulfilment expenses	-50.1	-23.4	-53.8	-19.9
Contribution profit	54.1	25.2	81.5	30.2
Marketing expenses	-21.9	-10.2	-22.8	-8.5
General and administrative expenses	-44.2	-20.6	-35.0	-13.0
Other operating expenses	-1.1	-0.5	-0.9	-0.3
Other operating income	0.9	0.4	1.6	0.6
Depreciation, amortization and impairments	8.2	3.8	6.0	2.2
Adjusted EBITDA	-4.0	-1.9	30.3	11.2

CONDENSED SECOND QUARTER 2022 CONSOLIDATED INCOME STATEMENT ON ADJUSTED BASIS² (UNAUDITED)

EUR m	Q2 2022	In % of revenue	Q2 2021	In % of revenue
Revenue	103.0	100.0	131.7	100.0
Cost of sales	-52.9	-51.4	-66.5	-50.5
Gross profit	50.1	48.6	65.2	49.5
Fulfilment expenses	-24.2	-23.5	-27.0	-20.5
Contribution profit	26.0	25.2	38.2	29.0
Marketing expenses	-10.3	-10.0	-12.6	-9.6
General and administrative expenses	-22.1	-21.5	-18.5	-14.0
Other operating expenses	-0.5	-0.4	-0.6	-0.5
Other operating income	0.4	0.4	1.2	0.9
Depreciation, amortization and impairments	4.2	4.1	3.0	2.3
Adjusted EBITDA	-2.3	-2.3	10.7	8.1

Revenue

Our revenue reduced by 21.8% to EUR 103.0m in the second quarter of 2022 compared to EUR 131.7m in the previous-year period. The Westwing Collection share increased from 32% in the previous-year period to 38% in the second quarter of 2022, caused by an expanded product portfolio with a higher share of furniture and overall better availability.

In the first half of 2022, revenue amounted to EUR 214.1m, a reduction by EUR 56.0m or 20.7% compared to the same period of the previous year (H1 2021: EUR 270.1m).

² Figures in this section are presented on an adjusted basis, i.e. excluding (i) share-based compensation (in Fulfilment expenses, Marketing expenses as well as in General and administrative expenses) and (ii) expenses for a tax claim provision against a divested entity regarding previous years, (iii) restructuring severances and (iv) income/expenses for the restructuring of the French business. We calculate "Adjusted EBITDA" by adjusting EBITDA for these items.

Contribution Margin

Our gross margin decreased only slightly from 49.5% in the second quarter of the previous year to 48.6% in the second quarter of 2022. We achieved this development despite difficult market environment and cost inflation. With 23.5% our fulfilment cost ratio was 3.0 percentage points above the prior year level (Q2 2021: 20.5%). This increase was driven by additional investments into warehouse space – not fully utilized at the current size – as well as wage inflation and continued extra storage costs driven by high inventory levels due to supply chain disruptions.

As a result, our contribution margin declined from 29.0% in the second quarter 2021 to 25.2% in the second quarter 2022. In the first half 2022, contribution margin amounted to 25.2% (Q2 2021: 30.2%).

Marketing Expenses

Marketing expenses in percent of revenue only slightly increased compared to the second quarter in 2021, from 9.6% to 10.0% in 2022. In absolute terms marketing expenses reduced by EUR 2.3m to EUR 10.3m.

In the first half of 2022 marketing expenses amounted to EUR 21.9m or 10.2% of revenue, while they were at EUR 22.8m or 8.5% of revenue in the same period 2021.

General and Administrative Expenses

In percent of revenue, general and administrative expenses increased by 7.5 percentage points in the second quarter of 2022 to 21.5% compared to the same period of the previous year (Q2 2021: 14.0% of revenue). This development is primarily driven by the lower revenue base while we invested into key areas like Technology and Westwing Collection. In absolute terms, general and administrative expenses increased by EUR 3.6m to EUR 22.1m in the second quarter of 2022 (Q2 2021: EUR 18.5m).

In the first half of 2022 general and administration expenses were EUR 44.2m (H1 2021: EUR 35.0m), corresponding to 20.6% of revenue (H1 2021: 13.0%).

Adjusted EBITDA

The Group's Adjusted EBITDA was EUR –2.3m in the second quarter of 2022, compared to the previous-year result of EUR 10.7m. This corresponds to a decrease of the Adjusted EBITDA margin from 8.1% in the second quarter of 2021 to –2.3% in the same period of 2022. The main reasons for this development are as explained before: lower size leading to negative operating leverage across all cost lines and increases of our cost base in the areas of Logistics, Marketing and G&A.

Next to share-based compensation expenses, Westwing adjusted its EBITDA for restructuring severances of EUR 1.1m in the second quarter 2022, as the current cost base of the Company did not reflect the challenging market environment. In the second quarter of 2021 we adjusted a non-operating tax claim for previous years from a divested entity amounting to EUR 1.0m. Due to their non-recurring nature, related expenses are excluded from our Adjusted EBITDA.

Adjusted EBITDA for the first six months of the year declined to EUR –4.0m (H1 2021: EUR 30.3m) which corresponds to an Adjusted EBITDA margin of –1.9% (H1 2021: 11.2%).

1.2 SEGMENT INFORMATION

The Group's segments are DACH (Germany, Austria and Switzerland) and International (other European markets). The condensed segment results for the second quarter of 2022 show negative revenue growth in both segments. While the DACH segment had a positive Adjusted EBITDA in the second quarter of 2022, the International segment's Adjusted EBITDA turned negative.

CONSOLIDATED SEGMENT RESULTS (UNAUDITED)

EUR m	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change
Revenue						
DACH	119.2	153.8	-22.5%	58.5	74.7	-21.7%
International	95.0	116.4	-18.4%	44.5	57.0	-21.9%
Adjusted EBITDA						
DACH	3.6	25.8	-22.2	1.3	10.0	-8.7
International	-7.1	4.8	-11.8	-3.3	0.8	-4.1
Headquarter/reconciliation	-0.6	-0.2	-0.3	-0.3	-0.1	-0.2
Adjusted EBITDA margin						
DACH	3.0%	16.8%	-13.7pp	2.2%	13.4%	-11.2pp
International	-7.5%	4.1%	-11.5pp	-7.4%	1.4%	-8.8pp

Segment Revenue

Both segments, DACH and International, showed a revenue reduction in the second quarter 2022, with the DACH segment down by -21.7% and the International segment by -21.9% respectively.

Segment Adjusted EBITDA

In the second quarter of 2022 the Adjusted EBITDA margin in the DACH segment decreased by 11.2 percentage points to 2.2% (Q2 2021: 13.4%). In the International segment the Adjusted EBITDA margin was at -7.4%, thus 8.8 percentage points below the second quarter of 2021 (Q2 2021: 1.4%). The reasons for the decline in Adjusted EBITDA for both segments are the same as we see on Group level.

1.3 FINANCIAL POSITION

CASH FLOWS (UNAUDITED)

EUR m	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change
Cash flows from operating activities	-24.2	24.3	-48.6	-10.3	9.7	-19.9
Cash flows from investing activities	-5.6	-3.6	-2.0	-2.5	-2.4	-0.1
Cash flows from financing activities	-4.0	-3.5	-0.6	-2.9	-1.5	-1.4
Net increase in cash and cash equivalents	-33.8	17.2	-51.1	-15.7	5.6	-21.3
Effect of exchange rate fluctuations on cash held	0.2	-0.0	0.3	0.1	-0.1	0.2
Cash and cash equivalents at the beginning of the period	97.4	104.9	-7.5	79.3	116.4	-37.1
Cash and cash equivalents as of June 30	63.8	122.1	-58.3	63.8	122.1	-58.3
Free cash flow	-29.8	20.7	-50.5	-12.8	7.3	-20.0

Cash flows from operating activities amounted to EUR -24.2m in the first six months of 2022 compared to EUR 24.3m for the same period in 2021. This development was primarily driven by the negative operating result as well as temporally high level of working capital.

Cash flows from investing activities decreased from EUR -3.6m in the first half of 2021 to EUR -5.6m for the same period in 2022. This was mostly caused by higher investments into internally developed software.

As a result of the developments in the operating and investing cash flows described above, the free cash flow for the first half of 2022 amounted to EUR –29.8m (H1 2021: EUR 20.7m).

Cash flows from financing activities were EUR –4.0m in the first half of 2022 (H1 2021: EUR –3.5m). Payments for lease liabilities and interest expenses were partially offset by a one-time lease incentive payment of EUR 1.5m.

Our net cash balance decreased by EUR 33.6m in the first six months of 2022 to EUR 63.8m (December 31, 2021: EUR 97.4m).

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	June 30, 2022		December 31, 2021	
	EUR m	In % of Total	EUR m	In % of Total
Total assets	241.1	100.0	277.4	100.0
Non-current assets	88.2	36.6	87.4	31.5
Current assets	152.9	63.4	190.1	68.5
Total liabilities + equity	241.1	100.0	277.4	100.0
Equity	109.9	45.6	119.3	43.0
Non-current liabilities	47.9	19.9	54.0	19.5
Current liabilities	83.3	34.5	104.2	37.5

On June 30, 2022, total assets amounted to EUR 241.1m (December 31, 2021: EUR 277.4m).

Non-current assets hardly changed compared to year-end 2021.

The decrease in current assets by EUR 37.2m is mainly caused by lower cash and cash equivalents which decreased by EUR 33.6m to EUR 63.8m (December 31, 2021: EUR 97.4m). Inventories were up by EUR 5.3m and prepayments on inventories were down by EUR 4.8m.

Equity declined from EUR 119.3m as of December 31, 2021, to EUR 109.9m as of June 30, 2022, primarily due to the result of the period.

Non-current liabilities were at EUR 47.9m as of June 30, 2022, which is EUR 6.1m below the amount as of December 31, 2021. This was particularly driven by lower liabilities for cash-settled share-based compensation.

Current liabilities reduced by EUR 20.9m to EUR 83.3m (December 31, 2021: EUR 104.2m), particularly resulting from decreases in trade payables and accruals by EUR 17.7m as well as refund liabilities by EUR 3.3m.

Overall assessment of the Group's economic position

The first half 2022 was impacted by an unstable political and economic situation, especially caused by the war in Ukraine, which challenged all existing estimations of the future macroeconomic and sector-specific environment development, especially regarding energy supply. Consumer sentiment has deteriorated sharply, while inflation increased strongly. At the same time, we still had to cope with supply chain disruptions and increasing sea freight costs. Furthermore, the previous year quarter was very strong with 51% revenue increase year-over-year, thus we are comparing to a very high baseline. Nevertheless, we still see good unit economics and a very positive development of our Westwing Collection share. Therefore, we are confident to return to profitable growth again.

1.4 RISK AND OPPORTUNITY REPORT

Taking into account the respective probability of occurrence and the potential impact of the risks described in the 2021 annual report, we identified no risks that might threaten Westwing Group as a going concern.

Next to high inflation, increasing raw material prices and a rise in transportation costs, which we assessed already as high in the risk report 2021, the strongly increasing energy prices or gas shortages can be seen as a new risk. We will cope with it by reducing energy consumption in warehouses and offices as well as developing alternative options to heat our warehouses and hence ensure operations. Furthermore, we expect higher pressure on our gross margins, as we might need to do more sales events and discounts to reduce inventory levels. However, we do not consider our current risk assessment to be inappropriate.

1.5 OUTLOOK

Given the overall macroeconomic environment with accelerating inflation in our key markets, the war in Ukraine and as a result the materially reduced consumer confidence, we were forced to revise our original outlook for the full year 2022. Westwing now expects revenues between EUR 410m and EUR 450m in 2022, with a growth rate of -22% to -14% (previously: lower half of guided revenue range between EUR 460m and EUR 540m with a growth rate of -12% to +3%). Based on the adjusted growth expectations, additional margin investments to reduce inventory levels in the second half of the year and already implemented cost reductions, Westwing now plans for an Adjusted EBITDA of EUR -15m to EUR 0m at an Adjusted EBITDA margin between -4% and 0% for 2022 (previously: lower half of guided Adjusted EBITDA range between EUR -9m and EUR +16m at an Adjusted EBITDA margin between negative 2% and positive 3%).

1.6 EVENTS AFTER THE BALANCE-SHEET DATE

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

Munich, August 11, 2022

Dr. Andreas Hoerning
Chief Executive Officer

Sebastian Säuberlich
Chief Financial Officer

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CONSOLIDATED FINANCIAL STATEMENTS AND SELECTED NOTES

for the Period Ended June 30, 2022 (Unaudited)

2.1 CONSOLIDATED INCOME STATEMENT

EUR m	H1 2022	H1 2021	Q2 2022	Q2 2021
Revenue	214.1	270.1	103.0	131.7
Cost of sales	-110.0	-134.8	-52.9	-66.5
Gross profit	104.2	135.3	50.1	65.2
Fulfilment expenses	-50.1	-53.8	-24.2	-27.0
Marketing expenses	-22.5	-22.9	-11.0	-12.6
General and administrative expenses	-40.8	-41.3	-22.6	-22.1
Other operating expenses	-1.1	-1.9	-0.5	-1.6
Other operating income	0.9	1.6	0.4	1.2
Operating result	-9.5	17.0	-7.6	3.1
Finance costs	-1.0	-0.7	-0.5	-0.3
Finance income	0.0	0.1	0.0	0.1
Other financial result	-0.9	0.1	-0.5	0.4
Financial result	-1.8	-0.5	-1.0	0.3
Result before income tax	-11.4	16.4	-8.6	3.4
Income tax expense	-1.1	-3.5	0.2	-1.6
Result for the period	-12.5	12.9	-8.4	1.8
Result attributable to:				
Owners of the Company	-12.5	12.9	-8.4	1.8
Non-controlling interests	0.0	-0.0	0.0	-0.0
Undiluted average number of shares in circulation	20,577,493	20,398,711	20,577,493	20,464,604
Diluted average number of shares in circulation	21,511,744	21,654,406	21,511,744	21,720,300
Undiluted earnings per share (in EUR) attributable to the owners of the Company	-0.61	0.63	-0.41	0.09
Diluted earnings per share (in EUR) attributable to the owners of the Company	-0.58	0.60	-0.39	0.08

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30, 2022 AND 2021

EUR m	H1 2022	H1 2021
Result for the period	-12.5	12.9
Other comprehensive income:		
Items that subsequently will be reclassified to the income statement:		
Exchange translation differences of foreign operations	0.1	-0.0
Other comprehensive income for the period, net of tax	0.1	-0.0
Attributable to:		
Owners of the Company	0.1	-0.0
Non-controlling interests	-	-
Total comprehensive result for the period	-12.4	12.9
Attributable to:		
Owners of the Company	-12.4	12.9
Non-controlling interests	-	0.0
Total comprehensive result for the period	-12.4	12.9

2.3 RECONCILIATION OF ADJUSTED EBITDA

EUR m	H1 2022	H1 2021	Q2 2022	Q2 2021
Operating Result	-9.5	17.0	-7.6	3.1
Adjustments				
Share-based compensation expenses	-3.8	6.3	-0.1	3.6
Restructuring severances	1.1	-	1.1	-
Provision tax claim discontinued operations	-	1.0	-	1.0
Expenses/(income) for the restructuring of the French business	-	-0.0	-	-
Depreciation, amortization, and impairments	8.2	6.0	4.2	3.0
Adjusted EBITDA	-4.0	30.3	-2.3	10.7

2.4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR m	June 30, 2022	December 31, 2021
Assets		
Non-current assets		
Property, plant and equipment	55.5	55.5
Intangible assets	22.2	18.9
Trade and other receivables	2.3	4.8
Deferred tax asset	8.2	8.2
Total non-current assets	88.2	87.4
Current assets		
Inventories	60.2	54.9
Prepayments on inventories	7.2	12.1
Trade and other receivables	12.5	11.5
Other assets	9.1	14.2
Cash and cash equivalents	63.8	97.4
Total current assets	152.9	190.1
Total assets	241.1	277.4
Equity and liabilities		
Equity		
Share capital	20.9	20.9
Capital reserves	364.5	364.5
Treasury shares	-1.2	-1.2
Other reserves	41.1	38.1
Retained earnings	-315.9	-303.4
Other comprehensive income (OCI) reserve	0.5	0.4
Equity attributable to the owners of the Company	109.9	119.3
Total equity	109.9	119.3
Non-current liabilities		
Lease liabilities	37.2	37.4
Other non-financial liabilities	3.5	10.3
Provisions	2.1	1.1
Deferred tax liabilities	5.1	5.1
Total non-current liabilities	47.9	54.0
Current liabilities		
Lease liabilities	9.3	8.4
Trade payables and accruals	39.1	56.8
Contract liabilities	16.5	17.4
Refund liabilities	4.1	7.4
Other non-financial liabilities	12.3	12.5
Tax liabilities	0.9	1.0
Provisions	1.0	0.7
Total current liabilities	83.3	104.2
Total liabilities	131.1	158.1
Total equity and liabilities	241.1	277.4

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

EUR m	H1 2022	H1 2021	Q2 2022	Q2 2021
Result before income tax	-11.4	16.4	-8.6	3.4
Adjustments				
Depreciation and impairment of property, plant and equipment	5.8	4.3	3.0	2.1
Amortization and impairment of intangible assets	2.4	1.7	1.2	0.9
Gain on disposal of property, plant and equipment	0.0	-0.0	0.0	-0.0
Share-based compensation expenses/(income)	-3.8	7.2	-0.1	3.5
Fair value gain/loss on financial liabilities	-	-0.8	-	-
Finance income	-0.0	-0.1	-0.0	-0.1
Finance costs	1.0	0.7	0.5	0.3
Changes in other assets	3.0	1.7	-0.0	-0.9
Changes in other liabilities	-0.1	2.0	0.3	0.2
Changes in provisions	-3.0	-3.4	-0.5	-0.7
Cash effective operating profit/(loss) before changes in working capital	-6.2	29.7	-4.2	8.6
Adjustments for changes in working capital:				
Changes in trade and other receivables and prepayments	-1.0	4.2	-0.7	6.0
Changes in inventories	-0.5	-17.1	4.7	-8.1
Changes in trade and other payables	-17.5	11.8	-11.7	4.8
Cash flows from operations	-25.2	28.7	-11.9	11.3
Tax paid	1.0	-4.4	1.6	-1.7
Net cash flows from operating activities	-24.2	24.3	-10.3	9.7
Investing Activities:				
Proceeds from sale of property, plant and equipment	0.0	0.0	0.0	0.0
Purchase of property, plant and equipment	-2.3	-1.4	-0.8	-0.8
Purchase of intangible assets	-5.7	-3.1	-2.8	-1.5
Rent deposits	2.5	0.8	1.1	-0.2
Interest income	0.0	0.1	0.0	0.1
Net cash flows from investing activities	-5.6	-3.6	-2.5	-2.4
Financing activities				
Interest and other finance charges paid	-1.0	-0.7	-0.5	-0.4
Payments of lease liabilities	-4.6	-3.0	-2.4	-1.5
Sale of equity instruments	-	0.3	-	0.3
Contribution right-of-use assets	1.5	-	-	-
Net cash flows from financing activities	-4.0	-3.5	-2.9	-1.5
Net change in cash and cash equivalents	-33.8	17.2	-15.7	5.6
Effect of exchange rate fluctuations on cash held	0.2	-0.0	0.1	-0.1
Cash and cash equivalents at the beginning of the period	97.4	104.9	79.3	116.4
Cash and cash equivalents as of June 30	63.8	122.1	63.8	122.1

2.6 CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

Attributable to the owners of the Company

EUR m	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other comprehensive income (OCI) reserve	Total	Non-controlling interests	Total equity
As of January 1, 2021	20.8	357.8	-1.9	47.1	-312.7	0.4	111.5	-2.8	108.7
Result for the period	-	-	-	-	12.9	-	12.9	-0.0	12.9
Other comprehensive income	-	-	-	-	0.0	0.0	0.0	-	0.0
Total comprehensive income	-	-	-	-	12.9	0.0	12.9	0.0	12.9
Issue of share capital	0.1	0.7	-	-	-	-	0.8	-	0.8
Issue of treasury shares	-	6.5	0.7	-6.9	0.0	-	0.3	-	0.3
Share-based compensation expenses	-	-	-	3.1	-	-	3.1	-	3.1
As of June 30, 2021	20.9	365.0	-1.2	43.3	-299.7	0.4	128.7	-2.9	125.8
As of January 1, 2022	20.9	364.5	-1.2	38.1	-303.4	0.4	119.3	-	119.3
Result for the period	-	-	-	-	-12.5	-	-12.5	-	-12.5
Other comprehensive income	-	-	-	-	-	0.1	0.1	-	0.1
Total comprehensive income	-	-	-	-	-12.5	0.1	-12.4	-	-12.4
Issue of share capital	-	-	-	-	-	-	-	-	-
Issue of treasury shares	-	-	-	-	-	-	-	-	-
Share-based compensation expenses	-	-	-	3.0	-	-	3.0	-	3.0
As of June 30, 2022	20.9	364.5	-1.2	41.1	-315.9	0.5	109.9	-	109.9

2.7 SELECTED EXPLANATORY NOTES

2.7.1 Information on the Company and the Group

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

The Company was incorporated in 2011 and is registered at Berlin District Court, Germany, under the number HRB 239114 B). The company is headquartered in Moosacher Str. 88, 80809 Munich, Germany. As of June 30, 2022, the Group operated in 11 countries (Germany, Austria, Switzerland, Italy, Spain, the Netherlands, France, Poland, Belgium, Czech Republic and Slovak Republic) and consisted of 23 legal companies, all of which are consolidated in this half-year report.

2.7.2 Principles for preparation of the financial statements

These condensed consolidated interim financial statements for the period from January 1, 2022, to June 30, 2022, were prepared in accordance with IAS 34, Interim Financial Reporting and using the IFRS as adopted by the EU and are unaudited. Accordingly, these condensed consolidated interim financial statements do not include all the information and notes which are necessary for consolidated financial statements in accordance with IFRS and should be read in conjunction with the Group’s consolidated financial statements as of and for the year ended December 31, 2021.

While preparing the condensed consolidated interim financial statements for interim reporting purposes in accordance with IAS 34, the management is required to make assessments, estimates and assumptions which affect the application of accounting principles in the Group and the recognition of assets, liabilities, income and expenses. Actual amounts may deviate from these estimates.

The accounting policies and recognition and measurement methods applied in the consolidated financial statements as of December 31, 2021, have been applied without change.

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

2.7.3 Segment data

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

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

The operating segment information for the reporting period which ended on June 30, 2021 (all amounts are in EUR m unless stated otherwise):

H1 2021	DACH	International	HQ/ Reconciliation	Group
Result before Income Tax	17.1	3.2	-3.9	16.4
Finance costs	0.6	0.2	-	0.7
Finance income	-0.1	-0.0	-	-0.1
Other financial result	-0.2	0.1	-	-0.1
Operating Result	17.4	3.5	-3.9	17.0
Depreciation and amortization	1.0	1.3	3.7	6.0
Share-based compensation	6.3	-	-	6.3
Costs for centralization of the French business	-	-0.0	-	-0.0
Provision tax claim	1.0	-	-	1.0
Adjusted EBITDA	25.8	4.8	-0.2	30.3
Adjusted EBITDA margin	16.8%	4.1%	0.0%	11.2%
Revenue	153.8	116.4	-	270.1
Cash and cash equivalents	64.7	15.4	41.9	122.1

Group entities with their registered office in Germany attained revenue to the amount of EUR 160.2m (H1 2021: EUR 195.4m) and reported long-term assets (not including financial instruments) on the balance sheet amounting to EUR 66.0m (June 30, 2021: EUR 52.1m).

2.7.4 Analysis of revenue

Revenue from contracts with customers for the first six month of 2022 comprised of the following:

EUR m	H1 2022	H1 2021
Revenue from the sale of products	210.4	267.1
Service revenue	0.4	-
Other revenue	3.4	3.0
Total	214.1	270.1

2.7.5 Balances and Transaction with Related Parties

Please refer to the consolidated financial statements as of December 31, 2021, for related party disclosures.

2.7.6 Corporate Governance

The declaration of compliance with the recommendations of the German Corporate Governance Code issued by the Supervisory Board and the Management Board for Westwing Group SE for fiscal year 2021 in accordance with Section 161 AktG (“Aktiengesetz”: German Stock Corporation Act) was published in March 2022. It is permanently available in the Investor Relations section on Westwing Group SE’s website at https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Westwing_Corporate_Governance_Statement_2021.pdf. It was enhanced in June 2022 https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Aktualisierung_Entsprechenserklaerung_June_2022_EN.pdf.

2.7.7 Events after the Balance Sheet Date

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

Munich, August 11, 2022

Dr. Andreas Hoerning
Chief Executive Officer

Sebastian Säuberlich
Chief Financial Officer

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RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

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

Munich, August 11, 2022

Dr. Andreas Hoerning
Chief Executive Officer

Sebastian Säuberlich
Chief Financial Officer

FINANCIAL CALENDAR

NOVEMBER 10, 2022

Publication of third quarter results 2022

IMPRINT

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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.