Remuneration system for Management Board members

The Supervisory Board of Westwing Group SE (hereinafter referred to as "**Westwing**" or the "**Company**") resolved the remuneration system for the members of the Company's Management Board set out below in general in its meeting on December 14, 2022 and finally in its meeting on March 29, 2023 for approval of the Ordinary General Meeting.

The main features of the remuneration system are presented below and are followed by a description of how the system is determined, reviewed, and implemented. The next section offers a detailed description of the remuneration system, comprising an explanation of the individual remuneration components and the maximum remuneration that has been specified. The ways in which variable remuneration components may be reduced or reclaimed are also presented, along with the rules governing the duration and termination of the contracts of service for Management Board members.

I. Basic features of the remuneration system

The Supervisory Board's objective is to offer Management Board members competitive remuneration that is in line with the market, so that the Company can attract and retain suitable national and international candidates to serve on Westwing's Management Board. The Supervisory Board observed the following key principles when designing the remuneration system for the Management Board members:

Strategy orientation

Taken as a whole, the remuneration system for Management Board members plays a key role in promoting and implementing Westwing's business strategy by defining performance criteria that are aligned with the Company's long-term, sustainable success and assigning challenging targets to them. As a result, the remuneration system creates real incentives for results-driven corporate management, sustainable growth, and increasing Westwing's long-term enterprise value.

Performance orientation and appropriateness

The individual remuneration paid to the Management Board members should be commensurate with their tasks and performance. To ensure this, adequate, ambitious performance criteria in the variable remuneration components ("pay for performance") are incorporated.

Long-term approach and sustainability

The remuneration system is designed to promote the Company's sustainable long-term development. The long-term variable remuneration accounts for a significant proportion of total remuneration and exceeds short-term variable remuneration to ensure that the remuneration is tied to the Company's long-term development. In addition, the remuneration system includes performance criteria that take social and ecological aspects into account, incentivizing sustainable activity by the Company. Including non-financial performance criteria (environment, social, and governance – or ESG – criteria) as components of the remuneration structure encourages a sustainable, forward-looking approach and at the same time aims to add value for Westwing's customers, employees, and shareholders, and for the environment as a whole.

Capital market orientation

The variable performance-based remuneration components should mainly be granted in the form of shares, so as to align Management Board members' actions with the Company's long-term positive development and the interests of Westwing's shareholders. This is achieved by structuring the long-term variable remuneration components as a performance share plan ("**LTI Component 1**") and a stock option plan ("**LTI Component 2**"). In addition, Share Ownership Guidelines are used to align the interests of Westwing's Management Board members with those of its shareholders. These require Management Board members to hold Westwing shares corresponding to 100% (Chairman) or 50% (ordinary members) of their fixed gross annual salaries for the duration of their appointment.

Clarity and comprehensibility

The remuneration system for Westwing's Management Board members has been designed in a clear and comprehensible manner. It complies with the requirements of the German Stock Corporation Act (Aktiengesetz – AktG) as amended by the German Act Implementing the Second Shareholders' Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – ARUG II) of December 12, 2019. It also complies with the recommendations of the German Corporate Governance Code (the "Code") in the version dated April 28, 2022, which was published in the Federal Gazette (Bundesanzeiger) on June 27, 2022, except in those cases in which a deviation from these recommendations is declared.

II. Procedures for determining, implementing, and reviewing the remuneration system

Pursuant to section 87a(1) sentence 1 of the German Stock Corporation Act (AktG) the Supervisory Board resolves a clear, comprehensible remuneration system for the Management Board members. The remuneration system resolved by the Supervisory Board is submitted to the Annual General Meeting for approval in accordance with section 120a(1) of the German Stock Corporation Act (AktG). It is (re)submitted to the Annual General Meeting for approval in the event of significant changes, but at least every four years.

The Supervisory Board determines the concrete target total remuneration and the performance criteria used in the variable remuneration components for each member of the Management Board in line with the remuneration system submitted to the Annual General Meeting.

If the Annual General Meeting does not approve the remuneration system submitted to it for a vote, a revised remuneration system shall be submitted for approval at the latest at the following Annual General Meeting. In this case the Supervisory Board will explain all significant changes and provide an overview of the extent to which the shareholders' vote and comments on the remuneration system and, if applicable, the remuneration reports have been taken into account.

The Supervisory Board regularly reviews the appropriateness of the remuneration system and the amount of remuneration of the individual Management Board members. Westwing's peers (horizontal comparison) and its internal remuneration structure (vertical comparison) are taken into account when assessing whether the amount of remuneration is appropriate:

- **Horizontal comparison**: Firstly, the Supervisory Board assesses the appropriateness of the concrete remuneration of the Management Board members in comparison to the remuneration paid to management board members at a group of comparable national and international companies to be determined by the Supervisory Board. Key factors taken into account here include the companies' market position (and in particular sector, size, and country) and Westwing's economic position (peer group comparison). The Supervisory Board mainly selected German listed companies from the e-commerce, technology, and IT sectors for this. Most of the companies selected are readily comparable with Westwing in terms of the size of their workforce, their sales, and their growth ambitions.

- **Vertical comparison:** Secondly, the Supervisory Board assesses the development of the concrete total remuneration of the Management Board members within the Company. It does this by examining the ratio of Management Board member remuneration to the remuneration paid to senior management on the one hand and the workforce as a whole on the other. “Senior management” is defined for this purpose as Westwing’s Executive Team excluding the Management Board members. The workforce as a whole comprises those members of Westwing Group's staff who are employed in Germany. Changes over time in the ratio of Management Board remuneration to these vertical comparison groups are also taken into account. If significant shifts in this ratio are found to have occurred, the Supervisory Board will examine the reasons for them.

If necessary, the Supervisory Board will consult an external remuneration expert regarding developments in the remuneration system and in order to assess the appropriateness of the remuneration. In this case, care will be taken to ensure that respective expert concerned is independent of the Management Board and the Company.

The general rules set out in the German Stock Corporation Act (AktG)and the recommendations of the German Corporate Governance Code on how to handle and avoid conflicts of interest on the Supervisory Board are also applied when determining, implementing, and reviewing the remuneration system for Management Board members. The Rules of Procedure for the Supervisory Board also specify how to handle conflicts of interest. Under these, all Supervisory Board members must disclose any conflicts of interest to the Supervisory Board Chairman. This applies in particular to those that may arise as a result of consulting work for, or a governing body position at, customers, suppliers, lenders, borrowers, or other third parties. In such cases, the Supervisory Board members concerned may not take part in resolutions on corresponding agenda items that are to be passed by the Supervisory Board and its committees. If material and more than temporary conflicts of interest exist in relation to a Supervisory Board member, the member concerned should resign. The Supervisory Board will provide information on any conflicts of interest that have arisen and how they have been dealt with in its report to the Annual General Meeting.

Westwing publishes the remuneration paid to Management Board members annually in its statutory Remuneration Report and in the Annual Report.

III. **Description of the remuneration system**

A. **Remuneration components**

1. **Target total remuneration – overview and components**

The remuneration of the Management Board members comprises non-performance-related (fixed) and performance-related (variable) components. The fixed components are the fixed annual salary and the fringe benefits. The variable components are the short-term variable remuneration (“Short-Term Incentive” – STI) and the long-term variable remuneration (“Long-Term Incentive” – LTI), both of which are linked to the achievement of various performance criteria. The LTI consists of two components, a performance share plan (LTI Component 1) and a stock option plan (LTI Component 2). There are no pension or early retirement arrangements.

The following gives an overview of the fixed and variable components of the remuneration system for the members of the Company’s Management Board.

Fixed remuneration	**Fixed annual salary**	▪ Fixed contractual remuneration paid in twelve monthly installments
	Fringe benefits	▪ Contributions to health insurance and old-age pension plans ▪ D&O insurance for members of governing bodies ▪ Legal expenses insurance for top management ▪ Potential sign-on bonus ▪ Other grants and contributions (e.g. relocation expenses, further training, company car)
Short-term variable remuneration	**Plan type**	▪ Target bonus
	Cap	▪ 200% of the target amount
	Performance criteria	▪ 25% revenue ▪ 25% Adjusted EBITDA margin ▪ 25% free cash flow ▪ 25% ESG performance target ▪ The Supervisory Board reserves the right to determine a different weighting for the KPIs above at its reasonable discretion; however, the ESG performance target must be at least 20%.
	Payment	▪ In cash, in the month following the approval of the consolidated financial statements
Long-term variable remuneration	**Structure**	▪ Share-based remuneration component comprising a performance share plan and stock options

	Allocation		▪ The ratio of performance shares to stock options can be chosen by the Management Board member (however, stock options must account for at least 50%) ▪ Annual grant of long-term variable remuneration (rolling grant)
	LTI Component 1	Plan type	▪ Performance share plan
		Term	▪ Four years
	LTI component 2	Plan type	▪ Stock option plan
		Term	▪ Four years
		Exercise period	▪ Three years after expiry of the term
	Performance criteria		▪ 40% revenue ▪ 40% Adjusted EBITDA margin ▪ 20% ESG performance target ▪ The Supervisory Board reserves the right to determine a different weighting for the before mentioned KPIs during allocation at its reasonable discretion; however, the ESG performance target must be at least 20%.
	LTI cap and floor		▪ The Supervisory Board reserves the right when making annual allocations of LTI tranches to provide for adaptation mechanisms that take effect if the share price is below a certain minimum value on allocation or exceeds a certain maximum value on exercise.
	Payment		▪ In shares as a general rule ▪ The Supervisory Board reserves the right to make the payment in cash
Other remuneration	Share Ownership Guidelines (SOGs)		▪ Management Board members are required to hold shares corresponding to 100% (Chairman) or 50% (ordinary members) of their fixed gross annual salary for the duration of their Management Board appointment.
	Maximum remuneration		▪ Cap on the total remuneration to be granted for a fiscal year pursuant to section 87a(1) sentence 2 no. 1 of the AktG: – Chairman of the Management Board: EUR 10m (gross) – Ordinary members of the Management Board: EUR 6m (gross)
	Malus/clawback		▪ Ability to withhold or reclaim variable remuneration in part or in whole in the event of gross negligence, intentional breaches of duty, or variable remuneration paid out on the basis of incorrect data

The Supervisory Board determines a concrete target total remuneration figure for each Management Board member, based on the remuneration system. This target total remuneration shall be commensurate with the tasks and performance of the Management Board member concerned and the Company’s situation. When determining the size of the target total remuneration of the individual Management Board members, the Supervisory Board may, at its reasonable discretion, make distinctions based on the requirements of the Management Board functions involved, market conditions, or the qualifications and experience of the Management Board members concerned. Consequently, when determining the target total remuneration it may in particular make distinctions depending on the function performed by the Management Board member (Chairman or ordinary member), their responsibility within the Management Board as a whole, their experience, or the length of time for which they have belonged to the Management Board.

In addition, when determining the remuneration structure the Supervisory Board shall make sure that the variable remuneration components account for a significant proportion of total remuneration, so as to ensure a strong incentive structure and performance-based remuneration for the Management Board members. Furthermore, in line with the requirements of the German Stock Corporation Act (AktG)and the recommendations of the German Corporate Governance Code, the Supervisory Board ensures that the proportion of long-term variable remuneration exceeds that of short-term variable remuneration so as to focus on Westwing’s long-term, sustainable development.

The total target remuneration is the sum of the fixed and variable remuneration components. In the case of the variable remuneration components (STI and LTI), the target amount for 100% target achievement is used as the basis.

The remuneration structure is shown in the figure below:

<table>
<tr><th></th><th colspan="2">Remuneration component</th><th colspan="2">Relative proportion of total target remuneration</th></tr>
<tr><td rowspan="2">Fixed remuneration</td><td colspan="2">Fixed annual salary</td><td colspan="2">20%–50%</td></tr>
<tr><td colspan="2">Fringe benefits</td><td colspan="2">1%–5%</td></tr>
<tr><td rowspan="3">Variable remuneration</td><td colspan="2">Short-term variable remuneration (STI)</td><td colspan="2">10%–30%</td></tr>
<tr><td rowspan="2">LTI</td><td>Component 1</td><td>0%– 34.5%</td><td rowspan="2">31%–69%</td></tr>
<tr><td>Component 2</td><td>31%–69%</td></tr>
</table>

Non-performance-related remuneration (fixed annual salary and fringe benefits) represents around 21% to 55% of target total remuneration. Short-term variable remuneration (STI) accounts for 10% to 30% of target total remuneration, while long-term variable remuneration (LTI) accounts for the majority of variable remuneration, at 31% to 69%. The LTI consists of LTI Component 1 (performance share plan) and LTI Component 2 (stock option plan). Depending on the preferences of the Management Board member concerned, LTI Component 1 accounts for 0% to 50% of the LTI, and hence for 0% to 34.5% of target total remuneration. LTI Component 2 accounts for 50% to 100% of the LTI and hence for 31% to 69% of target total remuneration. These different options are the reason why the shares of target total remuneration accounted for by the individual remuneration components are expressed as percentage ranges in the remuneration system.

2. Fixed remuneration components

a. Fixed annual salary

The members of Westwing's Management Board receive a fixed annual salary, which is paid in cash in twelve equal monthly installments. If a member's contract of service begins or ends in the course of a fiscal year, the fixed annual salary for that fiscal year is awarded pro rata.

b. Fringe benefits

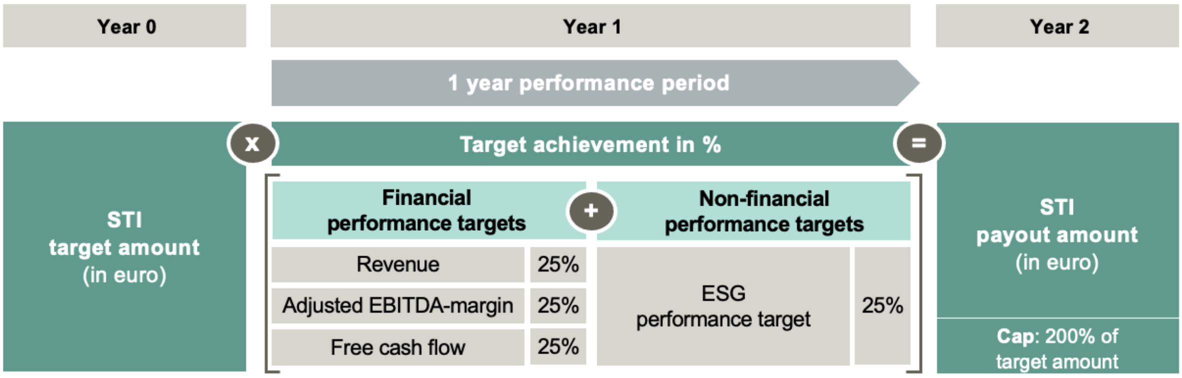
In addition, Management Board members can be granted contractual fringe benefits in the form of non-cash and other benefits. These mainly consist of the payment of contributions to and allowances for insurance, or the payment of insurance premiums (e.g., inclusion in the Company's D&O insurance with a standard market level of cover and a deductible in line with section 93(2) sentence 3 of the German Stock Corporation Act (AktG); contributions to health insurance, long-term care insurance, and casualty insurance that may also provide for payment to be made to the Management Board member's heirs in the case of their death). The Supervisory Board can grant other or additional standard market fringe benefits, such as company cars or the payment of relocation expenses for members who have been newly recruited to the Company. The nature, size, and duration of the non-cash benefits can vary, depending on the Management Board member's personal situation. The maximum remuneration means that a maximum amount for fringe benefits per fiscal year is set for each Management Board member. In addition, the Supervisory Board has the right in individual cases to grant new Management Board members an appropriate, market-standard sign-on bonus in cash or shares on their taking office, so as to be able to recruit suitable candidates. Such a special payment can be used, for example, to compensate for lost remuneration under previous contracts of employment or service resulting from the Management Board members' move to Westwing.

3. **Variable remuneration components**

The variable remuneration components are described below. The relationship between achieving the performance criteria and the amount of variable remuneration paid out is explained. This section also explains how and when the Management Board members can dispose of the variable remuneration amounts granted. In addition, the way in which the variable remuneration components help promote the business strategy and the Company's long-term development is shown.

a. Short-term variable remuneration (STI)

The STI is a performance-based variable remuneration component with a one-year assessment period. It incentivizes contributions to putting the Company's strategy into practice that are made during the fiscal year and to ensuring the Company's sustainable development. The short-term variable remuneration comprises three financial performance criteria and a non-financial ESG performance target. The performance criteria have weightings of 25% each. The Supervisory Board reserves the right to determine a different weighting for the abovementioned KPIs at its reasonable discretion; however, the ESG performance target must be at least 20%.



Financial performance criteria – revenue, Adjusted EBITDA margin, and free cash flow

This part of the STI is measured using the achievement levels for three financial performance criteria: revenue, the Adjusted EBITDA margin, and free cash flow. Revenue and the Adjusted EBITDA margin are the key financial performance indicators for Westwing's operating business.

- **Revenue**: Revenue is defined as the figure for revenue disclosed in the audited and approved consolidated financial statements. It is the key indicator of demand for Westwing's products and hence an important factor for implementing the Westwing's growth strategy. Consequently, aligning remuneration with the Company's revenue helps promote Westwing's business strategy and long-term development.

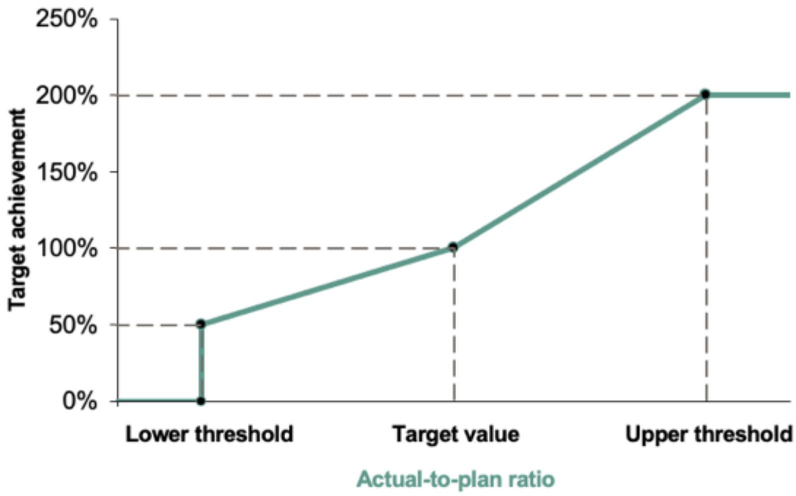
- **Adjusted EBITDA margin**: Westwing defines EBITDA as the sum total of earnings before interest and taxes (EBIT) plus depreciation, amortization, and impairment losses. Adjusted EBITDA is calculated by adjusting EBITDA by income/expenses for share-based remuneration and non-recurring factors (such as restructuring expenses). The Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue. The Adjusted EBITDA margin reflects Westwing's operating performance and competitive ability. Increasing the Adjusted EBITDA margin is part of Westwing's business strategy and reflects an improvement in operating performance, hence contributing to the Company's long-term development.

- **Free cash flow:** Free cash flow is defined as the sum of cash flows from operating activities and cash flows from investing activities. It ensures short-term liquidity for the Company's operating business, taking investing activities into account, and hence serves as the basis for its sustainable, long-term development.

The Supervisory Board sets a target value and an upper and lower threshold for each of the three STI performance criteria mentioned above for each fiscal year. When assessing the level of target achievement by the Management Board, the Supervisory Board can, at its reasonable discretion, make adjustments to the Adjusted EBITDA margin KPI that do not correspond to the Management Board's view in order to accommodate nonrecurring factors. Otherwise, the Supervisory Board can, at its reasonable discretion and in individual cases, make adjustments to the free cash flow KPI to the extent that payments for share-based remuneration components granted are included in the cash flows from operating activities. This is because these outflows cannot be forecast ex ante. In doing so, it should be guided by the budget planning for the fiscal year concerned and by any capital market guidance. To ensure that these targets have the desired incentive effect, the Supervisory Board will at its reasonable discretion ensure that they are both ambitious and yet still achievable by the Management Board members concerned.

The target achievement levels for the three performance criteria – revenue, the Adjusted EBITDA margin, and free cash flow – are determined by comparing the actual values achieved in the fiscal year with the targets (budgeted figures) defined by the Supervisory Board. The range of possible target achievement levels for the STI performance criteria is between 0% and 200%. If the actual value corresponds to the target figure defined by the Supervisory Board, the target achievement level for the performance criterion is 100%. If the actual value falls below the lower threshold defined by the Supervisory Board, the target achievement level for the performance criterion is 0%. Where this is the case for all four performance criteria, the STI can be dispensed with completely. If the actual value reaches or exceeds the upper threshold defined by the Supervisory Board, the target achievement level for the performance criterion is 200%.

The bonus curves have the following scheme (whereby the lower threshold has been set at 50% in the example):



Non-financial performance criterion – ESG performance target

The Company's long-term success depends critically not just on its financial development but also on its sustainable non-financial development. This part of the STI is measured using the achievement level for a non-financial ESG performance target that is derived from Westwing's sustainability strategy, as amended.

At present, the following six focal topics have been defined:

- Responsible Marketing and Communications
- Fair Working Conditions
- Supplier impacts
- Climate and energy
- Packaging
- Material sourcing

When defining the ESG performance target, the Supervisory Board determines not only the concrete ESG performance target but also the method for measuring performance, the target value, a lower threshold and an upper threshold. The concrete target achievement level can range from 0% to 200% and is explained ex post in the Remuneration Report. When setting the concrete ESG performance target, the Supervisory Board ensures that it is measurable and transparent and is guided by the objectives set out in Westwing's sustainability strategy. If unforeseeable developments mean that the ESG performance target selected cannot be measured or determined, the Supervisory Board can use an alternative KPI that reflects the original purpose as closely as possible. In principle, however, subsequent changes are ruled out also for the ESG performance target, in line with the recommendation of the German Corporate Governance Code.

Overall target achievement and payment modalities

Overall STI target achievement is determined by the Supervisory Board after the end of the fiscal year based on the target levels achieved for the individual financial and non-financial performance criteria and their respective weightings.

Overall target achievement is calculated by multiplying the target achievement levels for each of the performance criteria by their respective weightings and then adding the results together.

This total STI target achievement is then multiplied by the STI target to determine the annual payout amount. The annual STI payout amount is capped for all Management Board members at 200% of the target amount (Cap). No subsequent changes to the performance criteria may be made other than in the abovementioned exceptional case in which the ESG performance target cannot be measured or determined.

In line with the recommendation set out in section G.11 of the German Corporate Governance Code, the Supervisory Board also has the option, in justified and rare special cases, to take extraordinary developments into account in an appropriate manner in the STI. This may lead to either an increase or a decrease in the variable remuneration that would result otherwise. Consequently, such adjustments can reflect both positive and negative extraordinary developments that were not known or foreseeable when the targets were set and that materially impact the overall remuneration of the Management Board members. In particular, these can be M&A activities that were not provided for in the budget, unforeseeable changes in accounting standards or tax provisions, natural disasters, or pandemics. General adverse market developments and risks associated with the normal course of business are expressly excluded from such exceptional cases. The Supervisory Board takes into account when making its decision inter alia the extent to which Westwing, its shareholders, and its employees are or will be affected by the extraordinary developments. Any adjustments made and their impact on target achievement and on the payment of the STI are reported ex post in the Remuneration Report.

The STI is paid out in cash and is due together with the next regular salary installment following approval of Westwing's consolidated financial statements for the fiscal year concerned.

If a Management Board member's contract of service begins or ends in the course of a fiscal year, the target amount is reduced pro rata to reflect the start or end date, as appropriate.

b. Long-term variable remuneration (LTI)

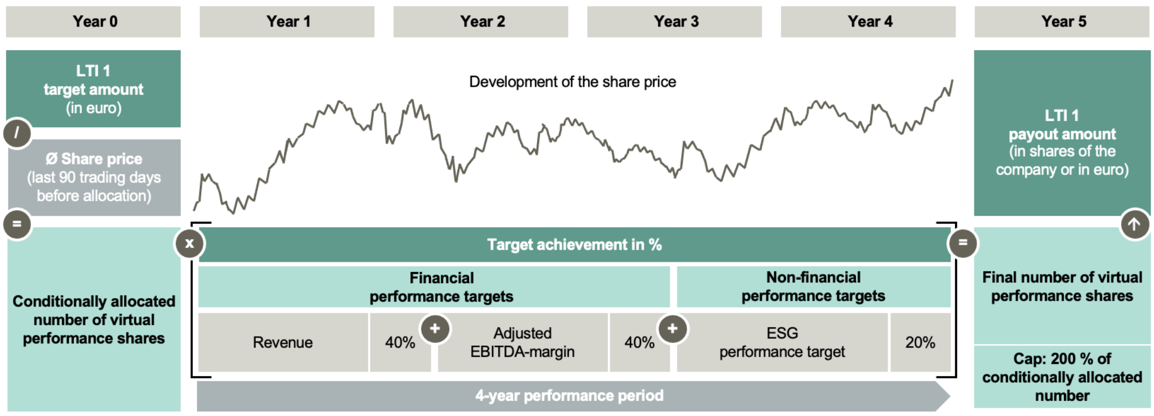
The long-term variable remuneration (LTI) is intended to encourage Management Board members to act in a way that promotes the Company's sustainable long-term development. The LTI is granted to Management Board members in annual tranches at the beginning of each fiscal year (rolling grant) and is completely share-based. Linking the LTI to the Company's share price performance helps to align it more closely with shareholders' interests and to promote Westwing's long-term growth. The variable remuneration payable under the LTI also depends on the Company's success with its long-term strategy and is therefore aligned with its long-term development. In addition, the LTI provides for ambitious ESG targets that are designed to create an incentive for, and reward, sustainable corporate governance and to take account of the Company's social responsibility.

The LTI is granted in annual tranches, each of which has a multiyear performance period. The LTI consists of a performance share plan (LTI Component 1) and a stock option plan (LTI Component 2). The exact weighting of the two LTI components can be chosen by the respective member of the Management Board in consultation with the Supervisory Board. The fact that individual Management Board members can freely determine the ratio of LTI Component 1 to LTI Component 2 allows their different risk/opportunity assessments to be taken into account (a higher LTI Component 2 weighting produces a more opportunity-driven remuneration profile) and gives the Supervisory Board the flexibility to accommodate all talent profiles. However, at least 50% of the LTI must be allocated to LTI Component 2 in order to incentivize long-term share price growth in line with investor interests.

LTI Component 1 – performance share plan

LTI Component 1 is structured as a performance share plan under which annual tranches of virtual shares (performance shares) are conditionally allocated by Westwing ("**conditionally allocated number of virtual performance shares**"). The term of an LTI tranche is at least four years and consists of a performance period, which lasts for at least three years, and a vesting period of up to one year that may follow in individual cases.

The following diagram shows how an LTI tranche from LTI Component 1 is calculated for a four-year performance period:

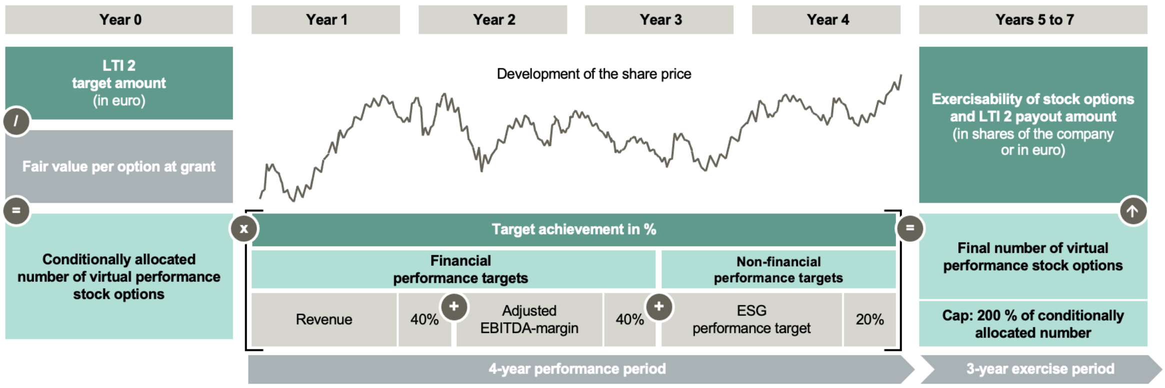


The conditionally allocated number of virtual performance shares ("**VPSs**") is determined by dividing the target amount of LTI Component 1 by the average volume-weighted XETRA closing price of Westwing's shares for the last 90 trading days prior to allocation. If the Supervisory Board, at its reasonable discretion, has set a floor, this is used to calculate the number of VPSs to be granted instead of the average volume-weighted XETRA closing price of Westwing's shares for the last 90 trading days prior to allocation. If the Supervisory Board, at its reasonable discretion, has set a cap, the payment per VPS is limited to the cap in those cases in which the share price for Westwing shares that would otherwise be used to determine the payment on exercise exceeds the cap. If the VPSs are settled in shares, the number of shares is reduced respectively in order to reflect the effects of the cap. After the end of the relevant performance period, the final number of VPSs is determined using the target achievement level for the performance criteria defined by the Supervisory Board. If the performance criteria are not met in full, the number of VPSs is reduced. If the performance criteria are exceeded, the number of VPSs is increased. At the end of the performance period, the final number of VPSs is capped at 200% of the number of virtual performance shares conditionally allocated at the beginning of the performance period. After the end of the term, in general Westwing shares are granted for the final number of VPSs the Management Board member can then dispose of without restriction. If, instead, the performance share plan is settled and paid out in cash at the Supervisory Board's discretion, the amount paid out after the end of the term is determined by multiplying the final number of VPSs by the average volume-weighted XETRA closing price of Westwing's shares for the last 90 trading days of the term, or respectively by the cap.

LTI Component 2 – stock options

LTI Component 2 is structured as a stock option plan under which virtual performance stock options ("**VPSOs**") are conditionally allocated by Westwing in annual tranches ("**conditionally allocated number of virtual performance stock options**"). As with LTI Component 1, the term of an LTI tranche is at least four years. After that, the VPSOs can be exercised within three years (three-year exercise period).

The following diagram shows how an LTI tranche for LTI Component 2 is calculated for a four-year performance period:



The Supervisory Board determines the strike price (exercise price) concerned before the VPSOs are allocated. The number of VPSOs to be allocated is determined by dividing the target amount of LTI Component 2 by the fair value per VPSO at grant, unless the Supervisory Board has determined a floor at its reasonable discretion. If a floor has been determined, the way in which the fair value at grant is calculated is modified by using the floor determined by the Supervisory Board instead of the share price that would otherwise be used to calculate an "adjusted fair value." If the Supervisory Board, at its reasonable discretion, has set a cap, the payment per VPSO is limited to the difference between the cap and the strike price in those cases in which the share price for Westwing shares that would otherwise be used to determine the payment on exercise exceeds the cap. If the VPSOs are settled in shares, the number of shares are reduced respectively in order to reflect the effects of the cap. However, the cap is ignored in the "adjusted fair value" that is used as the basis for calculating the number of VPSOs at grant, so as not to increase the number of VPSOs.

After the end of the performance period, the final number of VPSOs is determined using the target achievement level for the performance criteria defined by the Supervisory Board. If the performance criteria are not met in full, the number of VPSOs is reduced. If the performance criteria are exceeded, the number of VPSOs is increased. The final number of VPSO at the end of the performance period is capped at 200% of the number of virtual performance stock options conditionally allocated at the beginning of the performance period. VPSOs can be exercised within a period of three years after the end of their terms. If the VPSOs are exercised in part or in full and are settled in shares, the Management Board is entitled to subscribe for shares of the Company at the strike price. If the VPSOs are exercised in part or in full and are settled in cash, the amount of LTI Component 2 paid out is determined by multiplying the number of VPSOs by the difference between the average volume-weighted XETRA closing price for Westwing's shares in the last 30 trading days before the exercise date, respectively the cap and the strike price.

Financial performance criteria – revenue growth and Adjusted EBITDA margin

The financial performance criteria used for LTI Component 1 and LTI Component 2 are revenue and the Adjusted EBITDA margin in the last financial year of the performance period. The two financial performance criteria are weighted at 40% each. The Supervisory Board reserves the right to determine a different weighting for the abovementioned KPIs on allocation, at its reasonable discretion; however, the ESG performance target must be at least 20%. Both financial performance criteria promote the implementation of Westwing's business strategy and the LTI's alignment with the Company's long-term development.

- **Revenue** in the last fiscal year of the performance period: Revenue is the key indicator for the implementation of Westwing's growth strategy. Consequently, aligning remuneration with the Company's revenue growth significantly helps promote the Company's business strategy and long-term development.

- **Adjusted EBITDA margin in the last fiscal year of the performance period**: The Adjusted EBITDA margin reflects Westwing's operating performance and competitive ability. Increasing the Adjusted EBITDA margin facilitates an improvement in operating performance in line with Westwing's business strategy, hence contributing to the Company's long-term development.

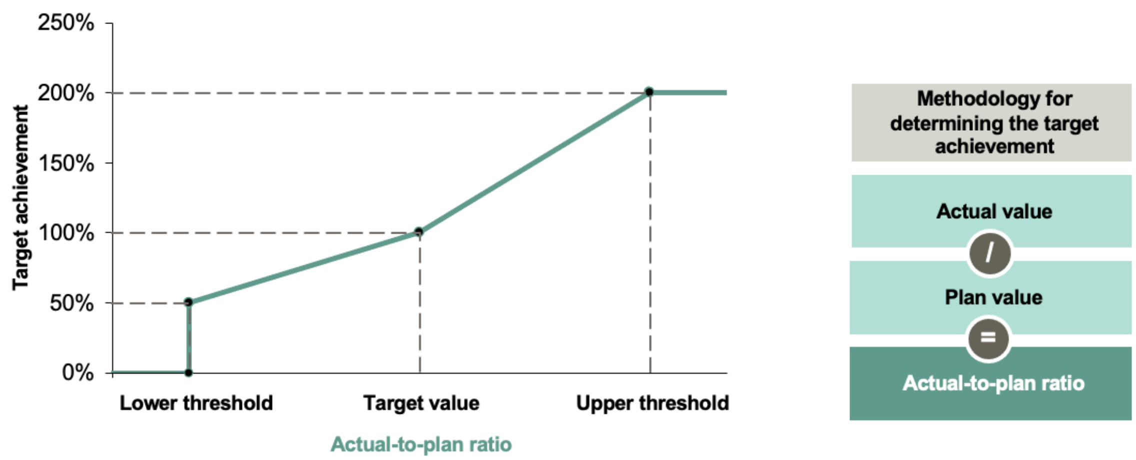
The Supervisory Board sets a target and an upper and lower threshold value for the two LTI performance criteria mentioned above at the beginning of each LTI tranche, based on the strategic planning. To ensure that these targets have the desired incentive effect, the Supervisory Board will at its reasonable discretion ensure that they are both ambitious and yet still achievable by the Management Board member concerned.

The achievement levels for the two individual targets – revenue growth and the Adjusted EBITDA margin – are determined at the end of the performance period by comparing the actual values achieved with the targets (planned figures).

The actual figures for revenue and the Adjusted EBITDA margin in the last fiscal year of the performance period correspond to the figures published in the annual report. When assessing the level of target achievement by the Management Board, the Supervisory Board can, at its reasonable discretion, make adjustments to the Adjusted EBITDA margin KPI that do not correspond to the Management Board's view in order to accommodate nonrecurring factors.

The range of possible target achievement levels for the LTI performance criteria is between 0% and 200%. If the actual value corresponds to the target figure defined by the Supervisory Board, the target achievement level for the performance criterion is 100%. If the actual value falls below the lower threshold defined by the Supervisory Board, the target achievement level for the performance criterion is 0%. If this is the case for all three performance criteria, the LTI can be dispensed with completely. If the actual value reaches or exceeds the upper threshold defined by the Supervisory Board, the target achievement level for the performance criterion is 200%.

The bonus curves have the following structure (whereby the lower threshold has been set at 50% in the example):



Non-financial performance criterion – ESG performance target

The Company's long-term success depends critically not just on its financial development but also on its sustainable non-financial development. This part of the LTI is measured by the achievement of a non-financial ESG performance target derived from Westwing's sustainability strategy, as amended. The weighting for the non-financial performance criterion is at least 20%.

The non-financial ESG performance target is derived from Westwing's sustainability strategy, as amended. At present, the following six focal topics have been defined:

- Responsible Marketing and Communications
- Fair Working Conditions
- Supplier impacts
- Climate and energy
- Packaging
- Material sourcing

In addition to the concrete ESG performance target for the performance period concerned, the Supervisory Board defines the method for measuring performance, the target, a lower threshold, and an upper threshold. The concrete target achievement level can range from 0% to 200% and is explained ex post in the Remuneration Report. When setting the concrete ESG performance target, the Supervisory Board ensures that it is measurable and transparent and is guided by the objectives set out in Westwing's sustainability strategy. If unforeseeable developments mean that the ESG performance target selected cannot be measured or determined, the Supervisory Board can use an alternative KPI that reflects the original purpose as closely as possible. In principle, however, subsequent changes are ruled out also for the ESG performance target, in line with the recommendation of the German Corporate Governance Code.

Overall target achievement and payment modalities

Overall target achievement for LTI Component 1 and LTI Component 2 is calculated by multiplying the target achievement levels for the performance criteria by their respective weightings and then adding the results together. Both the individual performance criteria and hence also the overall target achievement are capped at 200% for all Management Board members. In other words, achieving the targets for the performance criteria results at most in the conditionally allocated number of VPSs or the conditionally allocated number of VPSOs being doubled.

In line with the recommendation set out in section G.11 of the German Corporate Governance Code, the Supervisory Board also has the option, in justified and rare special cases, to take extraordinary developments into account in an appropriate manner in the LTI. This may lead to either an increase or a decrease in the variable remuneration that would result otherwise. Consequently, such adjustments can reflect both positive and negative extraordinary developments that were not known or foreseeable when the targets were set and that materially impact the overall remuneration of the member of the Management Board concerned. For example, these can be M&A activities that were not provided for in the budget or unforeseeable changes in accounting standards. General adverse market developments and risks associated with the normal course of business are expressly excluded from such exceptional cases. The Supervisory Board takes into account when making its decision also the extent to which Westwing, its shareholders, and its employees are or will be affected by the extraordinary developments. Any adjustments made and their impact on target achievement and on the payment of the LTI are reported ex post in the Remuneration Report.

The total amount paid out (in shares of the Company or in cash) for LTI Component 1 and LTI Component 2 is capped by the maximum remuneration (see III. C.).

In the case of LTI Component 1 and subject to any statutory restrictions, payment is due at the end of the month following the approval of Westwing’s consolidated financial statements for the final year of the term, while in the case of LTI Component 2 and subject to any statutory restrictions, payment is due one month after the Management Board member exercises the VPSOs. LTI Component 1 and LTI Component 2 are generally paid out in shares. However, the Supervisory Board reserves the right to pay out LTI Component 1 and LTI Component 2 in cash instead at its own discretion.

If the contract of service of a Management Board member begins or ends in the course of a fiscal year, the target amount for the LTI tranche is reduced pro rata when calculating the conditionally allocated number of VPSs or the conditionally allocated number of VPSOs.

All entitlements under the current tranches of LTI Component 1 and LTI Component 2 lapse without replacement or compensation if the Management Board member’s contract of service is terminated by Westwing without notice for cause before the end of the defined performance period, or if the member resigns without cause (“bad leaver”).

B. **Share Ownership Guidelines (SOGs)**

The members of the Company's Management Board are obliged to hold shares in the Company (Share Ownership Guidelines) in order to align their interests even more closely with those of the shareholders above and beyond their variable remuneration. The Chairman of the Management Board is obliged to hold Westwing shares corresponding to 100% of his fixed gross annual salary for the duration of his Management Board membership, while ordinary Management Board members are obliged to hold Westwing shares corresponding to 50% of their fixed gross annual salary for the duration of their Management Board membership. Westwing shares already held by the Management Board member concerned are taken into account here. The shareholdings must be established within three years of the Management Board member's initial appointment. The decisive factor used in determining the value of the shares held is (i) in the case of Westwing shares that are already held when the member joins the Company's Management Board, the XETRA closing price for Westwing's shares on the date on which their term of office starts and (ii) in the case of Westwing shares that are acquired during the period in which the shareholding must be established, the purchase price at the time the Westwing shares are purchased or, in the case of free transfers, the XETRA closing price for Westwing's shares on the date on which the shares are transferred free of charge. If the LTI is settled in Westwing shares, these shares shall not be taken into account when determining whether the target equity interest has been reached.

C. **Maximum remuneration**

The total remuneration to be granted for a fiscal year is defined as the sum total of all remuneration amounts paid for the fiscal year in question, including the fixed annual salary, fringe benefits, and variable remuneration components of the Management Board members – irrespective of whether such remuneration is paid out in the said fiscal year or at a later date. This total remuneration is capped at a maximum amount for individual Management Board members ("**maximum remuneration**"). If the maximum remuneration is exceeded, the payments under the long-term variable remuneration (in shares of the Company or in cash) will be reduced correspondingly in the first instance, as being the last remuneration component due.

The maximum remuneration amounts to the following:

- For the Chairman of the Management Board: EUR 10m (gross)
- For ordinary Management Board members: EUR 6m (gross)

These amounts are not the target total remuneration sought or deemed appropriate by the Supervisory Board. Instead, they merely represent an absolute maximum limit that can only be reached if all the ambitious variable remuneration performance criteria are achieved in full, if the Management Board member selects a risk-oriented remuneration profile with a high LTI Component 2, and if the Company’s share price increases significantly.

As the maximum remuneration is calculated on an annual basis, but LTI Component 1 and LTI Component 2 are allocated fully in shares and accrue to the Management Board members at the earliest after the expiry of the four-year vesting period, the value of the amount accrued is determined at the time of payment (in shares of the Company or in cash) and counts towards the maximum amount for the fiscal year in which the allocation was made.

The Supervisory Board regularly reviews the size of the maximum individual remuneration commitment for appropriateness. This review is performed as part of the horizontal and vertical comparison made and includes the maximum lump-sum amounts for the various fringe benefits.

When making annual allocations of LTI tranches, the Supervisory Board reserves the right to provide for adaptation mechanisms that will take effect if the share price falls below a certain minimum value on allocation or exceeds a certain maximum value on exercise. Such mechanisms can be implemented to prevent, for example, what the Supervisory Board considers to be excessive dilution of the Company’s shareholders or what the Supervisory Board considers to be an excessively high liability on the part of the Company to the beneficiary.

D. **Malus and clawback rules**

The contracts of service for the Management Board members contain provisions granting the Supervisory Board the right, at its reasonable discretion, to withhold (“**malus**”) or reclaim (“**clawback**”) part or all of the variable remuneration components in certain cases. These cases comprise grossly negligent or intentional violations of the duties of Management Board members set out in section 93(1) of the AktG and of the Management Board contract of service, plus severe violations of internal compliance guidelines or codes of conduct that are so serious that the Supervisory Board is entitled to revoke the Management Board member’s appointment.

In addition, variable remuneration that has already been paid out must be repaid if the payment of variable remuneration components to the Management Board member was made on the basis of errors in the data that the accounting standards in force require to be corrected after the event, especially in the Annual Report or the Sustainability Report. The amount to be repaid is the excess sum paid to the member of the Management Board compared to the amount due on the basis of the correct calculation.

In the case of payments made in Westwing shares, the lowest price for the Westwing shares transferred recorded on XETRA as of the transfer date will apply.

Claims by the Company for damages (and especially claims arising under section 93(2) sentence 1 of the German Stock Corporation Act (AktG)), the Company's right to revoke a member's appointment pursuant to section 84(4) of the German Stock Corporation Act (AktG), and the right of the Company to terminate the member's contract of service without notice (section 626(1) of the German Civil Code (Bürgerliches Gesetzbuch – BGB)) are not affected by this.

E. Remuneration-related transactions

1. Terms of remuneration-related transactions and preconditions for their termination, including relevant notice periods

The Supervisory Board complies with the requirements of section 84 of the German Stock Corporation Act (AktG) when appointing Management Board members and with regard to the term of their contracts of service. Consequently, the maximum term of their contracts of service is five years. In addition, the Supervisory Board takes the recommendations of the German Corporate Governance Code (and especially the recommendation for a maximum term of three years on initial appointment) into account, unless a deviation from such recommendations is stated. Contracts of service may only be terminated without notice for good cause within the meaning of section 626 of the BGB. It is not possible to terminate a contract of service by giving regular notice.

In the event that a Management Board member's contract of service is terminated, the variable remuneration components attributable to the period prior to termination are paid to the member in accordance with the performance criteria originally agreed and with the payment modalities and deadlines set out in their contract of service.

2. Compensation for dismissal

No severance payments may be made in the event of premature termination for good cause attributable to the Management Board member ("bad leaver").

If the contract of service is terminated by mutual consent other than for good cause, any severance payment to be made is limited to a maximum of two years' total remuneration, but no more than the remuneration for the remaining term (“**severance payment cap**”). The severance payment cap is calculated on the basis of the total remuneration for the past fiscal year plus the expected total remuneration for the current fiscal year, if applicable. The severance payment is offset against any ex gratia payment made due to a post-contractual non-compete agreement.

3. Pension and early retirement rules

There are no pension or early retirement rules in place at Westwing.

4. Change of control

The Supervisory Board may provide for a special right of termination and a promise of payments to be agreed in the contracts of services with Management Board members in the case of a change of control.

If such a special right of termination is agreed, the Management Board members have the right to terminate their contract of service giving three months’ notice to the end of a month, and to resign from the Management Board as of the termination date. A change of control in this sense exists in the following cases: A third party acquires at least 30% of the voting rights and hence reaches the mandatory offer threshold under the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – WpÜG); the Company enters into an intercompany agreement as a dependent company; or the Company is merged with another company that does not belong to the Group.

The special right of termination may only be exercised within two months of the change of control being executed. If the special right of termination is exercised, the size of the severance payment is limited to the value of the severance payment cap.

5. Assumption of supervisory board positions or comparable positions

The remuneration covers all activities performed by the Management Board member, including any activities for affiliated companies as set out in their Management Board contract of service.

The assumption of paid or unpaid sideline activities, honorary positions, or positions on supervisory boards, advisory boards, or the like in the professional sphere requires prior written consent from the Supervisory Board. The Supervisory Board may refuse such consent if the sideline activity impedes the member’s performance of their official duties for reasons of time or in another manner, and/or if other legitimate Company interests could be impaired.

In the event of non-Group supervisory board positions, the Supervisory Board will decide on a case-by-case basis whether and to what extent any remuneration paid for such positions must be offset.

6. **Post-contractual non-compete agreement**

The Supervisory Board may provide for a post-contractual non-compete agreement under which Management Board members are prohibited from competing with the Company for a certain period of time after the end of their contracts of service. In such cases, the Company will make an ex gratia payment to the Management Board members for the duration of the post-contractual non-compete agreement. Any severance payment made will be offset against the ex gratia payment. The Company can waive the post-contractual non-compete agreement at any time by issuing a written declaration to this effect; in this case it will be released from the requirement to make the ex gratia payment six months after the declaration is issued.

F. **Temporary deviation from the remuneration system**

Section 87a(2) sentence 2 of the German Stock Corporation Act (AktG) permits the Supervisory Board to exceptionally and temporarily deviation from individual components of the remuneration system if exceptional circumstances make such a deviation necessary in the interests of the Company's long-term well-being. This includes, for example, the alignment of the remuneration system in the event of a significant change in the Company's strategy in order to ensure adequate incentives are set, or in the event of a severe economic crisis. In particular, deviations may be made during economic crises in which the remuneration payable to (potential) Management Board members deemed suitable by the Supervisory Board on the basis of the remuneration system, and the resulting incentive structure, do not appear to be optimally aligned with the Company' interests. General adverse market developments are expressly excluded from such exceptional cases.

Even in the event of such a deviation, the remuneration must still be aligned with the Company's long-term sustainable development and must be consistent with the Company's success and the Management Board member's performance.

Such a deviation from the remuneration system requires a Supervisory Board resolution stating transparently that exceptional circumstances exist and that a deviation is necessary, and giving reasons for this.

The components of the remuneration system from which deviations may be made are the procedure, the rules governing the structure and amount of the remuneration (including the ratios between the individual remuneration components), the maximum remuneration and the individual remuneration components. The latter comprise the fixed remuneration (and particularly the amount and timing of payment), other fringe benefits (amount, type, and grant date), and the variable remuneration components (particularly the performance criteria for the STI, LTI Component 1, and LTI Component 2, and the ranges for the individual elements of the variable remuneration, the rules for determining the payment amounts, and the payment dates). In addition, further remuneration components may be granted if the incentive effect of the remuneration cannot be adequately restored by adjusting the existing remuneration components. The need for the deviations and the components of the remuneration system specifically affected by it will be explained to shareholders in the relevant Remuneration Report.