

Report of the Management Board on the utilization of the authorization to acquire treasury shares and the use of such treasury shares under exclusion of subscription rights

In accordance with Sections 71 para. 1 no. 8, para. 3 sentence 1 of the Stock Corporation Act, the Management Board submits the following report on the acquisition and use of treasury shares:

Based on the resolutions of the General Meeting of September 21, 2018, the Management Board is authorized until September 20, 2023, with the approval of the Supervisory Board (i) to acquire treasury shares of the Company, subject to compliance with the principle of equal treatment (Section 53a of the Stock Corporation Act), up to a total of 10% of the Company's share capital existing at the time the resolution is adopted or – if this value is lower – at the time the authorization is exercised as well as (ii) to exercise the call options for the acquisition of treasury shares under the existing agreements, in particular the so-called angel agreements, and to acquire treasury shares up to a total amount of 10% of the share capital of the Company at the time of the resolution. The Management Board is further authorized to use the treasury shares acquired by the Company on the basis of the above authorizations as well as treasury shares already held by the Company, *inter alia*, to service stock options which entitle the holders to acquire shares in the Company and which were issued to current or former employees or members of the executive bodies of the Company or of companies affiliated with the Company, provided that these stock options are exercised. To this extent, the shareholders' subscription rights are excluded by the General Meeting.

In April 2019, the Management Board based on the authorization of the General Meeting of September 21, 2018 and with the approval of the Supervisory Board resolved to exercise call options relating to shares of the Company under existing agreements, and subsequently, the Company bought back a total amount of 18,900 shares of the Company for a total purchase price of EUR 280,687.29 in June 2019.

Further, based on the authorization of the General Meeting of September 21, 2018 and in particular in the light of the free reserves, the Management Board resolved on August 12, 2019, with the approval of the Supervisory Board, to implement a share buyback program with a maximum volume of up to 800,000 shares of the Company at a maximum total purchase price (excluding incidental costs) of up to EUR 4,000,000.00. The buy-back via XETRA trading on the Frankfurt Stock Exchange began on August 14, 2019 and could have been carried out until December 31, 2020.

In the period from August 14, 2019 (inclusive) to the premature end on October 30, 2019 (inclusive), a total of 800,000 shares were bought back under the Company's share buyback program. This corresponds to 3.86% of the registered share capital and EUR 800,000.00 (amount of share capital attributable to the acquired shares). The average purchase price was EUR 3.4451. In total, shares were bought back for a total purchase price of EUR 2,756,076.00. The sole purpose was to use the repurchased shares to service stock options which entitle the holders to acquire shares in the Company

and which were issued to current or former employees or to members of the Company's executive bodies or to companies affiliated with the Company, provided that these stock options are exercised.

By December 31, 2019, the Company had sold 98,250 treasury shares to former and current employees of the Company and to current employees of affiliated companies. Thus, in fiscal year 2019, a total of 98,250 stock options have been exercised, which corresponds to 0.47% of the registered share capital and EUR 98,250.00 (amount of share capital attributable to the selling shares). The average exercise price was EUR 0.59. The exercise price in individual cases was EUR 0.01, EUR 1.23 and EUR 1.71, depending on the individual contractual agreement with the option holder. The company thereby achieved sales proceeds of EUR 57,819.00.

From January 1, 2020 until the date of the convening of the General Meeting, the Company sold further 6,150 treasury shares to former employees of the Company and to current employees of affiliated companies. Thus, a total of 6,150 stock options have so far been exercised in fiscal year 2020, which corresponds to 0.03% of the registered share capital and EUR 6,150 (amount of the share capital attributable to the selling shares). The average exercise price was EUR 0.71. The exercise price in individual cases was EUR 1.71, and EUR 0.01, depending on the individual contractual agreement with the option holder. The company thereby achieved sales proceeds of EUR 4.393,00.

Up to the time of the convening of the General Meeting, the Company has sold a total of 104,400 treasury shares of the Company in the financial years 2019 and 2020, which were acquired on the basis of the above authorization from the financial year 2019, to current and former employees of the Company and its affiliated companies to service stock options. This corresponds to a notional share of 0.50% of the registered share capital of the Company. Thus, 104,400 stock options have been exercised so far in the financial years 2019 and 2020. The average exercise price was EUR 0.60. The Company thereby achieved total sales proceeds of EUR 62,212.00. The proceeds from the sale were not used for a specific purpose but were used for the general business operations of the Company.

Based on the above considerations, the exclusion of subscription rights in connection with the sale of treasury shares in accordance with the provisions of the authorization by the General Meeting of September 21, 2018 was materially justified.

Berlin, June 2020

Westwing Group AG
Management Board