



WESTWING

Q3 2022 Results

Munich, November 10, 2022

Disclaimer | Forward looking statements

Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made and are subject to significant risks and uncertainties. You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements. Our actual results may differ materially and adversely from any forward-looking statements discussed 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.

A photograph of a dining table set for a meal. The table is made of light-colored wood and is surrounded by white upholstered chairs. On the table, there are several place settings with dark grey bowls, white plates, and clear glassware. A loaf of bread is on a wooden board, and a lit candle is in a holder. The background shows a bright window with greenery outside.

Our mission:

“**To inspire and make every home a beautiful home.**”



AGENDA

- Business Update
- Financial Update
- Q&A

Business Update



State of Westwing

1

Topline Q3 2022 in line with FY 2022 guidance

- Q3 2022 topline **in line with expectation** as communicated in Q2 2022 call; Group **GMV** increased at a **CAGR of +13%** vs. Q3 2019
- **Intact seasonal topline uplift** in Q4 2022 so far

2

Focus on protecting profitability

- **Protecting unit economics**, e.g. by an all-time high of 44% Westwing Collection share of GMV, introducing shipping fees and reducing our warehouse footprint in 2023
- **On top of EUR 15m previously communicated, further implementation of EUR 15m annual run rate savings** across SG&A, Marketing, and CAPEX

3

Strong cash position

- Strong **cash position of EUR 64m maintained** per end of Q3 2022
- Significantly **improved Net Working Capital** by **>EUR 10m** vs. Q2 2022

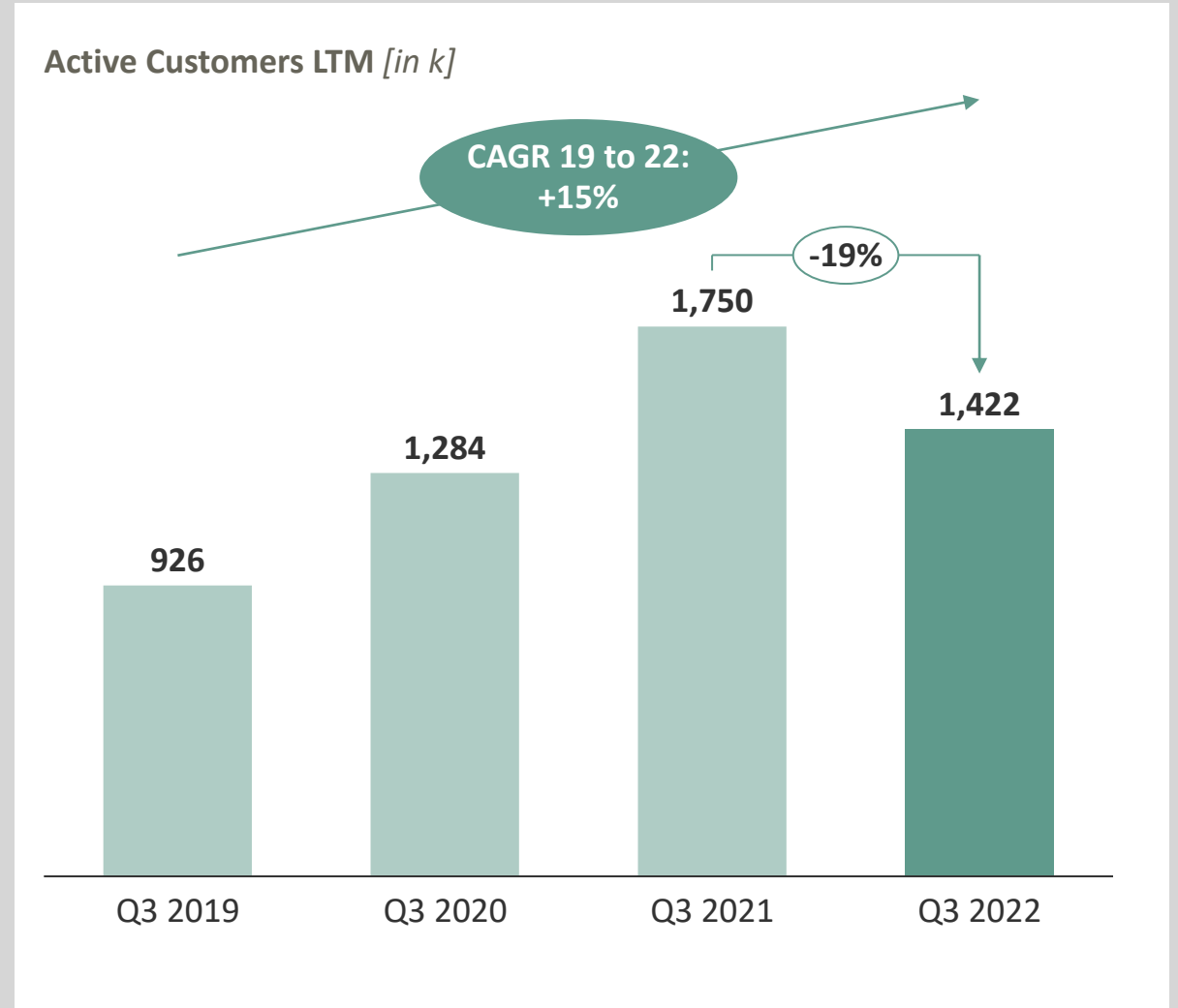
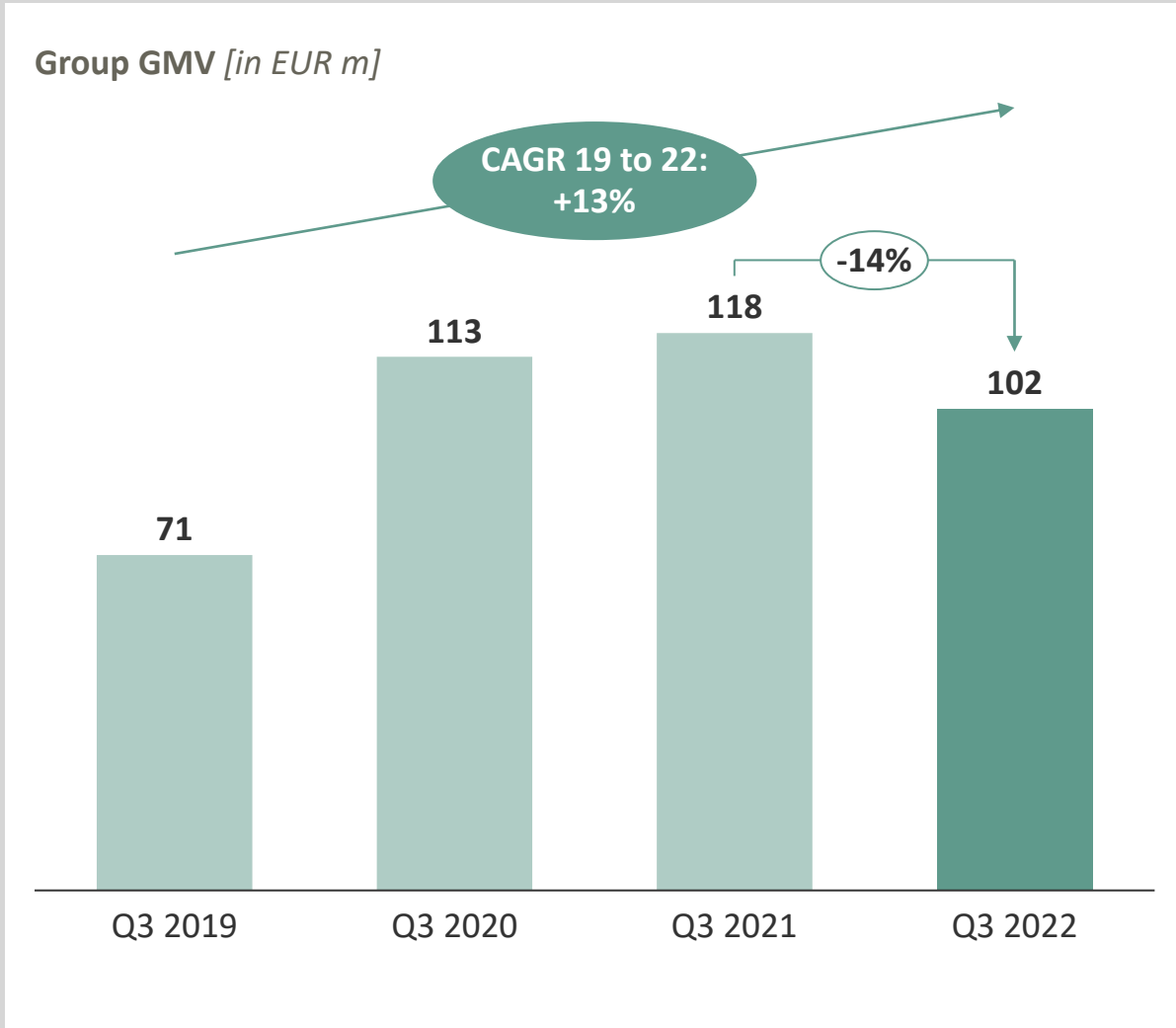
4

Progress on Westwing's full potential

- First pilot country live with **new seamless customer experience** improving visibility for Shop (Permanent Assortment) and Westwing Collection **to drive growth and profitability**
- **Chief Creative Officer Delia Lachance** returns full-time from maternity leave; seasoned **Marketing executive Rik Strubel** joining as new **Chief Marketing Officer** from January 2023

1

GMV and Active Customer development in line with expectation, increasing at a CAGR of +13% and +15% vs. Q3 2019, respectively



Note: All figures unaudited.

2 We are successfully protecting our unit economics in an inflationary environment



— **High-margin Westwing Collection share** at an all-time high of 44% of GMV in Q3 2022



— Retail **price increases** to account for inflation



— **Selective discounting**, but no reduction of high inventory levels at unreasonable cost



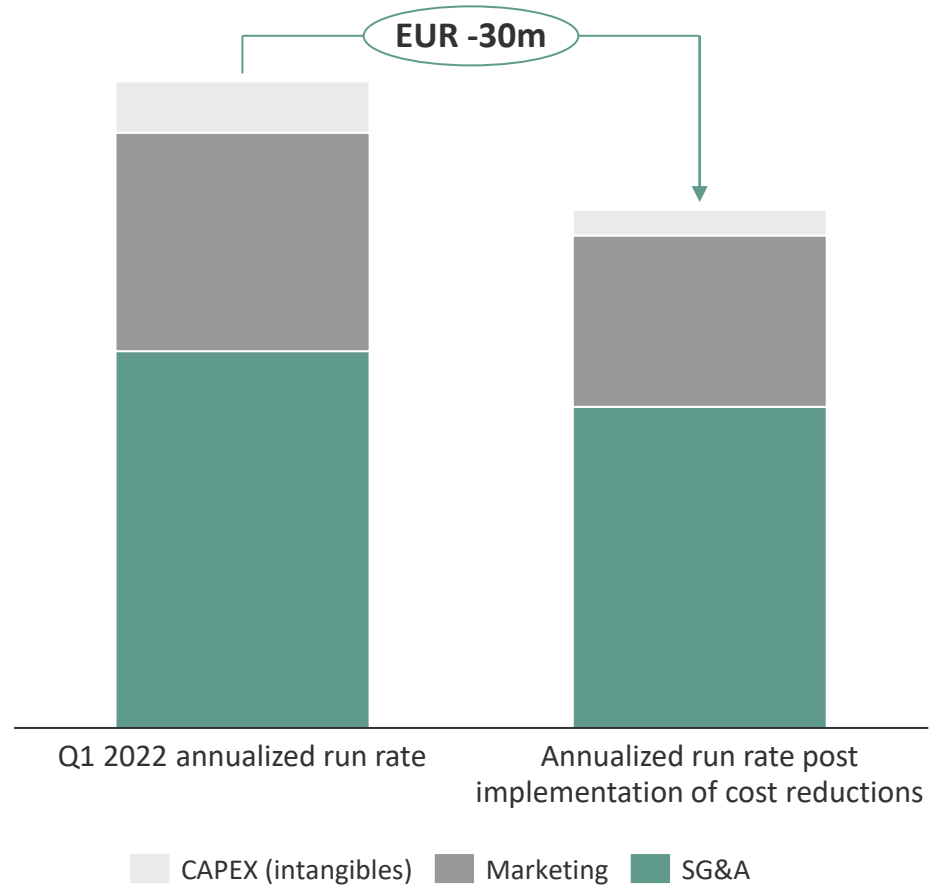
— **Shipping fees** on all Shop (Permanent Assortment) orders **being implemented** with further surcharge on **two-man handling** items; fees for **bulky items** to come



— **Warehouse footprint reduction** (closing one warehouse in 2023) alongside fulfilment efficiencies

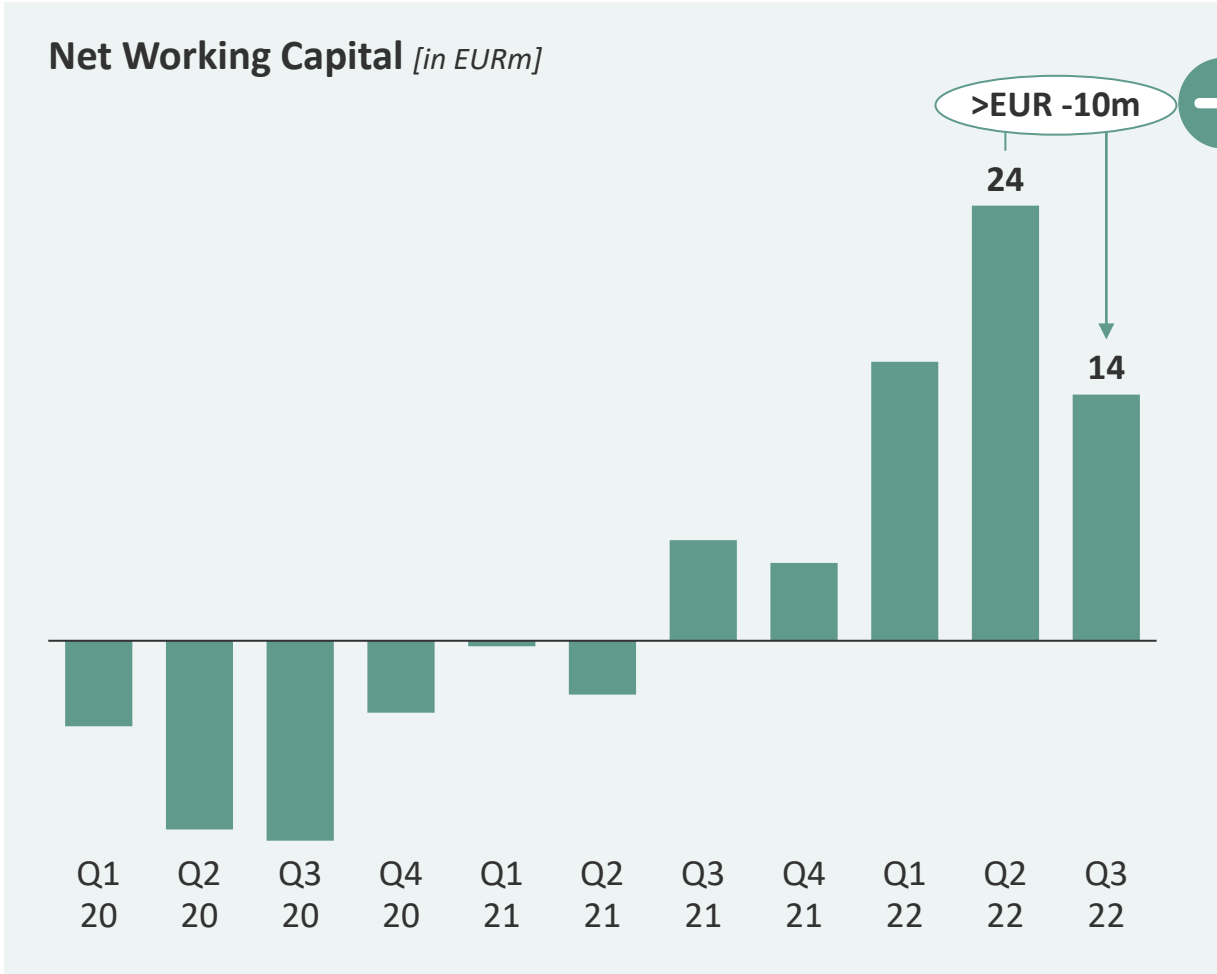
2 Annualized cost reductions of EUR 30m implemented to enable return to Adj. EBITDA profitability and positive Free Cash Flow in 2023

Impact of cost reduction measures per investment area [indicative]



- EUR 15m additional cost savings to the previously announced cost savings of EUR 15m result in a total of EUR 30m in implemented savings vs. Q1 2022 baseline
- Cost savings required a headcount **reduction of c. 250 FTEs** across SG&A and Marketing organizations
- **Marketing** cost savings targeted **structural fixed** costs as well as **performance marketing** investments
- **CAPEX savings** driven by lower investments into internal **software development**

3 We improved Net Working Capital by >EUR 10m vs. Q2 2022



Decisive Net Working Capital management

- Clear focus on **selling existing stock** and **reordering conservatively**
- Lower order volumes and supplier negotiations resulted in **reduced supplier prepayments**
- Introduced a **trade financing** solution with an impact of EUR 4m in Q3 2022
- **Seasonal topline uplift** beneficial for contract liabilities

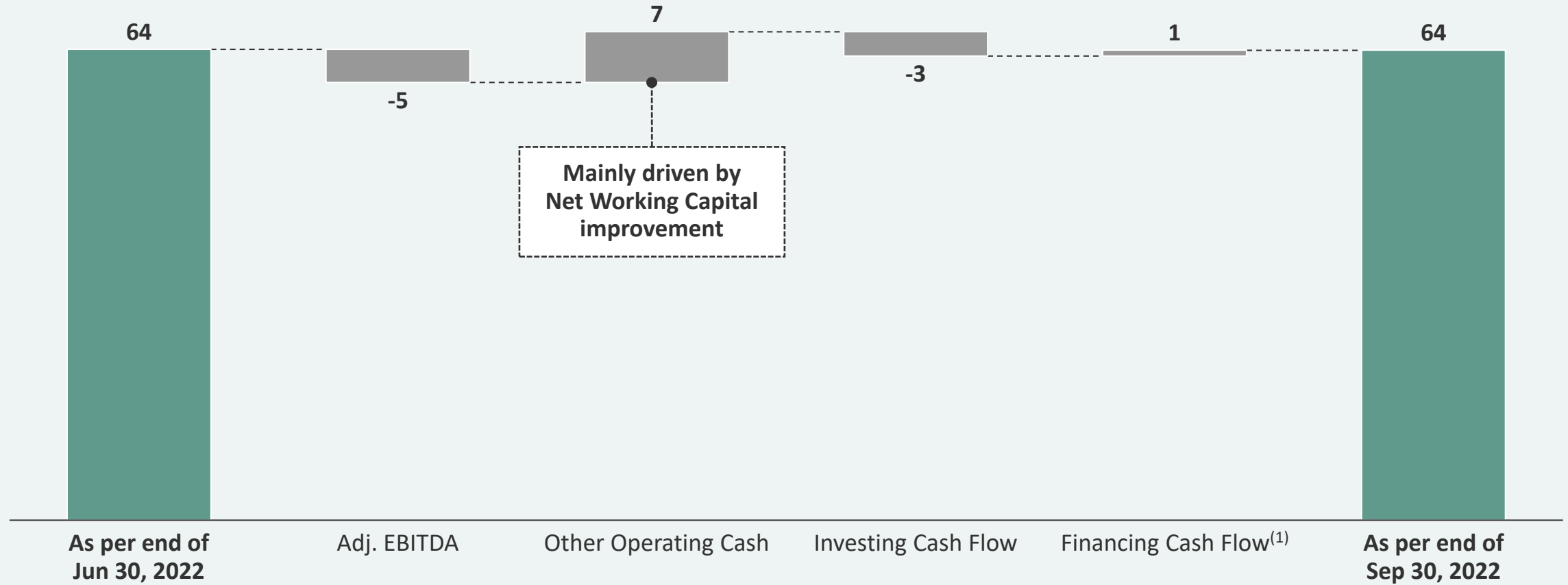
Based on further optimization initiatives we expect to **return to a neutral to single-digit million Net Working Capital by the end of FY 2023**

Note: All figures unaudited.

3

Through decisive liquidity management we compensated for operating losses and stabilized our strong cash balance at EUR 64m in Q3 2022

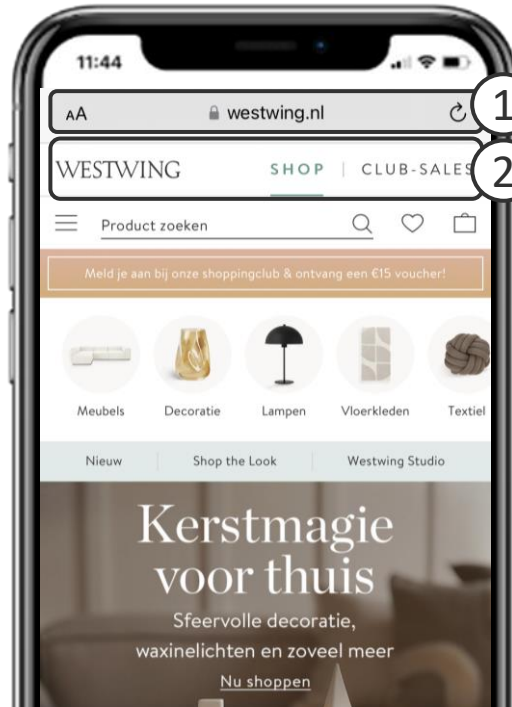
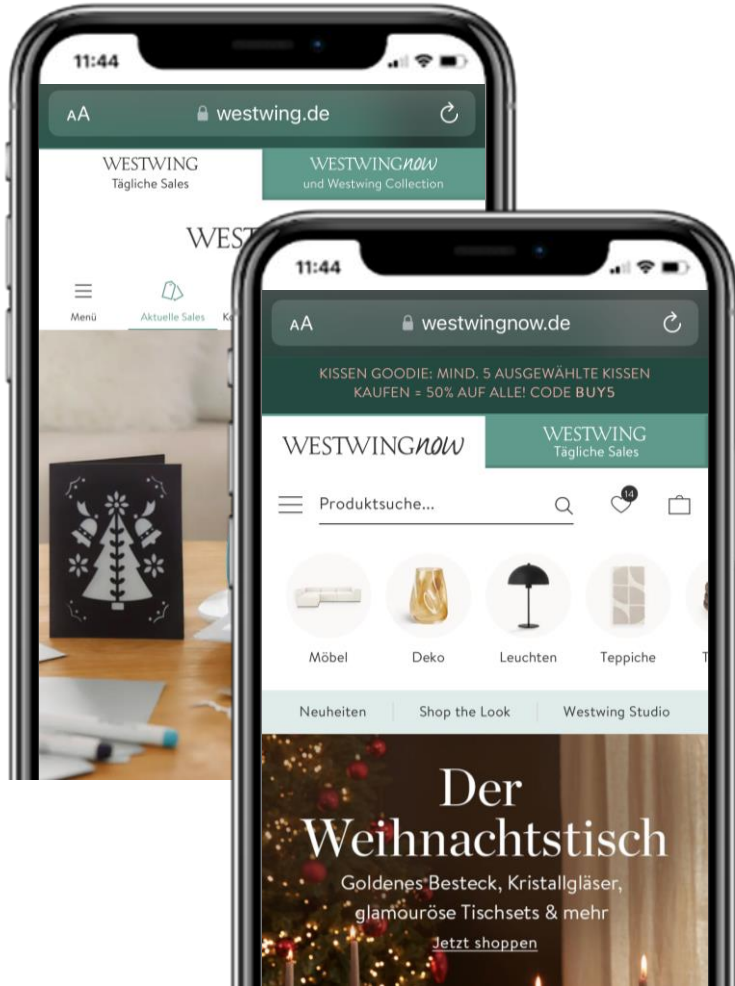
Cash and cash equivalents bridge Q2 2022 vs. Q3 2022 [in EURm]



Note: All figures unaudited. (1) Financing Cash Flow includes the positive Cash Flow impact from Trade Financing and FX effects.

4

New, seamless customer website experience improving visibility for Shop (Permanent Assortment) and Westwing Collection to drive growth and profitability




1


2


Integrating Shop (Permanent Assortment) and Club-Sales (Daily Themes) under one domain
 New "OneWestwing" Header

Dutch pilot live to test and optimize the "OneWestwing" set-up

"OneWestwing" is expected to ...

- 

Create a better and more intuitive customer experience leading to lower bounce rates, higher conversion and GMV
- 

Increase traffic for Westwing Collection to drive growth and profitability
- 

Enable non-digital brand marketing, thereby acting as a "door opener" for new target customer groups

4 Chief Creative Officer Delia Lachance returns full-time from maternity leave



"I am super happy to be back at Westwing after maternity leave. It's exciting to work with our new CEO Andreas and our amazing team on taking Westwing to the next level!"



Rik Strubel

Chief Marketing Officer, Westwing Group SE

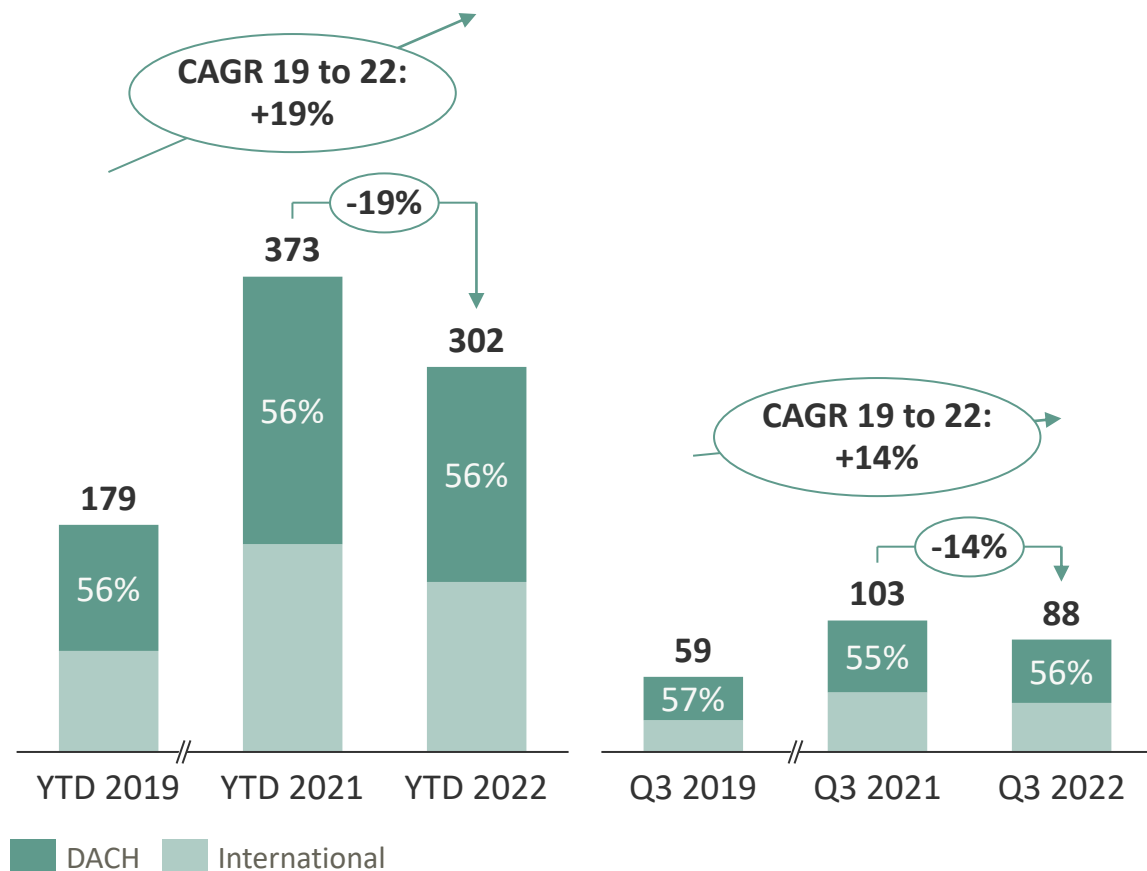
- Jan 2023 ● Chief Marketing Officer, Westwing Group SE
- 2019 ● Chief Marketing & Digital Growth Officer, Henkel
100+ Brands | \$4bn+ turnover
- 2005 ● Global Vice President, Unilever – Axe/Lynx
Axe/Lynx | \$2bn+ turnover

Financial Update

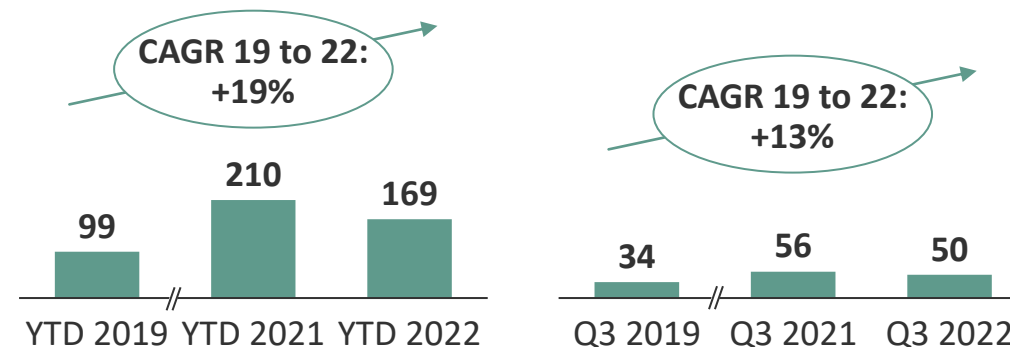


Q3 2022 revenue growth in line with guidance for FY 2022 results

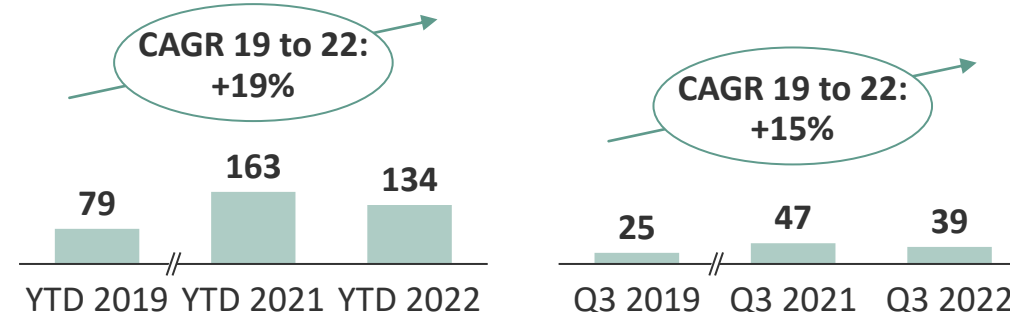
Group Revenue [in EUR m]



DACH Segment Revenue [in EUR m]



International Segment Revenue [in EUR m]



Note: All figures unaudited.

Income statement details

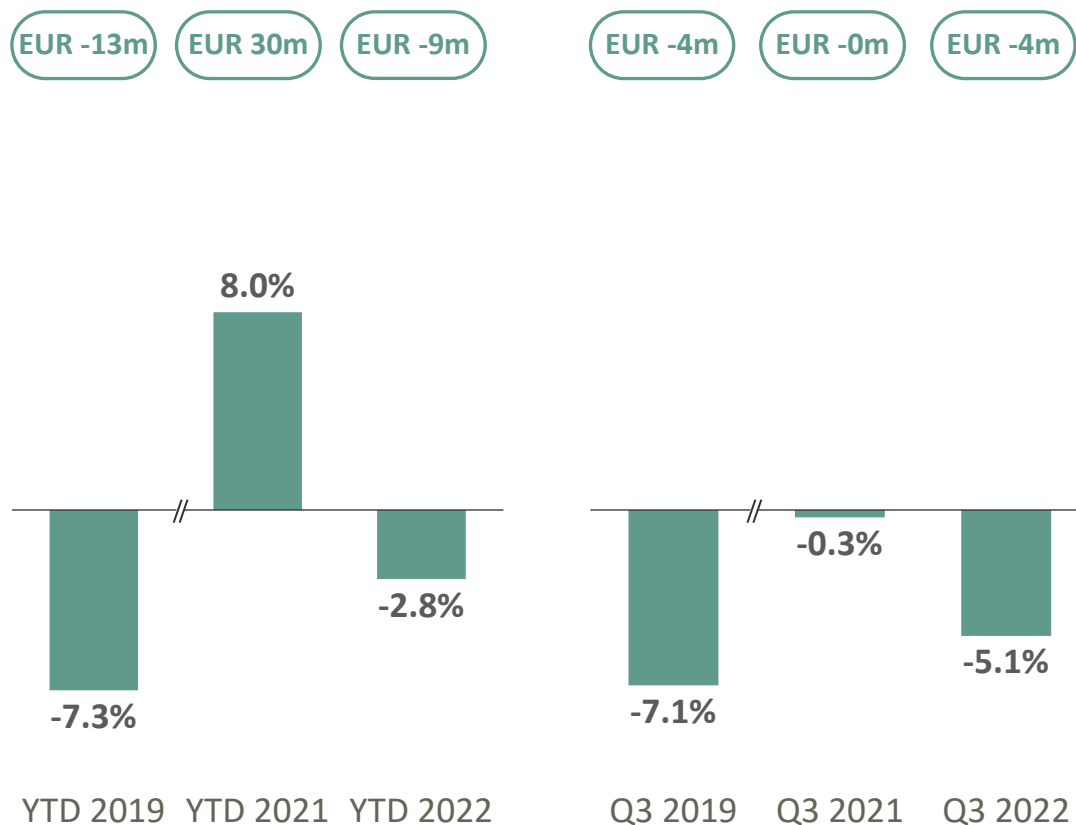
[in % of revenue]	YTD 2019	YTD 2021	YTD 2022	Delta 22 vs. 21	Q3 2019	Q3 2021	Q3 2022	Delta 22 vs. 21	
Gross margin	43.3%	49.8%	48.4%	-1.4%pts	44.3%	49.0%	47.8%	-1.2%pts	Cost increases and stock sell-offs mostly compensated by higher Westwing Collection share and price increases
Fulfilment ratio	-24.3%	-20.7%	-23.4%	-2.7%pts	-24.2%	-22.7%	-23.4%	-0.7%pts	Low utilization and further cost inflation
Contribution margin	19.1%	29.1%	25.0%	-4.1%pts	20.2%	26.2%	24.4%	-1.9%pts	
Marketing ratio	-8.8%	-9.4%	-10.0%	-0.6%pts	-10.9%	-11.9%	-9.4%	+2.5%pts	Cost savings in structural and performance marketing
G&A ratio⁽¹⁾	-21.2%	-14.2%	-22.1%	-7.9%pts	-20.6%	-18.0%	-25.3%	-7.3%pts	Impact from lower scale; cost savings not yet reflected in P&L
D&A ratio	3.7%	2.5%	4.2%	+1.7%pts	4.3%	3.3%	5.2%	+1.9%pts	
Adj. EBITDA margin	-7.3%	8.0%	-2.8%	-10.8%pts	-7.1%	-0.3%	-5.1%	-4.7%pts	

Note: All figures unaudited.

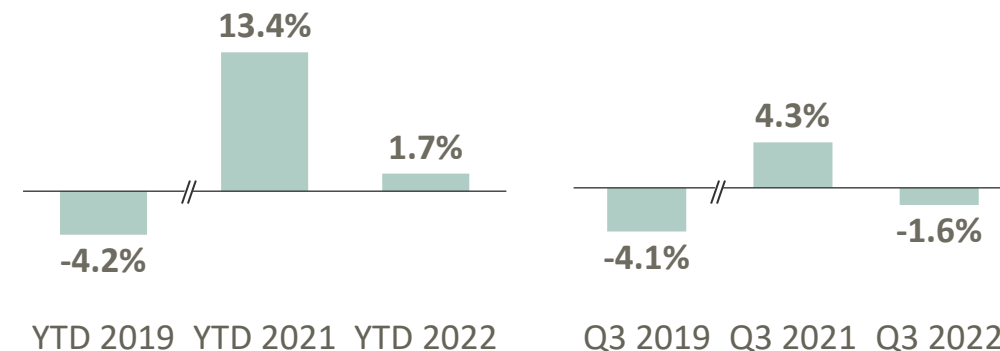
Figures in this section are presented on an adjusted basis, i.e. excluding (i) share-based compensation (in Fulfilment expenses, Marketing expenses as well as in general and administrative expenses), (ii) expenses for a tax claim provision against a divested entity regarding previous years, (iii) expenses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

Group profitability at -5.1% Adj. EBITDA margin in Q3 2022 as a result of lower topline

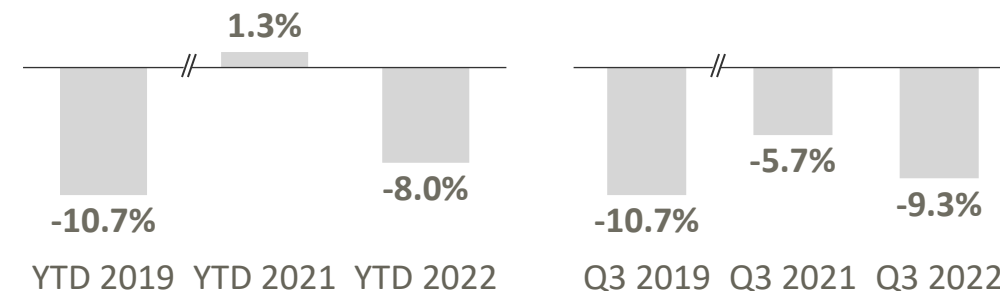
Group Adj. EBITDA [in % of revenue]



DACH Segment Adj. EBITDA [in % of revenue]



International Segment Adj. EBITDA [in % of revenue]

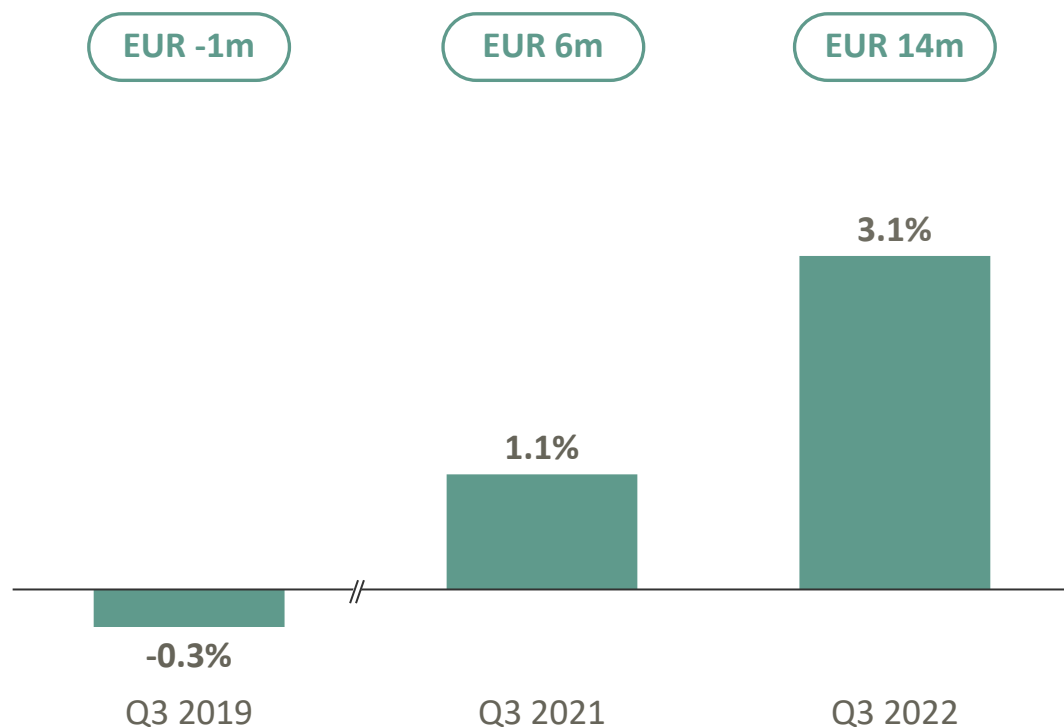


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Net Working Capital positive at EUR 14m; improved by >EUR 10m vs. Q2 2022

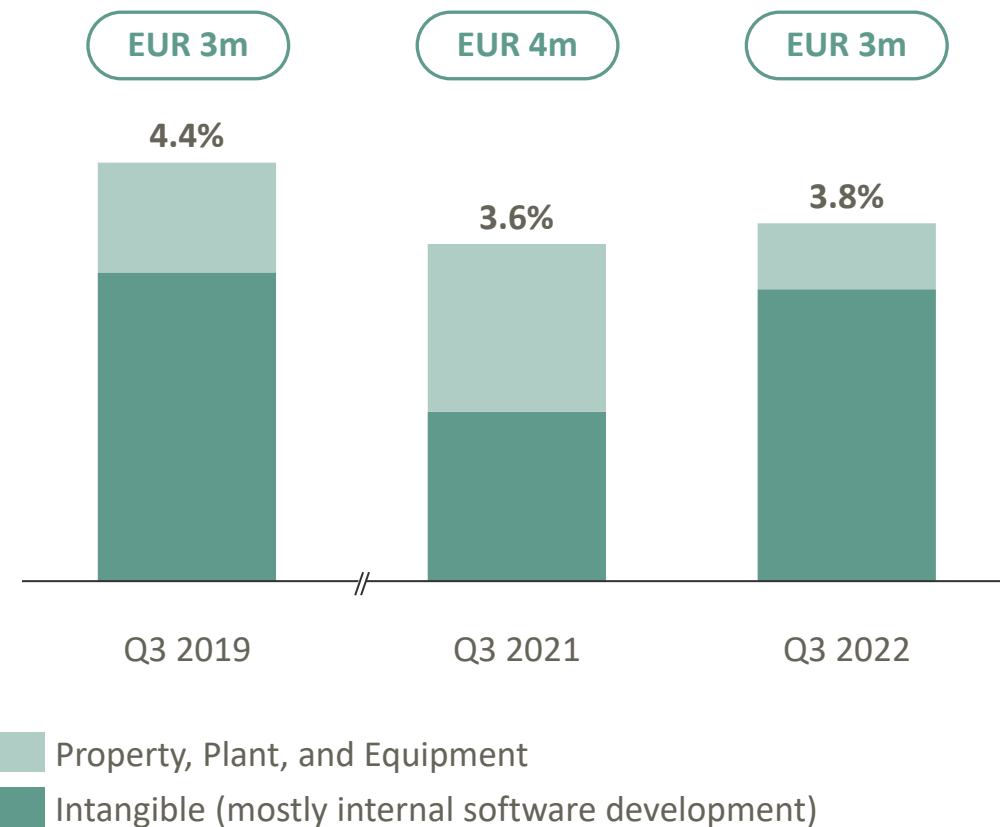
Net Working Capital

[in EUR m and % of LTM revenue]



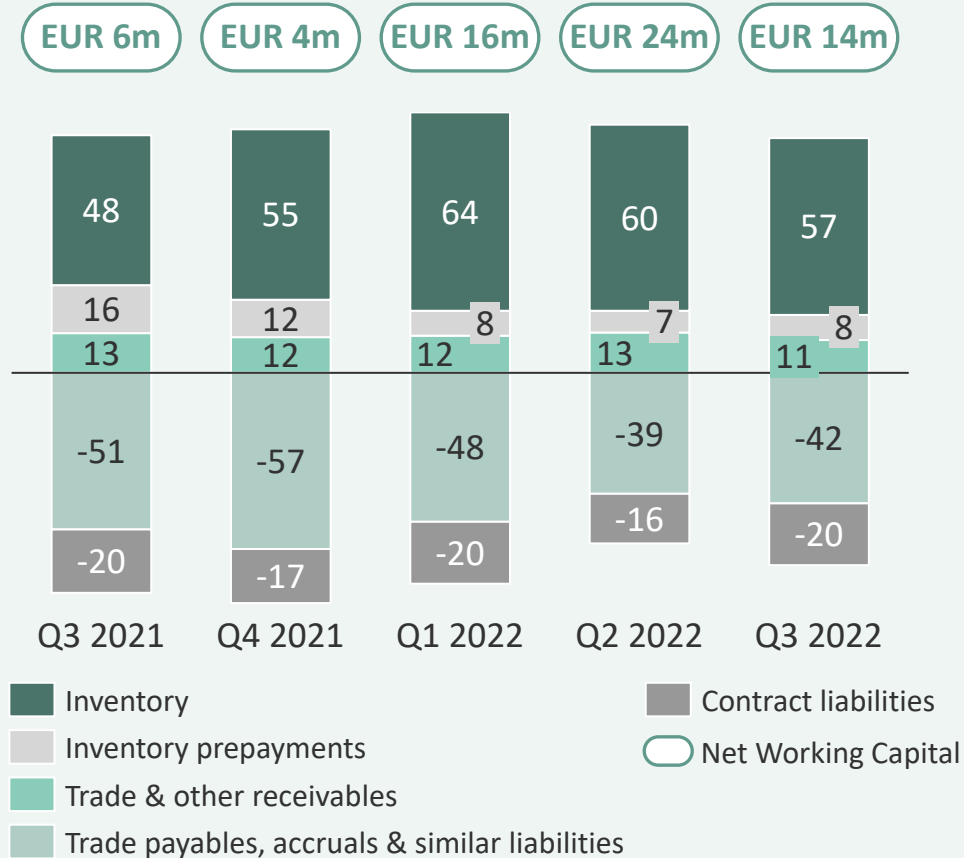
Capex ratio

[in EUR m and as % of revenue]



Net working capital expected to decrease and return to neutral to single-digit million by the end of 2023

Net Working Capital over time [in EUR m]



Year End 2023

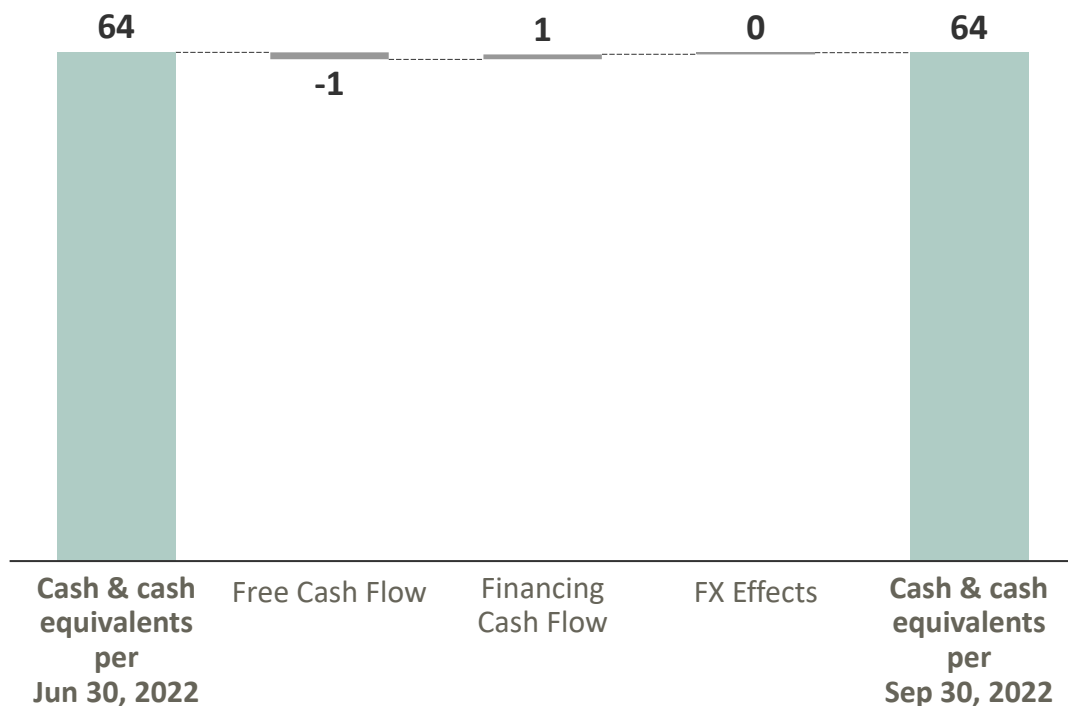
Inventory	↘	Reduced purchase order levels and focus on selling existing stock
Inventory Prepayments	→	Stabilizing on lower levels
Trade receivables	→	No significant impact
Trade payables	↗	Trade financing and increasing with growth
Contract liabilities	→	No significant impact

Neutral to single-digit million Net Working Capital

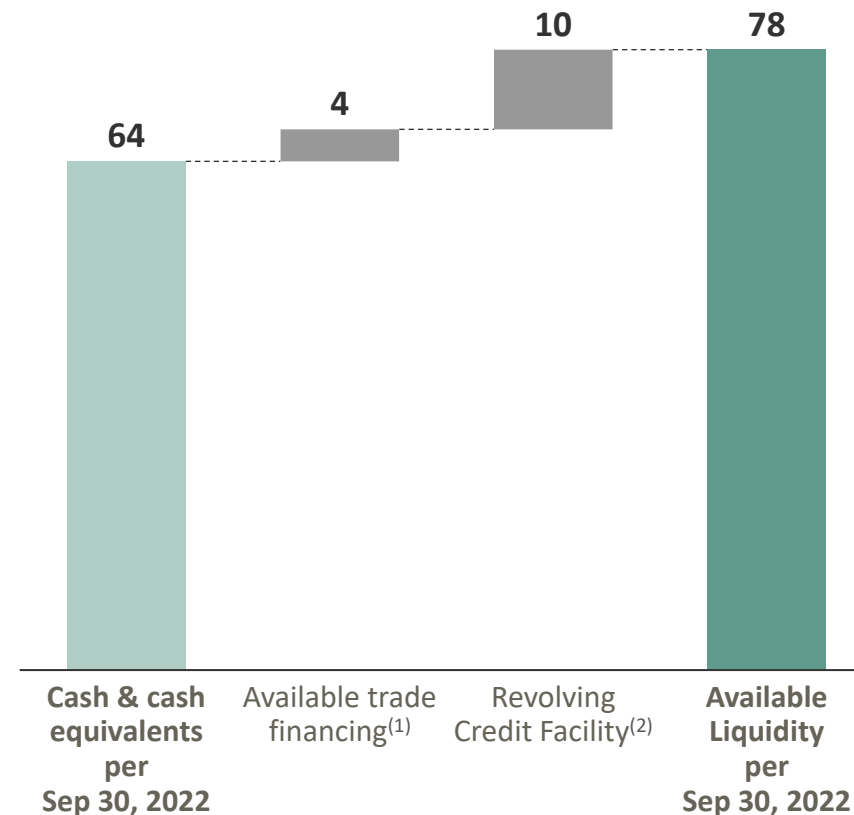
Note: All figures unaudited. Contract liabilities in the IFRS balance sheet refer to customer prepayments.

Strong cash balance of EUR 64m; EUR 78m in liquidity available per end of Q3 2022

Cash and cash equivalents Q2 2022 vs. Q3 2022 [in EUR m]



Available liquidity bridge Q3 2022 [in EUR m]



Note: All figures unaudited. Free Cash Flow defined as the sum of Operating Cash Flow and Investing Cash Flow; (1) Trade financing solution total volume: EUR 8m (of which EUR 4m utilized in Q3 2022); (2) Revolving Credit Facility (RCF) volume: EUR 10m (non-revokable till end of 2024).

Outlook 2022

Guidance FY 2022 *as of August 10, 2022*



EUR

410m to 450m

Revenue

-22% to -14% yoy growth



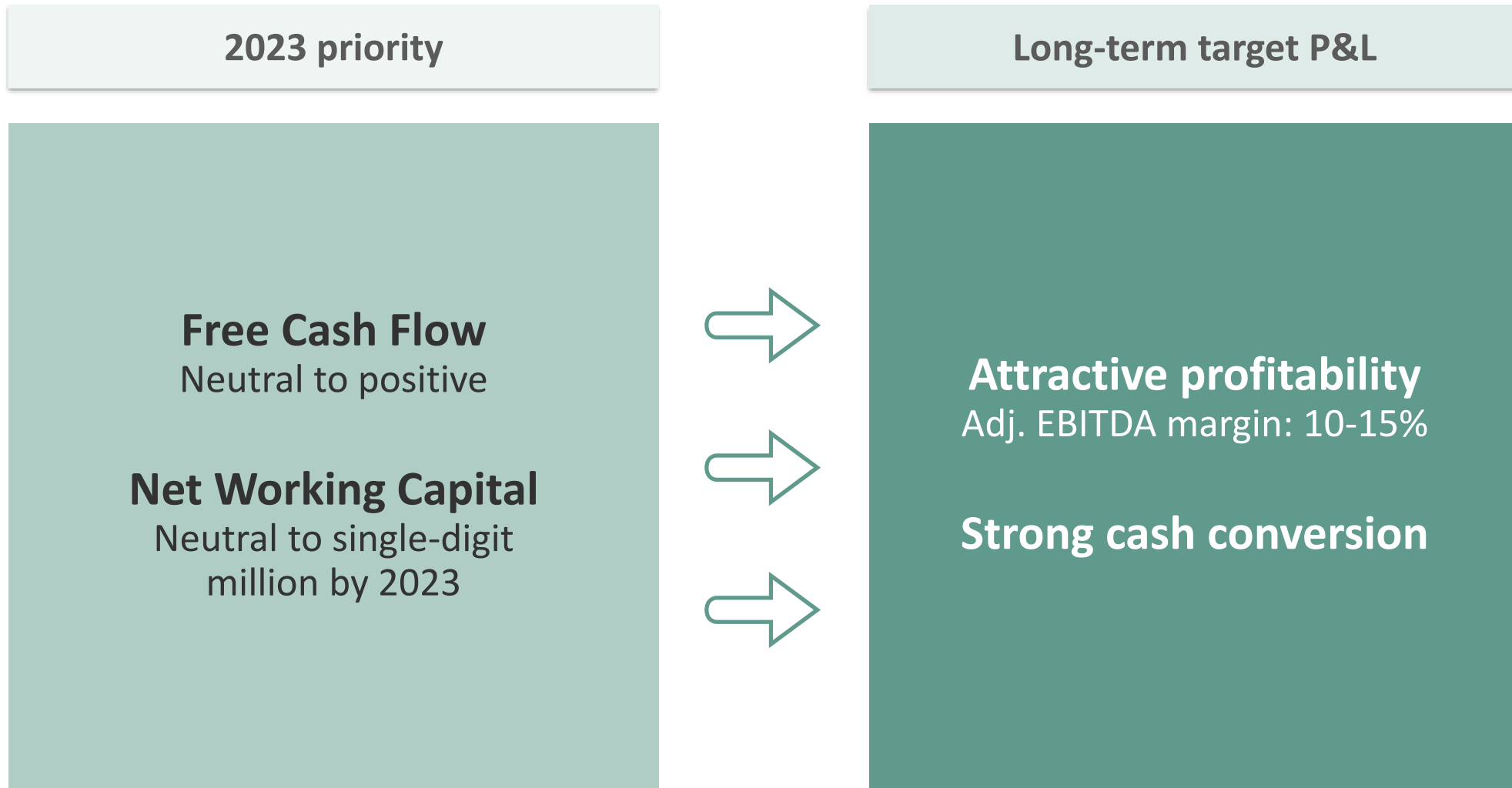
EUR

-15m to 0m

Adj. EBITDA

-4% to 0% Adj. EBITDA margin

Driving clear short-term priorities in 2023 to support the path towards our long-term target of 10-15% Adj. EBITDA with strong cash conversion



Note: All figures unaudited. Figures provided here are indicative and do not represent official company guidance.

Investment Highlights



Investment highlights

The opportunity is massive

Huge Home & Living **market of EUR 120bn** very early in eCommerce;
We target c. 70% of the overall market by **targeting Home Enthusiasts**

Customer loyalty at the core

The **differentiating creative and inspirational core** of Westwing drives superior loyalty for our **love brand** with **80% repeat order share⁽¹⁾**

Westwing Collection

Our Westwing Collection perfectly **leverages the loyalty to our love brand** at **>10%pts margin upside**

Strong cash profile

Our strong **balance sheet** has **ample liquidity** to navigate through the current challenging market environment

Attractive target P&L

We have a long-term **Adj. EBITDA margin target of 10-15%**



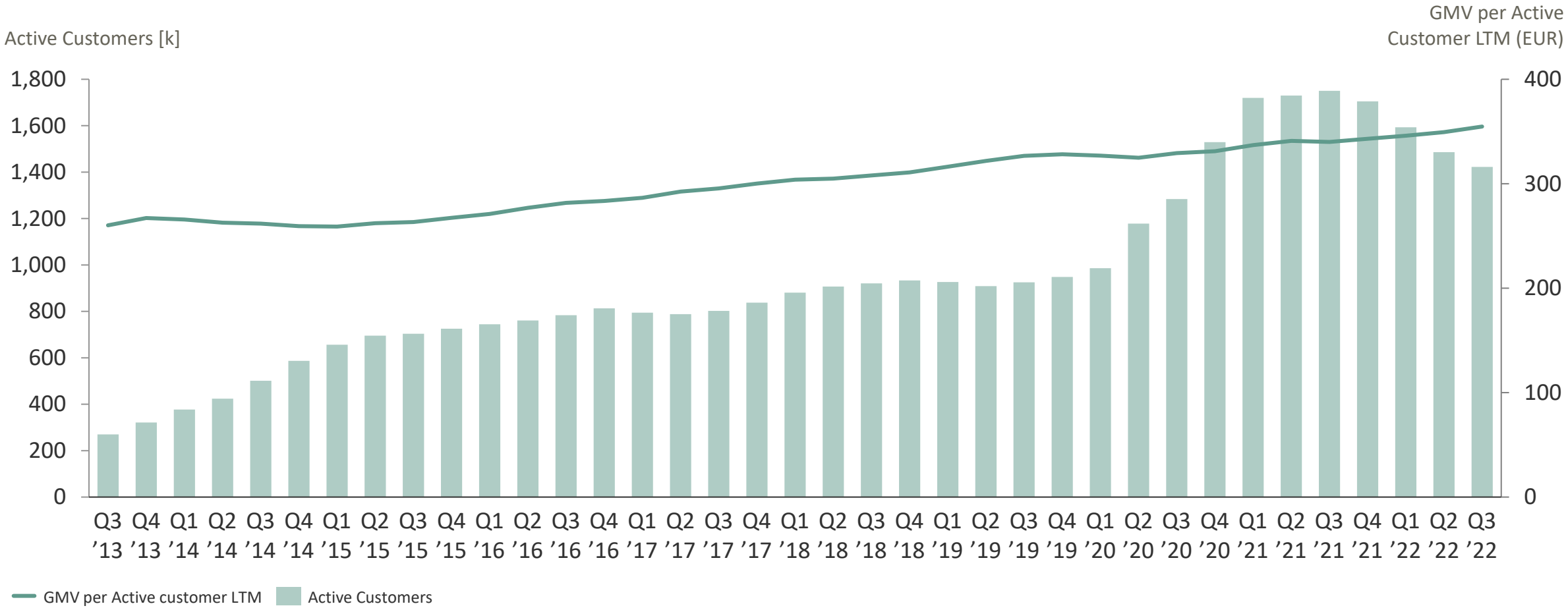
Q&A

Appendix



Continuously expanding share of wallet with customers

Active Customers and GMV per Active Customer [in #k and EUR]



Note: All figures unaudited. Active customer defined as a customer who has made a valid order within the last 12 months.

KPI overview

Group KPIs	Unit	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Westwing Collection share	in % of GMV	21%	22%	27%	25%	25%	22%	26%	28%	31%	32%	38%	37%	37%	38%	44%
Active Customers	in k	927	909	926	949	986	1,178	1,284	1,529	1,720	1,730	1,750	1,705	1,593	1,486	1,422
Number of orders	in k	591	492	539	805	675	1,051	874	1,474	1,268	1,022	819	1,262	872	685	620
Average basket size	in EUR	129	132	132	121	127	122	129	119	129	135	144	131	147	159	164
Average orders LTM per Active Customer	in #	2.6	2.6	2.6	2.6	2.5	2.6	2.7	2.7	2.7	2.7	2.6	2.6	2.5	2.4	2.4
Average GMV LTM per Active Customer	in EUR	318	322	326	327	324	325	330	328	337	341	340	343	345	349	355
GMV	in EUR m	76	65	71	98	85	128	113	175	164	139	118	166	128	109	102
Mobile visit share	in %	75%	76%	77%	76%	76%	79%	80%	79%	79%	80%	80%	80%	80%	80%	80%

KPI definitions

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

Note: All figures unaudited.

Consolidated income statement

EUR m, in % of revenue, unaudited	YTD 2021	YTD 2022	Q3 2021	Q3 2022
Revenue	373.4	302.4	103.2	88.3
Cost of Sales	-187.5	-156.0	-52.7	-46.1
Gross profit	185.8	146.4	50.5	42.2
Fulfilment expenses	-77.3	-70.9	-23.5	-20.7
Marketing expenses	-35.1	-31.4	-12.3	-8.8
General and administrative expenses	-63.4	-65.0	-22.0	-24.2
Other operating expenses	-2.1	-2.2	-0.2	-1.1
Other operating income	3.1	2.2	1.5	1.3
Operating result	11.1	-20.9	-5.9	-11.4
Financial result	-1.4	-2.8	-0.9	-1.0
Result before income tax	9.7	-23.7	-6.8	-12.4
Income tax expense	-5.5	-0.1	-2.0	0.9
Result for the period	4.2	-23.9	-8.8	-11.4
Reconciliation to Adj. EBITDA				
Operating result (EBIT)	11.1	-20.9	-5.9	-11.4
Share-based compensation expenses	8.8	-4.4	2.5	-0.6
Provision tax claim discontinued operations	0.4	-	-0.6	-
Expenses SE conversion	0.3	-	0.3	-
Centralization France	-0.0	-	-	-
Restructuring severances 2022	-	4.0	-	2.9
D&A	9.4	12.8	3.4	4.6
Adj. EBITDA	30.0	-8.5	-0.4	-4.5
Adj. EBITDA margin (%)	8.0%	-2.8%	-0.3%	-5.1%

Note: All figures unaudited. We calculate "Adjusted EBITDA" by adjusting EBITDA for these items: (i) share-based compensation (in Fulfilment expenses, Marketing expenses as well as in general and administrative expenses), (ii) expenses for a tax claim provision against a divested entity regarding previous years, (iii) expenses for the SE conversion and (iv) restructuring severances.

Adjusted income statement

EUR m, in % of revenue, unaudited	YTD 2021	YTD 2022	Q3 2021	Q3 2022
Revenue	373.4	302.4	103.2	88.3
<i>Revenue Growth yoy</i>	34.7%	-19.0%	4.7%	-14.5%
Cost of Sales	-187.5	-156.0	-52.7	-46.1
Gross Profit	185.8	146.4	50.5	42.2
Gross Margin	49.8%	48.4%	49.0%	47.8%
Fulfillment expenses	-77.3	-70.8	-23.4	-20.7
Contribution profit	108.6	75.6	27.1	21.5
Contribution margin	29.1%	25.0%	26.2%	24.4%
Marketing expenses	-35.1	-30.1	-12.2	-8.3
General and administrative expenses	-54.3	-66.7	-19.3	-22.5
Other operating expenses	-1.7	-2.2	-0.8	-1.1
Other operating income	3.1	2.2	1.5	1.3
Depreciation and Amortization	9.4	12.8	3.4	4.6
Adj. EBITDA	30.0	-8.5	-0.4	-4.5
Adj. EBITDA Margin (%)	8.0%	-2.8%	-0.3%	-5.1%

Note: All figures unaudited. Figures in this section are presented on an adjusted basis, i.e. excluding (i) share-based compensation (in Fulfillment expenses, Marketing expenses as well as in general and administrative expenses), (ii) expenses for a tax claim provision against a divested entity regarding previous years, (iii) expenses for the SE conversion and (iv) restructuring severances. We calculate "Adjusted EBITDA" by adjusting EBITDA for these items.

Segment reporting

DACH in EUR m, unaudited	YTD 2021	YTD 2022	Q3 2021	Q3 2022
Revenue	210.2	168.9	56.4	49.7
<i>yoy Growth (in %)</i>	38.7%	-19.7%	4.2%	-11.9%
Adj. EBITDA	28.2	2.8	2.4	-0.8
<i>Adj. EBITDA Margin %</i>	13.4%	1.7%	4.3%	-1.6%

International in EUR m, unaudited	YTD 2021	YTD 2022	Q3 2021	Q3 2022
Revenue	163.2	133.6	46.8	38.6
<i>yoy Growth (in %)</i>	29.8%	-18.2%	5.3%	-17.6%
Adj. EBITDA	2.1	-10.7	-2.7	-3.6
<i>Adj. EBITDA Margin %</i>	1.3%	-8.0%	-5.7%	-9.3%

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Net Working Capital Bridge

Net Working Capital (NWC) breakdown as of September 30, 2022 [EUR m]



Note: All figures unaudited.

Issued share capital

Share Information *as of September 30, 2022*

Type of Shares	Ordinary bearer shares with no-par value (Stückaktien)
Stock Exchange	Frankfurt Stock Exchange
Market Segment	Regulated Market (Prime Standard)
Number of Shares issued	20,903,968
Issued Share Capital	EUR 20,903,968
Treasury Shares	326,475

Stock Option Programs *as of September 30, 2022*

Program	# of options outstanding	Weighted average exercise price (EUR)
VSOPs ⁽¹⁾	883,625	2.46 ⁽¹⁾
LTIP 2019 ⁽²⁾	1,828,800	19.30 ⁽²⁾
LTIP 2016	96,450	0.01
Other	754,925	11.24
Total	3,563,800	12.89

Note: All figures unaudited. Equity programs are shown on pre-conversion basis.

(1) VSOPs are virtual, cash-settled option programs with an average cap of EUR 23.90, vesting end of 2022. (2) LTIP 2019 vesting end of 2022.

Upcoming Events

November 30, 2022

Deutsches Eigenkapitalforum Forum, Frankfurt

December 5, 2022

Berenberg European Conference 2022, Pennyhill Park, Surrey

March 16, 2023

Berenberg: EU Opportunities Conference 2022, London

March 28, 2023

Jefferies Pan-European Mid-Cap Conference, London

March 30, 2023

Publication of the Annual Report 2022

May 11, 2023

Publication of first quarter results 2023

May 16, 2023

Annual General Meeting

August 10, 2023

Publication of half-year financial report 2023

November 9, 2023

Publication of third quarter results 2023

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