WESTWING

ANNUAL REPORT

2022

Westwing at a glance

EUR
431m
of revenue in 2022

Operate in EUR
130 bn
market in geographies

EUR -4.2 m
Adjusted EBITDA 2022

Presence in
11
countries across Europe

Founded in
2011

Listed since
2018
on the Frankfurt Stock Exchange

82%
of orders come
from our repeat customers

To inspire and make every home a beautiful home

We are the leader in inspiration-based Home & Living eCommerce in Europe. Since our founding in 2011 our strategy has always been to inspire our customers by providing them with a daily interior magazine and offer the unique opportunity to discover and instantly shop their favorite Home & Living pieces. This unique shopping experience distinguishes us from typical search-based Home & Living eCommerce. Our beautiful site provides tons of fresh daily inspiration, giving our customers a reason to come back to us every day.

Business model

Westwing offers Home & Living for everyone.
We are a shoppable magazine for daily inspiration on Home & Living.

We run an integrated platform that combines daily inspiration and interior shopping.

Each part of our business model has its own function:

CLUB SALES

WESTWING

Daily Themes: We combine inspiration and shopping in daily themes on our Westwing sites and apps, announcing them every morning with a gorgeous newsletter

WESTWING COLLECTION

WESTWING COLLECTION

Our own products provide customers with the best designs at a great quality and affordable prices to our customers

SHOP

WESTWING

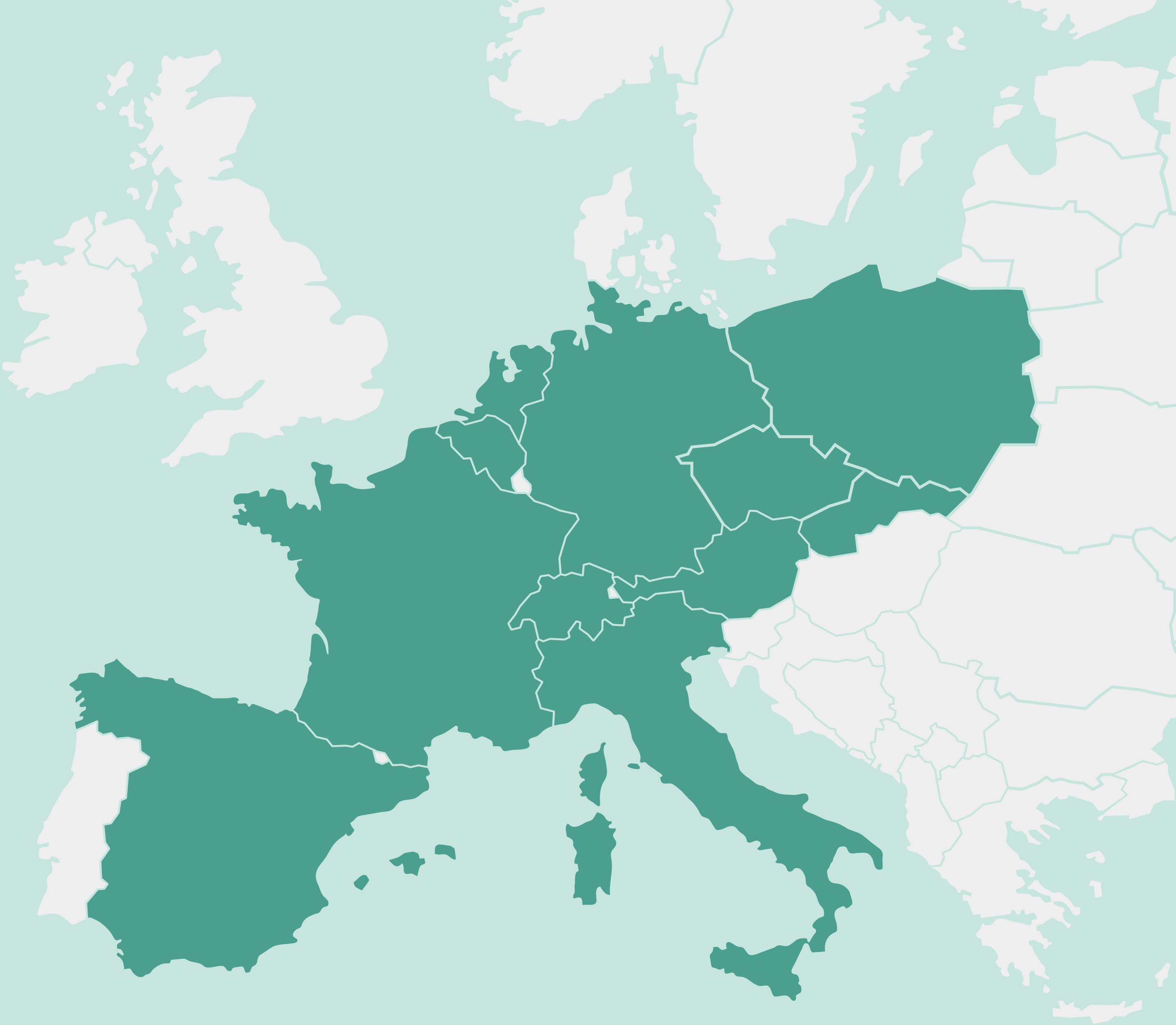
Permanent assortment: Our permanent assortment offers fast delivery of our third-party bestsellers and all Westwing Collection products, organized in fully shoppable looks

Content that inspires

We are a 'shoppable magazine' combining the best of two worlds: eCommerce and interior design magazine. We present our products alongside beautiful visual content such as shoppable interior themes and home styling tips. Moreover, we also work with influential celebrities and style icons so that our customers can be inspired by their home stories. In 2022, we worked with the likes of Leandra Medina Cohen (style icon with 1 million followers on Instagram), Andrea Sawatzki (actress) und Christian Berkel (actor) as well as Lilly Becker (model) . Our content creation is done by a large team of creative talents such as art directors, interior designers, videographers, and photographers. Some of them were previously magazine editors-in-chief and editors (from Home & Living and fashion), fashion stylists, film makers, fashion photographers and graphic designers.

Westwing Collection

Launched in 2018, our own Westwing Collection has become a big success with our customers. Our long-term goal is to grow its share of gross merchandise volume (GMV) to 50%. Our team is a true design force: We continuously develop the products we know our customers will love and offer them at affordable prices. Our Westwing Collection has something for everyone, from furniture through textiles to decoration. It is carefully designed and sourced, offering great quality and very good price points. No wonder that it belongs to our top sellers!



Our Market

Germany
Austria
Switzerland
Poland
France
Spain
Belgium
Netherlands
Czech Republic
Slovak Republic
Italy

Customers all over Europe love Westwing. We are present in 11 European countries and generated EUR 431m in revenue in 2022. The opportunity is massive, since the Home & Living market in the countries we operate in is >EUR 130bn. Since only a small percentage of sales are made online, we are at the tipping point of online acceleration.

Key figures

	2022	2021	Change
Results of operations			
Revenue (in EURm)	430.8	522.5	–18%
Adjusted EBITDA (in EURm)	–4.2	40.4	– 44.7
Adjusted EBITDA margin (in % of revenue)	–1.0 %	7.7 %	– 8.7pp
Financial position			
Free cash flow (in EURm)	–18.8	2.1	– 20.9
Cash and cash equivalents (in EURm)	76.0	97.4	– 21.4
Performance indicators			
Westwing Collection share (in % of GMV)	41 %	34 %	7pp
GMV (in EURm)	481	586	– 18%
Number of orders (in thousands)	3,128	4,371	– 28%
Average basket size (in EUR)	154	134	15%
Active Customers (in thousands)	1,320	1,705	– 23%
Average orders per Active Customer in the preceding twelve months	2.4	2.6	– 8%
Average GMV per Active Customer in the preceding twelve months (in EUR)	364	343	6%
Mobile visit share	80 %	80 %	0pp
Other			
Full-time equivalent employees (as of reporting date)	1,729	2,312	– 583

Table of contents

01 COMPANY

02 COMBINED MANAGEMENT REPORT

03

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

04

FURTHER INFORMATION

01

COMPANY

The Management Board

DR. ANDREAS HOERNING
CHIEF EXECUTIVE OFFICER

SEBASTIAN SÄUBERLICH
CHIEF FINANCIAL OFFICER

LETTER TO SHAREHOLDERS

Dear shareholders,

We started 2022 expecting to leave the pandemic period behind us and were fully focused on strengthening Westwing's position as the European leader in inspiration-based Home & Living eCommerce.

However, the war and the humanitarian crisis in Ukraine changed priorities and certainties for us all in early 2022. The unprecedentedly low consumer confidence and inflationary headwinds they caused led to very weak demand in the whole Home & Living market throughout fiscal year 2022.

Westwing was not immune to this challenging environment and faced negative growth rates. Overall, revenue declined by 18% in fiscal year 2022 to EUR 431m on a full-year basis. While our 2022 results are clearly below our initial expectations, it should be borne in mind that Westwing remains significantly larger and better positioned than it was before the pandemic. This underlying structural growth has produced strong positive compound annual revenue growth of 17% compared to fiscal year 2019.

The adverse top line development, inflationary headwinds, and investments made in the organization in anticipation of a much stronger top line put significant pressure on our profitability. Overall, we reported negative Adjusted EBITDA of EUR – 4m and an Adjusted EBITDA margin of –1% in fiscal year 2022.

We are committed to managing Westwing responsibly and to ensuring its financial stability. As a result, we acted decisively in 2022 to adjust our cost base to the new top line and ensure that we return to profitability in 2023. We cut general and administrative expenses, marketing, and capex by a total of EUR 30m compared to the run rate in the first quarter of 2022.

At present, we do not expect consumer demand to recover in the first half of 2023. Despite this, we are confident that we have taken the necessary steps to pilot Westwing safely through these uncertain times while focusing on our strategic agenda in 2023.

It is of the utmost strategic importance to us that we remain focused on the long term in the midst of all this uncertainty and change, and that we continue to do what we do best: building our Home & Living love brand in Europe and inspiring our customers with beautiful daily content.

Our unique, highly profitable Westwing Collection will mark the next phase of profitable growth for Westwing. In line with this strategic priority, the Collection now accounts for 41% of overall Group GMV (FY 2021: 34%), a 7 percentage point increase year-over-year and an all-time high. We will continue to expand our assortment and heighten Westwing Collection's visibility across all channels on the way to achieving a 50% group share of GMV.

To sum up: 2022 was without doubted a challenging year in which decisive measures were needed to respond to an adverse market environment. We are now in a strong and financially stable position again – one that allows us to progress our strategic agenda with a clear long-term focus. As such, we will be ready to take full advantage of the massive opportunities ahead of us once the market picks up again and consumer sentiment normalizes.

And we would like to thank you – our shareholders, business partners, team members, and customers – for your trust in us.

Munich, March 29, 2023

Dr. Andreas Hoerning
CEO

SHARE AND INVESTOR RELATIONS

Development of the Westwing Share

The Westwing share is listed on the Frankfurt Stock Exchange (Prime Standard).

The share price development of Westwing in 2022 reflected an overall challenging year and difficult market conditions in the Home & Living sector. With low consumer confidence and depressed demand for Home & Living products, Westwing could not maintain its previous level of growth and profitability. As a result, the share price declined for the first three quarters of the year.

In the fourth quarter, the share price started to recover. This was largely due to the proactive measures taken by Westwing's management to address the current challenges. The company announced a series of cost-cutting measures and implemented strategies to improve its net working capital position, which set the basis to improve its financial performance.

	Bearer shares without par value
Types of shares	
Share capital	EUR 20,903,968.00
Number of shares issued	20,903,968
Total number of shares outstanding as of December 31, 2022 (net of treasury shares)	20,521,738
ISIN	DE000A2N4H07
WKN	A2N4H0
Share performance 2022*	
High 2022 (January 03, 2022, closing price)	EUR 23.00
Low 2022 (September 26, 2022, closing price)	EUR 5.09
Closing Price on December 31, 2022	EUR 9.60
Trading liquidity 2022*	
Average daily trading volume 2022 (shares)	61,618
Average daily trading volume 2022	EUR 689,401

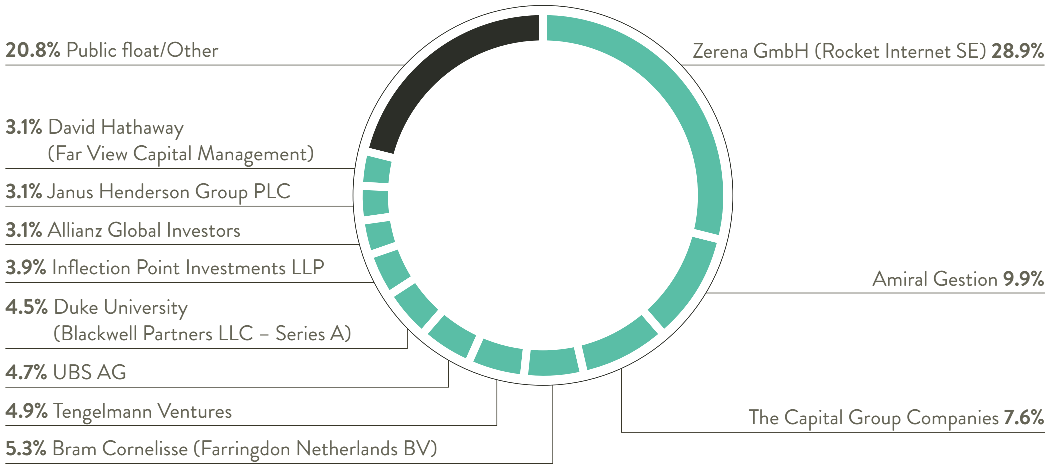
For further details in respect to share capital structure refer to the note 18 in the consolidated financial statements.

Investor relations

Westwing's aim is to communicate the strategic orientation and development of the Company in a reliable and transparent manner, thereby strengthening investor confidence in Westwing and achieving a fair valuation of the share. As in the past, the Company continues to work on increasing awareness of its share and the equity story among capital market participants. In doing so, great importance and effort is put in regular communication with shareholders. In 2022, this was achieved through detailed quarterly presentations, performing an analyst presentation and by conducting roadshows as well as participating in several investor conferences with Management Board attendance.

* Based on Xetra stock exchange Frankfurt. Average EUR daily trading volume 2022 based on closing price.

Shareholder Structure as of December 31, 2022



Our shareholder structure is based on the voting rights (i) as last notified by the shareholders and (ii) as published by the shareholders in relation to the Company's current share capital as of December 31, 2022. Please note that the number of voting rights last notified could have changed within the respective thresholds without triggering an obligation to notify the Company.

Analyst Coverage

As of December 31, 2022, there are four research institutions covering Westwing:

- Baader Bank
- Berenberg
- Hauck & Aufhäuser
- Jefferies

THE SUPERVISORY BOARD

CHRISTOPH BARCHEWITZ
CHAIRMAN

DR. ANTONELLA MEI-POCHTLER
DEPUTY CHAIRWOMAN

MICHAEL HOFFMANN
CHAIRMAN AUDIT COMMITTEE

MAREIKE WÄCHTER

SUSANNE SAMWER

SUPERVISORY BOARD REPORT

Dear shareholders and readers,

2022 was another eventful year for Westwing. Following the change to a European Stock Corporation, another material change took place: the Management of the Company was successfully handed over by the Supervisory Board from founding CEO Stefan Smalla to his internal successor and founder of the Westwing Collection Dr. Andreas Hoerning with effect from July 1, 2022. Since then, Dr. Andreas Hoerning together with his management team presses ahead the strategy of Westwing with full commitment.

Fiscal year 2022 was characterized by unstable political and economic conditions. Despite war in Ukraine, supply chain disruptions, increased freight costs, inflation, and deteriorating consumer sentiment, the company remained committed to returning to profitable growth. With efficient cost management, streamlining processes, and leveraging efficiencies, the prerequisites for this were established in 2022. The Company's highly motivated Management Board, strong management team, and the hard work and dedication shown by Westwing's employees made this possible.

In line with the principles of good corporate governance, the Supervisory Board worked together with the Management Board in a spirit of mutual trust on all relevant issues, advised the Management Board on the management of the Company, and exercised its oversight function. In the process, it performed the tasks assigned to it by the law, the Articles of Association, and the Rules of Procedure in full and in a consistently responsible manner.

Cooperation Between the Supervisory Board and the Management Board

The Supervisory Board works together closely with the Management Board both in and between Supervisory Board meetings, in the Company's interests. The Supervisory Board advised and supervised the Management Board in line with the legal requirements during the reporting period.

The Supervisory Board Chairman and the Management Board Chairman were in regular dialog during the reporting period. Topics for discussion included the Company's current situation and future development, the progress made with major ongoing projects; strategy; business policy; corporate planning; risks, opportunities and their management; sustainability; and governance issues. The Management Board Chairman and Supervisory Board Chairman were also in close contact outside of the regular meetings during the reporting period. The Supervisory Board Chairman informed the other Supervisory Board members of important issues that were discussed on these occasions. In addition, the Management Board submitted regular (normally monthly) reports to the Supervisory Board on key financial performance indicators.

The Management Board involved the Supervisory Board at an early stage in all fundamental decisions, provided the Supervisory Board with oral and written reports, and supplied supplementary information where necessary. In those cases in which the Supervisory Board approval was required by law, the Articles of Association, or the Rules of Procedure, this was given following in-depth investigation, examination, and discussion in the Supervisory Board and – where appropriate – in the committees established for this purpose by the Supervisory Board.

The Management Board reported regularly during the Supervisory Board meetings on current business developments, corporate planning (including financial, investment, and human resources planning), and profitability. The Supervisory Board also held regular internal workshops and preliminary consultations without the Management Board, plus a governance workshop. In addition, another strategy workshop was held in the reporting period, while the Management Board also reported to the Supervisory Board on key issues between meetings.

As a result, the Supervisory Board was informed at all times of all material events within the Company.

Key Topics Addressed by the Supervisory Board

In fiscal year 2022, the Supervisory Board dealt intensively with Management Board topics such as the change of the CEO, further development of the remuneration system, and the succession to the position of the Chief Financial Officer. Furthermore, the Supervisory Board focused primarily on the following topics:

- The impact of geopolitical conflicts on the Company and the measures (including cost savings) to be taken in connection with this
- Medium-term planning, the budget for 2023, business developments, and the Company's strategy and focus
- The audit of the annual and consolidated financial statements and the Management Report for fiscal year 2021, plus the review of intrayear financial information in fiscal year 2022 and the non-financial reporting
- Westwing's change of legal form into a European Company (societas Europaea, SE)
- The (virtual) Annual General Meeting on fiscal year 2021 and the agenda for this
- Business updates for the Company's commercial and creative operations
- Governance issues such as compliance with the recommendations of the German Corporate Governance Code, the Compliance Declaration, the schedule of responsibilities for the Management Board, and the internal effectiveness survey
- Sustainability strategy
- The (long-term) succession planning of the Management Board and remuneration report
- The 2022 Share Buyback Program

No Conflicts of Interest

No conflicts of interest as defined by the German Corporate Governance Code occurred within the Supervisory Board in fiscal year 2022. In particular, no conflicts of interest were disclosed to the Supervisory Board Chairman by Supervisory Board members, or reported by Management Board members or third parties.

Support for Supervisory Board Members

Supervisory Board members receive appropriate support when taking office. In particular, they are given an introduction to the work performed by Westwing Group SE's Supervisory Board when they assume their positions. An in-house lawyer who is a specialist in this field, respectively the Supervisory Board Office explain the practical and legal fundamentals, and also expound on specific questions and obligations in the areas of securities and capital market law. Any need on the part of the Supervisory Board for further education and training that arises in the course of their office is elicited at regular intervals and discussed together with the Supervisory Board Chairman or in the full Supervisory Board meetings. Information was provided on corporate governance issues and on the new legal framework during the reporting period, and relevant literature was provided where necessary.

Composition of the Supervisory Board and Its Committees

The Supervisory Board had five members as of the beginning of fiscal year 2022: Christoph Barchewitz (Chairman), Dr. Antonella Mei-Pochtler (Deputy Chairwoman), Michael Hoffmann, Mareike Wächter, and Thomas Harding.

Westwing Group SE's Annual General Meeting on May 18, 2022, elected Susanne Samwer as the successor to Thomas Harding, who left the Supervisory Board at the end of the General Meeting on May 18, 2022, following his resignation. Since then, the Supervisory Board has been composed of the following members: Christoph Barchewitz (Chairman), Dr. Antonella Mei-Pochtler (Deputy Chairwoman), Michael Hoffman, Susanne Samwer, and Mareike Wächter.

The Supervisory Board is not governed by the rules on employee codetermination.

The Supervisory Board has three committees: an Audit Committee, a Remuneration Committee, and a Nomination Committee.

The **Audit Committee** consists of three members of the Supervisory Board:

- Michael Hoffmann (Chairman of the Audit Committee),
- Mareike Wächter, and
- Susanne Samwer (since May 18, 2022; prior to that: Thomas Harding).

The main topics addressed by the **Audit Committee** are, as recommended by the German Corporate Governance Code, the examination of the Company's financial reporting (including its sustainability reporting), the oversight of the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements, and compliance (including information security and data protection, among other things). The tasks to be performed by the Audit Committee are set out in the Rules of Procedure for the Supervisory Board, which are publicly available on the Company's corporate website.

The Chairman of the Audit Committee, Michael Hoffmann, is an independent financial expert as defined by section 100(5) of the German Stock Corporation Act (Aktiengesetz – AktG). As a former CEO and business administration graduate who spent more than a decade as head of the audit committee at another company that is listed on the TecDAX/MDAX, he has particular expertise in the area of financial statement audits, including sustainability reporting and its audit. The other independent member of the Audit Committee, Mareike Wächter, is a financial expert as defined by section 100(5) of the AktG in the area of accounting. This comprises especially also the application of accounting principles and the internal control and risk management systems. She has relevant knowledge in the area of accounting as a business studies graduate and through her professional experience as a managing director and head of financial control and finance. Susanne Samwer, the third member of the Audit Committee and a qualified US Certified Public Accountant (CPA, inactive), offers particular experience in the area of auditing due to her years of experience working for audit firms and her professional background as a finance director.

The **Remuneration Committee** had the following members during the reporting period:

- Dr. Antonella Mei-Pochtler (Chairwoman),
- Christoph Barchewitz, and
- Michael Hoffmann.

The committee is responsible for all questions relating to Management Board and Supervisory Board remuneration that fall within the Supervisory Board's remit. In particular, the committee prepares resolution proposals on issues relating to Management Board remuneration for final decision by the Supervisory Board.

The **Nomination Committee** had the following members as of December 31, 2022:

- Christoph Barchewitz (Chairman),
- Mareike Wächter, and
- Dr. Antonella Mei-Pochtler (since May 18, 2022; prior to that: Thomas Harding).

As recommended by the German Corporate Governance Code, the Nomination Committee is responsible for preparing proposals for candidates for election to the Supervisory Board.

Information on Westwing Group SE's Supervisory Board committees can also be found on the Company's corporate website.

The Supervisory Board members' résumés have been published on the Company's corporate website; they are updated regularly, and at least once a year.

Supervisory Board and Committee Meetings; Key Topics Discussed in the Committees

The Supervisory Board held a total of 16 meetings in fiscal year 2022 – 11 regular meetings and five extraordinary ones. The Supervisory Board met on its own without the Management Board being in attendance on seven occasions.

In 2023 there have been five Supervisory Board meetings to date, one extraordinary meeting on January 24, 2023 to deal with Management Board topics (including CFO-contract), one regular meeting on March 10, 2023 (on the preparation of the annual financial statements, and the sustainability targets, among other things) and on the same day an internal meeting on governance topics (including on the results of the effectiveness survey), the meeting held to approve the financial statements for fiscal year 2022 on March 29, 2023, and an internal meeting on the same day addressing Management Board remuneration issues.

Otherwise, the Supervisory Board also passed resolutions by e-mail outside meetings in the past fiscal year, e.g., on corporate governance and financing issues.

The Audit Committee held a total of five meetings in fiscal year 2022. Among other things, these addressed the financial results, internal audit issues, sustainability reporting, risk management and compliance, cyber security, and issues relating to the audit work performed (including an assessment of the latter). In addition, the committee prepared the Supervisory Board meeting held to approve the financial statements and the relevant proposals for Supervisory Board resolutions.

Two Audit Committee meetings have been held so far in 2023, on March 10 and 29, 2023. Issues addressed included the results for fiscal year 2022 and the audit of the (consolidated) financial statements, in preparation for the Supervisory Board meeting held to approve the financial statements; non-financial reporting; Corporate Governance, risk management/analysis, and compliance (GRC); and internal audits.

The Audit Committee Chairman discussed audit-relevant topics with the auditors, including outside of Supervisory Board and Audit Committee meetings, and liaised with the internal Legal and Finance department, external consultants, and the Management Board. In addition, the Audit Committee met internally at the end of every meeting and held discussions with the auditors without the Management Board being present.

The Audit Committee Chairman also remained in close contact with the auditors outside of the committee meetings. The Audit Committee Chairman reported on the work of the Audit Committee, and in particular on key outcomes and the issues discussed, at the Supervisory Board meetings following the relevant committee meetings.

The **Remuneration Committee** met a total of seven times in the reporting period: on January 12, 2022 (inaugural meeting); January 19, 2022; January 28, 2022; March 16, 2022; April 27, 2022; October 14, 2022; and November 30, 2022. Topics addressed included Management Board remuneration, the implementation of new Management Board contracts (which were relevant in relation to the change in CEO, among other things), changes to the remuneration system, a new employee participation system, and the Remuneration Report pursuant to section 162 of the AktG. The Remuneration Committee made recommendations for subsequent adoption by the full Supervisory Board.

In addition, the members of the Remuneration Committee took part in a number of informal discussions on the topic of remuneration report and Management Board remuneration.

The Remuneration Committee Chairwoman was also in close contact with the other members of the Supervisory Board (and in particular with the Supervisory Board Chairman), the heads of the Legal department and of HR, and where necessary with external lawyers and independent external remuneration consultants. The Remuneration Committee Chairwoman reported on the work of the Remuneration Committee, and in particular on key outcomes and issues discussed, at the internal Supervisory Board meetings following the relevant committee meetings.

The **Nomination Committee** met once in 2022 for its inaugural meeting on March 7, 2022. This meeting addressed the Supervisory Board's basic composition and succession planning. It also discussed finding a successor for Thomas Harding and preparing the proposal for election to the General Meeting.

In 2023, there has been to date one meeting (on March 10, 2023) in which especially the appropriate candidates for the upcoming Supervisory Board election were dealt with.

Individualized Disclosures on Attendance at Meetings

The following table provides an individualized breakdown of Supervisory Board members' attendance at Supervisory Board and Audit, Remuneration, and Nomination Committee meetings in 2022:

	Supervisory Board (4 in-person meetings, 12 video conference meetings)		**Audit Committee** (2 in-person meetings, 3 video conference meetings)		**Remuneration Committee** (0 in-person meetings, 7 video conference meetings)		**Nomination Committee** (0 in-person meetings, 1 video conference meeting)	
Number of meetings/attendance in %	Number	%	Number	%	Number	%	Number	%
Christoph Barchewitz (Chairman)	16/16	100	–		7/7	100	1/1	100
Dr. Antonella Mei-Pochtler (Deputy Chairwoman) Member of the Nomination Committee since May 18, 2022	14*/16	87.5	–		7/7	100	0/0	100
Michael Hoffmann (Chairman of the Audit Committee)	16/16	100	5/5	100	7/7	100	–	
Mareike Wächter	16/16	100	5/5	100	–		1/1	100
Thomas Harding Member of the Audit Committee until the end of the General Meeting on May 18, 2022	4/5	80	3/3	100	–		1/1	100
Susanne Samwer Member of the Supervisory Board and of the Audit Committee since the end of the General Meeting on May 18, 2022	10/10	100	2/2	100	–		–	
TOTAL		**96.2**		**100**		**100**		**100**

* The member was excused on one day on which an internal meeting and a meeting with the Management Board took place.

Number of meetings/attendance in %	Total number of meetings (Supervisory Board and Committee meetings) Number	%
Christoph Barchewitz (Chairman)	24/24	100
Dr. Antonella Mei-Pochtler (Deputy Chairwoman)	21*/23	91.3
Michael Hoffmann (Chairman of the Audit Committee)	28/28	100
Mareike Wächter Member of the Supervisory Board and of the Audit Committee	22/22	100
Thomas Harding Member of the Audit Committee until the end of the General Meeting on May 18, 2022	8/9	88.9
Susanne Samwer Member of the Supervisory Board and of the Audit Committee since May 18, 2022	12/12	100
TOTAL		**97.4**

* The member was excused on one day on which an internal meeting and a meeting with the Management Board took place.

Audit of the Annual and Consolidated Financial Statements of Westwing Group SE/the Westwing Group

The 2022 Annual General Meeting elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich office, as the Company's auditors and Group auditors for fiscal year 2022.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the combined Management Report as of December 31, 2022, for Westwing Group SE and the Westwing Group and issued it with an unqualified audit opinion.

Westwing Group SE's annual financial statements and the combined Management Report for Westwing Group SE and the Westwing Group were prepared in accordance with the provisions of German commercial law and issued with an unqualified audit opinion.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) as required to be applied in the European Union and with the provisions of German commercial law also required to be applied under section 315e(1) of the HGB. The consolidated financial statements also comply with the IFRSs in the version published by the International Accounting Standards Board (IASB). The auditors performed their audit in accordance with section 317 of the HGB and the EU Audit Regulation, in compliance with the German principles of proper auditing promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standards on Auditing (ISA).

The annual and consolidated financial statements for Westwing Group SE and the Westwing Group, the separate Non-financial Report for Westwing Group SE for the 2022 reporting period, and the corresponding reports by the auditors of the single-entity and consolidated financial statements were submitted to the Supervisory Board in advance of the Supervisory Board meeting on March 29, 2023, that was held to approve the financial statements. The above-mentioned documents were addressed and discussed at length in the Supervisory Board meeting in the auditors' presence, after previously having been considered by the Audit Committee. In addition, the preliminary versions of the financial statement documents were discussed on March 10, 2023, by the Audit Committee and by the Supervisory Board.

In particular, the Supervisory Board and the Audit Committee addressed the key audit matters detailed in the relevant audit opinions (including the audit procedure). The auditors reported on the scope, areas of emphasis, and key findings of their audit, focusing in particular in the key audit matters and the audit procedure. No relevant weaknesses in the internal control and risk management system were reported.

The Supervisory Board concurred with the audit findings. It did not raise any objections following the final results of its own examination. In its meeting on March 29, 2023, the Supervisory Board approved the single-entity financial statements of Westwing Group SE, the consolidated financial statements, and the combined Management Report. As a result, Westwing Group SE's annual financial statements have been adopted.

Composition of the Management Board

The Management Board comprised two members in fiscal year 2022. As of January 1, 2022, it consisted of Chief Executive Officer (CEO) Stefan Smalla and Chief Financial Officer (CFO) Sebastian Säuberlich.

CEO Stefan Smalla left his position on the Management Board by mutual agreement with the Supervisory Board with effect from the end of June 30, 2022. Dr. Andreas Hoerning became CEO of Westwing Group SE with effect from July 1, 2022.

As of December 31, 2022, the Management Board consisted of Chief Executive Officer (CEO) Dr. Andreas Hoerning and Chief Financial Officer (CFO) Sebastian Säuberlich.

With effect from the end of March 31, 2023, Chief Financial Officer Sebastian Säuberlich will leave the company by best mutual agreement. Latest by August 1, 2023, Sebastian Westrich will become Chief Financial Officer of Westwing Group SE.

On behalf of the entire Supervisory Board, I would like to take this opportunity to thank founding CEO Stefan Smalla and Sebastian Säuberlich again for the pleasure of working with them and for their very successful management of the Company over the years. I would also like to warmly thank all Westwing Group employees, the Management Board and the wider management team – once again on behalf of the entire Supervisory Board – for their hard work and dedication.

London, March 29, 2023

On behalf of the Supervisory Board

Christoph Barchewitz
Chairman of the Supervisory Board

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289F IN CONJUNCTION WITH SECTION 315D OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH – HGB)

1. Compliance Declaration Pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG)

Section 161 of the AktG requires the executive boards and supervisory boards of listed European Companies (societates Europaeae; "SEs") to state every year that the recommendations of the Government Commission on the Corporate Governance Code published by the Federal Ministry of Justice and Consumer Protection in the official section of the electronic Federal Gazette have been and are complied with, or to state which recommendations were not and are not applied and the reasons for this. The declaration should be made permanently available to the public on the company's website.

Westwing Group SE's Management Board and Supervisory Board issued a compliance declaration pursuant to section 161(1) of the AktG on December 20/21, 2022. As required by sections 315d sentence 2 and 289f(2) no. 1 of the HGB, the declaration pursuant to section 161 of the AktG has been included in this statement:

COMPLIANCE DECLARATION BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF WESTWING GROUP SE ON THE GERMAN CORPORATE GOVERNANCE CODE ("GCGC") PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The last Compliance Declaration of the Management Board and the Supervisory Board of Westwing Group SE (hereinafter referred to as the **"Company"**) was issued in December 2021 with an update of the declaration of compliance on 17 June 2022.

In accordance with sec. 161 para. 1 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of the Company hereby declare that the recommendations of the German Corporate Governance Code, in the version dated 28 April 2022, which came into force by publication in the Federal Gazette on 27 June 2022 (**"GCGC 2022"**), will be complied with in the future and have been complied with – to the extent required by the GCGC 2022 – since the last Compliance Declaration was issued, with the following exceptions:

- According to **B.3 GCGC 2022**, the first-time appointment of members of the Management Board shall take place for a period of no more than three years. Deviating from this, Dr. Andreas Hoerning is appointed as Management Board member for a period of 3.5 years from 1 July 2022 onwards. Because Dr. Andreas Hoerning has been with the Company for several years, the Supervisory Board already had a comprehensive picture of his skills and knowledge before his appointment. The Supervisory Board considers an office term of 3.5 years as appropriate, also for the implementation of medium-term strategic decisions and objectives.

- According to **C. 5 GCGC 2022**, a Management Board of a listed company should not serve as Chairman of a Supervisory Board in a group- external listed company. The Chairman of the Supervisory Board of the Company is also a member of the Management Board of a group-external listed company established under the laws of Luxembourg. The Chairman of the Supervisory Board has declared to the Company that he has sufficient time to perform his duties as a member and Chairman of the Supervisory Board and that he can perform his mandate with due regularity and diligence. The Supervisory Board and the Management Board are convinced that the responsibility for both offices does not lead to any conflict of interest.

- **G.7 GCGC 2022**, which recommends that the performance criteria for all variable remuneration components shall be defined in the respective previous year for the coming financial year, was and will be deviated from with regards to the time component. The Supervisory Board establishes this at the beginning of the relevant financial year, as the end of the previous year is waited for, in order to be able to adjust performance criteria accordingly if necessary.

Munich, 20/21 December 2022

For the Management Board	For the Supervisory Board
Dr. Andreas Hoerning	Christoph Barchewitz

2. Disclosures on Corporate Governance Practices Applied Over and Above Those Required by Law

Sections 315d sentence 2 and 289f(2) no. 2 of the HGB require relevant disclosures on corporate governance practices applied over and above those required by law to be included, together with information on where these are available to the public.

In fiscal year 2022, the Company introduced a new digital tool (the "Policy Manager") that supplements the Company's intranet by making compliance rules and corporate governance practices available to Westwing Germany's staff at all times. In addition, the tool is used for online training and final compliance testing. The Legal department, which is also responsible at a content level for compliance topics, monitors implementation of final compliance testing, and reports to the Management Board and the Supervisory Board's Audit Committee on this.

CODE OF CONDUCT

The trust placed by third parties in the integrity of the entire Company is a significant prerequisite for the latter's success. Comprehensive codes of conduct therefore apply that provides employees, suppliers, and contract partners with guidance and operating instructions so as to ensure ethical behavior, among other things. They address both issues such as anti-corruption and handling conflicts of interests and how to ensure a safe, fair working environment.

All Westwing Group employees and all members of senior management and the Management Board must comply with the Code of Conduct at all times. In addition, the Company has a Supplier Code of Conduct and a Private Label Supplier Code of Conduct to ensure it can meet its goal of achieving "compliance throughout the supply chain."

The codes of conduct are publicly available on Westwing Group SE's corporate website (ir.westwing.com section "Corporate Governance", "Compliance"). Additionally, all Westwing Germany staff are required to read the Code of Conduct on the Policy Manager and to demonstrate what they have learned in a final test. This process is monitored by the Legal department, which reports on it to the management.

ANTI-CORRUPTION MEASURES AT WESTWING

Westwing's Anti-corruption Policy – which it introduced years ago – is regularly reviewed and adapted. It sets outs binding and regularly updated rules for our employees. They go into greater detail than the rules given in the Code of Conduct and specify comprehensive and explicit actions and prohibitions designed to prevent corruption.

Westwing has committed to a zero-tolerance policy on bribery. Among other things, this forbids making improper payments and accepting inappropriate gifts or incentives of any kind from third parties. The policy also introduces limits on the value of gifts and invitations that can be accepted. The objective is to provide employees with answers to frequently asked questions and common problems, and to raise awareness of the issue.

The Anti-corruption Policy is publicly available from the Corporate Governance/Compliance/Anti-corruption Policy section of Westwing Group SE's corporate website (ir.westwing.com). What is more, all Westwing Germany staff are required to read the Anti-corruption Policy on the Policy Manager and to demonstrate what they have learned in a final test. This process is also monitored by the Legal department, which reports on it to the management.

Westwing has a whistleblower tool that allows employees and third parties to securely submit tip-offs about potential unlawful activity at the Company. This complies in particular with the recommendation and suggestion contained in section A.4 of the 2022 version of the German Corporate Governance Code, and with the Whistleblower Directive and its implementation in national law. The whistleblower tool is publicly available from the Corporate Governance/Compliance/Open Whistleblower Channel section of Westwing Group SE's corporate website (ir.westwing.com).

OTHER COMPANY POLICIES

In addition to the policies and codes mentioned above, Westwing has a number of other corporate guidelines that must be observed both by the management and by the entire workforce. These include the following documents:

- A policy designed to ensure compliance with the two-person principle when entering into contracts or placing orders.

- IT/Information Security policies and instructions that inform employees about issues such as data protection and data security, plus how to use the applications deployed within the Company. All Westwing Germany staff are required to take the Information Security training course on the Policy Manager and to demonstrate what they have learned in a final test. This process is monitored by the Legal department, which reports on it to the management.

- The Capital Markets Compliance Policy explaining the capital market law obligations that result from the Company's listing. Among other things, this familiarizes Westwing employees with the prohibition on insider dealing and on the unlawful disclosure of inside information. It also provides information on closed periods and silent periods, and recommends that employees should not trade Westwing Group SE's shares in the 30-day windows before publication of the Company's earnings figures.

- An Anti-money Laundering Policy designed to ensure compliance with the requirements of the German Anti-money Laundering Act – GwG) and to prevent misuse of the Company by third parties for the purposes of money laundering or terrorist financing. Employees and senior management are instructed how to comply with the statutory requirements set out in the GwG and on the procedures that must be observed in suspicious cases.

- A Marketing and Communication Policy

- An Environment, Health, and Safety (EHS) Policy obliging Westwing to do business responsibly in line with the Code of Conduct so as to protect the environment and the health and safety of employees and third parties.

- A Tax Policy

Westwing's staff can access these policies on the Company's intranet and on the Policy Manager tool.

In addition, Westwing has a Sustainability team that works together with Westwing's Management Board, management team, and entire workforce to drive forward the Company's sustainability strategy. A number of operating instructions and policies exist for this area. For further details, see the Sustainability section of the corporate website and the relevant sustainability report.

DISCLOSURES IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

Recommendation B.2 of the 2022 version of the German Corporate Governance Code states that, together with the Management Board, the Supervisory Board shall ensure that there is long-term succession planning. The approach shall be described in the Corporate Governance Statement. In fiscal year 2022, the Supervisory Board addressed in depth the issue of long-term succession planning for the Management Board, both together with the latter and on its own; this was done in particular in connection with the change in CEO.

Recommendation C.1 of the 2022 version of the Code specifies that the Supervisory Board shall determine specific objectives regarding its composition and shall prepare a profile of skills and expertise for the entire Board while taking the principle of diversity into account. Proposals by the Supervisory Board to the General Meeting shall take these objectives into account, while simultaneously aiming at fulfilling the profile of skills and expertise required for the Supervisory Board as a whole. The implementation status shall be disclosed in the form of a qualification matrix in the Corporate Governance Statement. The latter shall also provide information about what the shareholder representatives on the Supervisory Board regard as the appropriate number of independent Supervisory Board members representing the shareholders, and the names of these members.

The Supervisory Board has set specific objectives for its composition, reviewed its profile of skills and expertise in accordance with the recommendations of the 2022 version of the Code, and again worked to create a concrete skills and expertise matrix in fiscal year 2022, which is given below:

Skills and expertise	Christoph Barchewitz	Dr. Antonella Mei-Pochtler	Michael Hoffmann	Mareike Wächter	Susanne Samwer
Marketing and sales	X	X	X	X	
HR and organisational planning	X	X	X	X	
eCommerce	X	X	X	X	X
Technology			X	X	
Legal and compliance	X		X	X	
Finance (e.g., accounting, corporate finance)	X	X	X	X	X
Audit	X	X	X	X	X
Cyber security and risk management	X	X	X		
Strategy	X	X	X		
Supply chain	X			X	
Leadership	X	X	X	X	
External supervisory board expertise	X	X	X		
Home and living	X	X	X	X	X
Sustainability		X	X		

The Supervisory Board also takes diversity into account when making proposals to the General Meeting for successor candidates for election, and for the Board's composition.

The profile of skills and expertise focuses on the following criteria in particular: first and foremost expertise in the area of eCommerce, i.e., experience in online retailing as either an entrepreneur or a consultant, management or supervisory experience, plus expertise in the areas of accounting and/or auditing, including expertise in key sustainability issues for the Company. The following criteria must also be taken into account: independence, avoiding conflicts of interest, the number of positions held on other supervisory boards or similar bodies, the ability to dedicate sufficient time to the Supervisory Board's activities and to training, the defined age limit, and the maximum duration of the appointment.

The Supervisory Board complied in full with the above-mentioned profile of skills and expertise in fiscal year 2022.

As of the beginning of fiscal year 2022, all members of the Supervisory Board were independent pursuant to the requirements of the 2022 version of the German Corporate Governance Code. Specifically, these members were Christoph Barchewitz (Chairman), Dr. Antonella Mei-Pochtler (Deputy Chairwoman), Michael Hoffmann, Mareike Wächter, and Thomas Harding (who was a member of the Supervisory Board until the end of the General Meeting on May 18, 2022). Susanne Samwer, who joined the Supervisory Board during the reporting period (and who has been a member since May 18, 2022) is not considered by the Supervisory Board to be independent due to her close personal relationship with the CEO of the majority shareholder.

Recommendation C.8 of the 2022 version of the German Corporate Governance Code states that, if one or more of the indicators set out in recommendation C.7 are met and the Supervisory Board member concerned is still considered to be independent, the reasons for this shall be given in the Corporate Governance Statement.

Recommendation C.7 of the 2022 version of the Code requires more than half of the shareholder representatives to be independent from the company and the Management Board. Supervisory Board members are to be considered independent from the company and its Management Board if they have no personal or business relationship with the company or its Management Board that may cause a substantial – and not merely temporary – conflict of interest. When assessing the independence of Supervisory Board members from the company and its Management Board, shareholder representatives shall particularly take into consideration whether the respective Supervisory Board member – or a close family member – currently is maintaining (or has maintained) a material business relationship with the company or an entity dependent on the company (e.g. as customer, supplier, lender, or advisor) in the year up to his/her appointment, directly or as a shareholder, or in a leading position of a non-group entity.

Recommendation D.12 of the 2022 version of the Code requires the Supervisory Board to report in the Corporate Governance Statement if and how a self-assessment was performed.

The Supervisory Board and its committees performed an efficiency survey of their activities in fiscal year 2022, which took the form of a self-assessment. An online questionnaire was used to comprehensively survey all Supervisory Board members. The results were then discussed by the Supervisory Board in the first quarter of 2023.

3. Description of the Working Practices of the Management Board and the Supervisory Board, and of the Composition and Working Practices of their Committees

Sections 315d sentence 2 and 289f(2) no. 3 of the HGB require a description of the working practices of the Management Board and the Supervisory Board, and of the composition and working practices of their committees, to be included in the Corporate Governance Statement.

Westwing Group SE has a two-tier (dual) board structure, in the form of its Management Board and Supervisory Board. The two bodies work closely together in the interests of the Company. The Management Board manages the Company, while the Supervisory Board advises and supervises the Management Board. Westwing Group SE's shareholders exercise their rights in the General Meeting.

MANAGEMENT BOARD WORKING PRACTICES

The Management Board is responsible for managing Westwing Group SE's business in the Company's interests and taking the interests of its shareholders, employees, and other stakeholders into account, with the goal of sustainably creating value. The Management Board develops the Company's strategy, coordinates it regularly with the Supervisory Board, and ensures its implementation.

The Management Board conducts its business with the care of a diligent and conscientious manager in accordance with the law, Westwing Group SE's Articles of Association, the Rules of Procedure for the Management Board and the individual members' contracts of service. It works together with the Company's other governing bodies cooperatively and in a spirit of mutual trust, in the Company's interests.

The Management Board is responsible for ensuring that all provisions of the law and internal policies are complied with, and endeavors to achieve their compliance by the Company. The internal control system and risk management system comprise a compliance management system aligned to the enterprise's risk position.

The internal control system and the risk management system should also include sustainability-related objectives, unless these are required by law anyway. This shall include processes and systems for collecting and processing sustainability-related data.

The following schedule of responsibilities provides a breakdown of the responsibilities assigned to the individual Management Board members. Each Management Board member is responsible for managing the departments assigned to them within the framework set by Management Board resolutions. The departments are assigned to the members in the Management Board's Rules of Procedure. Thereafter, the breakdown can only be changed by a unanimous resolution by the Management Board, with the Supervisory Board's prior approval. According to the Rules of Procedure for the Management Board in force at the start of the reporting period, the individual Management Board members were responsible for the following areas:

Stefan Smalla (CEO)	Sebastian Säuberlich (CFO)
Strategy (development and implementation)	Finance
Organization	Accounting, taxes, and treasury
Operations	Financial control
Marketing	Capital market reporting
Technology and product management	Investor relations
Product development	Legal, compliance, and risk management
Human resources	

The schedule of responsibilities was adapted as follows on the occasion of the change in CEO as of July 1, 2022:

Dr. Andreas Hoerning (CEO)	Sebastian Säuberlich (CFO)
Strategy (development and implementation)	Finance
Organization	Accounting, taxes, and treasury
Marketing	Financial control
Technology and product management	Capital market reporting
Product development	Investor relations
Human resources	Legal, compliance, and risk management
	Operations

A new schedule of responsibilities was resolved by the Supervisory Board and Management Board in December 2022 and took effect as from January 1, 2023:

Dr. Andreas Hoerning (CEO)	Sebastian Säuberlich (CFO)
Strategy (development and implementation)	Finance
Organization	Accounting, taxes, and treasury
Marketing	Financial control
Technology and product management	Capital market reporting
Human resources	Investor relations
Sales	Legal, risk and compliance
Creative	
Sourcing and operations	

The management of all departments must be aligned in full with the objectives and targets resolved by the Management Board.

The members of the Management Board are jointly responsible for the overall management of the Company, regardless of the breakdown of responsibilities. They work together cooperatively and inform each other on an ongoing basis of significant activities and events in the departments for which they are responsible.

In addition, activities and transactions that are exceptionally significant for the Company or that entail an exceptional economic risk require the approval of the full Management Board. The full Management Board also decides on all matters for which the law, Westwing Group SE's Articles of Association, or the Management Board's Rules of Procedure require a decision to be taken by the Management Board. This includes but is not limited to the Company's strategy, key business policy issues, and all other matters (and particularly national or international business relationships) that are of particular significance for Westwing Group SE and/or the Westwing Group.

In general, Management Board resolutions are passed during meetings. At the request of a Management Board member, meetings can also be held via conference calls or other electronic means of communication (especially videoconferencing). In such cases, resolutions may be passed via conference calls or other electronic means of communication (especially videoconferencing).

Management Board meetings should be held regularly, but at least once a month. They must be held if this is in the Company's best interests.

Above and beyond this, resolutions may be passed outside meetings in writing, orally, by phone, fax, or e-mail, or using other common means of communication (especially videoconferencing). The Management Board should use its best efforts to ensure that all its resolutions are passed unanimously. If this is not possible, resolutions are passed by a simple majority of the votes cast, unless the law, Westwing Group SE's Articles of Association, or the Management Board's Rules of Procedure prescribe another majority. The Management Board must pass resolutions unanimously in those cases in which it consists of two members only.

The Management Board is in regular contact with the Supervisory Board Chairman and informs the latter of the course of business at, and position of, Westwing Group SE and its Group companies. It discusses the Company's strategy, planning, performance, and risk management with him. The Management Board must report without undue delay to the Supervisory Board Chairman about significant events and in the case of business matters that could have a material impact on the assessment of the Company's position and development, and on its management. Among other things, this includes any defects found in the monitoring system pursuant to section 91(2) of the AktG.

Specifically, the Management Board reports to the Supervisory Board at least once a calendar quarter on the proposed business strategy and other fundamental questions relating to corporate planning (and in particular financial, investment, and human resources planning), unless changes in the position or new questions require a report to be made without undue delay. In addition, the Management Board must report to the Supervisory Board regularly, and at least once a quarter, on the course of business, and in particular on the Company's revenue and position.

The Management Board reports without undue delay to the Supervisory Board Chairman about significant events as defined by section 90(1) sentence 3 of the AktG and business matters that could have a material impact on the Company's position. Significant events also include business events at Group companies that could have a material impact on Westwing Group SE's position and that become known to the Management Board.

Apart from those transactions for which Supervisory Board approval is required by law, the Management Board may only perform certain defined transactions and activities with the prior approval of the Supervisory Board or of a Supervisory Board Committee entrusted with this by the Supervisory Board. These transactions and activities are listed in the Rules of Procedure for the Management Board.

NO MANAGEMENT BOARD COMMITTEES
The Management Board consists of two people and has not formed any committees.

SUPERVISORY BOARD WORKING PRACTICES
The Supervisory Board advises and supervises the Management Board in its management of the Company on a regular basis. It must be involved in decisions of fundamental importance to the Company.

The Supervisory Board performs its duties in accordance with the provisions of the law, Westwing Group SE's Articles of Association, and the Rules of Procedure for the Supervisory Board. It works together with the Company's other governing bodies, and in particular the Management Board, closely and in a spirit of mutual trust in the Company's best interests.

The Supervisory Board elects a Chairman and a Deputy from among its members. The Chairman coordinates the work performed by the Supervisory Board and its cooperation with the Management Board. The Chairman maintains regular contact with the Management Board and confers with it on the Company's strategy, planning, performance, and risk management, and on key events that are of significant importance for the assessment of the Company's position and development, and for its management.

The Supervisory Board must meet at least once every calendar quarter. Additional meetings are convened where necessary. The Supervisory Board Chairman chairs the Supervisory Board meetings. He determines the order in which the agenda items are addressed and the nature, order, and form of the votes taken.

In general, Supervisory Board resolutions are passed during meetings. On the Chairman's instructions or with the approval of all members of the Supervisory Board, meetings can also be held via conference calls or other electronic means of communication (especially videoconferencing). In such cases, resolutions may be passed via conference calls or other electronic means of communication (especially videoconferencing).

Above and beyond this, resolutions may be passed outside meetings in writing, by fax or e-mail, or using other comparable means of communication. Supervisory Board resolutions are passed by a simple majority of the votes cast unless a different requirement is specified by law. Abstentions do not count as votes cast for this purpose. If a Supervisory Board vote results in a tie, the Supervisory Board Chairman shall have the casting vote.

Additional information on Supervisory Board working practices is contained in the Rules of Procedure for the Supervisory Board. These are publicly available from the Corporate Governance/Supervisory Board section of Westwing Group SE's corporate website (ir.westwing.com).

SUPERVISORY BOARD COMMITTEES

As of the beginning of fiscal year 2022, Westwing Group SE's Supervisory Board was composed of the following members: Christoph Barchewitz (Supervisory Board Chairman), Dr. Antonella Mei-Pochtler (Deputy Chairwoman), Thomas Harding, Mareike Wächter and Michael Hoffmann.

There was one change in the composition of the Supervisory Board during the reporting period:

At the end of the Ordinary General Meeting on May 18, 2022, Susanne Samwer replaced Thomas Harding – who had resigned with effect from the end of that Ordinary General Meeting – as a member of Westwing Group SE's Supervisory Board.

The Supervisory Board had three committees during the reporting period: An Audit Committee, a Nomination Committee, and a Remuneration Committee.

The members of the committees were as follows:

Committee	Members
Audit Committee	Michael Hoffmann (Chairman) Mareike Wächter Thomas Harding (until May 18, 2022) Susanne Samwer (as from May 18, 2022)
Remuneration Committee	Dr. Antonella Mei-Pochtler (Chairwoman) Christoph Barchewitz Michael Hoffmann
Nomination Committee	Christoph Barchewitz (Chairman) Mareike Wächter Thomas Harding (until May 18, 2022) Dr. Antonella Mei-Pochtler (as from May 18, 2022)

The Chairman of the Audit Committee, Michael Hoffmann, is an independent financial expert as defined by section 100(5) of the AktG. As a former CEO and business administration graduate who spent more than a decade as head of the audit committee at another company that is listed on the TecDAX/MDAX, he has particular expertise in the area of financial statement audits, including sustainability reporting and its audit. The other independent member on the Audit Committee, Mareike Wächter, is a financial expert as defined by section 100(5) of the AktG in the area of accounting. This comprises especially also the application of accounting principles and the internal control and risk management systems. She has relevant knowledge in the area of accounting as a business studies graduate and through her professional experience as a managing director and head of financial control and finance. Susanne Samwer, the third member of the Audit Committee and a qualified US Certified Public Accountant (CPA, inactive), offers particular experience in the area of auditing due to her years of experience working for audit firms and her professional background as a finance director.

Overall, the members of the Supervisory Board and of the Audit Committee are highly familiar with the sector in which Westwing Group SE operates. Consequently, the personal requirements to be met by the members pursuant to the law, the 2022 version of the German Corporate Governance Code, and the Rules of Procedure for the Supervisory Board have been met.

The main topics addressed by the Audit Committee are, as recommended by the 2022 version of the German Corporate Governance Code, the examination of the Company's accounting and the oversight of the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements, including the sustainability reporting, and compliance. The tasks to be performed by the Audit Committee are set out in the Rules of Procedure for the Supervisory Board, which are publicly available from the Corporate Governance/Supervisory Board section of Westwing Group SE's corporate website (ir.westwing.com).

Among other things, the Remuneration Committee addresses all questions relating to the remuneration of the Management Board, and with the remuneration of the Supervisory Board, to the extent that this falls within the Supervisory Board's remit. The Remuneration Committee prepares all proposed resolutions on Management Board remuneration for final decision by the Supervisory Board.

In line with Recommendation D.4 of the 2022 version of the German Corporate Governance Code, the Nomination Committee is responsible for providing the Supervisory Board with the names of suitable candidates for the Supervisory Board's proposals to the General Meeting.

4. Determinations of Targets in Accordance with Sections 76(4) and 111(5) of the AktG

Sections 315d sentence 2 and 289f(2) no. 4 of the HGB state that the targets determined pursuant to sections 76(4) and 111(5) of the AktG must be included in the statement issued by limited companies along with information on whether the targets determined were met within the periods concerned and, if they were not, what the reasons for this were.

PROPORTION OF WOMEN AT THE TWO MANAGEMENT LEVELS BELOW THE MANAGEMENT BOARD

Section 76(4) of the AktG requires management boards of listed companies to set targets for the proportion of women at the two management levels below them.

In line with this, the Management Board set a target of 0% for the first management level in fiscal year 2019. As a result, no deadline for achieving the target pursuant to section 76(4) sentence 3 of the AktG needed to be set.

The background to why this target was set is the fact that the point of reference for determining the management levels is the legal entity and not the Company or the Group as a whole (proposed resolution and report of the Bundestag's Committee on Family Affairs, Senior Citizens, Women, and Youth, printed paper 18/4227, sentence 21). Consequently, the law requires only the two management levels below the Management Board at Westwing Group SE to be taken into account. However, as a matter of principle, when determining the Company's management levels Westwing Group SE's Management Board does not distinguish between employees belonging to Westwing Group SE or other Group companies. A target of 0% for the first management level was set purely in order to comply with section 76(4) of the AktG. The starting point for this target was the number of employees at the first management level who have contracts of employment with Westwing Group SE. At the time the resolution was passed, this related to two male employees. Setting a target of 0% therefore served the legitimate purpose of not having to make new appointments to these two positions within a deadline to be set in accordance with section 76(4) sentence 3 of the AktG.

The target set for the first management level below the Management Board was exceeded in fiscal year 2022. It amounted to 64% as of December 31, 2022 (previous year: 67%).

The target set by the Management Board for the second management level in fiscal year 2019 was 40%. The objective is to exceed this target in each reporting period up to March 25, 2023.

The target of 40% set for the second management level below the Management Board was exceeded in fiscal year 2022. It amounted to 68% as of December 31, 2022 (previous year: 58%). As already mentioned above, only employees who had contracts of employment with Westwing Group SE as of December 31, 2022, were taken into account here.

To be clear, we should reiterate at this point that, as a matter of principle, Westwing Group SE's Management Board does not distinguish when determining the Company's management levels between employees belonging to Westwing Group SE or to other Group companies. Seen from this perspective, the proportion of women at the first management level below the Management Board amounted to 58% as of December 31, 2022 (previous year: 59%). What is more, the proportion of women at the second management level below the Management Board amounted to 59% as of December 31, 2022 (previous year: 56%).

Westwing Group SE encourages the participation of women at all levels of management. We are proud of our high proportion of female managers and employees.

PROPORTION OF WOMEN ON THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

Section 111(5) of the AktG requires the supervisory boards of listed companies to sets targets for the proportion of women on the Supervisory Board and Management Board.

A target of 25% for the proportion of women on the Supervisory Board was set in fiscal year 2019. This target was met in fiscal year 2022. The proportion of women at the beginning of the reporting period was two out of five members. As of the end of the Ordinary General Meeting on May 18, 2022, it amounted to three out of five members.

A voluntary target of 25% for the proportion of women on the Management Board was set in fiscal year 2019. This target was not met in fiscal year 2022. Following Delia Lachance's departure from the Management Board with effect from February 29, 2020, the Management Board consisted of two men in the reporting period. The Supervisory Board took the issue of gender diversity into account in fiscal year 2022 in connection with succession to the Management Board. It has voluntarily resolved that the proportion of women should be least 1/3 if the Management Board comprises three members and at least 1/4 if it comprises four members.

5. Diversity Policy

Sections 315d sentence 2 and 289f(2) no. 6 of the HGB require stock corporations within the meaning of section 289f(1) of the HGB that are defined as large corporations within the meaning of section 267(3) sentence 1 and sections 267(4) to (5) of the HGB to include in their statement a description of the diversity policy that is pursued with regard to the composition of the body authorized to represent the entity and the supervisory board in terms of aspects such as age, gender, or educational or professional background. In addition, the objectives of that diversity policy, the manner of its implementation, and the results achieved in the fiscal year must be included.

COMPOSITION OF THE MANAGEMENT BOARD

The Supervisory Board takes the principle of diversity into account when determining the composition of the Management Board, in line with the recommendation contained in the 2022 version of the German Corporate Governance Code.

The composition of the Management Board should be such as to ensure the competent and professional management of Westwing Group SE.

The Supervisory Board applies an age limit of 75 for members when determining the Management Board's composition. Exceptions to this rule may be made in justified individual cases.

Please see the information given above in relation to sections 315d sentence 2 and 289f(2) no. 4 of the HGB in conjunction with section 76(4) of the AktG as regards the proportion of women on the Management Board.

What is more, as regards its members' educational and professional background, the Management Board shall include as many different capabilities and areas of experience as possible in the skills and expertise relevant for managing the Company. Business decisions and issues requiring discussion by the Management Board should be evaluated from as many different perspectives as possible, and nuanced assessments produced and reasons given in line with this.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board has set specific objectives for its composition and prepared a profile of skills and expertise. The Supervisory Board prizes the principle of diversity and takes it into account during this process, in line with the recommendation made in the 2022 version of the German Corporate Governance Code.

The composition of the Supervisory Board should be such as to enable it to ensure the qualified oversight of, and provide qualified advice to, Westwing Group SE's Management Board. Supervisory Board members should have the knowledge, skills, and professional experience needed to perform their duties in a due and proper manner. To ensure this is the case, the Supervisory Board has developed a profile of skills and expertise; this requires Supervisory Board members to have relevant eCommerce experience, for example. Other issues that must be taken into account include the independence of the Supervisory Board members and the diversity of its composition.

The Supervisory Board applies an age limit of 75 for members when determining its composition. Exceptions to this rule may be made in justified individual cases. Supervisory Board members' total times in office have been disclosed in their résumés. These are publicly available from the Corporate Governance/Supervisory Board section of the Company's corporate website (ir.westwing.com).

As regards the gender of Supervisory Board members, care must be taken to ensure that all genders are represented on the Supervisory Board. Please see the information given above in relation to sections 315d sentence 2 and 289f(2) no. 4 of the HGB in conjunction with section 111(5) of the AktG as regards the proportion of women on the Supervisory Board.

What is more, as regards its members' educational and professional background, the Supervisory Board has set itself the objective of bringing together as many different capabilities and areas of experience as possible in the skills and expertise relevant for managing the Company. In line with this, the level of diversity should allow business decisions and issues requiring discussion to be evaluated from many different perspectives, and nuanced assessments produced and reasons given in line with this.

OBJECTIVES OF THE DIVERSITY POLICY

Diversity means variety. In practice, Westwing believes that this enriches both society as a whole and the Company. Consequently, Westwing Group SE is committed to positively highlighting diversity throughout the organization and to fostering mutual acceptance. First and foremost, this means promoting measures that serve to integrate people with disabilities ("inclusion").

For Westwing, diversity in terms of gender, culture, religion, sexual orientation, ideological beliefs, or other lifestyle issues, for example, goes without saying. Our diversity policy therefore aims to accept differences without passing judgment and, in line with this, to create diverse structures throughout the Company.

In particular, there is no place in our Company for discriminatory opinions, group-focused enmity, and unwanted sexual activity. Westwing Group SE has adopted a zero-tolerance policy in this area and promotes employee education and awareness throughout the organization.

In addition, it should be noted that we do not simply define diversity as an economic factor. Consequently, our diversity policy is not dependent on whether or not we generate positive economic effects from it.

WAY IN WHICH THE DIVERSITY POLICY WAS IMPLEMENTED AND RESULTS IN FISCAL YEAR 2022

Westwing has a diversity and inclusion road map designed to make it an even more diverse and inclusive Company in the future. Among other things, an insight session series consisting of 18 events discussing diversity issues such as how best to balance work and family life was held in fiscal year 2022.

Munich, March 29, 2023

Westwing Group SE

On behalf of the Management Board	On behalf of the Supervisory Board
Dr. Andreas Hoerning	Christoph Barchewitz

02

COMBINED MANAGEMENT REPORT

1. FUNDAMENTAL INFORMATION ABOUT THE GROUP

The Westwing Group – the parent company of which is Westwing Group SE and which is referred to hereinafter as "Westwing," the "Company," or the "Group" for short – operates an inspirational Home & Living eCommerce brand in Europe.

Westwing was founded in 2011 and offers customers a variety of different Home & Living categories such as textiles, furniture, lighting, kitchen accessories, and decoration.

1.1 Business Activities

Westwing is a European Home & Living eCommerce brand that aims to inspire its loyal customers using a shoppable magazine concept, a curated range of products, and varying content.

Ever since Westwing was founded, our strategy has been to inspire our customers with a daily interior magazine allowing them to discover and instantly shop their favorite Home & Living pieces. This shopping experience distinguishes us from typical Home & Living eCommerce offerings, which are usually search-based. We offer our customers relevant Home & Living categories such as textiles, furniture, lighting, kitchen accessories, and decoration, addressing all their Home & Living needs.

Our Club sales (Daily Themes) introduce customers to new ideas ranging from decoration tips to home styling looks, plus the matching products. Customers can also find a large variety of products on our Shop website, which features our permanent assortment. We present our products alongside beautiful visual content such as shoppable interior themes, home stories, and home styling tips.

Our content is created by a large team of art directors, interior designers, videographers, and photographers, among other people. The content creation teams work with our style and merchandizing units to find the right combination of inspiration and merchandizing for our customers.

Westwing targets a highly attractive market that is worth approximately EUR 130bn[1] in the geographies in which we operate. Our business model is fueled by our high customer loyalty, with 82% of orders coming from repeat customers. Our business activities follow our Company's mission: "To inspire and make every home a beautiful home."

In 2022, our gross merchandise volume (GMV, see also section 1.3 of this Combined Management Report) amounted to EUR 481m. Of this figure, 17% was attributable to textiles and rugs, 11% to home decoration and accessories, 10% to kitchen and dining, 9% to lighting, 33% to large furniture, 7% to small furniture, and 12% to other products.

The combination of our Westwing Collection and third-party products enables us to offer customers a broad, relevant assortment. The share of GMV accounted for by our Westwing Collection increased to 41% in 2022 as a whole (2021: 34%) and to 44% in the fourth quarter (Q4 2021: 37%). Our long-term goal is to grow this figure to 50%+ of GMV.

1.2 Structure of the Group

The Group is headed by our holding company, Westwing Group SE, a German stock corporation entered in the commercial register of the District Court in Berlin under the number HRB 239114 B. The Company is headquartered at Moosacher Strasse 88, 80809 Munich, Germany. Westwing has been listed on Frankfurt Stock Exchange's regulated market (Prime Standard) since October 9, 2018.

As of December 31, 2022, 23 companies were included in the Westwing Group's consolidated financial statements, of which 11 were nonoperating. The most important affiliate in terms of revenue is Germany-based Westwing GmbH, which also accounts for part of our international business. This means that the revenue generated by the legal entities in other

1 Euromonitor (as of May 30, 2022).

countries does not fully reflect Westwing's sales in those countries; rather, only Westwing's Club sales (Daily Themes) are attributable to these companies.

Westwing GmbH generated third-party revenue of EUR 328.4m in 2022 (2021: EUR 383.9m), while Westwing Poland Sp. z o.o had revenue of EUR 27.9m in 2022 (2021: EUR 35.6m). Italian company Westwing S.r.l. had revenue of EUR 27.9m (2021: EUR 41.5m), while revenue at the Spanish Westwing Iberia S.L. amounted to EUR 23.9m (2021: EUR 30.2m).

1.3 Performance Measurement System

Westwing manages its operating business via two segments: DACH and International. The key performance indicators used in management are revenue, revenue growth, Adjusted EBITDA, and the Adjusted EBITDA margin. The DACH segment comprises Germany, Switzerland, and Austria. The International segment consists of Spain, Italy, France, Poland, the Czech Republic, the Slovak Republic, Belgium, and the Netherlands.

We define EBITDA as total earnings before interest and taxes (EBIT) plus depreciation, amortization, and impairments. Adjusted EBITDA is calculated by modifying this figure to take account of share-based payment expenses. This provides a performance metric for the Company's operating business. In 2022, Westwing adjusted its EBITDA for one-time restructuring severance payments of EUR 5.7m, since the Company's cost base did not reflect the challenging market environment. We also reversed the shift in the cost of goods sold and fulfilment expenses resulting from the first-time capitalization of inbound costs to inventory as of December 31, 2021, in our Adjusted Statement of Profit or Loss, since management still follows the former approach when analyzing expense lines. Equally, EBITDA was adjusted in 2021 for expenses resulting from a tax claim for previous years brought against a divested entity, plus expenses incurred for the change in Westwing Group AG's legal form to a European Company (Societas Europaea – SE). The Adjusted EBITDA margin is defined as Adjusted EBITDA expressed as a percentage of revenue.

Other financial and non-financial performance indicators apart from our key performance indicators (revenue, revenue growth, Adjusted EBITDA, and the Adjusted EBITDA margin) are also reported to corporate management and include the following:

- GMV (gross merchandise volume): This is defined as the order value (excluding VAT) of all valid orders for the relevant period excluding failed and cancelled orders and less projected cancellations, which are estimated based on historical patterns. Returns are included, however.

- Westwing Collection share: The share of total GMV accounted for by our Westwing Collection, expressed in percent.

- Number of orders: This is defined as the total number of valid orders placed during the twelve months before the period-end, and is not adjusted for returns.

- Average basket size: The GMV for the relevant period divided by the total number of orders for the same period.

- Active Customers: Customers who have placed at least one valid order during the twelve months before the period-end, not adjusted for returns.

- Average orders per Active Customer in the preceding twelve months: This is the total number of orders placed in the twelve months before the period-end, divided by the number of Active Customers as of the period-end.

- Average GMV per Active Customer in the preceding twelve months: GMV in the twelve months before the period-end divided by the number of Active Customers as of the period-end.

- Mobile visit share: The proportion of site visits made via mobile devices, expressed as a percentage of total site visits.

- Contribution margin: Total gross profit less adjusted fulfilment expenses, expressed as a percentage of revenue.

- Free cash flow: The sum of cash flow from operations and cash flow from investments.

1.4 Research and Development

Ever since it was founded, Westwing has invested in developing and enhancing its software to support its growing internal and external business requirements. The Company has an in-house technology team that provides all countries with centralized support for maintaining this software architecture. As of year-end 2022, the team consisted of 229 employees (December 31, 2021: 267 employees). One important development was the expansion of the technological landscape to address the increasing focus on mobile platforms. Westwing provides apps for iOS and Android devices, plus smartphone- and tablet-optimized sites.

Development costs are capitalized in accordance with IAS 38 and HGB. The net carrying amount of intangible assets resulting from the capitalization of internally developed software increased by EUR 4.4m in the 2022 fiscal year, to total EUR 23.1m. Capitalized development costs accounted for roughly 23% of total technology costs in 2022 (2021: 30%). Amortization of capitalized development costs amounted to EUR 5.0m during the same period (2021: EUR 3.6m), while impairment expenses totaled EUR 0.7m (2021: EUR 0.1m).

2. REPORT ON ECONOMIC POSITION

2.1 Macroeconomic and Sector-specific Environment

Westwing operates in the Home & Living eCommerce market in 11 European countries. The Group's revenue and profitability depend on conditions in these markets and the potential they offer. Relevant factors include macroeconomic developments, general conditions in the Home & Living market, and the prospects for eCommerce (including mobile channels).

In 2022, macroeconomic developments were severely challenged by a series of major disruptive factors. As in previous years, the COVID-19 pandemic still negatively affected the world market. China's zero COVID strategy, which resulted in frequent lockdowns during the year, had a particularly serious influence on global supply chains. At the same time the Russian invasion of Ukraine, which started in February 2022, strongly destabilized the global economy. The Russian curtailment of gas deliveries resulted in a significant increase in gas prices and considerable uncertainty regarding future energy supplies.[2]

These factors, among other things, reinforced global inflation pressure. The rise in global consumer prices of 8.8% in 2022 was one of the highest in decades, and is tightening monetary conditions for both consumers and producers.[3] While consumer prices in advanced economies rose by an average of roughly 7.3 %[4] in 2022, Europe was hit especially hard with inflation of around 8.3%.[5]

Due to these distortions, global GDP growth is expected to have slowed to 3.4% in 2022 (2021: 6.2%).[6] Although this forecast is in line with predictions made at the end of the first half of 2022, it is lower than had been expected in April 2022. European GDP growth is predicted to have slowed to 3.5% (2021: 5.3%) as the continent suffered from the war in Ukraine and the resulting reduction in Russian gas supplies. GDP growth in Germany, Westwing's largest market, in 2022 is expected to have been even lower than the European average, at an estimated 1.9%.[7]

2 International Monetary Fund: World Economic Outlook Database October 2022.
3 International Monetary Fund: World Economic Outlook Database January 2023.
4 International Monetary Fund: World Economic Outlook Database January 2023.
5 International Monetary Fund: World Economic Outlook Database January 2023.
6 International Monetary Fund: World Economic Outlook Database January 2023.
7 International Monetary Fund: World Economic Outlook Database January 2023.

2022 was impacted by a drop in overall demand in the Home & Living market, driven by lower consumer sentiment caused by the factors described above. The online Home & Living market saw an even stronger decline as COVID-19 restrictions eased and people enjoyed offline shopping again.

OVERALL ASSESSMENT OF THE ECONOMIC ENVIRONMENT

As expected, 2022 was a difficult year for the global economy. In addition to the lingering COVID-19 pandemic, the war in Ukraine and higher inflation led to substantial uncertainties and put a brake on global economic activity. However, we expect the trend towards online purchasing in the Home & Living market to continue despite the challenging economic environment. Since Westwing has accumulated more than a decade's worth of eCommerce experience, we are confident and optimistic that we will overcome these difficult times and continue our success story in the coming years.

2.2 Course of Business[8]

2022 was a challenging year for Westwing, too. Our business was impacted by the war in Ukraine and the related market weakness. We closed the year with revenue of EUR 431m (2021: EUR 522m) – a drop of 17.5% year-over-year – and an Adjusted EBITDA margin of –1.0% (2021: 7.7%). Relative optimism at the beginning of 2022 gave way to economic challenges later on, with the decline in customer demand for the reasons described above impacting us strongly. As a result, we revised our original guidance downwards in August 2022.

We met this revised capital market guidance in terms of revenue and also ended the year in the upper half of our projected Adjusted EBITDA range, actually meeting the original March 2022 guidance for this item. However, we failed to meet our original revenue target.

Date	Revenue	Revenue growth	Adjusted EBITDA	Adjusted EBITDA margin
March 28, 2022 (original guidance)	EUR 460m to EUR 540m	–12% to +3%	EUR –9m to EUR +16m	–2% to +3%
August 10, 2022 (revised guidance)	EUR 410m to EUR 450m	–22% to –14%	EUR –15m to EUR 0m	–4% to 0%
FY 2022 result	EUR 431m	–17.5%	EUR –4.2m	–1.0%

The DACH segment generated revenue of EUR 242.4m (down 18.3%) and Adjusted EBITDA of EUR 7.9m (2021: EUR 38.8m), while revenue in our International segment was EUR 188.4m (down 16.5%) and Adjusted EBITDA amounted to EUR –11.2m (2021: EUR 2.8m). Please refer to the segment results for more details.

8 All statements and figures relating to our quarterly performance are unaudited.

The following major topics were relevant to the Company's course of business in 2022:

Fast-changing Environment Caused by the War in Ukraine

The overall macroeconomic environment caused by the Russian invasion of Ukraine saw accelerating inflation and a significant fall in customer confidence. As a result, we were faced with a drop in revenue which strongly impacted our margins. We were able to offset some of the resulting negative effects due to a substantial increase in our Westwing Collection's share of GMV. However despite this, and despite the fact that we passed on some cost increases to our customers, we experienced a negative short-term impact on our contribution margin.

Dealing with Higher Energy Prices and Gas Shortages

The end of gas supplies from Russia led to higher energy prices and the prospect of potential gas shortages. We coped with this by reducing energy consumption in our warehouses and offices, and by developing alternative options for heating our warehouses and hence ensuring operations.

Reduction of Online Sales After the Return of Offline Shops

Online market growth slowed down when offline sales came back after COVID-19 related restrictions ended. We had not anticipated this development, and had planned instead for additional growth, which was also reflected in a higher cost base. As a result, we had to adjust our business in the course of the year.

Maintaining and Improving Customer Loyalty

Customer loyalty to Westwing remained very strong in 2022, with 82% of orders coming from repeat customers (2021: 80%). We increased our share of wallet (measured in terms of the GMV per Active Customer for the preceding twelve months) from EUR 343 in 2021 to EUR 364 in 2022. We attract home enthusiasts by offering unique blend of Club sales (Daily Themes), our Shop (Permanent Assortment), our Westwing Collection, and organic marketing.

2.2.1 RESULTS OF OPERATIONS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The condensed Consolidated Statement of Profit or Loss (IFRSs) before adjustments is as follows:

EURm	2022	In % of revenue	2021	In % of revenue	Change in EURm	Change in %
Revenue	**430.8**	**100.0**	**522.5**	**100.0**	**–91.7**	**–17.5**
Cost of sales	–228.1	–52.9	–265.7	–50.9	37.6	–14.2
Gross profit	**202.7**	**47.1**	**256.8**	**49.1**	**–54.0**	**–21.0**
Fulfilment expenses	–94.2	–21.9	–107.1	–20.5	12.9	–12.1
Marketing expenses	–40.6	–9.4	–49.3	–9.4	8.7	–17.7
General and administrative expenses	–92.9	–21.6	–79.3	–15.2	–13.6	17.1
Other operating expenses	–5.2	–1.2	–3.8	–0.7	–1.3	34.7
Other operating income	2.6	0.6	3.9	0.7	–1.2	–31.7
Operating profit/loss	**–27.4**	**–6.4**	**21.1**	**4.0**	**–48.5**	**–**

The following table shows the reconciliation from the operating profit/loss to Adjusted EBITDA:

EURm	2022	2021
Operating profit/loss	**–27.4**	**21.1**
Share-based payment expenses/(income)	–0.6	5.6
Restructuring severance payments	5.7	–
Expenses for tax claim on discontinued operations	–	0.3
Expenses for change in legal form to an SE	–	0.4
Restructuring in France	–	–0.0
Depreciation, amortization, and impairments	18.1	13.0
Adjusted EBITDA	**–4.2**	**40.4**
Adjusted EBITDA margin	–1.0%	7.7%

The Adjusted Consolidated Statement of Profit or Loss shown in the following table, which we use to comment on operating developments in the individual items, does not include share-based payment expenses. In 2022, Westwing adjusted its EBITDA for restructuring severance payments of EUR 5.7m, since the Company's cost base did not reflect the challenging market environment. We also reversed the shift in the cost of goods sold and fulfilment expenses resulting from the first-time capitalization of inbound costs to inventory as of December 31, 2021, in our Adjusted Statement of Profit or Loss, since management still follows the former approach when analyzing expense lines. Equally, EBITDA was adjusted in 2021 for expenses relating to the tax claim brought against a divested entity in previous years, plus expenses incurred for the change in Westwing Group AG's legal form to a European Company (SE). Finally, depreciation, amortization, and impairments were excluded to arrive at the Adjusted EBITDA. In 2022, no share-based payment expenses recognized in previous years impacted cash (2021: EUR 1.5m).

ADJUSTED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EURm	2022	In % of revenue	2021	In % of revenue	Change in EURm	Change in %
Revenue	**430.8**	**100.0**	**522.5**	**100.0**	**–91.7**	**–17.5**
Cost of sales*	–223.8	–51.9	–265.7	–50.9	41.9	–15.8
Gross profit	**207.1**	**48.1**	**256.8**	**49.1**	**–49.7**	**–19.4**
Fulfilment expenses*	–98.0	–22.7	–107.1	–20.5	9.1	–8.5
Contribution margin*	**109.1**	**25.3**	**149.7**	**28.7**	**–40.6**	**–27.1**
Marketing expenses	–39.2	–9.1	–49.3	–9.4	10.1	–20.4
General and administrative expenses*	–89.7	–20.8	–73.4	–14.0	–16.3	22.2
Other operating expenses*	–5.2	–1.2	–3.5	–0.7	–1.7	47.5
Other operating income	2.6	0.6	3.9	0.7	–1.2	–31.7
Depreciation, amortization, and impairments	18.1	4.2	13.0	2.5	5.1	39.0
Adjusted EBITDA	**–4.2**	**–1.0**	**40.4**	**7.7**	**–44.7**	**–**

* The following adjustments were made in these line items:

EURm	Expense item	2022	2021
Share-based payment expenses/(income)	Fulfilment expenses	0.0	0.0
	Marketing expenses	0.0	0.0
	General and administrative expenses	–0.6	5.6
Restructuring severance payments	Fulfilment expenses	0.5	–
	Marketing expenses	1.3	–
	General and administrative expenses	3.8	–
Capitalization of inbound costs	Cost of sales	4.3	–
	Fulfilment expenses	–4.3	–
Provision for tax claim for discontinued operations	Other expenses	–	0.3
Expenses for the change in legal form to an SE	General and administrative expenses	–	0.4
Restructuring in France	Fulfilment expenses	–	–0.0
	General and administrative expenses	–	–0.0
Total		**5.1**	**6.3**

Revenues for the fiscal year can be broken down as follows:

EURm	2022	In % of revenue	2021	In % of revenue
Revenue from the sale of products	423.0	98.2	515.0	98.6
Service revenue	1.0	0.2	0.6	0.1
Other revenue	6.9	1.6	6.8	1.3
Total	**430.8**	**100.0**	**522.5**	**100.0**

Changes in the other performance indicators were as follows in the reporting period:

OTHER PERFORMANCE INDICATORS

	2022	2021	Change
Westwing Collection share (in % of GMV)	41%	34%	7pp
GMV (in EURm)	481	586	–18%
Number of orders (in thousands)	3,128	4,371	–28%
Average basket size (in EUR)	154	134	+15%
Active Customers (in thousands)	1,320	1,705	–23%
Average orders per Active Customer in the preceding 12 months (in EUR)	2.4	2.6	–8%
Average GMV per Active Customer in the preceding 12 months (in EUR)	364	343	+6%
Mobile visit share	80%	80%	0pp

BUSINESS PERFORMANCE[9]

Westwing's revenue in 2022 amounted to EUR 430.8m, a decline of 17.5% compared to 2021. The decrease was primarily due to the difficult market environment that mainly resulted from the war in Ukraine, with the resulting inflation driving low consumer confidence and reduced customer demand. At the same time, 2022 must be compared to a very strong 2021, in which online Home & Living demand still benefited from offline lockdowns.

The share of revenue accounted for by the Westwing Collection grew by 7 percentage points, from 34% of GMV in 2021 to 41% of GMV in 2022. The figure for the fourth quarter of 2022 amounted to 44% (Q4 2021: 37%).

Westwing's gross profit margin of 48.1% remained strong and was only slightly lower than the figure for 2021 (49.1%). This encouraging figure was largely due to the higher Westwing Collection share, which offset lower margins from increased product costs.

Fulfilment expenses[10] as a percentage of revenue increased year-over-year to 22.7% (2021: 20.5%). In absolute terms, they amounted to EUR 98.0m (2021: EUR 107.1m). This was driven by the new warehouse that opened in the first quarter of 2022, increasing our fixed costs, and by the generally low utilization of our fulfilment infrastructure in 2022.

Marketing expenses as a percentage of revenue amounted to 9.1% and were on a similar level to the previous year (2021: 9.4%). Expressed in absolute terms, they fell to EUR 39.2m (2021: EUR 49.3m).

General and administrative expenses as a percentage of revenue rose from 14.0% in 2021 to 20.8% in 2022. This was primarily driven by the lower revenue base plus an increased cost base in key areas such as technology and the Westwing Collection. In absolute terms, general and administrative expenses increased by EUR 16.3m to EUR 89.7m (2021: EUR 73.4m).

Adjusted EBITDA in 2022 was EUR –4.2m (2021: EUR 40.4m), down EUR 44.7m year-over-year. The Adjusted EBITDA margin declined by 8.7 percentage points, from 7.7% to –1.0%.

Depreciation and amortization increased by EUR 5.1m to EUR 18.1m. This was primarily due to higher amortization of internally generated software resulting from higher capitalized expenses over recent years, plus increased depreciation of right-of-use assets.

The net financial result fell by EUR 0.8m compared to 2021 and amounted to EUR –2.9m (2021: EUR –2.1m). This mainly resulted from higher interest on lease liabilities and higher currency losses.

9 Figures are presented on an adjusted basis; for details, see the Adjusted Statement of Profit or Loss tables above.

10 Fulfilment expenses include shipping costs.

Income tax expenses were down compared to the previous year, at EUR 2.1m (2021: EUR 7.0m). In 2022, Westwing reduced deferred tax assets on loss carryforwards as well as deferred tax liabilities. In total, this resulted in an expense of EUR 1.8m (2021: EUR 4.3m), which led to a total tax expense of EUR 2.1m (2021: EUR 7.0m).

Result after tax in the 2022 fiscal year amounted to EUR -32.4m, a year-on-year decline of EUR 44.4m (2021: EUR 12.0m).

GMV fell by 17.9%, from EUR 585.6m in 2021 to EUR 480.9m in 2022. This drop was based on a 28.4% reduction in customer orders to 3.1m (2021: 4.4m), which were placed by 1.3m (2021: 1.7m) Active Customers. The average GMV per Active Customer increased to EUR 364 in 2022 compared to EUR 343 in 2021.

The mobile visit share was stable in 2022 at 80% (2021: 80%).

SEGMENT RESULTS

The Group's revenue can be broken down by segment as follows:

EURm	**2022**	**In % of revenue**	2021	In % of revenue	Change in EURm	Change in %
DACH	242.4	56.3	296.8	56.8	–54.4	–18.3
International	188.4	43.7	225.7	43.2	–37.2	–16.5
Total	**430.8**	**100.0**	**522.5**	**100.0**	**–91.7**	**–17.5**

Adjusted EBITDA for the segments was as follows:

EURm	**2022**	**Margin**	2021	Margin	Change in EURm
DACH	7.9	3.3%	38.8	13.1%	–30.8
International	–11.2	–5.9%	2.8	1.2%	–13.9
HQ/reconciliation	–1.0	–	–1.1	–	0.1
Total	**–4.2**	**–1.0%**	**40.4**	**7.7%**	**–44.7**

Our DACH segment contributed EUR 242.4m to revenue, a decline of 18.3% compared to 2021. Revenue in our International segment fell 16.5% to EUR 188.4m. The DACH segment achieved an Adjusted EBITDA of EUR 7.9m and an Adjusted EBITDA margin of 3.3% (2021: 13.1%). Adjusted EBITDA in the International segment was a negative EUR –11.2m (2021: EUR 2.8m), corresponding to an Adjusted EBITDA margin of –5.9% (2021: 1.2%).

2.2.2 FINANCIAL POSITION

CONDENSED STATEMENT OF CASH FLOWS

EURm	2022	2021	Change in EURm
Cash flows from operating activities	–7.5	18.1	–25.5
Cash flows from investing activities	–11.4	–16.0	4.6
Cash flows from financing activities	–2.7	–9.7	7.0
Net change in cash and cash equivalents	**–21.5**	**–7.6**	**–13.9**
Effect of exchange rate fluctuations on cash held	0.1	0.1	0.0
Cash and cash equivalents as of January 1	97.4	104.9	–7.5
Cash and equivalents as of December 31	**76.0**	**97.4**	**–21.4**

Westwing generated cash flow from operating activities of EUR –7.5m in 2022 (2021: EUR 18.1m) due to its operating loss. Cash and cash equivalents declined by EUR 21.4m compared to December 31, 2021. Net working capital – defined as inventories plus prepayments, current trade receivables, and other financial assets less trade payables, accruals, supplier finance arrangements, and contract liabilities – decreased year-over-year and amounted to EUR 2.5m in 2022 (2021: EUR 4.4m).

Cash flows from investing activities amounted to EUR –11.4m in 2022 (2021: EUR –16.0m). This item included investments in intangible assets, and especially in internally developed software, of EUR 10.2m (2021: EUR 8.6m), plus purchases of property, plant, and equipment totaling EUR 3.7m (2021: EUR 6.3m). These mainly related to technical equipment for the new warehouse in Poland and the Company's headquarters.

Due to the changes in cash flows from operating activities and cash flows from investing activities described above, free cash flow for full-year 2022 was EUR –18.8m (2021: EUR 2.1m).

Cash flows from financing activities amounted to EUR –2.7m (2021: EUR –9.7m). This improvement is basically due to supplier finance arrangements and a one-time lease incentive payment of EUR 1.5m, which were partially offset by higher payments for lease liabilities. The supplier finance arrangements led to a financing cash inflow of EUR 7.8m. Conversely, cash outflows for lease liabilities increased by EUR 3.0m. In addition, Westwing had credit lines of up to EUR 20.0m.

Principles and Objectives of Financial Management

Managing cash and working capital are at the heart of Westwing's financial management. Maintaining liquidity is also a paramount objective. The nature and volume of cash transactions are aligned with our operating business. Westwing only has term deposits such as highly liquid short-term investments with original maturities of three months or less. Rolling twelve-month cash flow planning is used to determine liquidity requirements.

The Company maintains cash reserves to cover additional investments in growth and to support its ongoing business. Westwing consistently ensured that enough liquid funds were available to fund operations and was always able to meet its payment obligations.

Details on financial risk management can be found in the notes to the consolidated financial statements (Note 22).

2.2.3 NET ASSETS

CONDENSED STATEMENT OF FINANCIAL POSITION

EURm	2022	2022 in % of total	2021	2021 in % of total	Change in EURm	Change in %
Total assets	**228.3**	**100.0**	**277.4**	**100.0**	**–49.1**	**–17.7**
Non-current assets	82.3	36.1	87.4	31.5	–5.0	–5.8
Current assets	146.0	63.9	190.1	68.5	–44.1	–23.2
Total equity and liabilities	**228.3**	**100.0**	**277.4**	**100.0**	**–49.1**	**–17.7**
Equity	90.1	39.4	119.3	43.0	–29.3	–24.5
Non-current liabilities	45.6	20.0	54.0	19.5	–8.4	–15.6
Current liabilities	92.7	40.6	104.2	37.5	–11.5	–11.0

Non-current assets mainly consist of property, plant, and equipment, and intangible assets. Property, plant, and equipment hardly changed from EUR 55.5m at the end of 2021 to EUR 53.2m at the end of 2022. Intangible assets, which are primarily attributable to the capitalization of software development expenses, increased by EUR 4.4m. Capitalized software development expenses of EUR 10.2m in 2022 were partially offset by amortization of EUR 5.0m and an impairment charge of EUR 0.7m.

Current assets amounted to EUR 146.0m as of December 31, 2022 (December 31, 2021: EUR 190.1m). Cash and cash equivalents decreased to EUR 76.0m (December 31, 2021: EUR 97.4m), primarily because of negative cash flows from operating activities. Inventories fell to EUR 45.2m (December 31, 2021: EUR 54.9m) as supply chains stabilized and we were able to decrease inventory buffers. Trade and other current financial receivables rose by EUR 1.1m to EUR 12.6m (December 31, 2021: EUR 11.5m); this item included expected credit losses of EUR 3.0m (December 31, 2021: EUR 4.6m).

The Company's equity declined to EUR 90.1m as of December 31, 2022, compared to EUR 119.3m as of the end of 2021. This change was mainly caused by the net loss for the year.

Non-current liabilities decreased by EUR 8.4m to EUR 45.6m (December 31, 2021: EUR 54.0m). This was primarily caused by a decrease of EUR 4.2m in liabilities from cash-settled share-based payments and the EUR 2.7m lower deferred tax liabilities.

As of December 31, 2022, the Group had credit lines of EUR 10.0m at UniCredit Bank AG (December 31, 2021: EUR 10.0m), valid until further notice, plus credit lines of EUR 10.0m at Norddeutsche Landesbank, valid until December 31, 2024.

Current liabilities declined by EUR 11.5m year-over-year to EUR 92.7m (December 31, 2021: EUR 104.2m). Trade payables decreased from EUR 41.8m at the end of 2021 to EUR 16.7m as of December 31, 2022. This was mainly due to the inventory build-up in 2021, especially in the fourth quarter, which led to high trade payables at the end of the previous year. The effect was partially offset by the first-time recognition of supplier finance arrangements of EUR 7.8m, which enabled us to pay suppliers earlier and hence receive discounts. In addition, personnel-related liabilities rose by EUR 3.4m, mainly due to restructuring severance payments as well as expected wage tax payments.

Overall Assessment of the Group's Economic Position

Although COVID-19 was initially still a topic of concern, it was nearly completely displaced by Russia's large-scale military invasion of Ukraine, which started on February 24, 2022. Global sanctions against Russia deeply impacted world market developments and had side effects such as a spike in inflation that was caused in particular by energy prices, and plummeting consumer sentiment. This situation must be compared with a successful previous year that saw high growth rates.

Overall, the fall in revenue led to weaker margins and negative Adjusted EBITDA, as the size of our business had been based on expectations of higher sales levels. We addressed this by reducing our headcount over the year and becoming even more cost-conscious. These measures enabled us to meet the updated forecast we issued in August 2022, with revenue of EUR 431m and Adjusted EBITDA of EUR −4.2m. Despite being unprofitable in 2022, we are still seeing strong unit economics and a very positive performance by our Westwing Collection share. We are therefore confident that we will return to profitable growth again, especially once the market environment improves.

3. EMPLOYEES

Westwing Group employed 1,729 full time equivalents (FTEs) as of the end of December 2022 – a significant decrease on the 2,312 employees recorded as of the end of 2021.

In December 2022, most staff were employed by the Munich-based legal entities Westwing Group SE (295 FTEs) and Westwing GmbH (254 FTEs), and by the Group's Polish entity (764 FTEs). The latter also operates Westwing's shared service center and shared warehouses.

Westwing's employees are highly international. As of the end of 2022, the Company employed people with more than 71 different nationalities. Likewise, Westwing sees gender diversity as an important factor: A total of 61% of the Company's employees are female.

4. NON-FINANCIAL STATEMENT

This Non-financial Group Statement covers the Westwing Group's operations and was prepared in accordance with sections 315b and 315c in conjunction with sections 289b and 289c of the German Commercial Code (Handelsgesetzbuch – HGB). The Non-financial Statement presents our sustainability focus areas, describes our management approach, lists our performance indicators, and highlights specific initiatives undertaken during the reporting period. The identification and analysis of the material aspects described in this statement was based on the Global Reporting Initiative (GRI) Standards (GRI Universal Standards Version 2016) and on section 289c(3) of the HGB. We have not fully applied any given reporting framework as these did not appear to us to be fit for purpose.

The Non-financial Statement contains the disclosures required pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter referred to as the "EU Taxonomy Regulation"), and the Delegated Acts adopted under it.

Westwing focuses on building and maintaining a long-lasting relationship with our customers, inspiring them with a curated selection of products in our shoppable magazine and Shop (Permanent Assortment), and combining these with beautiful content. Specific information on our business model can be found in section 1 of the Combined Management Report ("Fundamental Information About the Group").

At Westwing, we believe that we can improve our overall sustainability performance by focusing on our products, suppliers, and employees, and on the way we communicate with our customers. This approach will also underpin our continued sustainable growth. Our strategy describes how we intend to reach our sustainability ambitions.

Sustainability Strategy 2030

Our Sustainability Strategy 2030 is based on our belief that our customers can choose to live both beautifully and sustainably.

It aims to address environmental, social, and governance (ESG) challenges that are important to our customers, employees, suppliers, investors, and other stakeholders. It focuses on four key areas: 1) products and packaging, 2) customers, 3) people and planet, and 4) supplier engagement:

1. Make our Westwing Collection more sustainable – using product and packaging materials that have the best possib-le environmental, social, and ethical profile.

2. Enable our customers to make more sustainable choices – offering more sustainable products that can be seamlessly integrated into beautiful, sustainable homes.

3. Create the best workplace – continuing to provide exceptional working spaces that are safe, healthy, inclusive, and environmentally friendly.

4. Ensure our suppliers act on sustainability – partnering with them to develop and improve their environmental and social performance.

Defining What is Important: Our Material Topics

We performed a materiality assessment in 2021 after extensive consultation with various internal and external stakeholder groups. As a result, we identified six topics on which our corporate activities have an impact and which are also relevant for understanding Westwing's business performance, financial results and position. We also defined our overall goals and targets in relation to these impact areas. For 2022, our Management Board and other members of the Sustainability Steering Committee confirmed that these topics were complete and valid from the perspective of both their business relevance and their impact.

Matters required by the HGB	Topic	Goals	Targets
Environmental matters	Climate and energy	• Avoid, reduce, and offset our greenhouse gas emissions	• Source 100% of overall energy[1] used from renewable sources by 2027 • Set science-based emissions reduction targets by 2023 • Stay climate neutral[2]
Environmental matters	Packaging	• Reduce amount of packaging • Reduce use of virgin materials • Reduce use of materials that are harmful to the environment • Reduce packaging going to landfill	• Reduce the amount of packaging[3] used by Westwing • Reduce foam material (Westwing's own packaging) • Eliminate single-use plastics and increase the use of recycled plastics (Westwing's own packaging) • Eliminate styrofoam packaging by 2028 (Westwing Collection products) • Make more than 90% of Westwing's own packaging recyclable or compostable by 2028 • Reuse, recover, or recycle more than 90% of packaging waste generated at our own sites by 2027
Environmental matters	Materials sourcing	• Increase the proportion of sustainable materials used in our products • Eliminate hazardous materials and avoid the use of toxic chemicals	• Use more than 90% certified[4] sustainable wood in our Westwing Collection products by 2026 • Use more than 90% certified[5] organic, recycled, and/or responsibly sourced cotton in our Westwing Collection products by 2026 • Use more than 90% responsibly[6] sourced animal by-products[7] in our Westwing Collection products by 2026 • Increase the share of recycled content in the plastics used in our Westwing Collection products • Eliminate hazardous materials and avoid the use of toxic chemicals in our Westwing Collection products

1 Energy includes electricity, heating, cooling, and fuels for vehicle fleet trucks.

2 Climate neutrality is defined as covering direct emissions generated within Westwing (electricity and heat generation, vehicle fleet emissions, and fugitive gases) and indirect emissions caused by purchased energy, business trips, and employee travel. Other indirect emissions that occur outside Westwing during the production of raw materials and intermediate products, in external logistics, in the use and disposal of products, or in other processes do not fall under this definition. Our activities to reach climate neutrality encompass energy efficiency and reduction measures as well as the purchase of carbon offsets.

3 Inbound for Westwing Collection products, outbound (excluding dropshipping) in our warehouses.

4 Certifications include FSC® and PEFC.

5 Certifications include GOTS, MADE IN GREEN by OEKO-TEX, and OCS.

6 Certifications include Leather Working Group, Natural Leather IVN, Global Traceable Down Standard, Responsible Down Standard and Downpass.

7 Animal by-products refer to leather, down, and fur.

Matters required by the HGB	Topic	Goals	Targets
Social matters – human rights	Supplier impacts	• Enhance our suppliers' social and environmental performance • Brand partners to be aligned with our sustainability standards	• 100% of Westwing Collection suppliers to be evaluated regularly by 2025 • 50% of Westwing Collection suppliers by purchase order volumes to have established environmental and social management systems[8] by 2028 • Brand partners to be aligned with our sustainability standards by 2027
Employee matters – human rights	Fair working conditions	• Operate to the highest standards of health, safety, and job satisfaction	• 50% of Westwing Collection suppliers to establish programs to measure and improve working conditions by 2028 • Maintain Westwing employee satisfaction rate above 80% • Avoid accidents in our warehouses
Social matters	Responsible marketing and communications	• Provide transparent, credible information on the sustainability qualities of our products, and assist our customers to make more sustainable choices	• A significant share of our products to be labeled as sustainable • 50% of our Westwing Collection products to be labeled as sustainable by 2027 • A significant share of Westwing's communications to be dedicated to promoting sustainability

In addition to these topics, we identified the area of Integrity, legal compliance, and data protection (matters required by HGB: anti-corruption and bribery matters) as needing to be included in the Non-financial Statement, based on its relevance for our business and its impact.

Sustainability Governance

Our Management Board, which is overseen by the Supervisory Board, is ultimately responsible for our Sustainability Strategy 2030. Our Head of Corporate Sustainability develops and drives the strategy across the business setting targets, measuring progress, and reporting on milestones achieved. She leads a core team that works directly with designated individuals ("sustainability champions") in all areas of the business. This Corporate Sustainability team devises goals and processes, monitors performance, and aims to ensure that Westwing complies with all relevant environmental, social, and ethical requirements. It works with key managers across the business to identify and implement road maps and monitor performance, with the goal of ensuring we are setting and meeting relevant targets. It also supports key executives in their engagement and communication with external stakeholders and especially with customers, suppliers, and investors. The Head of Corporate Sustainability reports to the Director of Governance, Risk Management, and Compliance (GRC), who in turn reports progress to the CFO and the Management Board. The CFO is provided with a monthly sustainability update.

8 Environmental and social management systems (e.g., ISO 14000, SA 8000).

The dedicated Sustainability team at our Shop (Permanent Assortment) and Westwing Collection business is led by the Director of Quality and Sustainability. This team aims to ensure the sustainability of our products, inbound packaging, supply chain operations, and materials sourcing – factors that are vital to our strategy – and to guarantee compliance with the relevant regulations and material/product sustainability guidelines.

Our GRC function monitors risks across the business, identifying financial and non-financial risks embedded in the existing risk management process - taking into account reputational, social and environmental risks. As part of this process, we also assess if any potential material negative impacts must be included in this Non-financial Statement. For 2022, we did not identify any unaddressed risks resulting from our operations, business activities, and business relationships that could very likely have a serious negative impact on material non-financial aspects.

CLIMATE AND ENERGY

Management Approach

The carbon emissions that we generate in our operations, products, and supply chain are of material importance to the business, to our employees, customers and to investors.

At Westwing, our efforts to address carbon emissions start with the annual calculation performed using the Greenhouse Gas Protocol methodology. The Corporate Sustainability team collects and reviews underlying data and information from Westwing's departments and then calculates the Company's carbon footprint with the assistance of an external partner.

The Corporate Sustainability team, working in alignment with the Management Board, is in charge of setting emission reduction targets, in close communication and cooperation with other relevant departments. Carbon offsetting is also coordinated by the Corporate Sustainability team in agreement with the Management Board, and is then implemented by external partners. Our strategic focus is threefold: We aim to understand our footprint so as to set realistic targets, to avoid and reduce emissions as far as possible (including by increasing our efficiency and use of renewables), and to offset the remaining emissions.

Key Achievements in 2022

Westwing is still at the beginning of its journey to reduce carbon emissions, but we are confident of being on the right path. We made further progress on switching to renewable energy in our operations in 2022, and aim to reach 100% by 2027. Our delivery service hubs in Munich and Hamburg started running on renewable electricity this year, and this is also used in our newly opened Hamburg store. Renewable electricity currently accounts for 22% of our total electricity use and renewable energy for 5% of our total energy use.

Scope	Emissions covered (before carbon offsets)[9]	2022	2021
Scope 1 (in t CO_2e)	Direct emissions from heating, the combustion of fuels by our own vehicles, and fugitive emissions from air conditioning	2,776	2,249
Scope 2 (in t CO_2e)[10]	Indirect emissions from purchased electricity and district heating	2,397	1,732
Scope 3 (in t CO_2e)[11]	Indirect emissions from business travel[12], employee commuting, and fuel- and energy-related activities not included in Scope 1 and Scope 2	5,788	4,548

As expected, the opening of our new warehouse in Poland contributed to emission increases across scopes 1, 2 and 3. Nonetheless, our new warehouse has been designed with key sustainability features including solar panels, waste water recovery systems, vehicle charge points, water conservation technologies, LED lighting, enhanced natural light and ventilation systems. The warehouse was granted a BREEAM certification ('Very Good') in 2022. Additionally, higher office attendance of our employees in 2022 contributed to increased emissions from commuting as part of our scope 3 emissions.

We also stayed climate neutral[13] in our own operations by purchasing carbon offsets for our 2021 emissions shown in the table above. For 2022 we are currently finalizing the offsetting of those emissions. Our own operations include Westwing's direct emissions linked to electricity and heat generation, its vehicle fleet, and fugitive gases, plus indirect emissions caused by purchased energy, business trips, and employee travel. Other indirect emissions linked to the production of raw materials and intermediate products, external logistics and the use and disposal of products, or other processes, are not taken into account here. In addition, we worked to further improve our energy efficiency so as to reduce the need for offsetting. We have started to measure and optimize how we utilize our outbound trucks so as to decrease the impact of our shipping operations: The aim is to use as few trucks as possible to ship to our customers reliably and on time.

Westwing has also gone a step further and committed to the Science Based Targets initiative (SBTi), which aims to reduce carbon emissions and help limit global warming to 1.5 °C in line with the Paris Agreement on climate change. Targets are considered "science-based" if they are in line with what the latest climate science deems necessary to address global warming in line with the 2015 Paris Agreement. Here we piloted the process of estimating our entire Scope 3 emissions, with the emphasis being on our own and third-party products for the prior year. Once we are able to collect data for the current financial year, these will also be included in our reporting. Additionally, we identified current business growth scenarios and analyzed our operations to identify potential ways of achieving our emission reduction targets. Westwing aims to submit its emission reduction targets by early 2023 to the SBTi.

9 The calculations were based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). Emission factors were taken from scientifically recognized databases such as ecoinvent and DEFRA in the most current versions. Our corporate carbon footprint calculates all emissions as CO_2 equivalents (CO_2e). This means that all relevant greenhouse gases, as stated in the IPCC Assessment Report, were taken into account in the calculations. These include carbon dioxide (CO_2), methane (CH_4), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).
CO_2 emissions were calculated using the company's consumption data. Wherever possible, primary data for the reporting period was used. Where information was not readily available, we made assumptions. For example, prior-year data or facilities' floor areas (m^2) were used where heating, air conditioning or electricity data was not available to estimate Scope 1 or Scope 2 emissions. For employee commuting generic assumptions were made as to the means of transportation used by employees (% share of cars, public transportation, etc.) and the average distance traveled. For business travel via air, we assume average distances for short-haul and long-haul trips, for travel via rail we differentiate between inner-city and domestic/continental travels and use average distances for each category.

10 Emissions for electricity were calculated using the market-based method. For the market-based method, specific emission factors were provided by our energy providers, if available. If these specific factors were not available, factors for the residual mix in the country of operation were used.

11 Excluding emissions from purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments.

12 Business travel includes air, rail, and road travel.

13 Our activities to achieve climate neutrality include energy efficiency and reduction measures as well as the purchase of carbon credits.

Key challenges in reaching some of our energy usage objectives have been the fact that we do not directly manage all of our facilities, and that replacing existing energy systems or electricity contracts with renewable ones can be technically difficult and also depends on market conditions.

Outlook for 2023

In 2023, we aim to set our carbon emissions reduction targets and have them validated by SBTi. One of the most significant objectives for the year will be to define a carbon reduction strategy and a road map to underpin our targets.

We plan to start our 2023 journey towards our Scope 1 and Scope 2 carbon emission targets by enhancing our energy and resource efficiency, looking into ways of increasing our use of renewable energy throughout the business, and improving our logistics and transportation operations. Measures will include exploring opportunities for geothermal heating and photovoltaics usage, and identifying and addressing energy consumption and efficiency improvement opportunities. With regard to our Scope 3 emissions, we want to plan how to best start engaging with key suppliers and will pilot our first product carbon footprints.

PACKAGING

Management Approach

At Westwing, we care about how our products are packaged, since we want them to be delivered safely to our customers while having a minimal impact on the environment. We recognize our responsibility to provide the most sustainable packaging possible for our products and aim to achieve this by focusing on two main areas. These are firstly the packaging used by our warehousing and logistics operations to protect products for delivery to our customers (outbound packaging), and secondly the packaging developed for our own products by our Westwing Collection suppliers (inbound packaging).

Our commitment includes plans to eliminate foams, to replace virgin plastics with recycled plastics or paper, to continue increasing the amount of recycled, recyclable, or compostable paper used, and to reduce our use of packaging materials overall. These targets are informed by our Packaging Guidelines (PGs).

These have been developed in alignment with our corporate goals, with European regulations, packaging waste, and extended producer responsibility, and with relevant European and national quality and safety standards. Among other things, they cover preferred materials, restricted substances, closure methods, safety warnings, drop tests, labeling, polymer use, and third-party certifications such as those awarded by the Forest Stewardship Council (FSC®).

Outbound Packaging: Outbound packaging is the packaging used by our warehousing and logistics operations. The Head of Quality and Customer Experience and their team are responsible for outbound packaging. They plan and supervise the way products are packaged for our end customers, focusing in particular on packaging procurement and reduction, subject to cost and utility. Additionally, the team manages how products are packaged and stored in the warehouse. Support for sustainability issues is currently provided by the Corporate Sustainability team.

Inbound Packaging: Inbound packaging is the packaging used for Westwing Collection Products. The Director of Product Quality and Sustainability and their team are responsible for this. They oversee the development of packaging solutions by our suppliers, provide guidance as necessary, and take full responsibility for the design, quality, sustainability, and overall procurement of suitable solutions. The final stage of all product development is when packaging is developed at the supplier. The packaging details are added to our product specification tracking and checked for adherence to our packaging guidelines.

Key Achievements in 2022

In 2022, we set up defined data collection procedures across our locations and determined the baseline for the majority of our strategic targets. We will start reporting on the progress made on our reduction targets during the next reporting cycle.

The key challenge in making our packaging more sustainable has been the availability of reasonably priced packaging solutions that deliver on the important aspects of quality, safety, and product sustainability.

Outbound Packaging: In 2022, Westwing worked to define and use sustainable packaging options, in line with customer expectations that we avoid “overpackaging.” We also developed a packaging improvement road map for our European Logistics Center in Poland and introduced 100% recycled foil bags both there and in our Italian Logistics Center.

Category	Packaging metric[14]	Scope	2022[15]
Recycled plastics	Share of plastics containing > 60% recycled materials (in %)[16]	Outbound packaging in warehouses and for product protection/storage	2
Packaging reduction	Weight of packaging used per package[17] shipped (in kg)	Outbound packaging in warehouses and for product protection/storage. Excluding wood, metal, and fabric.	0.7
Packaging reduction	Weight of packaging used per item shipped (in kg)	Outbound packaging in warehouses and for product protection/storage. Excluding wood, metal, and fabric.	0.3
Packaging reduction	Weight of packaging used per cubic meter of product shipped (in kg)	Outbound packaging in warehouses and for product protection/storage. Excluding wood, metal, and fabric.	7
Foam reduction	Share of foam material out of all plastic material (in %)[18]	Outbound packaging in warehouses and for product protection/storage	3
Recyclable/biodegradable/compostable	Share of recyclable material out of all packaging material (in %)[19,20]	Outbound packaging in warehouses and for protection/storage of products. Excluding wood.	95
Packaging waste reused, recovered, and/or recycled[21]	Share of packaging reused, recovered and/or recycled out of all packaging waste (in %)	Packaging waste in our own warehouses	58

With 95% of our outbound packaging material being recyclable we are above the target set out in our Sustainability Strategy (90%). We are also on track to hit our target for reused, recovered and/or recycled packaging waste in our warehouses, with 58% of our packaging currently being transferred to disposal service providers for recovery and/or recycling (target: 90% in 2028).

14 All packaging figures (with the exception of inbound) have been calculated using the averages given in our quarterly reporting.
15 Prior-year data is not available as the reporting processes were only established in the reporting period.
16 Excluding fitting bags, plastic tapes, silica bags, any type of plastic foam.
17 A package can include multiple items.
18 Foam includes spongy plastics (e.g., corners/fleece). Excluding fitting bags, plastic tapes, silica bags, any type of plastic foam.
19 Excluding single-used plastics.
20 Recyclable plastics refers to LDPE, HDPE, and PP; recyclable paper refers to all paper that is not covered in wax, foil, or plastic.
21 Packaging waste was transferred to disposal service providers for reuse,recovery and/or recycling.

Inbound Packaging: Here we rolled out the use of recycled foil bags for Westwing Collection rugs and have removed a majority of the styrofoam previously used in our Westwing Collection portfolio. This year, the share of our order volume for which sustainable packaging solutions have been negotiated[22] topped 90% for the Westwing Collection. This means that the packaging solutions concerned abide by the following criteria, as applicable:

a. Use of recycled materials (at least 60% recycled content for plastics)

b. Use of 100% biodegradable, compostable, and/or recyclable materials

c. No use of styrofoam

In addition, where paper-/wood-based packaging materials are used, preference is given to those that are FSC®-certified. Sustainable packaging is already mandatory for all new developments.

Packaging metric	2022[23]
Share of order volume related to the Westwing Collection for which sustainable packaging has been negotiated (out of total purchase order volume as of 12/31/2022 in %)	94
Proportion of orders related to the Westwing Collection that no longer contain styrofoam (in %)[24]	85

We have already reached our target for sustainable packaging negotiated for inbound packaging, and also increased the share of styrofoam eliminated in orders to 85% in this area – a major step towards our target of 100% until 2028.

Outlook for 2023

Outbound Packaging: In this area, we plan to implement measures to reduce the overall consumption of materials, switch outbound protection material to reused cardboard waste, reduce the amount of stretch foil used in outbound packaging, replace outbound virgin plastic cushion bubbles by more sustainable alternatives, and use non-plastic materials instead of foams.

Inbound Packaging: In the case of our Westwing Collection products, we plan to complete our shift to sustainable packaging in the existing product portfolio, and to prioritize fully eliminating single-use plastics and styrofoam. Internally, we are aiming to build a comprehensive packaging database and to further standardize our packaging data collection process.

22 Westwing Collection Inbound Packaging suppliers committed to comply with criteria for sustainable packaging.
23 Prior-year data is not available as the reporting processes were only established in the reporting period.
24 Based on total order volume, which originally included Styrofoam packaging.

MATERIALS SOURCING

Management Approach

Our Sustainability Strategy contains a commitment to using long-lasting materials from sustainable sources and to being as resource-efficient as possible throughout our supply chain. In this context, we have set ambitious targets, including ensuring the use of more than 90% certified sustainable wood and the use of more than 90% certified organic, recycled and/or responsibly sourced cotton for Westwing Collection products by 2026. The dedicated Sustainability team in our Shop (Permanent Assortment) and Westwing Collection business is responsible for materials sourcing.

The Design, Product, and Buying teams for our Westwing Collection follow a comprehensive set of guidelines that are designed to help them select the most sustainable materials and products possible for the Westwing portfolio:

- The Sustainable Material Grading (SMG) Guidelines classify materials (fibers, wood, etc.) based on their environmental footprint.

- The Sustainability Labeling (SL) Guidelines set out a list of product and material certificates and attributes that are considered sustainable and that are eligible for labeling on our websites.

- The Restricted Substance List (RSL) Guidelines take account of all relevant rules and regulations on materials safety, and in particular the EU's REACH regulation on the use of hazardous substances. They are designed to achieve our goals of eliminating hazardous materials and avoiding the use of toxic chemicals.

Our participation in global initiatives and certification to global standards for responsibly sourcing materials and products help us reach our targets. Our membership of the Better Cotton Initiative enables us to support responsible cotton production, while certification to the Global Organic Textile Standard (GOTS) lets us source organic textile products whose manufacture complies with a high level of environmental and social criteria throughout the supply chain. We source Forest Stewardship Council® (FSC) certified products to support sustainable forestry practices and are also certified to the Global Recycled Standard (GRS). Additionally, we are committed to complying with applicable laws and regulations. For example, Westwing operates in accordance with the EU Timber Regulation (EUTR), which aims to counter illegal logging and the associated trade in timber and timber products.

Key Achievements in 2022

Westwing became a member of Better Cotton in early 2022. This is one of the largest cotton sustainability programs in the world, supporting farming communities socially, environmentally, and economically. Our second major achievement in the reporting period was our successful certification to the Global Recycled Standard (GRS). This has allowed us to increase the share of sourced products made from recycled plastics, and hence to make progress towards this goal in our Sustainability Strategy. On top of this, we maintained all relevant material sourcing certifications (e.g., GOTS) and licenses (e.g., FSC®) relevant for our business, while the EUTR audit by the German Federal Agency for Agriculture and Food (BMEL) confirmed that we have a due diligence system in place for trading in timber products.

We worked steadily throughout the year to increase our share of sustainable wood (FSC®-certified), cotton (GOTS-certified or Better Cotton labeled), and animal by-products (certified by the Leather Working Group or IVN Naturleder, or complying with Global Traceable Down Standard, Responsible Down Standard, or Downpass requirements) used in our Westwing Collection products. This represents an important step towards the commitments made in our 2026 materials sourcing targets that form part of our Sustainability Strategy. In particular, we were able to increase our sourcing of sustainable wood and cotton thanks to our efforts to obtain the relevant licenses and certifications, and to introduce clear preferences for sustainable materials during the design and sourcing phases of product development. The addition of new products meant that the overall share of responsibly sourced animal by-products decreased year-on-year, although the total number stayed constant.

Materials	Scope	2022	2021
Share of certified, sustainable wood (in %)[25]	Westwing Collection	60	8
Share of certified organic, recycled, and/or responsibly sourced sustainable cotton (in %)[26]	Westwing Collection	31	7
Share of responsibly sourced animal by-products (in %)[27]	Westwing Collection	33	39

Our efforts also extend to our external communication and stakeholder engagement. Westwing supported the FSC® Forest Week 2022 – a global consumer awareness-raising campaign. As a supporting partner of the FSC® campaign, we contributed to the goal of "Forests Forever – For All" and used the initiative to raise customer awareness of sustainable forest management on our social media channels.

The main challenges facing us in making our material sourcing more sustainable have been that market supplies of certified sustainable materials are still relatively limited, and that supplier certification processes tend to be fairly resource-intensive.

Outlook for 2023

In 2023, we plan to systematically continue increasing the percentage of sustainable wood, cotton and animal by-products used for Westwing Collection products, expand our materials focus to include the use of recycled plastics, and transition our first product ranges to using this material. We will continue our ongoing research into sustainable alternatives for additional materials such as foams and metals, explore innovative technologies in the materials industry, create a capsule collection focusing on selected materials, and identify pilot flagship products to estimate their carbon footprint. Additionally, we plan to become RWS (Responsible Wool Standard) certified and a GoodWeave license holder.

SUPPLIER IMPACT

Management Approach

Our suppliers are either manufacturers making products on our behalf (Westwing Collection suppliers) or brands whose products we sell (third-party suppliers). Both categories play a crucial role in enabling us to provide our customers with products that are desirable, durable, and sustainable.

Third-party Suppliers: Our Supplier Code of Conduct applies to our third-party suppliers and reflects the key requirements set out by the International Labour Organization (ILO) and in the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. Key themes covered include working conditions, environmental performance, and the prevention of modern slavery and child labor. Our policies entitle us to perform unannounced audits and to require subcontractors to adhere to the same standards.

Westwing Collection Suppliers: Our sustainability efforts focus in particular on companies manufacturing products on our behalf, since we can directly specify materials and operational standards in these cases. This work is overseen by our Director Buying and our Director of Product Quality and Sustainability and their teams. Our Westwing Collection suppliers are bound by our Private Label Supplier Code of Conduct, which covers the same topics as our Supplier Code of Conduct for third-party suppliers.

25 Certification by FSC®.
26 Certification by GOTS; manufacturer is Better Cotton member.
27 Certifications include Leather Working Group, Natural Leather IVN, Global Traceable Down Standard, Responsible Down Standard and Downpass.

Transparency is vital in supplier engagement and in our internal due diligence processes. Social audits are one of the most widely recognized ways of understanding and assessing social standards at Westwing Collection supplier sites. Independent third-party auditors physically visit production workshops, dormitories, canteens, and similar facilities to assess health and safety standards and overall working conditions. Social audits are mandatory for our non-EU Westwing Collection suppliers. Suppliers have to submit all audit reports, including corrective action plans, to Westwing, which individually assesses them and documents them internally.

We have established clear zero tolerance thresholds in this area and have developed routines for dealing with exceptional cases. If a zero tolerance issue is discovered during an audit performed during onboarding (i.e., prior to initiating the business relationship), the supplier will not be onboarded unless it is resolved. If a zero tolerance issue occurs during a re-audit of an existing supplier, we will work together with the latter on immediate remediation. If the supplier does not cooperate, the business relationship will be put on hold until the results are satisfactory or will ultimately be terminated.

Westwing currently accepts the following world-leading social certification programs and initiatives from its Westwing Collection suppliers: amfori BSCI (Business Social Compliance Initiative), SMETA (Sedex Members Ethical Trade Audit), and the SA8000 Standard (only applicable for China and Vietnam due to quality concerns in other countries). These programs permit Westwing to understand conditions on the ground, monitor supplier performance, and assess compliance with our values and the requirements set out in upcoming regulations. They also form the basis for open, direct dialogue with suppliers.

Our priority focus remains on our non-EU suppliers, because we see a higher risk of human rights and working standards violations occurring in these regions. Suppliers located within the EU are subject to EU regulations and this, coupled with the fact that they are regularly visited personally by our buying teams, gives us greater certainty on their overall social and environmental performance. Nevertheless, we will roll out internal audit checks for EU suppliers going forward to increase transparency within European factories.

Key Achievements in 2022

Third-party Suppliers: In 2022, we introduced our Supplier Code of Conduct for third-party products and added product labeling requirements (see the section entitled “Responsible Marketing and Communications”) to the relevant contractual agreements. All third-party suppliers of products offered in our Shop (Permanent Assortment) have now signed the Supplier Code of Conduct. We also engaged more systematically with key third-party brand partners of our Club Sales (Daily Themes), and piloted our Supplier Code of Conduct with selected partners in this area. This is the first step towards achieving our target of having all brand partners aligned with our sustainability standards by 2027.

Westwing Collection Suppliers: In the case of our non-EU Westwing Collection suppliers, we continued our systematic annual reviews of the social audits results. By the end of the year, 96% of our non-EU Westwing Collection suppliers (measured in terms of purchase order volumes in euros) were able to present valid social audit results. Suppliers are re-audited based on the external audit scheme’s expiry dates. The reason why we did not reach our 100% target was that the remaining suppliers are still being re-audited following delays due to local travel restrictions.

In 2022, we moved beyond social aspects in our supplier assessment, expanding its scope to pilot a first environmental assessment. We developed a new environmental assessment checklist internally that covers issues such as energy, water use, and chemical management, and piloted this with ten suppliers selected from across our sourcing countries (both EU and non-EU). We plan to use the results of the trial to hone our supplier environmental training and to refine our questionnaire before launching it more widely in 2023.

We also improved our supplier onboarding, and developed a comprehensive and more automated supplier onboarding process – an important foundation for regulatory compliance. Since supplier engagement is a key priority in our work, we aim to have dedicated meetings with, and hold training courses for, key suppliers. We want to know how we can better address their questions and concerns, and to discuss how we can best make a difference while taking their needs and capabilities into account. We have also started to track whether they have environmental and social management systems in place. A total of 9% of our Westwing Collection suppliers by purchase order volume are currently covered by valid environmental management systems (ISO 14001), and we are aiming to intensify our efforts in this area in line with our 2028 target (50% of our Westwing Collection suppliers should have established environmental and social management systems). Data on social management systems is not yet available since these have been assigned a later priority in our sustainability road map.

The main challenge we face in limiting supplier impacts is that extensive capacity building is necessary in many cases if suppliers are to understand existing sustainability requirements, and the tools and systems that are available. This is a prerequisite for implementing any improvements. The first step towards overcoming this challenge is to inform suppliers clearly of our expectations, and of current and upcoming requirements. This is done in direct supplier meetings, which are used to discuss prerequisites, the support needed, and clear timelines for measures on an ongoing basis. Our efforts are focused on strategic and key suppliers.

Outlook for 2023

Third-party Suppliers: We aim to continue using our Supplier Code of Conduct with all new third-party suppliers and to devise plans to introduce it for our existing suppliers in the campaigns we run for our Club Sales (Daily Themes).

Westwing Collection Suppliers: We plan to continue working with our Westwing Collection suppliers in 2023 to increase transparency and social and environmental compliance, and to also expand audit coverage of social and environmental aspects for our EU suppliers. We will pilot our own social audits of EU suppliers and expand the application of our environmental assessments, which we launched in 2022. We also plan to work with strategic non-EU suppliers throughout the year to improve their social audit ratings by implementing dedicated corrective action plans. Finally, we want to continue evaluating whether our Westwing Collection suppliers have environmental and social management systems in place.

FAIR WORKING CONDITIONS

Management Approach

Our Sustainability Strategy prioritizes fair working conditions for our own and our Westwing Collection suppliers' employees. These include providing a healthy and safe working environment, ensuring employees' physical and mental wellbeing, and offering training and career development opportunities.

Westwing Employees: We communicate with our own employees using regular all-hands meetings, ongoing interaction with corporate leaders, and our Company-wide Pulse Check survey. Our internal Westwing Code of Conduct sets the tone and direction for employee welfare and behavior in relation, for example, to corruption, competition, conflicts of interest, reporting, and relationships with suppliers and business partners. It also incorporates relevant international standards, and EU and national labor, health, safety, and welfare regulations. Our WestwingFlex policy sets out our hybrid working model that combines in-office work with working from home and remote work.

Ensuring our employees' mental and physical wellbeing is an integral part of our Sustainability Strategy and a key way of ensuring fair working conditions in our own operations. This is why we engage with a number of wellbeing service providers across our various locations. Ensuring safe working practices goes without saying for us. Our Sustainability Strategy has set a target of zero accidents in our warehouses, and we regularly conduct health and safety initiatives and measures there. We are currently developing consistent quantitative tracking of work-related safety metrics so as to measure our progress against our target going forward.

A sense of social responsibility and commitment has always been part of our Company's DNA. We want to give back to the communities in which we operate and to create lasting value there. Corporate volunteering is an important pillar of our corporate citizenship activities, and an efficient and meaningful way for individuals to make a difference. We also believe that it enhances employee satisfaction.

Our Vice President People & Culture is part of the Executive team and is responsible for our people strategy, with the support of the HR teams in our regional offices and warehouse operations.

Westwing Collection Suppliers: Evaluating working conditions programs at our Westwing Collection suppliers is a key objective for this component of our Sustainability Strategy (for our general approach to, and the roles and responsibilities involved in, managing overall supplier impact, please see the "Supplier Impact" section.)

Key Achievements in 2022

Westwing Employees: Employee retention is a key corporate goal, which is why we intensified our efforts to increase team member satisfaction. We launched the MyCareer program at our headquarters this year and will roll it out internationally in 2023. The launch was performed in stages due to the project's complexity. After a pilot with the People & Culture and Operations teams, lessons learned were evaluated before the full rollout at Westwing's HQ. The program comprises a multi-year journey for team members consisting of career and succession planning, performance management, compensation and benefits, and training. We also continued to offer a range of wellbeing programs across the Company. For example, we held our first Mental Health Week in Munich and Poland, with meditation sessions and workshops by health and wellness experts promoting the importance of mental wellbeing.

Another priority in 2022 was female empowerment. We offered 18 internal insight sessions and workshops in the course of the year with women who work at Westwing. Topics ranged from female entrepreneurship, women in tech, leadership training, systemic coaching, and balancing the needs of both a career and a family.

Our European Logistics Center in Poland continued to host the Westwing Safety Academy – a comprehensive program designed to prevent accidents, provide practical tips on handling materials, and promote leadership skills. We also organized a forklift training program for female employees. In addition, 2022 saw the publication of a group-wide Environment, Health, and Safety (EHS) policy. This sets out the basic principles underlying Westwing's EHS commitments.

A number of philanthropic activities were also held in 2022, ranging from donations through direct support for Ukrainian refugees down to corporate volunteering activities. Westwing's first Social Impact Day took place at our headquarters in April 2022. Nearly 300 volunteers supported 25 different environmental and social projects. We underscored our commitment in this area by formally drafting our Corporate Citizenship Commitment Strategy, which sets out our focus areas, principles, and key activities.

Employee satisfaction is measured regularly using our Pulse Check surveys. The latest results from 2022 reveal high overall satisfaction with working at Westwing, with 85% of all team members rating Westwing as either good or very good. This means that we again reached our target of maintaining the satisfaction rate at above 80%. Team cohesion and remote working options were mentioned positively in the survey, while career development was highlighted as an area for improvement.

Westwing Collection Suppliers:
We continued evaluating the approaches to addressing working conditions taken by our Westwing Collection suppliers by assessing the existence of programs, measures, and management systems targeting fair and safe work practices. Systematic tracking of quantitative statements on the existence of programs addressing working conditions will be introduced in coming years, in line with the priorities set out in our internal sustainability road map.

We became a member of the United Nations Global Compact (UNGC) in 2022 so as to further underscore our commitment to a more sustainable future and to fair working conditions in particular. This membership will provide Westwing with access to the necessary tools, training, and stakeholder networks to stay abreast of new developments in these important areas of sustainability. We expect this to help us take strategic action to advance broader societal goals, with an emphasis on collaboration and innovation.

For the challenges facing us in our supply chain, please see the “Supplier Impact” section.

Outlook for 2023
Westwing Employees:
In 2023, we plan to drive forward our MyCareer program by designing clear guide rails for performance measurement and employee development, allowing everyone to understand their career development options at Westwing. We are also planning to enable leaders to design compact role descriptions and provide clear career paths. Other objectives are to launch a platform where employees can provide anonymous feedback, and to introduce 360° performance reviews.

Westwing Collection Suppliers:
We plan to continue working with our Westwing Collection suppliers to identify programs addressing working conditions and assess which suppliers already have these in place. We are aiming to help them in their work towards implementing such programs, so as to reach our target of 50% of suppliers with established concepts in this area by 2028.

RESPONSIBLE MARKETING AND COMMUNICATIONS

Management Approach

We aim to provide all stakeholders with transparent, credible information on our sustainability performance, both at the corporate level and with respect to our products. We also aim to use our various communications channels to inspire customers to make more sustainable choices.

Our Marketing, Communications, Public Relations, and Investor Relations departments all communicate on sustainability topics. This work is coordinated by the department heads at corporate headquarters, supported by the Corporate Sustainability team. The Corporate Sustainability team is responsible for handling all disclosures required as part of the Annual Report and for publication of an annual standalone Sustainability Report.

Westwing's Responsible Marketing and Communications Policy guides our approach across our marketing, sales, promotion, and communications activities, and applies in all of the countries in which we operate. Its main goals are to ensure compliance with all relevant legislation, plus transparent, ethical, and honest communication that is respectful to all. The policy provides guidelines on transparency and honesty, child protection, diversity and inclusion, social media interaction, consumer data privacy, compliance, and communications.

Our Brand and Product Labeling Approach

Product sustainability is communicated through the "We Care" label in our Club Sales (Daily Themes) and the "Sustainable" label in our Shop (Permanent Assortment). The "We Care" label aims to promote brands that act in a socially and environmentally responsible manner. To qualify for a "We Care" label, brands need to meet at least one of the following criteria: They must a) use environmentally friendly materials, b) have integrated sustainability into their mission/vision, or c) have a credible approach to sustainability.

Going beyond this approach, we also decided to establish an additional "Sustainable" label at product level. Westwing Collection and third-party products in our Shop (Permanent Assortment) have their own labeling system that supports consumers in making sustainable purchasing decisions. Our Sustainability Labeling Guidelines, which accommodate more than 50 independent certification requirements (EU Ecolabel, Blue Angel, etc.) and a number of sustainability attributes (e.g., recycled or organic content) are used as the basis for deciding whether a product is to be awarded the "Sustainable" label. Our suppliers provide us with information on the materials used in their products and on the certificates available at either the product or the material level, with the focus being on the main material components. In the case of certificates, further information such as the license number and certifying body may be supplied. Information provided by suppliers is validated as necessary by making selective checks, and is assessed against our guidelines. Products are labeled as "sustainable" when their material attributes or the certificates available for them match those included in our Sustainability Labeling Guidelines.

Flanking this, we have added a sustainability filter to our website. Our Sustainability teams worked closely together to prepare clear and accurate statements underpinning all sustainability claims. These can be accessed via a dedicated sustainability section in the product descriptions in our Shop (Permanent Assortment).

Responding to Investors' Information Needs
Our Investor Relations team hosts regular earnings calls and discussions with investors. These provide an opportunity to address key business developments and ESG data, including updates to our Sustainability Strategy and plans for improvement. Market scrutiny of ESG performance has grown significantly in recent years. Our Corporate Sustainability team is working closely together with our Investor Relations team to address information needs for our key ratings and to identify potential for further improvement.

Key Achievements in 2022
One of the main goals of our Sustainability Strategy is to help customers include sustainability in their purchasing decisions by appropriately labeling our sustainable offering online. We launched more than one hundred group-wide campaigns with brands bearing the "We Care" label in 2022. Additionally, by the end of the year more than 14% of our products had been identified as "Sustainable" in our Shop (Permanent Assortment). Our Westwing Collection portfolio had a share of 29%, bringing us a step closer towards our targets of having 50% of our products labeled as sustainable by 2027 and of achieving a significant share of labeled products in our total product offering. This effort has been challenging, since it largely depends on suppliers' ability and willingness to provide and substantiate the associated sustainability claims.

We consider ESG ratings to be a valuable vehicle for tracking and communicating our ESG efforts and progress. In 2022, we carefully prioritized the ESG ratings we actively participate in. We will reevaluate our approach on an annual basis in light of our stakeholders' information needs. We were awarded a C- score in the 2022 ISS ESG Corporate Rating, placing us in the decile rank top 3. This means we are in the top 30% of our industry. In 2022, Westwing received a rating of AAA (on a scale of AAA–CCC) in the MSCI ESG Ratings assessment, a clear improvement to the previous year's A rating. Westwing scored 29 (out of 100) in the 2022 S&P Global Corporate Sustainability Assessment (score date: February 17, 2023), putting it in the 85th percentile in the RTS Retailing industry category. Additionally, we conducted a gap analysis against ESG rating requirements and set up a road map to improve our results in the future.

Other successes in the past year were the publication of our first standalone Sustainability Report in March 2022, the relaunch of the sustainability section of our corporate homepage, and the publication of multiple news articles with sustainability content on our website and on social media. These activities were in line with our goal of dedicating a significant share of Westwing's communications to promoting sustainability. The status of this goal cannot currently be quantified, but we are planning to work on defining clear metrics and track performance in the coming years.

Outlook for 2023
We aim throughout to increase the overall share of our products in our Shop (Permanent Assortment) that are labeled as sustainable, and to work with many more brands offering sustainable products. In 2023, we plan to introduce the "Sustainability" label for our Club Sales (Daily Themes) as well. This had been planned for 2022 but could not be implemented due to limited internal capacities and resources. We are aiming to continue using our marketing expertise and communications channels to showcase a range of sustainable choices for our customers. Given the reputational risks associated with sustainability marketing, increased regulatory scrutiny and consumer awareness, and demands for transparency, our efforts will be focused on ensuring that all our communications are credible, consistent, and trustworthy.

We are planning to continue engaging with rating agencies and identifying relevant improvement opportunities in 2023.

INTEGRITY AND LEGAL COMPLIANCE

Management Approach

Our shareholders, employees, business partners, and other stakeholders expect us to do business in line with all applicable laws and regulations, established legal principles, and Company policies.

The Legal department promotes compliance with all of these requirements. A policy management tool and a number of obligatory training courses are used for training, and for monitoring the results, and are supplemented by face-to-face training. Clear guidance is given to employees on day-to-day business operations, both in concrete projects and using handouts and guidelines. The Legal department cooperates closely with other teams across Westwing such as GRC, HR, IT, and Sustainability.

Compliance risks are an integral part of the group-wide risk management system and are systematically identified and evaluated by the GRC team, working together with the relevant risk owners, every year.

Data Protection and Information Security

Westwing and its management consider the protection and security of personal data to be crucial. As one of Europe's leading Home & Living eCommerce businesses, Westwing receives and handles a large amount of data, something that requires a high level of diligence as well as technical and organizational risk mitigation measures.

Data protection has become more important in recent years due to the European Union's General Data Protection Regulation (GDPR), and is a top priority for the Legal and Information Security teams. In addition to our in-house functions, we have appointed an external data protection officer with extensive expertise and practical experience, who helps ensure that we operate in accordance with all applicable data protection laws.

Our Legal and Information Security teams work together with the relevant business teams to define the rules and procedures for handling data protection and IT security issues. Among other things, our rules and procedures aim to ensure that all personal data handled by Westwing is secure and protected in line with all applicable data protection laws. Among other things, we have implemented appropriate technical and organizational measures in line with Article 32 of the GDPR to achieve the necessary level of data security and data protection compliance. In particular, Westwing has secure software, networks, and electronic information systems, and monitors its carefully selected data processors. In addition, employees are regularly made aware of the risks that can arise from the improper handling of personal data, and of the fact that personal data must always be processed in the most risk-averse manner possible and in accordance with the GDPR. A set of guidelines and policies have been implemented to help ensure data protection compliance.

Above and beyond these data protection guidelines and policies, Westwing has also implemented an information security management system (ISMS) that covers all aspects of the information technology in use, including our IT systems and associated facilities and processes. Westwing's ISMS sets out the rules to be followed by all users of Westwing IT resources. Among other things, these govern how to handle security incidents and personal, business, internal, or sensitive data, and hence aim to ensure the security of Westwing's network. Complying with our ISMS is a requirement for accessing and sharing information within Westwing. Obligatory IT security training is provided to Westwing Germany´s employees using the Policy Manager tool. In addition, mandatory IT security training is given in live or virtual formats when onboarding new employees.

Anti-corruption

Westwing has a zero tolerance approach to bribery and corruption. The Company has implemented a comprehensive Anti-corruption Policy. This applies to all Westwing employees and any third parties engaging with the business. Digital anti-corruption compliance training is obligatory for Westwing employees, including management. The policy outlines acceptable and unacceptable behaviors so as to enable compliance with the relevant laws, and provides clear guidance to managers and employees on how to avoid improper payments, gifts, invitations, or inducements of any kind. If support is required, employees can consult their supervisor and the Legal team. In the case of a potential corruption incident, the Compliance team analyzes the facts, provides advice, and arranges for follow-up actions. The Management Board and/or the Supervisory Board are informed where necessary.

Key Achievements in 2022

The new Policy Manager tool was rolled out by the Legal department in 2022. It consists of eight mandatory training courses and policies (including the Code of Conduct, Health and Safety, Anti-corruption, and IT Security) were launched. The tool allows employees to always consult the latest versions of policies and enables digital monitoring of training rates, which are reported back to the Management Board and the Supervisory Board.

A clear governance process has been set up for formal policies and their approval by the Policy Committee and the Management Board.

In addition to these formal policies, a variety of new compliance handouts and business guidelines were launched and shared on Westwing's intranet for easy access. These included materials on conflicts of interests, powers of attorney, rebates, and meetings with competitors. Face-to-face compliance training was also held by the Legal team on specific topics (for example on antitrust law and intellectual property rights).

An information security roadmap setting out improvement measures for the period up to 2024 and a series of new IT security guidelines and policies were launched. Westwing uses the ISO 27000 framework as a guiding principle for its information security activities.

The whistleblower tool established in Q4 2021, which can be used by employees and external stakeholders to report potential violations of laws, policies, and/or unethical behavior, has proven an efficient and appropriate tool.

Outlook for 2023

Our aim in 2023 is to further enhance our compliance management system, and to review and adequately cover upcoming regulations. We will continue updating policies such as our Travel Policy and are planning to continue our work on new standards and processes. In addition, the Group policy management system is to be revised and optimized to include coverage of international countries. Awareness raising for compliance topics will continue with face-to-face training for the senior leadership and a compliance video update for all employees. In addition, the Legal department plans to hold specialized face-to-face training sessions with relevant teams on topics such as conflicts of interest compliance and intellectual property.

TAXONOMY REGULATION

Pursuant to Article 8 of the EU's Taxonomy Regulation, this Non-financial Group Statement includes information on how the Company's activities that are considered eligible and aligned to qualify as environmentally sustainable under that regulation.

Our Activities

Westwing performed a detailed review of the economic activities listed in the Taxonomy Regulation and subordinate legislation, and mapped potential sustainable business activities to its business model. After screening for macro sector applicability in relation to the two environmental targets of climate change mitigation and climate change adaptation, the Corporate Sustainability department reviewed all activities for their potential applicability to Westwing. Long-listed activities were investigated further and their eligibility discussed with multiple Executive team members and senior Westwing employees.

No taxonomy-eligible activities could be identified with which Westwing generates revenue. Consequently, 100% of the Company's revenue was generated with activities that are not Taxonomy-eligible, and no revenue was generated with Taxonomy-aligned activities.

As regards capital expenditures, the leasing of assets such as office buildings and warehouses was identified as a Taxonomy-eligible activity for climate change mitigation (7.7 Acquisition of and ownership of buildings). In 2022, additions to our leased assets – representing increases of leased floor space at our headquarters, an office building in Poland, two Polish warehouses, and the lease for our newly opened Hamburg store – accounted for 24.0% of our total capital expenditures and are reported as Taxonomy-eligible. This figure is lower than the previous year (47%), when the capitalization of our large ELC 7 warehouse led to higher additions to leased assets being recognized. In the context of operating expenditures we identified fees for cloud services to be Taxonomy-eligible (8.1 Data processing, hosting and related activities). A Taxonomy-alignment for both activities could not be determined due to the unavailability of evidence from third parties including climate risk and vulnerability assessments to comply with the do no significant harm criteria for climate change adaptation.

Our KPIs

The calculation methodology for the KPIs reported in this section remained consistent with that for the previous year.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EURm	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)		0	0%	0%	0%				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%						
Total (A.1 + A.2)		0	0%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities (B)		430.8	100%						
Total (A + B)		430.8	100%						

	DNSH criteria ("Does not significantly harm")										
	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category ("transitional activity") (21)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
								0%			
								0%			

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EURm	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Acquisition of and ownership of buildings	7.7	5	24 %						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5	24%						
Total (A.1 + A.2)		5	24%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities (B)		15.8	76%						
Total (A + B)		20.8	100%						

	DNSH criteria ("Does not significantly harm")										
	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category ("transitional activity") (21)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
								0%			
								0%			

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EURm	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Data processing, hosting and related activities	8.1	2.5	5.7%						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.5	5.7%						
Total (A.1 + A.2)		2.5	5.7%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities (B)		42.0	94.3%						
Total (A + B)		44.5	100%						

	DNSH criteria ("Does not significantly harm")										
	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity) (20)	Category ("transitional activity") (21)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
								0%			
								0%			

As we do not carry out activities related to natural gas and nuclear energy (activities 4.26-4.31), we do not use the specific templates introduced by the complementary Delegated Act for activities in certain energy sectors.

We will closely track and evaluate future developments to the Taxonomy Regulation going forward and adapt our reporting obligations as necessary. In the meantime, we will continue to concentrate on delivering on our Sustainability Strategy and on implementing sustainability-centered initiatives and activities, as outlined in this Non-financial Statement.

Accounting Policies

The KPIs are determined in accordance with Annex I of the Article 8 Delegated Act. The Taxonomy-eligible and Taxonomy-aligned KPIs are determined in accordance with the legal requirements as follows:

The proportion of our total turnover accounted for by Taxonomy-eligible and Taxonomy-aligned economic activities has been calculated as the share of net turnover derived from products and services associated with Taxonomy-eligible and Taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator). The denominator of the turnover KPI is based on our consolidated net revenue in accordance with IAS 1.82(a). For further details on the accounting policies used with our consolidated net revenue, please refer to section 2.5. of the notes to the consolidated financial statements. As explained above, we did not identify any Taxonomy-eligible or Taxonomy-aligned activities for the numerator. Our consolidated net revenue can be reconciled to our consolidated financial statements; see the consolidated statement of profit or loss.

The capex KPI is defined as Taxonomy-eligible and Taxonomy-aligned capex divided by our total capex. Total capex comprises additions to tangible and intangible fixed assets incl. right of use assets during the financial year before depreciation, amortization, and any remeasurements (including those resulting from revaluations and impairments), excluding changes in fair value. Our total capex can be reconciled to our consolidated financial statements, cf. notes 12 and 13 in the notes to the consolidated financial statements.

Our opex KPI is defined as Taxonomy-eligible and Taxonomy-aligned opex divided by our total operating expenses according to subsection 1.1.3.1 of Annex I of Delegated Regulation (EU) 2021/2178. They consists of direct non-capitalized costs that relate to research and development, short-term leases, maintenance, and repairs.

5. REPORT ON POST-BALANCE SHEET DATE EVENTS

The following events occurred after the end of the 2022 fiscal year that could have an impact on Westwing's future financial performance, financial position, and cash flows or affects the composition of the Management Board.

On January 25, 2023, the Company announced that Sebastian Westrich will take over the position of Chief Financial Officer (CFO) by August 1, 2023 at the latest. He succeeds Sebastian Säuberlich, who will leave the Company by mutual agreement on March 31, 2023 at the end of his current office term. CEO Dr. Andreas Hoerning assumes the CFO responsibility at Management Board level for the interim period.

6. REPORT ON OPPORTUNITIES AND RISKS

Westwing pursues a philosophy of generating sustainable growth and creating economic value while managing risks and opportunities in a due and proper manner. Westwing sees risk management as an integral part of the process of creating transparency about risks and opportunities, and hence of improving decision-making processes. The Company promotes a risk-conscious corporate culture in all departments. We carefully weigh the risks and opportunities associated with our decisions and business activities from a well-informed perspective. This includes consciously accepting calculated risks that match the Company's risk appetite, and mitigating those that do not.

6.1 Risk Management System

Westwing Group SE's Management Board has overall responsibility for the appropriateness and effectiveness of the risk management system. Risk management is an integral part of how the management achieves the Company's strategic objectives and contributes to long-term business growth.

The Management Board has appointed a risk management officer, who reports directly to it and is responsible for Westwing's Governance, Risk, and Compliance (GRC) function. This combines risk management, compliance, the internal control environment, coordination of internal audit activities, and training on GRC processes.

The risk owners are the employees in the Company's operating and corporate functions. Their key responsibility with respect to GRC is to continuously report operational risks in their areas to their supervisors.

Westwing performs full risk assessments semiannually. At the year-end, workshops are held with the operating and corporate functions to gather information on existing and potential risks that have been identified both locally and globally. This information is then analyzed to determine whether the risks identified still exist and whether they have been correctly assessed. Risk documentation is continuously updated and summarized.

A consolidated risk report is presented to the Management Board twice a year. The Management Board regularly informs the Supervisory Board of Westwing's current risk situation.

6.2 Internal Control System for Financial Reporting

Westwing had already implemented internal controls for financial reporting in previous years as part of its internal control system. In 2022, we significantly enhanced the existing control environment in critical departments, including the financial reporting area.

These controls consist of preventive and detective measures in the accounting and operating functions that ensure a consistent process for preparing the financial statements and managing operational risks. Mechanisms include identifying and defining processes and risks, introducing layers of approval, and applying the principle of the segregation of duties.

6.3 Risk Methodology

Westwing has a detailed risk manual that ensures a transparent risk identification and assessment process. The manual is reviewed and updated on a regular basis by Westwing's GRC function.

The risks that Westwing identifies are quantified based on their likelihood of occurrence and potential impact. Likelihood is assessed for a time horizon of one year as from the assessment date. All risks in the risk report are presented on a net basis (i.e., after all mitigation measures have been considered).

The likelihood of occurrence refers to the statistical or estimated probability of a risk occurring during the time horizon under review, and is stated as a percentage. The evaluation range for likelihoods is shown in the table below:

Likelihood	Assessment
Very high	(75%–99%)
High	(50%–74.9%)
Medium	(25%–49.9%)
Low	(5%–24.9%)
Very low	(1%–4.9%)

Westwing uses qualitative and quantitative assessments to evaluate the impact of the identified risks. Quantitative assessments are used in those cases in which this can be easily estimated. Quantitative impacts are measured using revenue, Adjusted EBIT, or cash flow as a reference, depending on the nature of the risk. A qualitative assessment is performed in some cases in which no quantitative assessment is possible – for example because reputational risk or shareholder trust is involved.

	Quantitative assessment (preferred)	
Score	Financial impact	
5	**> EUR 10m**	A **severely damaging** negative effect on the Company's business activities, financial position, profitability, and cash flows
4	**> EUR 5m**	A **substantial negative** effect on the Company's business activities, financial position, profitability, and cash flows
3	**> EUR 2m**	A **certain negative** effect on the Company's business activities, financial position, profitability, and cash flows
2	**> EUR 0.5m**	A **limited negative** effect on the Company's business activities, financial position, profitability, and cash flows
1	**> EUR 0.2m**	An **insignificant negative** effect on the Company's business activities, financial position, profitability, and cash flows

All risks are evaluated before and after applying mitigation measures, i.e., as gross and net risks. In addition, an aggregated risk assessment is performed to evaluate the combined impact of the full risk register for the top risks.

The final risk rating is determined as a combination of the estimated likelihood and the impact, and ranges from “low” to “extreme.” All identified risks are classified and visualized using the following risk matrix:

Likelihood	Very low (1 % – 4.9 %)	Low (5 % – 24.9 %)	Medium (25 % – 49.9 %)	High (50 % – 74.9 %)	Very high (75 % – 99 %)
Impact					
5 (> EUR 10m)	MODERATE	HIGH	HIGH	VERY HIGH	EXTREME
4 (> EUR 5m)	LOW	MODERATE	HIGH	VERY HIGH	VERY HIGH
3 (> EUR 2m)	LOW	MODERATE	MODERATE	HIGH	HIGH
2 (> EUR 0.5m)	LOW	LOW	MODERATE	MODERAT	HIGH
1 (> EUR 0.2m)	LOW	LOW	LOW	LOW	MODERATE

This risk matrix facilitates comparison of relative risk priorities and enhances transparency as to Westwing’s total risk exposure. In addition, the risk categories – which range from “low” to “extreme” – are used to determine the detailed risk information that needs to be provided to the Management Board and the Supervisory Board. Any risks that could impact the Company’s ability to continue as a going concern are reported immediately as they are identified.

Westwing has defined the following risk categories within the Company:

- Strategic risks
- Financial risks
- Capital market risks
- Operational risks
- IT risks
- Regulatory and compliance risks

6.4 Significant Characteristics of the Internal Control and Risk Management System*

Our Internal Control System (ICS) and Risk Management System (RMS) include the management of risks and opportunities relating to the achievement of business goals, the correctness and reliability of internal and external accounting, and compliance with the laws and regulations relevant to Westwing Group. Sustainability aspects are covered as well and are continuously developed based on the regulatory requirements.

Our ICS and RMS are based on the globally accepted COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). The framework defines the elements of a control system and sets the standard for assessing the adequacy and effectiveness of the ICS and RMS.

Overall responsibility for our ICS and RMS lies with the Management Board. The central GRC team coordinates and integrates the ICS and RMS processes and supports the Management Board in designing and maintaining adequate and effective processes for implementing, monitoring and reporting on ICS and RMS activities. For more information on Risk Management, see chapter 6.1.

At the end of each fiscal year, the Management Board performs an evaluation of the adequacy and effectiveness of the ICS and RMS. This evaluation is based primarily on the Annual GRC report presented to the Management Board by the Director GRC and regular meetings of the GRC function with the management during the year. The GRC report summarizes the key elements of the ICS and RMS of Westwing Group, the activities undertaken to review its adequacy and effectiveness during the year and reports any critical control weaknesses identified during these activities. In the report,

* The disclosures in this section are not part of the management report and are not subject to PWC‘s audit.

an overall conclusion is made about the adequacy and effectiveness of our ICS and RMS. Based on this, the Management Board has no indication that our ICS or RMS have not been adequate or effective as of December 31, 2022.

Nevertheless, there are inherent limitations on the effectiveness of any risk management and control system. No system – even if deemed to be adequate and effective – can guarantee that all risks will be identified in advance or that any process violations or misstatements will be prevented or detected under all circumstances.

The Audit Committee is also integrated into our control system. It oversees the GRC function and the effectiveness of the ICS and RMS and the internal audit function. The information contained in the Annual GRC report is provided to the Audit Committee of the Supervisory Board of Westwing Group SE to report on the effectiveness of the ICS and RMS.

6.5 Risk Report

There was no significant structural change year-over-year in our assessment of the likelihood of occurrence and/or potential financial impact of the risks and opportunities listed above. Equally, the updated estimate did not result in any fundamental change to the risk situation. Based on the current assessment, no risks were identified that could threaten the Westwing Group's status as a going concern. The report below summarizes and presents the key risks for Westwing, based on the most recent risk management assessment procedures. All risks are presented on a net basis, i.e., after all mitigation measures have been applied. No risks are currently assessed as "very high" or "extreme." This assessment applies to both the DACH and the International segments.

6.5.1 STRATEGIC RISKS

Potential Economic Downturn and Consumer Sentiment (2022: High; 2021: High)

There is a high risk of an economic recession in 2023. Many companies, especially in the technology sector, announced massive layoffs worldwide in the second half of 2022.

An economic downturn would most likely affect eCommerce as well. We already observed lower consumer demand for Home & Living in 2022 and there is a risk that this could persist due to the macroeconomic challenges. It is hard to predict how our customers would react and how their shopping behavior would change if an economic recession were to materialize.

Westwing's management team continuously monitors and evaluates the economic situation in Europe and its possible impact on the Home & Living market, and is ready to react as necessary by adjusting the Group's offering or partially adapting its strategy. We implemented significant cost reductions across our general and administrative expenses, marketing expenses, and capital expenditure over the past months to reflect the lower demand environment, while continuously improving our net working capital.

Acquisition of Brands for Club Sales (Daily Themes) (2022: High; 2021: Low)

The current market situation has made it more difficult to acquire new brands for our Club sales (Daily Themes). Over the past year, we have experienced partial brand loss due to the difficult sourcing situation, which is caused by stock scarcity and stronger brand positioning and pressure in the eCommerce business, among other things. This poses a risk to future GMV growth, since it could make our product range insufficiently varied, diverse, and attractive.

Westwing has mitigated this risk by increasing management involvement in supplier acquisition, and recently restructured and strengthened the brand buying teams that focus on brand and product range acquisition on our website.

Execution of our New Marketing Strategy (2022: High; 2021: Moderate)

The marketing model was revised and adopted in 2022 to ensure long-term profitable growth. The new strategy includes an updated approach for each marketing channel and the definition of new KPIs and targets along the customer journey. Failure to implement the new marketing strategy in 2023 might negatively influence the Company's growth and result in high costs.

To mitigate this risk, Westwing has hired a new Chief Marketing Officer (CMO) with extensive marketing experience who will oversee the implementation of the new strategy. Westwing's management team continuously monitors and assesses the success of this strategy and is ready to respond if necessary.

Increased Competition and Margin Pressure (2022: High; 2021: Moderate)
We are currently observing increased competition due to the larger number of players in the Home & Living market and shrinking overall market size. This is leading to increased margin pressure in brand sourcing. Accelerated market consolidation as a result of M&A transactions in 2022 may bring further challenges for Westwing. This could harm our business growth and reduce the profitability and attractiveness of the business in the future.

Westwing is closely monitoring all market developments and will continue to focus on profitable growth in 2023.

Inflation (2022: High; 2021: High)
2022 saw inflation spike after a long period of stability. The December 2022 figure for the eurozone climbed to 9.2%. There is a risk that high inflation will reduce our customers' purchasing power. Since Home & Living products are not considered essential, this could negatively impact our sales.

Despite the very high inflation rate for much of the year, economists are now seeing signs of improvement: energy and transportation prices are going down, while inflation also eased somewhat in November and December 2022.

Our teams are focusing on mitigating this risk by renegotiating prices with our suppliers, reducing our supply chain costs, and increasing retail prices and shipping fees to account for inflation. Additionally, we are constantly reviewing our pricing strategy and our offering to ensure product variety and high quality.

External Political Influences (2022: High; 2021: Moderate)
The rise in global uncertainty in 2022 was mostly driven by Russia's war against Ukraine. As an international company with its main warehouses located in Poland, Westwing is exposed to a risk should the conflict spread.

The management team and the GRC team monitor the current political and economic situation in the countries affected and how this impacts the Group's business activity, so as to be able to react and take appropriate strategic decisions if needed.

6.5.2 IT RISKS

Cybersecurity and IT Infrastructure Threats (2022: High; 2021: High)
We have invested significant funds and internal resources in recent years in building and updating our IT platform and our sophisticated IT infrastructure. Westwing's cybersecurity risk has risen due to the Company's growth and the opening of new warehouses and local offices. Threats such as unauthorized logical access (whether internal or external) could disrupt vital internal tools or customer-facing applications.

Westwing employs a skilled technology team that includes IT security experts. This enables us to constantly monitor, develop, and improve our internal IT infrastructure. No limiting events occurred in 2022. Westwing will maintain and enhance its security standards to guarantee a safe IT environment throughout the Group in 2023.

6.6 Changes in the Risk Situation

Overall, Westwing slightly decreased its risk exposure last year by implementing and significantly enhancing risk mitigation measures and developing new processes within the Group.

The following table provides an overview of the changes in key risks compared to the previous year, i.e., risks that were assessed as high in the 2021 Annual Report but as lower in 2022, or vice versa. Reductions in risk are mainly due to process enhancements and the implementation of effective mitigation measures, while increases relate to economic developments or other extrinsic factors.

Risk	2022	2021
OPERATIONAL RISKS		
Increased raw material prices	Moderate	High
Increased transportation costs	Low	High
STRATEGIC RISKS		
Financial planning and performance	Moderate	High
Acquisition of brands for Club sales (Daily Themes)	High	Low
Execution of our new marketing strategy	High	Moderate
Increased competition and margin pressure	High	Moderate
External political influences	High	Moderate

Overall Risk Assessment by the Management Board

Management is satisfied that no going-concern risks existed for the Company in 2022. At present, no individual risks or bundles of risks are considered to threaten the Company's continued existence as a going concern in 2023. Management believes that it has taken all necessary precautions to address existing risks and reduce their possible impact.

6.7 Report on Opportunities

While Westwing faces a number of risks, the Company also has many opportunities with great potential for the future. Opportunities are defined as positive deviations from planning and offer Westwing the prospect of both growth and increased profitability. We are constantly on the lookout for new business opportunities and new ways of improving customer satisfaction. A summary of the most significant opportunities identified by the Company is given below. In 2022, we added especially the new customer experience by OneWestwing, the Westwing stores and the improved negotiation position in China.

Brand Awareness and Westwing Collection

Management sees Westwing's strong brand and high brand recognition as important factors in its long-term success. Unlike other industries such as fashion, where the customer focus is primarily on supplier brands, retailer brands are very important in Home & Living. This is due to the fact that the supplier universe in this sector is highly fragmented and supplier brands are often not the key driver for customers' purchasing decisions.

Westwing presents itself as a brand that values quality, style, and inspiration, and that conveys confidence, trust, and personality to its customers. This is achieved by focusing on organic marketing such as a strong social media presence and on content creation, and by using carefully selected marketing initiatives.

2022 was a breakthrough year for the Westwing Collection and the Westwing brand overall. Westwing rapidly built up its Westwing Collection in the previous year and will continue to do so in 2023. The share of our offering accounted for by the Westwing Collection reached an all-time high of 44% of GMV in the third and fourth quarters of 2022. These internally designed products enable us to present a curated and well-rounded assortment on our website. Together with the higher margins that they offer, this helps us to react quickly to changing market trends and to drive the Home & Living market in Europe.

We believe that Westwing's strong position as a retail company, combined with increased awareness of the Company as the provider of Westwing Collection products, will allow us to create a very strong, holistic Home & Living brand.

New Customer Experience Through Website Integration ("OneWestwing")

The Shop (Permanent Assortment) and Club sales (Daily Themes) are currently being integrated under a single domain in order to create a new, seamless customer website experience. This will improve visibility for the Shop (Permanent Assortment) and the Westwing Collection. We believe that this step will create a better and more intuitive customer experience leading to higher conversion and GMV, plus increased traffic for the Westwing Collection that will ultimately drive growth and profitability and enable nondigital brand marketing to act as a "door opener" for new target customer groups.

Westwing Studio

Westwing is continuing to develop its own interior design service, Westwing Studio. Customers can order an interior design service, the price of which can be redeemed in the form of vouchers for Westwing products. We are already seeing demand in this area from customers and use this exclusive customer contact to strengthen our positioning as interior design and creative experts. Continuing to ramp up this service and offering it to broader customer groups such as B2B clients could result in a substantial opportunity to increase Westwing's growth and attractiveness as a Home & Living brand.

Westwing Stores

In 2022, Westwing opened its first permanent store at one of Hamburg's top addresses, the famous Jungfernstieg boulevard. Visitors can discover furniture, home accessories, decoration trends, and everything else to make their homes more beautiful. A team of experts is available to advise them on site. In addition, customers can meet our Westwing Studio interior designers in person and discuss their new furnishing projects directly in a comfortable and relaxing atmosphere. Expanding into more cities and successfully meeting or exceeding customer expectations can boost loyalty.

Improved Negotiation Position in China

The global economic crisis and an increasing shift in sourcing models to European markets following the COVID-19 pandemic means that many factories in China are facing lower order volumes from customers for 2023. This puts Westwing in a better negotiation position with suppliers from China for our rapidly growing Westwing Collection. In addition, container prices for shipments from Asia have decreased significantly. Our team can use this opportunity to cut costs and improve our margins and profitability.

7. OUTLOOK

7.1 Future Macroeconomic and Sector-specific Environment

The global economy faced some tough challenges in 2022 and the outlook for 2023 does not suggest a rapid recovery. While the world can only hope that the war in Ukraine will end as soon as possible, its consequences will remain with us for a long time to come. Together with persistent high inflation rates in many economies around the world and the fact that the COVID-19 pandemic is not yet completely over, this means there is substantial uncertainty regarding future macroeconomic developments and makes accurate forecasting very difficult.

According to the IMF, global consumer price inflation is expected to ease in 2023 to 6.6%. This trend will probably be more pronounced in the case of advanced economies, where inflation is forecasted to decrease by 2.7 percentage points to 4.6% in 2023. Inflation rates in emerging markets and developing economies are forecasted 8.1% by the end of 2023.

Global GDP growth in 2023 is predicted to be even lower than in 2022 and to amount to only 2.9%. Advanced economies in particular will be hit harshly by this slowdown, with expected GDP growth of only 1.2% in 2023. By contrast, GDP growth in emerging markets and developing economies is expected to even slightly increase to 4.0%, a less grim picture than for the advanced economies.[11]

With Europe suffering especially hard from the spillover effects of the war in Ukraine and the resulting energy shortage, GDP growth in the region is predicted to be only 0.7% in 2023. The impact in Germany, Westwing's largest market, will be especially pronounced, with the IMF forecasting an annual GDP growth of only 0.1% for 2023.[12]

7.2 Future Development of the Westwing Group

Our business development forecast for the coming year is based on the assumptions described in the Report on the Company's Economic Position, the Risk Report, and the Report on Opportunities. We do not expect to see any material changes in the Westwing Group's business activities.

Our outlook takes into consideration the low visibility of consumer behavior, the economic environment, and ongoing developments regarding the war in Ukraine. We are convinced that our business is developing in the right direction in structural terms.

For 2023, we are focusing on selected growth initiatives, expanding the categories offered by our Westwing Collection and driving forward sustainability in all our processes and offerings.

We are forecasting total revenue for 2023 of between EUR 390m and EUR 440m, with growth of −9% to +2% and Adjusted EBITDA of between EUR 4m and EUR 13m. The Adjusted EBITDA margin will be in the range of 1% to 3%.

This forecast has been made a time of ongoing high uncertainty regarding consumer sentiment, inflation, and geopolitical developments, and assumes there is no further deterioration during the remainder of 2023 compared to what we have been seen already in 2023.

11 International Monetary Fund: World Economic Outlook Database January 2023.

12 International Monetary Fund: World Economic Outlook Database January 2023.

8. SUPPLEMENTARY MANAGEMENT REPORT FOR WESTWING GROUP SE (IN ACCORDANCE WITH THE HGB)

Westwing Group SE's annual financial statements were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB). Westwing Group SE is the parent company of the Westwing Group and also acts as the holding company for the Group's various operating entities. It does not generate revenue with third parties itself; rather, its income comes from the provision of internal Group services that are reported as revenue. Key performance indicators for Westwing Group SE are revenue, profit before tax, and writedowns.

8.1 Results of Operations of Westwing Group SE

EURm	2022	2021
Revenue	**70.0**	**98.1**
Own work capitalized	9.6	7.2
Other operating income	0.3	1.3
Gross profit	**79.9**	**106.5**
Cost of materials	–32.2	–40.5
Personnel expenses	–34.1	–38.6
Depreciation, amortization, and writedowns of tangible fixed assets and intangible assets	–7.3	–5.4
Other operating expenses	–35.3	–16.8
Operating result	**–29.0**	**5.2**
Interest income	3.9	3.7
Interest and similar expenses	–0.3	–0.3
Financial result	**3.6**	**3.4**
Taxes on income	–0.3	–0.1
Profit/loss after tax	**–25.6**	**8.5**
Expenses from profit transfer	–0.6	–
Result after tax	**–26.3**	**8.5**

Revenue at Westwing Group SE decreased from EUR 98.1m in 2021 to EUR 70.0m in 2022. The drop reflected the Company's overall weaker business development, which was primarily due to the difficult market environment. Since Westwing Group SE provides services to its affiliates, its revenue correlates with their business. Own work capitalized increased by 34.5% to EUR 9.6m (2021: EUR 7.2m). Other operating income returned to a normal level again in 2022 at EUR 0.3m. In 2021 it had included income of EUR 1.0m from other periods that mainly related to the reversal of a provision recognized in the previous year for a legal dispute.

Personnel expenses declined by EUR 4.4m, primarily because of the smaller number of employees and the reduction in share-based compensation. Share-based payment expenses fell due to the changes in personnel and the lower share price to EUR 0.2m (2021: EUR 1.3m). The prior-year figure also contained EUR 1.5m in expenses recognized for the cash settlement of commitment packages that were originally intended to be equity-settled.

The cost of materials, which only comprises the cost of purchased services, was EUR 32.2m (2021: EUR 40.5m). This year-over-year drop resulted primarily from the overall decrease in the Company's business and hence a lower marketing spend. Other expenses rose, with one main reason being higher personnel-related intercompany recharges for services performed for Westwing Group SE by other Group entities, especially in Poland.

All in all, an operating loss of EUR −21.7m before interest, amortization, depreciation, and taxes was incurred in 2022 (2021: profit of EUR 10.6m).

The financial result of EUR 3.6m (2021: EUR 3.4m) was driven by interest income of EUR 3.9m (2021: EUR 3.7m), plus interest and similar expenses of EUR 0.3m (2021: EUR 0.3m).

8.2 Financial Position of Westwing Group SE

Westwing Group SE had cash and cash equivalents of EUR 38.6m as of December 31, 2022 (December 31, 2021: EUR 43.4m). The changes in the cash and cash equivalents item were as follows:

In 2022, the Company financed operations at its subsidiaries by extending loans of EUR 37.1m (2021: EUR 40.9m). These loans are deemed to be long-term from an economic perspective but are short-term for legal purposes.

Loan receivables from affiliates and interest amounting to EUR 41.5m were repaid in 2022 (2021: EUR 52.7m).

Investments in tangible and intangible assets amounted to EUR 11.2m in the 2022 fiscal year (2021: EUR 10.9m).

Supplier finance arrangements resulted in a cash inflow of EUR 4.0m, while releases of rental deposits led to a cash inflow of EUR 2.6m.

EUR 0.5m of cash outflows related to the purchase of treasury shares.

Westwing Group SE ensured that sufficient liquid funds were available to continue conducting business activities at the Company and the Group. Westwing Group SE has issued a letter of comfort to its subsidiary Westwing GmbH and all other direct affiliates in which it assumes liability for obligations arising up to December 31, 2024. Westwing Group SE has always met its payment obligations.

8.3 Net Assets of Westwing Group SE

EURm	Dec. 31, 2022	Dec. 31, 2021
Assets		
Non-current assets		
Intangible assets	23.2	18.8
Tangible fixed assets	3.1	3.7
Long-term financial assets	147.4	150.9
Total non-current assets	**173.8**	**173.4**
Current assets		
Receivables and other assets	23.4	42.7
Cash and cash equivalents	38.6	43.4
Total current assets	**62.0**	**86.1**
Prepaid expenses	2.1	1.8
Total assets	**237.9**	**261.3**
Equity and liabilities		
Equity		
Share capital	20.9	20.9
Treasury shares	–0.4	–0.3
Issued capital	**20.5**	**20.6**
Capital reserves	348.4	348.8
Accumulated losses	–156.3	–130.0
Total equity	**212.7**	**239.4**
Liabilities		
Provisions	10.8	10.0
Trade payables and other liabilities	14.3	11.8
Deferred income	0.1	0.1
Total equity and liabilities	**237.9**	**261.3**

Total assets as of December 31, 2022, amounted to EUR 237.9m, a decrease of EUR 23.5m compared to the previous year (December 31, 2021: EUR 261.3m). This change was mainly driven by lower receivables and other assets, plus a decrease in cash and cash equivalents.

Intangible assets consisted of both purchased and internally developed software in fiscal year 2022. The net carrying amount increased by EUR 4.4m to EUR 23.2m (December 31, 2021: EUR 18.8m). This was due to the capitalization of software development expenses amounting to EUR 10.2m, which were partially offset by amortization of EUR 5.0m and writedowns of EUR 0.7m. Tangible fixed assets decreased to EUR 3.1m (December 31, 2021: EUR 3.7m), mainly because of depreciation charges.

Investments in subsidiaries did not change, amounting to EUR 15.4m in both 2022 and 2021. Loans extended to subsidiaries reported under long-term financial assets decreased by EUR 3.5m to EUR 132.0m. This was primarily due to the repayment of loan and interest receivables totaling EUR 41.5m and was partially offset by new loans to affiliates of EUR 37.1m.

Current assets amounted to EUR 62.0m as of the end of 2022 (December 31, 2021: EUR 86.1m). Receivables from affiliated companies included in trade and other receivables decreased to EUR 22.8m (December 31, 2021: EUR 39.3m). Cash and cash equivalents were EUR 4.9m lower than in the previous year, at EUR 38.6m (December 31, 2021: EUR 43.4m).

The Company's equity as of the balance sheet date fell by EUR 26.7m in 2022, from EUR 239.4m in December 2021 to EUR 212.7m in December 2022. The main driver for this was the loss after tax.

The equity ratio decreased from 91.6% as of December 31, 2021, to 89.4% as of December 31, 2022.

Provisions increased slightly from EUR 10.0m in December 2021 to EUR 10.8m in December 2022.

Liabilities rose from EUR 11.8m as of the end of 2021 to EUR 14.3m as of December 31, 2022. This was mainly due to liabilities from supplier finance arrangements of EUR 4.0m.

8.4 Westwing Group SE Employees

Westwing Group SE employed 356 people including interns, temporary staff, and management personnel as of the end of December 2022 (2021: 488). Of these, 234 people worked in administration/IT and 118 in marketing. Software development is performed internally by Westwing Group SE's Technology department in almost all cases.

A total of 59.8% of Westwing Group SE's employees were female as of the end of 2022, on a par with the figure for the Group as a whole.

Please see the Corporate Governance Statement for information on the percentage of, and targets for, the proportion of women on the Management Board and the Supervisory Board, and for the Company's diversity disclosures.

8.5 Risks and Opportunities Facing Westwing Group SE

The risks and opportunities facing Westwing Group SE are largely the same as for the Group as a whole. For further information, please refer to the Report on Opportunities and Risks in section 6 of this Combined Management Report. Additional risks exist in relation to the potential need to write down loans to affiliates, or to provide liquidity to them, depending on their business performance.

8.6 Outlook for Westwing Group SE

The economic forecast and expectations for Westwing Group SE's operating business are substantially the same as for the Westwing Group. Please see section 7 of this Combined Management Report for further details.

Westwing Group SE is expecting a similar level of revenue in fiscal year 2023 to the previous year. This reflects the expectation of more stable business volumes at its operating subsidiaries, in line with Westwing Group SE's role as the holding company for the Westwing Group. Earnings before interest, amortization, depreciation, and taxes should improve moderately compared to fiscal year 2022.

Westwing Group SE's 2022 revenue declined by 28.6% to EUR 70.0m. This is clearly below expectations, which were for similar revenue to the previous year. The Company missed its guidance due to the negative performance by the Group as a whole, which was driven by lower market demand and the weak economic environment. Consequently, earnings before interest, amortization, depreciation, and taxes were not at the expected level similar to 2021, but declined by EUR 32.3m to EUR - 21.7m.

Nevertheless, after this challenging year we are convinced that Westwing has the necessary operational and financial resources to achieve its ambitious targets in the medium and long term, and that it will return to profitable growth.

9. OTHER DISCLOSURES

9.1 Corporate Governance Statement

The Corporate Governance Statement pursuant to section 289f and section 315d of the German Commercial Code (Handelsgesetzbuch – HGB), including the Compliance Declaration pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) have been made publicly available on the Investor Relations/Corporate Governance section of the Company's website. Past corporate governance statements and compliance declarations can also be found there. The current Corporate Governance Statement including the current Compliance Declaration has also been published in the annual report.

9.2 Disclosures Required under Takeover Law

The Management Board of Westwing Group SE (the "Company") has prepared the following explanatory report on the disclosures required by sections 289a and 315a of the HGB pursuant to section 176(1) sentence 1 of the AktG:

COMPOSITION OF SUBSCRIBED CAPITAL (SECTION 289A SENTENCE 1 NO. 1 AND SECTION 315A SENTENCE 1 NO. 1 OF THE HGB)

The share capital was unchanged as of December 31, 2022, at EUR 20,903,968.00. The share capital is composed of 20,903,968 no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share. The share capital is fully paid up. All shares carry the same rights and duties. Each no-par value share entitles the holder to one vote. The right of shareholders to receive share certificates is excluded under Article 5(2) of the Company's Articles of Association.

RESTRICTIONS ON VOTING RIGHTS OR THE TRANSFER OF SHARES (SECTION 289A SENTENCE 1 NO. 2 AND SECTION 315A SENTENCE 1 NO. 1 OF THE HGB):

As of December 31, 2022, the Company held 382,230 treasury shares. Pursuant to section 71b of the AktG, the Company is not entitled to any rights in respect of its treasury shares.

Otherwise, no basic restrictions on voting rights exist. Westwing Group SE is not aware of any agreements restricting voting rights or the transferability of shares. In addition to the statutory provisions governing insider dealing and the prohibition on trading set out in the Market Abuse Regulation, the Company provides information on "silent periods" – the 30 days before the publication of the financial results for each quarter – and recommends refraining from trading during these periods. The Company has produced an internal capital markets compliance policy.

DIRECT AND INDIRECT SHAREHOLDINGS EXCEEDING 10% OF THE VOTING RIGHTS (SECTION 289A SENTENCE 1 NO. 3 AND SECTION 315A SENTENCE 1 NO. 3 OF THE HGB):

According to the information made available to the Company, the following interests in the Company's share capital exceeded the threshold of 10% of the voting rights as of December 31, 2022:

- Zerena GmbH, Grünwald, to which the share in the voting rights held by Rocket Internet SE, Berlin (28.9% of the share capital) is attributed pursuant to section 34 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

SHARES WITH SPECIAL RIGHTS CONVEYING POWERS OF CONTROL (SECTION 289A SENTENCE 1 NO. 4 AND SECTION 315A SENTENCE 1 NO. 4 OF THE HGB):

There are no shares with special rights, and in particular no special rights conveying powers of control.

CONTROL OF VOTING RIGHTS IF EMPLOYEES ARE SHAREHOLDERS (SECTION 289A SENTENCE 1 NO. 5 AND SECTION 315A SENTENCE 1 OF THE HGB):

Like other shareholders, employees who hold interests in the Company's share capital exercise their voting rights directly themselves, in line with the statutory provisions and the Articles of Association.

STATUTORY REQUIREMENTS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION GOVERNING THE APPOINTMENT AND REMOVAL OF MEMBERS OF THE MANAGEMENT BOARD AND CHANGES TO THE ARTICLES OF ASSOCIATION (SECTION 289A SENTENCE 1 NO. 6 AND SECTION 315A SENTENCE 1 NO. 6 OF THE HGB):

In accordance with Article 7 of the Articles of Association and section 84 of the AktG, the Supervisory Board determines the number of members of the Management Board and is responsible for appointing and dismissing them. The Supervisory Board can appoint a chairman and a deputy chairman. Appointments are made for a maximum term of five years. Re-appointments or prolongations of the members' terms of office are possible for a maximum of five years in each case. Appointments may be revoked for good cause pursuant to section 84(4) of the AktG. Otherwise, the statutory provisions shall apply (sections 84 and 85 of the AktG).

Pursuant to section 179(1) of the AktG, all amendments to the Articles of Association require a resolution by the General Meeting. Article 20(2) of the Articles of Association states that, where no other majority is prescribed by law, amendments to the Article of Associations require a majority of two-thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast. In the case of amendments made following the utilization of Authorized Capital 2022/I and/or after expiration of the authorization period, after the exercise of Contingent Capital 2018, and after expiration of all option and conversion deadlines, section 179(1) sentence 2 of the AktG in conjunction with sections 4 (3), (4), and (5) of the Articles of Association authorizes the Supervisory Board to amend the Articles of Association appropriately.

POWERS OF THE MANAGEMENT BOARD, IN PARTICULAR CONCERNING THE ABILITY TO ISSUE OR BUY BACK SHARES (SECTION 289A SENTENCE 1 NO. 7 AND SECTION 315A SENTENCE 1 NO. 7 OF THE HGB):

AUTHORIZATION TO ACQUIRE TREASURY SHARES

On August 5, 2021, the Company's Annual General Meeting authorized the Management Board, with the Supervisory Board's approval, to acquire treasury shares amounting to up to a total of 10% of the Company's share capital at the time of the resolution or – should this amount be lower – of the Company's share capital in existence at the time the authorization is exercised. The authorization expires at the end of August 4, 2026, and acquisitions shall comply with the principle of equal treatment (section 53a of the AktG). At no point may the shares acquired on the basis of this authorization, together with any other treasury shares that the Company has already acquired and continues to hold, or that are attributable to it pursuant to sections 71a et seq. of the AktG, exceed 10% of the Company's share capital.

The authorization may be exercised once or several times, in whole or in part, in pursuit of one or more purposes by the Company, as well as by Group companies or by third parties for the account of the Company or the Group companies concerned. The authorization may not be exercised for the purpose of trading in treasury shares. For further details, please see agenda item 9 of the invitation to the Company's Annual General Meeting on August 5, 2021; this is also available from the Investor Relations/Annual General Meeting section of the corporate website.

This authorization was exercised as follows in fiscal year 2022: Basis on the authorization above, Westwing Group SE's Management Board resolved on November 24, 2022, with the Supervisory Board's approval, to implement a share buy-back program with a maximum volume of 600,000 shares of the Company at a total price (not including ancillary costs) of up to EUR 3.0m ("2022 Share Buyback Program"). The buyback of the shares in XETRA trading on the Frankfurt Stock Exchange started on November 28, 2022, and will end in principle at the end of March 31, 2023. The Company held 326,475 treasury shares (approximately 1.56% of the Company's share capital) at the start of the 2022 Share Buy-back Program.

A total of 55,755 shares had been purchased under this share buyback program as of December 31, 2022. Additional details of the 2022 Share Buyback Program, including weekly transaction reports, can be found in the Investor Relations/Share/Share Buy-back 2022 section of the corporate website.

The Company did not sell and transfer any treasury shares to current or former employees or members of governing bodies in the period from January 1, 2022, to December 31, 2022.

AUTHORIZATION TO ACQUIRE TREASURY SHARES USING EQUITY DERIVATIVES

In addition, the Management Board was authorized by the General Meeting on August 5, 2021, to acquire, with the Supervisory Board's approval, treasury shares amounting to up to a total of 5% of the share capital in existence at the time of the resolution in the period up to August 4, 2026, using derivatives (put or call options or a combination of the two). Any shares acquired in this way must also be counted towards the 10% limit on the authorization to acquire treasury shares. For further details, please see agenda item 10 of the invitation to the Company's Annual General Meeting on August 5, 2021; this can be found in the Investor Relations/Annual General Meeting section of the corporate website.

This authorization was not utilized in fiscal 2022.

EXERCISE OF PURCHASE RIGHTS RELATING TO THE PURCHASE OF TREASURY SHARES

The Management Board was also authorized by the Company's Extraordinary General Meeting on September 21, 2018, to exercise, with the Supervisory Board's approval, and in the period up to September 20, 2023, the call options for the acquisition of treasury shares under existing agreements – in particular so-called angel agreements - which were concluded between the Company or its subsidiaries and the Company's or its subsidiaries' current and/or former employees, members of governing bodies, (former) advisers, and/or supporters (or their respective investment vehicles) and to acquire treasury shares up to a total of 10% of the Company's share capital at the time of the resolution or – if the volume is lower – of the Company´s share capital at the time of the exercise of the authorization. The treasury shares acquired and held by the Company must be credited against this 10% limit.

This authorization was not utilized in fiscal 2022.

AUTHORIZED CAPITAL AS OF DECEMBER 31, 2022:

AUTHORIZED CAPITAL 2022/I

The Management Board was authorized by the Annual General Meeting on May 18, 2022 – which also rescinded Authorized Capital 2018/V – with the Supervisory Board's approval, to increase the Company's share capital by up to EUR 2,090,396.00 in the period up to May 17, 2027 (inclusive) by issuing up to 2,090,396 new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions ("Authorized Capital 2022/I"). Shareholders' preemptive subscription rights shall be disapplied. The details of Authorized Capital 2022/I are set out in Article 4(3) of the Company's Articles of Association.

AUTHORIZED CAPITAL 2018/VI

The Management Board has been authorized to increase the Company's share capital in the period up to September 20, 2023, with the Supervisory Board's approval, by up to EUR 2,847,853 by issuing, on one or more occasions a total of up to 2,847,853 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2018/VI). Shareholders must be granted subscription rights in principle. Shareholders' preemptive subscription rights can be disapplied in certain circumstances and within prescribed limits, with the Supervisory Board's approval. The shares can also be subscribed for by one or more credit institutions or one or more entities doing business pursuant to section 53(1) sentence 1, section 53b(1) sentence 1, or section 53b(7) of the German Banking Act (Gesetz über das Kreditwesen – KWG), subject to the obligation to offer the shares to the Company's shareholders pursuant to section 186(5) of the AktG ("indirect subscription rights"). The details of this Authorized capital are set out in Article 4(4) of the Company's Articles of Association.

CONDITIONAL CAPITAL 2018

The Company's share capital has been conditionally increased by up to EUR 5,000,000 by issuing 5,000,000 no-par value bearer shares (Conditional Capital 2018).

Conditional Capital 2018 is used in cases in which conversion rights or options are exercised, or conversion or option obligations are met, to grant shares to the bearers or creditors of convertible bonds, bonds with warrants, profit participation rights, and/or participating bonds (or combinations of these instruments) (referred to collectively as "bonds") issued on the basis of the authorization resolved by the General Meeting on September 21, 2018.

The new shares are issued at the conversion or option price to be determined in accordance with the authorizing resolution passed by the General Meeting on September 21, 2018. The conditional capital increase will only be implemented to the extent that, in the period up to September 20, 2023, bearers or creditors of bonds issued or guaranteed on the basis of the authorizing resolution passed by the General Meeting on September 21, 2018, by the Company, its dependent companies, or companies in which the company directly or indirectly holds a majority interest, exercise their conversion rights or options, or comply with their conversion or option obligations under such bonds, or to the extent that the Company grants shares in the Company instead of paying the amount due, and to the extent that the conversion or option rights or conversion or option obligations are not serviced using treasury shares, but by shares from authorized capital or other consideration.

This authorization to issue bonds has not been utilized to date. The details of this contingent capital are set out in Article 4(5) of the Company's Articles of Association.

AUTHORIZATION TO INCREASE THE COMPANY'S SHARE CAPITAL FOLLOWING ITS CHANGE OF LEGAL FORM TO AN SE

No new capital was created in connection with Westwing's change of legal form to a European Society (Societas Europaea, SE) with the name of Westwing Group SE.

MATERIAL AGREEMENTS BY THE COMPANY THAT TAKE EFFECT IN THE EVENT OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID, TOGETHER WITH THE RESULTING EFFECTS (SECTION 289A SENTENCE 1 NO. 8 AND SECTION 315A SENTENCE 1 NO. 8 OF THE HGB):

A EUR 10m global credit facility entered into in September 2022 between Westwing Group SE and Norddeutsche Landesbank grants Norddeutsche Landesbank a right to terminate the facility if a single shareholder acquires a majority of the voting rights and/or an interest of at least 50% in the share capital.

COMPENSATION AGREEMENTS ENTERED INTO BETWEEN THE COMPANY AND THE MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN CASE OF A TAKEOVER BID (SECTION 289A SENTENCE 1 NO. 9 AND SECTION 315A SENTENCE 1 NO. 9 OF THE HGB):

The Management Board contract of service agreed between Westwing Group SE and CEO Dr. Andreas Hoerning on June 17, 2022, grants the CEO the right to terminate his contract of service in writing within two months of a change of control occurring, giving three months' notice to the end of a calendar month ("special termination right"), and to resign his position in line with this. Should the special termination right be exercised, the amount of any severance payment shall be limited to a maximum of two fixed annual salaries, but no more than the remuneration for the remaining term of office (severance payment cap).

Munich, March 29, 2023

Dr. Andreas Hoerning
Chief Executive Officer
Westwing Group SE

Sebastian Säuberlich
Chief Financial Officer
Westwing Group SE

03

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period from January 1 to December 31, 2022 and 2021

EURm	Notes	2022	2021
Revenue	5	430.8	522.5
Cost of sales		–228.1	–265.7
Gross profit		**202.7**	**256.8**
Fulfilment expenses	6	–94.2	–107.1
Marketing expenses	6	–40.6	–49.3
General and administrative expenses	6	–92.9	–79.3
Other operating expenses	8	–5.2	–3.8
Other operating income	8	2.6	3.9
Operating profit		**–27.4**	**21.1**
Finance costs	10	–2.0	–1.6
Finance income	10	0.0	0.1
Net other finance costs	10	–0.9	–0.6
Net finance costs		**–2.9**	**–2.1**
Profit/loss before tax		**–30.3**	**19.0**
Income tax income/(expense)	24	–2.1	–7.0
Consolidated profit/loss		**–32.4**	**12.0**
Thereof attributable to:			
Owners of the Company		–32.4	12.0
Non-controlling interests		–	–
Consolidated profit/loss		**–32.4**	**12.0**
Basic average number of shares in circulation	11	20,574,373	20,487,447
Diluted average number of shares in circulation		21,462,835	21,705,644
Basic earnings per share (in EUR) attributable to the owners of the Company	11	**–1.58**	**0.58**
Diluted earnings per share (in EUR) attributable to the owners of the Company	11	**–1.51**	**0.55**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period January 1 to December 31, 2022 and 2021

EURm	2022	2021
Net profit/loss for the year	**–32.4**	**12.0**
Other comprehensive income:		
Items that that will be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	0.0	0.0
Other comprehensive income for the year, net of tax	**0.0**	**0.0**
Thereof attributable to:		
Owners of the Company	0.0	0.0
Non-controlling interests	–	–
Total comprehensive income for the year	**–32.4**	**12.0**
Thereof attributable to:		
Owners of the Company	–32.4	12.0
Non-controlling interests	–	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURm	Notes	Dec. 31, 2022	Dec. 31, 2021
Assets			
Non-current assets			
Property, plant, and equipment	12	53.2	55.5
Intangible assets	13	23.3	18.9
Trade receivables and other financial assets	14	2.3	4.8
Deferred tax assets	24	3.6	8.2
Total non-current assets		**82.3**	**87.4**
Current assets			
Inventories	15	45.2	54.9
Prepayments on inventories	15	3.6	12.1
Trade receivables and other financial assets	14	12.6	11.5
Other assets	16	8.6	14.2
Cash and cash equivalents	17	76.0	97.4
Total current assets		**146.0**	**190.1**
Total assets		**228.3**	**277.4**

EURm	Notes	Dec. 31, 2022	Dec. 31, 2021
Equity and liabilities			
Equity			
Share capital		20.9	20.9
Capital reserves	18	364.5	364.5
Treasury shares		–1.6	–1.2
Other reserves	18	41.7	38.1
Retained earnings	18	–335.9	–303.4
Foreign exchange reserve		0.4	0.4
Equity attributable to owners of the Company	18	**90.1**	**119.3**
Non-controlling interests		–	–
Total equity		**90.1**	**119.3**
Non-current liabilities			
Lease liabilities		35.0	37.4
Other non-current financial liabilities	20	6.1	10.3
Provisions	21	2.1	1.1
Deferred tax liabilities		2.3	5.1
Total non-current liabilities		**45.6**	**54.0**
Current liabilities			
Lease liabilities		9.7	8.4
Trade payables and accruals	20	34.1	56.8
Contract liabilities	20	17.0	17.4
Refund liabilities	20	6.8	7.4
Supplier finance arrangements	20	7.8	–
Other non-financial liabilities	20	15.1	12.5
Tax liabilities	24	1.7	1.0
Provisions	21	0.6	0.7
Total current liabilities		**92.7**	**104.2**
Total liabilities		**138.3**	**158.1**
Total equity and liabilities		**228.3**	**277.4**

STATEMENT OF CHANGES IN EQUITY

		Attributable to the owners of the Company		
EURm	Notes	Share capital	Capital reserves	Treasury shares
As of January 1, 2021		**20.8**	**357.8**	**–1.9**
Profit/loss for the year		–	–	–
Other comprehensive income for the year		–	–	–
Total comprehensive income for the year		**–**	**–**	**–**
Issue of share capital	18	0.1	0.7	–
Reclassifications/other		–	–	–
Issue of treasury shares		–	6.8	0.7
Share-based payments	19	–	–0.8	–
As of December 31, 2021/January 1, 2022		**20.9**	**364.5**	**–1.2**
Profit/loss for the year		–	–	–
Other comprehensive income for the year		–	–	–
Total comprehensive income for the year		**–**	**–**	**–**
Purchase of treasury shares	18	–	–	–0.5
Share-based payments	19	–	–	–
As of December 31, 2022		**20.9**	**364.5**	**–1.6**

Attributable to the owners of the Company					
Other reserves	Retained earnings	Other comprehen-sive income (OCI) reserve	Total	Non-controlling interests	Total equity
47.1	**–312.7**	**0.4**	**111.5**	**–2.8**	**108.7**
–	12.0	–	12.0	–	12.0
–	–	0.0	0.0	–	0.0
–	**12.0**	**0.0**	**12.0**	**–**	**12.0**
–	–	–	0.8	–	0.8
–	–2.7	–	–2.7	2.8	0.1
–7.2	–	–	0.3	–	0.3
–1.8	–	–	–2.6	–	–2.6
38.1	**–303.4**	**0.4**	**119.3**	**0.0**	**119.3**
–	–32.4	–	–32.4	–	–32.4
–	–	0.0	0.0	–	0.0
–	**–32.4**	**0.0**	**–32.4**	**–**	**–32.4**
–	–	–	–0.5	–	–0.5
3.6	–	–	3.6	–	3.6
41.7	**–335.9**	**0.4**	**90.1**	**–**	**90.1**

CONSOLIDATED STATEMENT OF CASH FLOWS

EURm	Notes	2022	2021
Cash flows from operating activities:			
Profit/loss before tax		–30.3	19.0
Adjustments for:			
Depreciation and impairment of property, plant, and equipment	12	12.2	9.2
Amortization and impairment of intangible assets	13	5.8	3.8
Loss/(gain) on disposal of property, plant, and equipment		0.2	0.2
Share–based payment expenses/(income)	19	–0.6	5.6
Fair value (gain)/loss on financial liabilities		–	0.1
Finance income	10	–0.0	–0.1
Finance costs	10	2.0	1.5
Changes in other assets*		3.3	–1.5
Changes in other liabilities*		3.7	3.3
Changes in provisions	21	–0.8	–3.3
Operating cash flows before changes in working capital *		**–4.5**	**37.8**
Adjustments for changes in working capital:			
Changes in trade receivables and other financial assets*	14	–0.8	5.9
Changes in inventories*	15	18.2	–28.9
Changes in trade and other payables*		–23.0	14.4
Cash flows from operating activities*		**–10.2**	**29.2**
Tax received/(paid)		2.7	–11.1
Net cash flows from operating activities*		**–7.5**	**18.1**
Investing activities:			
Proceeds from sale of property, plant, and equipment		0.0	0.0
Purchase of property, plant, and equipment	12	–3.7	–6.3
Purchase of and investments in intangible assets	13	–10.2	–8.6
Lease deposits		2.5	–1.1
Net cash flows from investing activities		**–11.4**	**–16.0**
Financing activities:			
Proceeds from capital increase/sale of equity instruments		–	0.4
Interest and other finance charges paid		–2.0	–1.6
Supplier finance arrangements		7.8	–
Payments of lease liabilities		–9.5	–6.4
Purchase of treasury shares	18	–0.5	–
Purchase of own equity instruments		–	–2.1
Contribution of right–of–use assets		1.5	–
Net cash flows from financing activities		**–2.7**	**–9.7**
Net change in cash and cash equivalents		**–21.5**	**–7.6**
Effect of exchange rate fluctuations on cash held*		0.1	0.1
Cash and cash equivalents as of January 1	17	97.4	104.9
Cash and cash equivalents as of December 31		**76.0**	**97.4**

* Prior-year figures adjusted.
To add clarity to the development of net working capital, we have shown the changes in other liabilities and other assets separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2022

1. GENERAL INFORMATION

Westwing Group SE and its subsidiaries (together referred to as "Westwing" or the "Group") are one of the leading eCommerce companies in the European Home & Living sector. Westwing is an integrated Home & Living company that offers its customers a broad, diverse range of beautiful Home & Living products.

The Company has been listed on the Frankfurt Stock Exchange since October 9, 2018.

The Supervisory Board approved the publication of the consolidated financial statements of Westwing Group SE for the fiscal year ended December 31, 2022, on March 29, 2023.

The Company was incorporated in 2011 and is headquartered at Moosacher Strasse 88, 80809 Munich, Germany. It is registered at the District Court in Berlin, Germany under the number HRB 239114 B. As of December 31, 2022, the Group operated in eleven countries (Germany, Austria, Switzerland, Italy, Spain, the Netherlands, France, Poland, Belgium, the Czech Republic, and the Slovak Republic). The Group consisted of 23 legal entities, 11 of which are non-operating.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and the IFRS Interpretations Committee interpretations (IFRICs) applicable as of the reporting date, as adopted by the European Union, plus the provisions of German commercial law required to be applied by section 315e of the German Commercial Code (Handelsgesetzbuch – HGB).

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated financial statements have been prepared in euros and are presented in millions of euros (EURm). The figures in the consolidated financial statements have been rounded up or down to the nearest number. Therefore, the totals given for tables may not exactly match the amounts obtained by adding individual figures together, and differences may arise where individual amounts or percentages are added up. With respect to the financial information set out in this report, a dash ("–") signifies that no figure is available, while a zero entry ("0.0") signifies that the relevant figure is available but has been rounded to zero.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain financial assets and financial liabilities that are measured at fair value through profit or loss.

The Company has prepared its consolidated statement of profit or loss in accordance with the cost of sales (function of expense) format.

Current and non-current assets and current and non-current liabilities are presented separately on the face of the consolidated statement of financial position. Assets that are used or settled in the normal operating cycle, or that are due to be settled within 12 months after the reporting period are classified as current. Assets not meeting these criteria are classified as non-current.

Liabilities are classified as current where they are expected to be settled in the normal operating cycle or within 12 months, or where there is no unconditional right to defer settlement for at least 12 months. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The fiscal year is the calendar year. The consolidated statement of cash flows is based on the actual cash flows for the period.

The preparation of financial statements in accordance with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment when applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, and areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3. No material estimates have been made in relation to environmental, social, and governance topics.

2.2 New Standards, Amendments, and Interpretations

The International Standards Accounting Board (IASB) has issued the following standards or amendments to standards, which were relevant for the Group and applied for the first time in the consolidated financial statements for the year ended December 31, 2022.

		Mandatory application date set by the IASB	Adoption by the EU by Dec. 31, 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Jan. 1, 2022	Yes
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond June 30, 2021	Apr. 1, 2021	Yes
Amendments to IAS 16	Proceeds before Intended Use	Jan. 1, 2022	Yes
Amendments to IFRS 3	Reference to the Conceptual Framework	Jan. 1, 2022	Yes
AIP (2018–2020 cycle)	IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities; IFRS 1 Subsidiary as a first-time adopter; IFRS 16 Lease incentives	Jan. 1, 2022	Yes

The application of the new or amended standards in fiscal year 2022 did not have a material impact on group accounting, the presentation of the consolidated financial statements, or the Group's financial position, financial performance, and cash flows. The Group did not early apply standards, interpretations, or amendments that have been issued but are not yet effective.

STANDARDS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new standards or amendments have been issued but are not yet effective:

		Mandatory application date set by the IASB	Adoption by the EU by Dec. 31, 2022
IFRS 17	Insurance Contracts	Jan. 1, 2023	Yes
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023	Yes
Amendments to IAS 1 and IFRS Practice Statement 2	Requirement to disclose material accounting policies instead of significant accounting policies	Jan. 1, 2023	Yes
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	Jan. 1, 2024	No
Amendments to IAS 8	Definition of Accounting Estimates	Jan. 1, 2023	Yes
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	Jan. 1, 2023	Yes
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	Jan. 1, 2024	No

No new standards or amendments that are not yet effective are expected to have a material impact on the Group. Westwing plans to adopt the new standards as soon as they are required to be applied.

2.3 Consolidation

2.3.1 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Westwing Group SE and of the entities controlled by it ("subsidiaries"). Consequently, all companies in which the Company holds a controlling interest are included in the financial statements.

As of December 31, 2022, the Company controlled 15 domestic subsidiaries (December 31, 2021: 15) and exercised indirect control over 7 foreign subsidiaries (December 31, 2021: 7). The composition of and changes to the Group are detailed in Note 28.

The annual financial statements of the Company and its subsidiaries are prepared using uniform accounting standards. Where necessary, the subsidiaries' accounting policies have been changed to align them with the policies applied by the Group. The financial statements of the Company and its subsidiaries cover fiscal year 2022, which runs from January 1, 2022, to December 31, 2022, and are prepared as of the reporting date of these consolidated financial statements. Intercompany receivables and liabilities, profits and losses, revenues, and income and expenses are eliminated during consolidation.

2.3.2 SUBSIDIARIES

Subsidiaries are those entities over which the Group has control. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the relevant activities of the entity. Subsidiaries are fully consolidated from the date that control is obtained to the date that it ceases.

2.3.3 NON-CONTROLLING INTERESTS (NCI)

Non-controlling interests arise where an acquirer purchases less than 100% of shares in an acquiree. In this case, the non-controlling interest is the equity in a subsidiary that is not directly or indirectly attributable to the parent. Non-controlling interests can be measured either at fair value ("full goodwill method") or at the non-controlling interest's share of the recognized amounts of the acquiree's identifiable net assets ("partial goodwill method").

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions, i.e., as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the share of the carrying amount of the subsidiary's net assets that has been acquired is reported in equity. The remaining non-controlling interests were offset against retained earnings in 2021. Therefore, no non-controlling interests in Westwing's entities were disclosed as of December 31, 2022 and 2021.

2.4 Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, the Group's presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing as of the transaction dates or the valuation date where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in other income in the consolidated statement of profit or loss.

Group Companies

The results and changes in financial position of all entities that have a functional currency other than the Group's presentation currency are translated into the presentation currency as shown below (no Group entities report in the currency of a hyperinflationary economy).

- Assets and liabilities of foreign operations are translated at the closing rate as of the reporting date.

- Income and expenses of foreign operations are translated at cumulative average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the transaction dates.

All resulting exchange differences are recognized in equity in other comprehensive income. On disposal of a foreign operation, the related component of OCI is recognized in the consolidated statement of profit or loss.

The most significant currencies for the Group were translated at the following exchange rates:

	Assets and liabilities: spot rates		Income and expenses: cumulative average rates	
Exchange rate for EUR 1	**Dec. 31, 2022**	Dec. 31, 2021	**2022**	2021
Polish zloty	**4.68**	4.60	**4.68**	4.56
U.S. dollar	**1.07**	1.13	**1.05**	1.18
Hong Kong dollar	**8.32**	8.83	**8.25**	9.20
Chinese yuan renminbi	**7.36**	7.19	**7.08**	7.63

Only the Polish, Hong Kong, and Chinese entities had a different functional currency than euro as of December 31, 2022, and December 31, 2021.

2.5 Revenue Recognition and Contract Balances

Westwing generates revenue primarily by selling goods via its retail websites. A much smaller share of revenue is allocated to services (i.e., the interior design services that Westwing provides to customers who want to refurbish their homes and assembly services). In most cases customers pay when placing their orders online and hence before the Group transfers goods or provides services to them. Contract liabilities are recognized when the payment is made or due (whichever is the earlier), i.e., before a related performance obligation is satisfied. These liabilities are reclassified to revenue from contracts with customers when control of the goods is transferred to the customer (generally on delivery) or the service is rendered at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. Since the outstanding performance obligations are based on contracts with an original term of less than one year, Westwing does not report the transaction price allocated to these outstanding performance obligations. Contract liabilities are reported as a separate line item on the balance sheet.

The period between an order being placed and the delivery being made to, or service performed for, the customer is typically between two days and six weeks, depending on the type of goods or services ordered.

In other cases in which customers pay on delivery or on the basis of an invoice, trade receivables arise when control of goods is transferred to the customer and remain outstanding until the relevant amounts are collected. The Group has concluded that the Group is the principal in all its revenue arrangements.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties or customer loyalty points). Shipping is an activity to fulfil the promise to transfer the product and is performed before the customer obtains control of the product concerned. Therefore, shipping and the related transfer of ownership in the product are considered to be a single performance obligation. Consideration represents amounts receivable for goods supplied, which are stated net of promotional discounts, marketing vouchers, rebates, and refund liabilities.

RIGHT OF RETURN

The Company grants customers a right to return the goods bought, generally within 30 days (only Poland and Italy have a return period of 100 days). The Group uses the expected value method, based on its experience of return rates and times, to estimate the value of the goods that will be returned. The Group recognizes refund liabilities that are deducted from revenue for goods that are expected to be returned. A right-of-return asset (and a corresponding adjustment to the cost of sales item) is also recognized for the right to recover products from a customer.

VOUCHERS

Westwing offers three types of vouchers to customers:

Customer Care Vouchers

In the case of delivery delays or quality issues, Westwing's Customer Care department offers customers cash vouchers for future purchases, which can be used within one year. Cash vouchers offered to customers represent a separate performance obligation for the Group. A standalone selling price is calculated and allocated for all performance obligations. In the case of vouchers issued but not used in the same period, estimated usage is calculated based on historical experience; this reduces the Group's revenue for the current period and increases the contract liabilities as of the end of the period.

Marketing Vouchers

These are vouchers that are posted on Instagram (e.g., by influencers) or that are included in newsletters, for example. They are only valid for a limited period, usually as long as the marketing event is running, and only take the form of a percentage discount. Simply issuing these marketing vouchers does not create a binding contract with a customer. This only occurs once the customer places an order. No liabilities are recognized by the Group.

Gift Vouchers

These are vouchers which the Group sells to customers in exchange for cash. Gift vouchers can be given to friends, for instance, who then use them in full to purchase goods from Westwing. The cash vouchers offered represent a separate performance obligation. In general, the revenue is not recognized by the Group when the vouchers are sold, but when the obligation is satisfied or expires. The only exception is the recognition of revenue for the proportion of vouchers older than one year which will never be used. This is estimated based on historical data. A contract liability is recognized when gift cards are sold.

CONTRACT BALANCES

EURm	**Dec. 31, 2022**	Dec. 31, 2021
Trade receivables	6.1	7.1
Receivables from payment service providers	3.8	1.4
Contract liabilities	17.0	17.4

Receivables from payment service providers include the customer payments transferred via purchase on account and direct debit transactions. If a customer uses these payment options, the Company recognizes a corresponding receivable from the payment service provider until the cash is transferred to Westwing's bank account (usually within 10 days).

Nearly all contract liabilities in existence at the beginning of both 2022 and 2021 were recognized as revenue during the fiscal year. The only exemptions were gift vouchers with a negligible residual amount that had not been converted into revenue.

2.6 Expenditure

Cost of sales primarily consists of the purchase price of consumer products and inbound shipping charges, and is recognized when the goods are sold. In the case of our interior design services, cost of sales comprises the value of the working time expended by the interior designers on the services sold.

Fulfilment expenses include postage, freight, packaging, and handling costs, plus fees for payment services. This item also includes personnel expenses, depreciation of right-of-use assets relating to warehouses, other depreciation and amortization, and other expenses relating to the logistics and customer care departments.

Marketing expenses consist primarily of personnel expenses. However, the item also includes expenses for online and offline marketing and promotional activities, other operating expenses, and depreciation and amortization relating to the Group's marketing function.

General and administrative expenses consist of personnel expenses, ancillary expenses, depreciation of right-of-use assets, amortization, and the Group's administrative costs. General and administrative expenses also include consulting and other professional and legal fees, such as external accounting, recruiting, tax consulting, and audit fees. The item also includes Procurement department costs and personnel expenses relating to general management functions in the logistics area.

Other operating income and expenses primarily comprise income from grants, plus income from the reversal of provisions, insurance reimbursements, and costs relating to the recognition of allowances for expected credit losses on accounts receivable.

Net finance costs consist of interest income, interest and other finance costs (including interest expenses for lease liabilities in accordance with IFRS 16), and foreign currency gains and losses reported in net other finance costs.

Where personnel expenses are described separately under expenses it should be borne in mind that these include material expenses or income for share-based payments.

2.7 Property, Plant, and Equipment

The main components of property, plant, and equipment are right-of-use assets, furniture, fittings, equipment, and leasehold improvements.

Property, plant, and equipment are recognized at cost less accumulated depreciation and impairment losses, where required. Historical cost includes expenditure directly attributable to the acquisition.

Costs of minor repairs and maintenance are expensed when incurred. Costs of replacing major parts or components of property, plant, and equipment are capitalized if they lead to a major improvement in, or prolong the useful life of, the asset.

Gains and losses on disposals are determined by comparing the proceeds of sale with the carrying amount of the disposed asset. The gains and losses are recognized in the consolidated statement of profit or loss for the year in which the disposal takes place.

Depreciation on items of property, plant, and equipment is calculated using the straight-line method, so as to allocate the cost of the assets to their residual values over their estimated useful lives:

Asset	Useful life in years
Furniture, fittings, and equipment	2 to 15
Computers and printers	2 to 5
Telecommunications equipment (mobile phones, copiers, fax machines)	2 to 5
Hardware (servers)	5 to 7
Office furniture	10 to 13
Warehouse equipment and fixtures	10 to 15
Cars and other vehicles	3 to 8
Leasehold improvements	Shorter of the useful life or the term of the underlying lease (2 to 10)
Right-of-use assets	Shorter of the useful life or the term of the underlying lease (2 to 10)

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset, less the estimated costs of disposal if the asset was already of the age and in the condition expected at the end of its useful life.

Assets' residual values and useful lives are reviewed at each fiscal year-end.

The property, plant, and equipment item also includes prepaid amounts for items of property, plant, and equipment. Such amounts are not subject to depreciation.

2.8 Intangible Assets

2.8.1 PURCHASED TRADEMARKS, BRANDS, LICENSES AND SOFTWARE

Separately acquired trademarks, brands, software, and licenses have a finite useful life and are shown at cost less accumulated amortization and impairment losses.

Acquired computer software licenses, domains, trademarks, and brands are capitalized based on the costs incurred to acquire them and bring them to use, including the cost of further developing the software for which licenses have been acquired.

Intangible assets also include prepayments on items that are classified as intangible assets. Such amounts are not subject to amortization.

2.8.2 INTERNALLY GENERATED SOFTWARE

Research and development costs are expensed as incurred, except for development costs which must be capitalized if certain conditions are met.

Development costs that are directly attributable to the design, testing, and implementation of identifiable and unique software products controlled by the Company (such as warehouse and logistics applications, mobile app projects, and the development of the Company's own software in the areas of consumer apps and payment methods) are recognized as intangible assets if the following criteria are simultaneously met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available, and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of software products include employee-related expenses and the cost of external services needed to develop the software. Other development expenditures that do not meet these criteria are expensed as incurred. Development costs that were previously expensed are not recognized as an asset in subsequent periods.

2.8.3 AMORTIZATION
Amortization is calculated using the straight-line method to allocate the cost of trademarks, brands, software, and licenses over their estimated useful lives:

Asset	Useful life in years
Internally generated software	3 to 8
Acquired software and licenses	2 to 5
Trademarks (licenses)	15 years or the term of the trademark agreement, if shorter

2.8.4 IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT, AND INTANGIBLE ASSETS
Whenever events or changes in market conditions indicate that the carrying amount of property, plant, and equipment or intangible assets may not be fully recoverable, the assets concerned are tested for impairment.

An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is the higher of the fair value less costs of disposal and its value in use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses are reviewed for possible reversal at each reporting date.

2.9 Leases
Westwing recognizes a right-of-use asset and a lease liability at the commencement date for lease agreements where the Group is the lessee. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement, and restoration obligations or similar requirements. Additionally, the present value of the expected cost of decommissioning an asset after use is included in the cost of the asset concerned if the recognition criteria for a provision are met.

After lease commencement, the right-of-use asset is measured using a cost model under which it is measured at cost less accumulated depreciation and accumulated impairment losses.

The lease liability is initially measured at the present value of the lease payments due over the lease term, discounted at the rate implicit in the lease where this can be readily determined. If the rate cannot be readily determined, the incremental borrowing rate is used.

The lease liability is subsequently remeasured to reflect changes in the lease term (using a revised discount rate), the assessment of a purchase option (using a revised discount rate), the amounts expected to be payable under residual value guarantees (using an unchanged discount rate), or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

Short-term leases which expire within 12 months and leases based on a low-value asset (acquisition cost of less than EUR 5,000) are expensed as incurred. Income from subleasing is recognized in other operating income.

2.10 Inventories
Inventories are recorded at the lower of acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business.

The acquisition cost of inventory includes purchase costs and costs incurred to bring the inventories to their present location and condition (inbound costs). The Company’s inventories are measured using the weighted average method. Slow-moving products are written down in line with their age and reach in order to approach the net realizable value; damaged goods are written off completely.

Inventory as shown in the statement of financial position consists of finished goods purchased from suppliers plus prepayments made for future inventory deliveries.

2.11 Financial Assets and Financial Liabilities

Financial assets are initially classified as measured at amortized cost, at fair value through other comprehensive income (OCI) or at fair value through profit or loss. The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Group's business model for managing it.

The Group only holds cash and cash equivalents and trade receivables as financial assets with the objective of collecting contractual cash flows; the contractual terms of the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding. Therefore, these financial assets are measured at amortized cost in accordance with IFRS 9. They are included in current assets, with the exception of assets with a maturity of more than twelve months after the end of the reporting period. These are classified as non-current assets.

Financial assets at amortized cost are initially recognized at their fair value including directly attributable transaction costs or at the transaction price. Subsequently, they are measured at amortized cost using the effective interest method, with interest income and expense recognized in the financial result.

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Gains and losses are recognized in the income statement when the asset is derecognized, modified or impaired. Changes in the value of operating receivables and liabilities due to exchange rate effects are recognized in other operating income, and changes in the value of loans are recognized in other financial income/expense.

Financial liabilities are generally measured at amortized cost, in particular loan liabilities and trade payables. Exceptions to this are financial liabilities designated as at fair value through profit or loss upon initial recognition, such as derivatives and liabilities measured at fair value, whose change in fair value is recognized in profit or loss. Westwing does not use derivatives designated as hedging instruments. Financial liabilities are derecognized when the underlying obligation is discharged, cancelled or expires.

Financial Liability at Fair Value Through Profit or Loss

A financial liability at fair value through profit or loss is initially recognized at fair value on the commencement date of the contract and is subsequently remeasured to its fair value. Any changes to the instrument´s fair value are recognized directly through the consolidated statement of profit or loss.

Financial Liabilities at Amortized Cost

The Group's other financial liabilities are classified as financial liabilities at amortized cost.

All these other financial liabilities are initially recognized at fair value net of directly attributable transaction costs. The fair value at initial recognition in the Group is basically the transaction price of the financial liabilities.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. The accrued interest using the effective interest method is recognized in the statement of profit or loss.

The Group's financial liabilities at amortized cost include trade payables, accruals, and supplier finance arrangements.

Supplier Finance Arrangements

Supplier finance arrangements relate to the assignment of trade payables to financing partners arranged by a service provider. These take over the payment to the supplier and Westwing reimburses this payment with a time delay of two months. From the moment of the transfer the trade liability is reclassed to supplier finance arrangements because there is a substantial modification of the terms of the contract; these liabilities are shown separately in the balance sheet. The cash movements are reflected in the cash flow from financing activities.

2.12 Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group expects to receive, discounted at the effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("12-month ECLs"). In the case of credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("lifetime ECLs"). If a loss event (e.g., insolvency or bankruptcy) occurs, the asset is written down to the recoverable net amount.

In the case of trade receivables and contract assets, the Group applies a simplified approach to calculating ECLs. In line with this, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provisions matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is derecognized when there is no reasonable expectation of recovering the associated contractual cash flows.

2.13 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and for which the risk of changes in value is insignificant.

Cash designated for a specific purpose and therefore not available for general use by the Group is classified as restricted cash and is reclassified to current or non-current other financial assets where appropriate.

2.14 Share Capital

The share capital is fully paid up.

Costs directly attributable to a capital increase are shown in equity as a deduction from the proceeds, net of tax. Any excess of the fair value of consideration received over the par value of shares issued is recorded as capital reserves within equity.

2.15 Treasury Shares

Treasury shares are shares which have been bought back by Westwing, reducing the number of shares outstanding on the open market. Treasury shares do not have voting rights. The possession of these shares does not give the Company the right either to receive any assets if the Company is liquidated or to exercise preemptive rights as a shareholder. These shares reduce the ordinary share capital. They are presented in the statement of financial position as a reduction of equity. Westwing can use treasury shares to provide shares to participants of share-based payment programs when their options vest and are exercised. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in capital reserves.

2.16 Provisions

Provisions are non-financial liabilities of uncertain timing or amount. They are recognized when the Company has a present legal or constructive obligation because of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for future operating losses are not recognized.

The amount recognized as a provision is the present value and best estimate of the consideration required to settle the present obligation, considering the risks and uncertainties surrounding the obligation. Short-term provisions are not discounted.

2.17 Share-based Payment

Certain eligible Group employees are entitled to receive remuneration in the form of share-based payment, under which employees receive equity instruments as consideration for their services (equity-settled transactions). In addition, certain eligible employees were granted share appreciation rights, which are settled in cash (cash-settled transactions). In 2022, a new Equity-settled Compensation Program (ECP 2022) was established. The term of the ECP 2022 is limited to three years; it starts on July 1, 2022, and the last service period ends on June 30, 2025. Shorter service periods may occur.

Equity-settled Transactions

The cost of equity-settled share-based transactions is determined on the basis of the fair value at the grant date, using an appropriate valuation model. Since Westwing is a listed company, the share price is used as input for the option pricing model determining the options' fair value. The fair value determined at the grant date is expensed over the vesting period of the arrangement, based on the Company's estimate of the number of equity instruments that will eventually vest subject to non-market-based vesting conditions. The corresponding amount is recognized in equity.

Westwing uses a graded vesting approach: Each installment of awards with graded vesting features is treated as a separate grant and is expensed separately over the vesting period concerned. The cumulative expense recognized for equity-settled share-based transactions as of each reporting date up to the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. Estimated forfeitures are revised if the number of awards expected to vest differs from previous estimates. Differences between the estimated and actual forfeitures are accounted for in the period in which they occur. Due to the change in observed employee fluctuation rates, Westwing also takes an estimated forfeiture ratio during the vesting period into account when calculating share-based payment expenses.

The income or expense for a period recognized in the statement of profit or loss represents the change in cumulative expenses recognized as of the beginning and end of the reporting period.

Options that are exercised can be serviced in three different ways: The Company can issue new shares (case 1), treasury shares can be used to provide the option holders with shares (case 2), or Westwing can settle the options in cash as provided for in the agreements (case 3). In all three cases, the amount previously recognized in the share-based payment reserve for the option holder is reclassified in full to other equity components. In case 1, the share capital is increased in the nominal amount of the exercised shares and the difference between the share-based payment reserve and the nominal amount is recognized in the capital reserves. The cash received for the exercise price also increases the capital reserves.

In case 2, the amount recognized for treasury shares is reduced pro rata by the number of shares for which options have been recognized using the value of the original payment for the treasury shares, and the remaining difference is recognized in the capital reserves. In case 3, the share-based payment reserve is reduced and the difference between the settled amount and the share-based payment reserve is recognized in the capital reserves.

Cash-settled Transactions

The cost of cash-settled transactions is measured at fair value using an appropriate valuation model. Fair value is established initially at the grant date and at each reporting date thereafter until the awards are settled. During vesting, a liability is recognized representing the fair value of the award for the vesting period that has expired as of the reporting date. Changes in the carrying amount of the liability over the period are recognized as income or expense in the statement of profit or loss. When cash-settled options are exercised, the liability recorded is derecognized and the difference is recognized in profit or loss. We also take an estimated forfeiture ratio during the vesting period into account when calculating share-based payment expenses.

2.18 Post-employment Benefits

Westwing does not have any typical pension schemes. However, local law in Italy and France requires provisions to be recognized for personnel expenses, since employees are entitled to take saved amounts with them when they leave the Company. The Group's net obligations are determined separately for each plan by estimating the present value of future benefits earned by employees. The present value of defined benefit obligations is calculated using the relevant government guidelines.

German Group entities pay contributions to Germany's statutory pension insurance plan, which represents a defined contribution plan under IAS 19.

2.19 Current and Deferred Income Taxes

Income tax comprises current and deferred taxes. Income tax expense is recognized in the statement of profit or loss unless it relates to items directly recognized in equity, in which case it, too, is recognized in equity.

Current tax expense is calculated on the basis of the tax regulations applicable on the reporting date in those countries in which the subsidiaries operate and generate taxable income.

Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, in accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Similarly, deferred tax liabilities are not recorded for temporary differences on the initial recognition of goodwill or subsequently for goodwill that is not deductible for tax purposes.

Deferred tax balances are measured at the tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period in which the temporary differences will reverse, or the tax loss carryforwards will be utilized.

Deferred tax assets for deductible temporary differences and tax losses carried forward are recorded to the extent that it is probable that enough future taxable profits will be available against which the temporary difference can be utilized.

Deferred tax liabilities are recognized on taxable temporary differences arising from investments in subsidiaries unless the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

3.1 Overview

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenue, expenses, assets, and liabilities and the accompanying disclosures, plus the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the corresponding assets or liabilities in future periods.

Estimates and judgments are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management also makes certain judgments above and beyond the estimates involved in the process of applying accounting policies. Changes in accounting estimates are recognized in the period in which the change takes place, provided that such a change exclusively affects that period.

The following sections provide an overview of those judgments that have the most significant effect on the amounts recognized in the financial statements, plus estimates that could potentially lead to significant adjustments to the carrying amounts of assets and liabilities within the next fiscal year.

3.2 Accounting Estimates

Westwing's accounting estimates are not particularly affected by the impact of the Russian invasion of Ukraine and corresponding effects on energy prices, the supply chain, and inflation. Minor effects exist in relation to estimates of allowances for doubtful accounts. In principle, however, the situation caused by Russia's war against Ukraine results in significant planning uncertainty.

3.2.1 REVENUE (NOTE 5)

Since final deliveries to customers cannot always be tracked correctly, a cutoff period is applied as of each reporting date. In line with this, a period of basically between two and five days (depending on the country concerned) is used to deduct estimated product sales between the shipping dates and expected delivery dates occurring after the reporting date.

3.2.2 ALLOWANCE FOR OBSOLETE INVENTORIES (NOTE 15)

Inventory is valued at the lower of cost and net realizable value. The net realizable value of certain stock items is determined by recognizing an allowance on inventory. This is based on management's estimate of whether losses will result from their sale for below cost less costs of disposal, or whether it will not be possible to sell certain items at all. The amount is calculated based on historical experience, and past and anticipated market performance.

3.2.3 ALLOWANCE FOR EXPECTED CREDIT LOSSES (NOTE 14)

Trade receivables are shown net of allowances for expected credit losses. Westwing has adjusted its estimates regarding the allowances applied based on the effects of the war in Ukraine and corresponding increases in the price of energy and other core goods and services, since it is expected that customers' overall situation will worsen. As a result, expected credit losses have been assumed to be higher than in previous years.

3.2.4 SHARE-BASED PAYMENT (NOTE 19)

The Group measures the cost of equity- and cash-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Since Westwing is listed on the stock exchange, fair value is determined using an option pricing model that uses the share price at the grant date as an input. Additional inputs are the expected life of the share option, volatility, and yield, plus the assumptions made about all of these.

At the end of each reporting period, the Group reviews its estimates of the number of awards expected to vest and recognizes the impact of any revision to the original estimates in the statement of profit or loss, as well as making a corresponding adjustment to equity or liabilities respectively. The forfeiture rate is based on historical experience and takes the maturity of the options into account.

3.2.5 REFUND LIABILITIES (NOTE 20)

Customers ordering products online have the right to return them within 30 days of purchase (100 days in the case of Westwing Italy and Westwing Poland). In line with this, Westwing records a refund liability for such returns in its financial statements, reducing revenue. The amount recognized for this is calculated based on experience and current information on gross sales. The liability is calculated per country, and revenue is adjusted in line with this. A right-of-return asset and a corresponding adjustment to the cost of sales item are recognized for the right to recover products from a customer.

3.3 Accounting Judgments

3.3.1 CAPITALIZATION AND IMPAIRMENT OF DEVELOPMENT COSTS

Westwing capitalizes development costs for internally generated software. Initial capitalization is based on management's judgment that the technological and economic feasibility criteria have been met. This judgment also applies if any impairment requirements are identified. The judgment takes into consideration assumptions regarding development costs or future added value or savings, as appropriate. The innovative nature of Westwing's development projects means that they are subject to a certain degree of uncertainty as to their future benefit.

3.3.2 INCOME TAXES (NOTE 24)

The Group recognizes deferred tax assets for all deductible temporary differences and unused tax loss carryforwards, to the extent that it is probable that future taxable income will be available against which the deductible temporary differences or unused tax losses can be utilized.

The Group considers a large number of factors when assessing whether it is probable that its deferred tax assets will be realized in the future. These factors include its recent earnings experience by jurisdiction, expectations of future taxable income, the carryforward periods available for tax reporting purposes, and other relevant factors. The Group uses judgments and estimates to assess the probability that its deferred tax assets will be realized in future, due to the inherent complexity of its business, future changes in income tax law, and potential variances between actual and anticipated operating results. Therefore, actual income taxes could diverge materially from these judgments and estimates.

3.3.3 DETERMINING THE TERM OF LEASES WITH EXTENSION AND TERMINATION OPTIONS

Westwing Group determines the term of leases as the noncancelable basic term of the lease together with any periods covered by an option to extend the lease if it is reasonably certain that the Group will exercise this option, or any periods covered by an option to terminate the lease if it is reasonably certain that the Group will not exercise this option. The Group applies judgment in evaluating whether it is reasonably certain whether or not it will exercise the option to renew or terminate the lease. This means that it considers all relevant factors that create an economic incentive for the Group to exercise either the renewal or the termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and that affects its ability to exercise or not exercise the option to renew or to terminate (e.g., the implementation of significant leasehold improvements or significant customization of the leased asset).

4. OPERATING SEGMENTS

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance of the segments. The function of the CODM is performed by Westwing Group SE's Management Board.

In line with this, Westwing has two operating segments: DACH and International. These segments are defined as follows:

- The DACH segment comprises Germany, Switzerland, and Austria

- The International segment consists of Spain, Italy, France, Poland, the Czech Republic, the Slovak Republic, Belgium, and the Netherland;

- In general, expenses and income incurred at headquarters are allocated to the operating segments. Therefore, the "HQ/Reconciliation" column only contains key holding elements such as depreciation and amortization, and the parent company's cash and cash equivalents. Westwing Group SE provides a range of IT, marketing, and other services (especially commercial and technical advisory services) to its subsidiaries, and holds cash and cash equivalents for new investments and financing purposes.

The Group measures the performance of its operating segments on the basis of revenue growth, Adjusted EBITDA, and the Adjusted EBITDA margin. More far-reaching reporting on the results of the segments is not provided. The cash-generating units are defined as the individual countries. This means that revenue and EBITDA for the legal entity concerned are used, adjusted for the revenue and costs generated with our Shop (permanent assortment). A similar approach is used for segment reporting.

Adjusted EBITDA shows the operating result before interest, taxes, depreciation and amortization, and income or expenses for share-based payments. In 2022, Westwing also adjusted its EBITDA for restructuring severance payments and reversed the recognition of capitalized inbound costs from cost of goods sold to fulfilment expenses. In 2021, Westwing adjusted its EBITDA for a non-operating tax claim (not income tax) for previous years against a divested entity, and for the costs relating to the Company's change of legal form to a Societas Europaea (SE). The related expenses were not included in Adjusted EBITDA due to their non-recurring nature. Adjusted EBITDA was also adjusted for certain reversal effects connected with the centralization of the French business in Munich. Revenues resulting from transactions between operating segments are eliminated for consolidation purposes and are not included in the overview of the operating segments, since the CODM manages the operating segments based on revenues from transactions with third parties.

Uniform measurement and valuation standards are applied by the Group across all operating segments. The revenue information below is based on customer locations.

The following table shows operating segment information for the fiscal year ending on December 31, 2022 (all amounts are in EURm unless otherwise stated):

2022	DACH	International	HQ/Reconciliation	Group
Profit/loss before income tax	**–2.0**	**–16.5**	**–11.8**	**–30.3**
Finance costs*	1.6	0.4	–	2.0
Finance income*	–0.0	–0.0	–	–0.0
Net other financial result	0.6	0.4	–	0.9
Operating profit/loss	**0.2**	**–15.8**	**–11.8**	**–27.4**
Depreciation and amortization	4.0	3.2	10.8	18.1
Share-based payments*	–0.6	–	–	–0.6
Restructuring severance payments	4.3	1.4	–	5.7
Adjusted EBITDA	**7.9**	**–11.2**	**–1.0**	**–4.2**
Adjusted EBITDA margin	3.3%	–5.9%	–	–1.0%
Revenue	242.4	188.4	–	430.8
Cash and cash equivalents	24.7	12.0	39.3	76.0

* Includes headquarters costs not allocated to the segments and therefore reported in the DACH segment.

The following table shows operating segment information for the fiscal year ending on December 31, 2021 (all amounts are in EURm unless otherwise stated):

2021	DACH	International	HQ/Reconciliation	Group
Profit/loss before income tax	**28.8**	**–0.5**	**–9.2**	**19.0**
Finance costs*	1.3	0.3	–	1.6
Finance income*	–0.1	–0.0	–	–0.1
Net other financial result	0.3	0.3	–	0.6
Operating profit/loss	**30.2**	**0.1**	**–9.2**	**21.1**
Depreciation and amortization	2.2	2.7	8.1	13.0
Share–based payments*	5.6	–	–	5.6
Expenses for the change in legal form to an SE	0.4	–	–	0.4
Tax claim against a divested entity	0.3	–	–	0.3
Restructuring of the French business	–	–0.0	–	–0.0
Adjusted EBITDA	**38.8**	**2.8**	**–1.1**	**40.4**
Adjusted EBITDA margin	13.1%	1.2%	0.0%	7.7%
Revenue	296.8	225.7	–	522.5
Cash and cash equivalents	38.8	14.1	44.4	97.4

* Includes headquarters costs not allocated to the segments and therefore reported in the DACH segment.

Within the DACH segment, revenue in Germany amounted to EUR 204.9m (2021: EUR 240.4m). Group revenue outside Germany amounted to EUR 226.0m (2021: EUR 282.1m).

Westwing Germany recognized long-term assets (not including financial instruments) of EUR 64.3m (December 31, 2021: EUR 61.2m), while entities outside Germany reported long-term assets of EUR 12.2m (December 31, 2021: EUR 13.1m).

Long-term assets and cash and cash equivalents are allocated at the level of the legal entities.

5. REVENUE ANALYSIS

Revenue from contracts with customers for the year is composed of the following:

EURm	2022	2021
Revenue from the sale of products	423.0	515.0
Service revenue	1.0	0.6
Other revenue	6.9	6.8
Total	**430.8**	**522.5**

Revenue from the sale of products is reported net of discounts. Service revenue comprises the sales of interior design and assembly services.

Other revenue is generated from the sale of return products and obsolete inventories to trading partners, and from marketing services.

6. ADDITIONAL INFORMATION ON INCOME AND EXPENSES

FULFILMENT EXPENSES

EURm	2022	2021
Logistics costs	–57.8	–74.2
Personnel expenses	–20.1	–17.0
Depreciation and amortization	–7.4	–4.5
Other expenses	–8.9	–11.4
Total	**–94.2**	**–107.1**

Fulfilment expenses decreased by EUR 12.9m to EUR 94.2m in 2022. Logistic costs include shipping costs of EUR 42.4m (2021: EUR 51.7m), plus storage and handling costs of EUR 10.0m (2021: EUR 16.3m).

MARKETING EXPENSES

EURm	2022	2021
Purchased marketing services	–17.2	–27.6
Personnel expenses	–18.0	–17.1
Depreciation and amortization	–0.6	–0.6
Other expenses	–4.8	–4.1
Total	**–40.6**	**–49.3**

Other expenses comprise consulting costs and travel expenses. The decrease in marketing expenses is due to the overall reduction in business and the revised marketing strategy; expressed as a percentage of revenue it is on the same level as in the previous year.

GENERAL AND ADMINISTRATIVE EXPENSES

EURm	2022	2021
Personnel expenses	–57.6	–49.7
Depreciation and amortization	–10.1	–7.9
Other expenses	–25.1	–21.7
Total	**–92.9**	**–79.3**

Other expenses primarily comprise legal, consulting, maintenance, IT, and travel expenses.

The following expenses are included in general and administrative expenses:

EURm	2022	2021
Auditor's remuneration		
Audit costs according to section 314(1) no. 9a of the HGB	–0.4	–0.4
Of which relating to previous periods: EUR 0k (2021: EUR 0k)	–	–
Other assurance services according to section 314(1) no. 9b of the HGB	–0.1	–0.1
Other services according to section 314(1) no. 9d of the HGB	–	–

Audit expenses include audit fees for the statutory audit of consolidated financial statements and the audit of separate financial statements. The other assurance services in the year under review relate to auditing activities in connection with the Non-financial Statement (limited assurance) and auditing activities in connection with the Remuneration Report.

7. PERSONNEL EXPENSES

Employee benefits and expenses for the year are comprised of the following:

EURm	2022	2021
Wages, salaries, and other short–term employee benefits	–79.8	–64.6
Share–based payment income / (expenses)	0.6	–5.6
Social security and similar expenses	–16.6	–13.5
Total	**–95.8**	**–83.8**

The share-based payment income of EUR 0.6m (2021: expense of EUR 5.6m) relate to equity-settled programs from previous years, the 2019 cash-settled commitment packages, and the new 2022 Equity Compensation Package (ECP 2022). The reduction in share-based payment expenses was mainly due to lower cash-settled share-based payment expenses, which were essentially caused by the lower share price. Personnel expenses also include EUR 5.7m restructuring severances (2021: none).

In addition to regular personnel expenses, post-employee benefits have been granted to Group employees in Italy and France. These mainly consist of the statutory Italian employee severance indemnity obligation ("trattamento di fine rapporto" or "TFR"), which amounted to EUR 0.6m as of the end of 2022 (December 31, 2021: EUR 0.7m). Above and beyond this, the German Westwing entities paid EUR 4.8m in contributions to Germany's statutory pension insurance plan (2021: EUR 3.8m).

In 2022, Westwing employed an average of 2,258 employees (2021: 2,062 employees) in the following functions:

	2022	2021
Fulfilment	944	850
Marketing	291	281
Administration	1,023	931
Total	**2,258**	**2,062**

8. OTHER OPERATING EXPENSES AND INCOME

Other operating expenses for the year included the following items:

EURm	2022	2021
Expenses for expected credit losses (ECLs)	–2.2	–2.0
Other operating expenses	–3.0	–1.8
Total	**–5.2**	**–3.8**

Other operating expenses mainly consist of expenses for other periods.

Other operating income for the year comprised the following:

EURm	2022	2021
Lease income	–	0.2
Income from release of provisions	0.2	2.4
Insurance reimbursement	0.2	1.1
Other operating income	2.2	0.1
Total	**2.6**	**3.9**

The substantial income from the reversal of provisions in the previous year mainly related to the reversal of a provision for a legal claim in the amount of EUR 0.8m.

9. LEASE EXPENSES

LEASES IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EURm	2022	2021
Fulfilment expenses		
Expenses from variable, short-term, and low-value leases	−0.8	−0.5
Other lease expenses (ancillary costs)	−1.1	−0.3
Marketing expenses		
Expenses from variable, short-term, and low-value leases	−0.0	−0.0
Other lease expenses (ancillary costs)	−0.2	−0.1
General and administrative expenses		
Expenses from variable, short-term, and low-value leases	−0.0	−0.0
Other lease expenses (ancillary costs)	−1.4	−0.9
Other operating profit/loss		
Income from subleases	–	0.2
Depreciation		
Depreciation/impairment on right-of-use assets	−9.2	−6.5
Net finance costs		
Interest expenses on lease liabilities	−1.6	−1.2
Total lease expenses	**−14.4**	**−9.3**

The Group's total cash outflows for leases in 2022 amounted to EUR −12.0m (2021: EUR −8.2m). There were no sale and leaseback transactions. Expenses from variable and short-term leases totaled EUR 0.9m. The amount attributable to low-value leases was immaterial.

10. NET FINANCE COSTS

Net finance costs for the year consisted of the following:

EURm	2022	2021
Finance income:		
Interest income	0.0	0.0
Valuation adjustment	–	0.1
Total finance income	**0.0**	**0.1**
Finance costs:		
Interest expenses	−0.2	−0.4
Interest on leases	−1.6	−1.2
Other finance costs	−0.2	–
Total finance costs	**−2.0**	**−1.6**
Net finance result	**−1.9**	**−1.5**
Net other finance costs:		
Foreign currency gains	5.9	6.6
Foreign currency losses	−6.8	−7.2
Net other finance costs	**−0.9**	**−0.6**
Net finance costs	**−2.9**	**−2.1**

11. EARNINGS PER SHARE

Earnings per share are calculated as follows:

EURm	2022	2021
Profit attributable to owners of the parent	–32.4	12.0
Basic weighted average number of ordinary shares in issue	20,574,373	20,487,447
Effects of dilution from share options	888,462	1,218,197
Diluted weighted average number of ordinary shares in issue	21,462,835	21,705,644
Basic earnings per share in EUR	**–1.58**	**0.58**
Diluted earnings per share in EUR	**–1.51**	**0.55**

Basic earnings per share are determined by dividing the profit/loss for the period attributable to shareholders of Westwing Group SE by the basic weighted average number of shares.

Diluted earnings per share are determined by dividing the profit/loss for the period attributable to shareholders of Westwing Group SE by the diluted weighted average number of shares.

The dilutive effect is due solely to equity-settled share-based payment awards to employees. All employee options were taken into account when calculating the diluted earnings per share. In the case of share options and other share-based payment arrangements, the issue price and exercise price must include the fair value of any goods or services to be provided to the entity in the future under the share options. Certain options had no dilutive effect in the reporting period but may have a dilutive effect in future fiscal years.

12. PROPERTY, PLANT, AND EQUIPMENT

The property, plant, and equipment employed by the business are set out below:

EURm	Leasehold improvements	Furniture, fittings and equipment	Right-of-use assets	Prepayments on PPE	Total
Cost as of January 1, 2021	**4.1**	**14.0**	**41.6**	**0.0**	**59.7**
Additions	0.3	4.2	23.5	2.5	30.5
Disposals	–1.6	–2.0	–3.5	–	–7.1
Exchange adjustment	–0.0	–0.0	–0.0	–0.0	–0.1
Cost as of December 31, 2021	**2.9**	**16.2**	**61.5**	**2.5**	**83.1**
Accumulated depreciation as of January 1, 2021	**2.3**	**8.4**	**14.5**	**0.0**	**25.2**
Depreciation	0.3	2.4	6.5	0.0	9.2
Disposals	–1.6	–1.8	–3.5	–	–6.9
Exchange adjustments	–0.0	–0.0	–0.0	–0.0	–0.0
Accumulated depreciation as of December 31, 2021	**1.1**	**9.0**	**17.5**	**0.0**	**27.6**
Carrying amount as of December 31, 2021	**1.8**	**7.2**	**44.0**	**2.5**	**55.5**

EURm	Leasehold improvements	Furniture, fittings and equipment	Right-of-use assets	Prepayments on PPE	Total
Cost as of January 1, 2022	**2.9**	**16.2**	**61.5**	**2.5**	**83.1**
Additions	0.8	2.8	6.7	0.1	10.4
Transfers	–	0.6	1.9	–2.5	–
Disposals	–	–1.3	–0.3	–0.1	–1.8
Exchange adjustments	–0.0	–0.1	–0.1	–0.0	–0.2
Cost as of December 31, 2022	**3.7**	**18.2**	**69.6**	**0.0**	**91.5**
Accumulated depreciation as of January 1, 2022	**1.1**	**9.0**	**17.5**	**0.0**	**27.6**
Depreciation	0.4	2.6	9.2	0.0	12.2
Disposals	–0.0	–1.3	–0.2	–	–1.4
Exchange adjustments	–0.0	–0.0	–0.0	–0.0	–0.0
Accumulated depreciation as of December 31, 2022	**1.5**	**10.3**	**26.6**	**0.0**	**38.4**
Carrying amount as of December 31, 2022	**2.2**	**7.9**	**43.0**	**0.0**	**53.2**

Acquisitions of furniture, fittings, and equipment were made at all entities and included servers and IT hardware, plus office and warehouse equipment. The additions to the right-of-use assets in 2022 primarily relate to the new warehouse in Poland. In 2021, additions to right-of-use assets related primarily to another warehouse in Poland.

As of December 31, 2022, EUR 37.9m of the right-of-use assets item was attributable to offices and warehouses (December 31, 2021: EUR 41.8m), while EUR 5.1m was attributable to operating and office equipment (December 31, 2021: EUR 2.2m). EUR 8.2m of the depreciation charged on right-of-use assets related to offices and warehouses (2021: EUR 5.9m) and EUR 0.9m to operating and office equipment (2021: EUR 0.6m). No impairments of right-of-use assets were recognized in 2022 or 2021.

Westwing had intended to enter into a new lease agreement starting as of January 2023. However, a decision was taken that this new warehouse is no longer required and an agreement was reached with the landlord to search for an alternative lessee. If this search is successful, Westwing will not have any further obligations. If Westwing has to enter into the lease agreement, the Group would expect maximum payment outflows of EUR 29.7m over 15 years as from the newly agreed start of the lease as of October 1, 2023 with lease payments as of January 1, 2024. At the time this report was prepared, it was considered to be more probable than not that new lessee will be found in the course of 2023.

13. INTANGIBLE ASSETS

The intangible assets used in the business are set out below:

EURm	Software and licenses	Trademarks	Internally generated intangible assets	Intangible assets under development	Total
Cost as of January 1, 2021	**1.0**	**0.3**	**22.3**	**2.8**	**26.4**
Additions	0.1	–	0.2	8.4	8.6
Transfers	–	–	8.0	–8.0	–
Disposals	–0.3	–0.1	–6.1	–0.0	–6.4
Cost as of December 31, 2021	**0.8**	**0.2**	**24.5**	**3.1**	**28.5**
Accumulated amortization as of January 1, 2021	**0.8**	**0.2**	**11.3**	**0.0**	**12.3**
Amortization	0.1	0.0	3.6	–	3.7
Impairment losses	–	0.0	0.1	–	0.1
Disposals	–0.3	–0.1	–6.1	–	–6.4
Accumulated amortization as of December 31, 2021	**0.6**	**0.2**	**8.9**	**0.0**	**9.7**
Carrying amount as of December 31, 2021	**0.2**	**0.1**	**15.5**	**3.1**	**18.9**

EURm	Software and licenses	Trademarks	Internally generated intangible assets	Intangible assets under development	Total
Cost as of January 1, 2022	**0.8**	**0.2**	**24.5**	**3.1**	**28.5**
Additions	0.0	–	0.0	10.2	10.2
Transfers	–	–	10.3	–10.3	–
Disposals	–	–	–	–	–
Cost as of December 31, 2022	**0.8**	**0.2**	**34.7**	**3.0**	**38.8**
Accumulated amortization as of January 1, 2022	**0.6**	**0.2**	**8.9**	**0.0**	**9.7**
Amortization	0.1	0.0	5.0	–	5.1
Impairment losses	–	–	0.7	–	0.7
Disposals	–	–	–	–	–
Accumulated amortization as of December 31, 2022	**0.7**	**0.2**	**14.7**	**0.0**	**15.5**
Carrying amount as of December 31, 2022	**0.1**	**0.0**	**20.1**	**3.0**	**23.3**

Additions to internally generated intangible assets and intangible assets under development totaling EUR 10.2m (2021: EUR 8.4m) largely comprise development costs for warehouse and logistics applications, mobile app projects, and the development of the Company's own software in the areas of consumer apps and payment methods, plus new stability, speed, and security features. The development projects have been broken down into identifiable project phases, which are characterized by the development of new functionality. Once specific phases have been completed and the functionality rolled out, the related costs are transferred from intangible assets under development to internally generated intangible assets. This is the point at which amortization over the useful life of three to five years commences. The aggregate research and development expenditure expensed during the year was EUR 34.3m (2021: EUR 19.3m).

Amortization of intangible assets is allocated to the function that uses the asset. In 2022, certain internal tools projects had to be impaired by EUR 0.7m, as these did not prove to be as valuable as originally expected (2021: EUR 0.1m). The impairment test for intangible assets under development that was performed did not reveal any need for impairment.

14. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables and other financial assets comprised the following:

EURm	Dec. 31, 2022	Dec. 31, 2021
Trade receivables	6.1	7.1
Receivables from payment service providers (PSPs)	3.8	1.4
Tenant deposits	2.1	4.6
Other financial assets	2.9	3.2
Trade and other receivables, net	**14.9**	**16.3**
Thereof:		
Non-current	2.3	4.8
Current	12.6	11.5

Trade receivables are shown net of the allowance for expected credit losses. Receivables from payment service providers of EUR 3.8m involve only limited credit risk. The allowance for expected credit losses on trade receivables amounted to EUR 3.0m (December 31, 2021: EUR 4.6m). It relates primarily to overdue receivables with a higher credit risk. The other categories of trade and other receivables do not contain any impaired assets.

As in the previous year, the Company did not hold any collateral as security.

Information on the financial assets and liabilities can be found in Notes 22 and 23.

The ageing of trade receivables based on the invoice issue date, gross of any provisions, is as follows:

EURm	Dec. 31, 2022	Dec. 31, 2021
Up to 3 months	6.3	3.5
3 months to 1 year	1.2	1.5
1 year to 5 years	1.4	5.6
Over 5 years	0.2	1.0
Trade receivables (gross)	**9.1**	**11.7**
Allowance for impairment	-3.0	-4.6
Trade receivables (net)	**6.1**	**7.1**

The breakdown of the allowance for impairment is as follows:

Dec. 31, 2022, in EURm	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
Trade receivables (gross)	**6.3**	**1.2**	**1.4**	**0.2**
Allowance for impairment	-0.2	-1.2	-1.4	-0.2

Dec. 31, 2021, in EURm	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
Trade receivables (gross)	**3.5**	**1.5**	**5.6**	**1.0**
Allowance for impairment	-0.1	-0.1	-3.3	-1.0

After deduction of the allowance for impairment, the trade and other receivables of EUR 14.9m (2021: EUR 16.3m) are past due in some cases, but are not considered to be impaired.

Provisions were recognized in some cases for trade receivables that are past due. Trade receivables aged between one and five years are considered to be past due and completely written down for them in those cases in which collectability is no longer assured.

The change in the allowance for expected credit losses on trade receivables during the reporting year was as follows:

EURm	2022	2021
As of January 1	**4.6**	**3.0**
Added during the year	2.2	2.0
Utilized during the year	-3.7	-0.4
As of December 31	**3.0**	**4.6**

The allowance for expected credit losses in the fiscal year were mainly due to the more conservative treatment of related default risks.

15. INVENTORIES AND PREPAYMENTS ON INVENTORIES

The changes in inventories and prepayments on inventories were as follows:

EURm	Dec. 31, 2022	Dec. 31, 2021
Inventories	45.2	54.9
Prepayments on inventories	3.6	12.1
Total	**48.8**	**67.0**

Inventories available for sale (products and merchandise) are stated net of the allowance for writedowns of inventories of EUR 17.0m (December 31, 2021: EUR 7.4m). Writedowns of inventories recognized in profit and loss amounted to EUR 10.1m (2021: EUR 5.9m). The increase of write-offs relates to a more cautious valuation, also based on the inventories' aging as well as reach. The total cost of sales was EUR 228.1m in 2022 (2021: EUR 265.7m).

With effect from December 2021, Westwing improved its inbound costs capitalization process in accordance with IAS 2, since such costs are required to bring inventories to their present location and condition. The effect on inventory and fulfilment expenses in 2021 amounted to EUR 1.2m. In 2022, it led to additional cost of goods sold of EUR 4.3m, which in turn resulted in a positive effect on fulfilment expenses.

16. OTHER ASSETS

Other assets comprise the following:

EURm	Dec. 31, 2022	Dec. 31, 2021
Other advances	2.9	2.5
VAT receivables	1.7	5.1
Other tax receivables	1.9	4.2
Right-of-return assets	2.3	2.4
Other non-financial receivables	–	0.1
Total	**8.6**	**14.2**

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of the following:

EURm	Dec. 31, 2022	Dec. 31, 2021
Cash at bank and cash in hand	51.0	82.4
Cash equivalents	25.0	15.0
Total	**76.0**	**97.4**

As of December 31, 2022, Westwing had no bank accounts that were pledged as deposits (December 31, 2021: EUR 0.1m).

Cash equivalents amounting to EUR 25.0m (December 31, 2021: EUR 15.0m) represent short-term deposits with a maturity of up to three months.

18. SHARE CAPITAL AND RESERVES

SHARE CAPITAL AND CAPITAL RESERVES

The changes in the share capital were as follows:

	Number of shares (in thousands)	Number of treasury shares (in thousands)	Share capital (EURk)	Treasury shares (EURk)
January 1, 2021	**20,844**	**–541**	**20,844**	**–1,880**
Settlement of share options	–	214	–	727
Settlement of warrants	60	–	60	–
As of December 31, 2021/January 1, 2022	**20,904**	**326**	**20,904**	**–1,153**
Purchase of treasury shares	–	56	–	–493
As of December 31, 2022	**20,904**	**382**	**20,904**	**–1,646**

Each share (without treasury shares) entitles the bearer to one vote at Westwing Group SE's Annual General Meeting. The nominal value of all ordinary shares is fully paid up. The capital reserves of EUR 364.5m (December 31, 2021: EUR 364.5m) consist of the capital increases from past years in excess of the nominal value.

On November 24, 2022, the Management Board of Westwing Group SE, with the consent of the Supervisory Board, resolved to implement a share buyback program with a maximum volume of up to 600,000 shares and a total maximum purchase price of up to EUR 3.0m. The buyback via Xetra trading on the Frankfurt Stock Exchange started on November 28, 2022, and will finish on March 31, 2023. A total of 56k shares had been purchased for EUR 0.5m cash by December 31, 2022.

No share-based payment options were exercised in 2022. In 2021, Westwing settled 214,775 equity-settled share-based payment options using treasury shares. This led to a decrease of EUR 7.2m in the share-based payment reserve (which forms part of the other reserves) and a corresponding increase in the capital reserves of EUR 6.8m. In addition, Westwing settled originally equity-settled share-based options of EUR 1.5m in cash. This resulted in a decrease of EUR 0.7m in the share-based payment reserve and a decrease of EUR 0.8m in the capital reserves.

No capital increase was implemented in 2022. One capital increase was implemented in 2021. This was connected to the exercise of the 2013 Kreos warrant in January 2021 and increased the share capital by 59,617 new shares. The excess amount of EUR 0.8m was recognized in the capital reserves.

As of December 31, 2022, the total value of treasury shares recognized as a deduction from equity amounted to EUR 1.6m (December 31, 2021: EUR 1.2m); the relevant number of shares was 382,230 (December 31, 2021: 326,475).

AUTHORIZED CAPITAL AS OF DECEMBER 31, 2022

Authorized Capital 2022/I

The Annual General Meeting on May 18, 2022, authorized the Management Board, with the Supervisory Board's approval, to increase the Company's share capital by up to EUR 2,090,396.00 in the period up to May 17, 2027 (inclusive) by issuing up to 2,090,396 new no-par value bearer shares against cash and/or noncash contributions on one or more occasions ("Authorized Capital 2022/I"). The same Annual General Meeting also canceled Authorized Capital 2018/V. Shareholders' preemptive subscription rights will be disapplied. The details of Authorized Capital 2022/I are set out in Article 4(3) of the Company's Articles of Association.

Authorized Capital 2018/VI

The Management Board has been authorized to increase the Company's share capital in the period up to September 20, 2023, with the Supervisory Board's approval, by up to EUR 2,847,853 by issuing, on one or more occasions, a total of up to 2,847,853 new no-par value bearer shares against cash and/or noncash contributions (Authorized Capital 2018/VI). Shareholders must be granted preemptive subscription rights. Shareholders' preemptive subscription rights can be disapplied in certain circumstances and within prescribed limits, with the Supervisory Board's approval. The shares can also be subscribed for by one or more credit institutions or one or more entities doing business pursuant to section 53(1) sentence 1, section 53b(1) sentence 1, or section 53b(7) of the German Banking Act (Gesetz über das Kreditwesen – KWG), subject to the obligation to offer the shares to the Company's shareholders pursuant to section 186(5) of the AktG ("indirect subscription rights"). The details of this Authorized capital are set out in Article 4(4) of the Company's Articles of Association.

Conditional Capital 2018

The Company's share capital has been conditionally increased by up to EUR 5,000,000 by issuing up to 5,000,000 no-par value bearer shares (Conditional Capital 2018).

Conditional Capital 2018 is used in cases in which conversion rights or options are exercised, or conversion or option obligations are met, to grant shares to the bearers or creditors of convertible bonds, bonds with warrants, profit participation rights, and/or participating bonds (or combinations of these instruments) (referred to collectively as "bonds") issued on the basis of the authorization resolved by the General Meeting on September 21, 2018.

The new shares are issued at the conversion or option price to be determined in accordance with the authorizing resolution passed by the General Meeting on September 21, 2018. The conditional capital increase will only be implemented to the extent that, in the period up to September 20, 2023, bearers or creditors of bonds issued or guaranteed on the basis of the authorizing resolution passed by the General Meeting on September 21, 2018, by the Company, its dependent companies, or companies in which the company directly or indirectly holds a majority interest, exercise their conversion rights or options, or comply with their conversion or option obligations under such bonds, or to the extent that the Company grants shares in the Company instead of paying the amount due, and to the extent that the conversion or option rights or conversion or option obligations are not serviced using treasury shares, but by shares from authorized capital or other consideration.

This authorization to issue bonds has not been utilized to date. The details of this contingent capital are set out in Article 4(5) of the Company's Articles of Association.

Authorization to increase the Company's share capital following its change of legal form to an SE

No new capital was created in connection with Westwing's change of legal form to a European Society (Societas Europaea, SE) with the name of Westwing Group SE.

19. SHARE-BASED PAYMENT ARRANGEMENTS

Since 2011, eligible Group employees have been entitled to participate in share-based payment arrangements under which employees receive Group equity instruments as consideration for their services (equity-settled transactions).

In addition, certain eligible employees have been granted share appreciation rights, which are settled in cash (cash-settled transactions).

Share awards

The Westwing Group operates a number of different share-based payment plans. The most significant packages are described below:

- **Small-scale equity-settled programs 2014–2018 granted in the normal course of business**
  In 2014–2018, several equity-settled programs were granted to eligible employees in the normal course of business. They had a lock-up period of 6 or 12 months, with 100% of the shares vesting after four years. In some cases they included exit shares that vested at the later of an IPO or four years after the grant date. The strike price was either EUR 1.00/150 or between EUR 12.20 and EUR 34.86.

- **2016 Commitment Package**
  A commitment package was granted in June 2016. It had a lock-up period of 36 months, with 60% of the shares vesting after 4 years and 40% of the shares vesting at the later of an IPO or 4 years after the grant date. The strike price is EUR 1.00/150. More than 60% of the options have already vested.

- **2018 antidilution shares**
  New shares were issued to avoid dilution of the existing programs due to the conversion of warrants into equity that took place in September 2018. The new options have the same vesting schedule as the original options. However, since the grant date was August 2018, a different fair value for the options was applied.

- **2019 Commitment Package**
  A new commitment package was granted in August 2018. It has a lock-up period of between 12 and 48 months, depending on the management level of the employees concerned. 50% of the shares vested after 4 years and 50% of shares vest after the later of an IPO or 4 years after the grant date. If parental leave or other time off is taken, the vesting date is postponed accordingly. The strike price is EUR 19.30.

- **2019 VSOP**
  A cash-settled virtual share option program (VSOP) was launched in August 2019. It includes virtual shares for executives and other top managers of the Company, including the Management Board. The shares fully vested on December 31, 2022, and they are exercisable as from August 2023. If parental leave or other time off is taken, the vesting date is postponed accordingly. The options have an average share price cap of EUR 23.90 and an average strike price of EUR 2.44.

- **2022 Equity Compensation Program (ECP 2022)**
  A new equity compensation program was set up in 2022. The beneficiaries do not obtain a right or option to acquire shares in the Company ("shares“) or in subsidiaries, but an option to receive a cash payment, the amount of which depends on how the Company's share price performance. The cash payment can be replaced by the delivery of shares at the sole discretion of the Company. The term of the ECP 2022 is limited to three years; it started on July 1, 2022, and the last service period ends on June 30, 2025. Shorter service periods may occur.. However, the program must be classified as equity-settled until cash settlement takes place, since Westwing has the settlement choice.

In 2022, Westwing granted equity-settled options as part of the new ECP 2022 and within the Management Board remuneration contract for Dr. Andreas Hoerning.

In 2019, a cash-settled program was established under which a total of 883,625 virtual options granted to executives and other top managers of the Company, including the Management Board, were outstanding as of December 31, 2022 (December 31, 2021: 898,000). The options fully vested on December 31, 2022, and they are exercisable as from August 2023. The average exercise price is EUR 2.46, but an average share price cap of EUR 23.90 applies. Expenses of EUR 0.1m were recognized for this program in 2022 (2021: EUR 2.3m).

In 2021, the Company decided to settle some options, previously accounted for as equity-settled, with EUR 1.5m in cash instead of shares. In accordance with IFRS 2, this was treated as the repurchase of equity instruments and a corresponding reduction of the share-based payment reserve in equity. In principle, the Company intends to use shares to settle equity-settled share-based options, and there is no legal obligation for Westwing to settle options in cash. However, a de facto cash settlement obligation has arisen for some members of the management as a result of company practice in 2020 and 2021.

Nevertheless, in line with prevailing opinion, Westwing decided to reclassify those programs that were originally issued as equity-settled programs to cash-settled programs for certain members of the management. This resulted in the fiscal year 2021 in a reduction of EUR 5.3m in the share-based payment reserve within other reserves and a corresponding increase in the cash-settled share-based payment liability. Subsequent measurement reduced the liability for these individuals by EUR 0.7m as of December 31, 2021.

Share-based Payment Expenses and Liabilities

In 2022, total share-based payment income amounted to EUR 0.6m (2021: expense of EUR 5.6m). Of this figure, EUR 0.0m was reported as fulfilment expenses (2021: EUR 0.0m), EUR 0.6m in income was reported in general and administrative expenses (2021: expense of EUR 5.6m), and EUR 0.0m was reported as marketing expenses (2021: EUR 0.0m).

The total share-based payment income item includes expenses of EUR 3.6m (2021: EUR 4.7m) due to equity-settled share-based payment awards. Most of this amount relates to the 2019 Commitment Package, which was issued in August 2018 und ran until the end of 2022, while EUR 0.2m was recognized for the new ECP 2022 and EUR 0.2m for the LTI remuneration owed to Dr. Andreas Hoerning. Income of EUR 4.2m was recognized for cash-settled share-based payments, of which EUR 0.1m is attributable to the 2019 VSOP program while EUR 3.5m relates to equity-settled shares that were converted to cash-settled in 2021. Income of EUR 0.3m relates to the reimbursement of the tax difference relating to antidilution shares for certain top managers. Total expenses for cash-settled payments in 2021 were EUR 0.9m.

The tables below provide an overview of the changes in equity- and cash-settled share-based payment awards relating to shares in the Company.

Change in equity-settled share options:

In thousands	2022	2021
Number of unvested awards outstanding at the beginning of the period	1,316	1,889
Granted during the period	31	–
Forfeited during the period	–35	–78
Vested during the period	–1,041	–76
Reclassified to cash-settled options		–419
Number of unvested awards outstanding at the beginning of the period	**271**	**1,316**
Number of vested awards outstanding at the beginning of the period	921	1,156
Vested during the period	1,041	76
Exercised during the period	–	–259
Reclassified to cash-settled options	–	–52
Total number of vested awards outstanding at the end of the period	**1,962**	**921**

Change in cash-settled share options:

In thousands	2022	2021
Number of unvested awards outstanding at the beginning of the period	1,310	823
Granted during the period	7	111
Forfeited during the period	–16	–8
Vested during the period	–1,225	–
Cancelled during the period	–	–35
Reclassified from equity-settled options	–	419
Number of unvested awards outstanding at the end of the period	**75**	**1,310**
Number of vested awards outstanding at the beginning of the period	64	12
Vested during the period	1,225	–
Reclassified from equity-settled options	–	52
Total number of vested awards outstanding at the end of the period	**1,290**	**64**

Equity-settled and Cash-settled Options

The changes in the number of equity- and cash-settled options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price in EUR		Number of options in thousands	
Share options	2022	2021	2022	2021
Outstanding as of January 1	16.08	15.23	2,237	3,044
Granted during the period	1.00	–	31	–
Forfeited during the year	17.92	20.53	–35	–78
Exercised during the year	–	1.99	–	–259
Reclassified to cash-settled options	–	17.60	–	–471
Outstanding as of December 31	**15.84**	**16.08**	**2,233**	**2,237**
Thereof vested	15.63	11.51	1,962	921

	Weighted average exercise price in EUR		Number of options in thousands	
Cash-settled options	2022	2021	2022	2021
Outstanding as of January 1	7.74	1.17	1,374	835
Granted during the period	1.00	12.61	7	111
Forfeited during the year	1.00	1.00	–16	–8
Cancelled during the year	–	1.00	–	–35
Reclassified from equity-settled options	–	17.60	–	471
Outstanding as of December 31	7.78	7.74	1,365	1,374
Thereof vested	8.18	5.65	1,290	64

Equity- and cash-settled options outstanding as of the end of the year have the following vesting dates and exercise prices:

Share options		Weighted average exercise price per share options in EUR		Share options in thousands	
Grant date	Vesting date	2022	2021	2022	2021
2011	2015	0.01	0.01	3	3
2013	2017	0.01	0.01	25	25
2014	2018	21.84	21.84	356	356
2015	2019	36.06	36.06	4	4
2016	2020	0.25	0.25	99	99
2017	2021	0.01	0.01	7	7
2018	2022	16.02	16.09	1,710	1,743
2022	2023	1.00	–	29	
		15.84	**16.08**	**2,233**	**2,237**

Cash-settled options		Weighted average exercise price per cash-settled option in EUR		Cash-settled options in thousands	
Grant date	Vesting date	2022	2021	2022	2021
2014	2018	29.66	29.66	3	3
2015	2019	30.66	30.66	6	6
2017	2021	0.01	0.01	10	10
2018	2022	17.88	17.88	458	458
2019	2022	1.00	1.00	430	430
2020	2022	1.00	1.00	354	361
2021	2022	13.89	13.04	100	107
2022	2023	1.00	–	5	–
		7.78	**7.74**	**1,365**	**1,374**

Fair Value of Equity-settled Share Options and Cash-settled Options

The fair values of the equity- and cash-settled options granted to employees are measured using a Black–Scholes option pricing model with the share price at the grant date and the expected volatility as inputs. Expected volatility is estimated by considering the historical average share price volatility of comparable companies, and also considers Westwing's own share price volatility.

In 2022, equity-settled share options were issued as part of the ECP 2022 packages and expensed for the new Management Board contract for Dr. Andreas Hoerning. No equity-settled share options were granted in 2021.

In the case of cash-settled options, the fair value of the underlying shares and the fair value of the cash-settled options have to be determined at each reporting date. The weighted average fair value for the cash-settled options outstanding as of December 31, 2022, was EUR 5.22 (December 31, 2021: EUR 12.80).

The inputs used in the fair value measurement of the cash-settled options at the reporting dates are summarized below:

Reporting date	2022	2021
Share price (in EUR)	9.60	22.12
Weighted average option exercise price (EUR)	7.78	7.74
Volatility based on expected life	69.4%	69.4%
Expected life	0.75	1.75
Risk-free rate	0%	0%
Share price cap	20.00–n/a	20.00–80.00
Weighted average fair value per option (EUR)	5.22	12.80

20. CURRENT AND NON-CURRENT LIABILITIES

Financial liabilities

Financial liabilities as of December 31 comprised the following:

EURm	Dec. 31, 2022	Dec. 31, 2021
Trade payables	16.7	41.8
Accruals	17.4	15.0
Liabilities for share-based payments	6.1	10.3
Supplier finance arrangements	7.8	–
Lease liabilities	44.7	45.9
Refund liabilities	6.8	7.4
Total	**99.4**	**120.4**
Thereof current	58.3	72.6
Thereof non-current	41.1	47.7

The refund liabilities of EUR 6.8m (December 31, 2021: EUR 7.4m) serve to capture the risk of products being returned within 30 days (or 100 days in the case of the entities in Italy and Poland). The liabilities are calculated per country using an estimated return rate based on historical data.

Supplier finance arrangements relate to the assignment of trade payables to financing partners arranged by a service provider. These take over the payment to the supplier and Westwing reimburses this payment with a time delay of two months.

Further disclosures on financial assets and liabilities can be found in Note 23.

Non-financial Liabilities

Non-financial liabilities as of December 31 were as follows:

EURm	Dec. 31, 2022	Dec. 31, 2021
Contract liabilities	17.0	17.4
Liabilities relating to employees	10.4	6.9
VAT liabilities	4.3	4.9
Tax liabilities	1.7	1.0
Other non-financial liabilities	0.4	0.7
Total	**33.8**	**30.9**
Thereof current	33.8	30.9
Thereof non-current	–	–

Liabilities relating to employees of EUR 10.4m (December 31, 2021: EUR 6.9m) include accruals for vacation, bonuses, and severance pay. Contract liabilities include liabilities for unused gift vouchers amounting to EUR 1.5m (December 31, 2022: EUR 1.9m).

21. PROVISIONS

The changes in provisions for liabilities and charges were as follows:

EURm	Legal claims	Restoration	Other	Total
As of January 1, 2021	**0.8**	**1.4**	**0.8**	**3.0**
Additions	0.0	0.1	0.1	0.2
Reversals	–0.8	–0.1	–0.2	–1.1
Utilization	–0.0	–0.2	–0.1	–0.3
As of December 31, 2021/January 1, 2022	**0.1**	**1.1**	**0.6**	**1.8**
Additions	0.2	1.0	0.1	1.3
Reversals	–0.1	–0.0	–0.0	–0.1
Utilization	–0.0	–	–0.3	–0.4
As of December 31, 2022	**0.2**	**2.1**	**0.3**	**2.7**
Thereof:				
Current provisions	0.2	–	0.3	0.6
Non-current provisions	–	2.1	–	2.1
As of December 31, 2022	**0.2**	**2.1**	**0.3**	**2.7**

The restoration provision relates to the obligation to return leased property to its former condition at the end of the lease term. The timing of the cash outflow depends on the timing of the lease term in respect of which the provision was recorded. The opening balance for the restoration provision mainly refers to the office at Moosacher Strasse 88 in Munich and to the warehouses in Berlin, Germany, and Poznan, Poland. The addition in 2022 relates to the new warehouse in Poland.

The provision for legal claims represents the best estimate of the obligation in connection with claims against the Group relating to certain Westwing Collection furniture.

Other provisions mainly include an estimated risk provision in connection with external audits.

22. FINANCIAL RISK MANAGEMENT

22.1 Financial Risk Factors

22.1.1 OVERVIEW

The Group actively manages its financial risks, operational risks, and legal risks. The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, and liquidity risk. The primary objectives of financial risk management are to establish risk limits and ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to reduce operational and legal risks. Group risk management is performed centrally and covers all consolidated entities.

22.1.2 MARKET RISK

The Group is exposed to market risk. Such risks arise from open positions in foreign currencies (currency risk), and interest-bearing assets and liabilities (interest rate risk), which are sensitive to general and specific market movements. Management monitors such risks on an ongoing basis to ensure that exposure stays within certain limits. However, this approach does not prevent losses in the event of more significant market movements. The sensitivities to market risk presented below are based on a change in one factor while all other factors remain constant. This is unlikely to occur in practice, since changes in certain factors may be correlated.

Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, particularly to the Polish zloty. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. Since 2021, the Group has also maintained a US dollar bank account, which is subject to fluctuation. Therefore, the table below presents the annual average exchange rates and the exchange rates at the reporting date for the Polish zloty and the U.S. dollar:

	Exchange rate at reporting date		Annual average exchange rate	
Exchange rate for EUR 1	**Dec. 31, 2022**	Dec. 31, 2021	**2022**	2021
Polish zloty	4.68	4.60	4.68	4.56
U.S. dollar	1.07	1.13	1.05	1.18

The Group's business model minimizes foreign exchange risks. A significant portion of local revenue and local costs are generated in the local currencies concerned. Foreign exchange gains and losses shown in consolidated profit and loss arise mainly from liabilities to suppliers, intercompany funding activities with the Polish affiliate, and the U.S. dollar bank account.

The following table demonstrates the sensitivity of profit and loss to a reasonable possible change in foreign exchange rates as of the reporting date, with all other variables remaining constant.

EURm	**Dec. 31, 2022**	Dec. 31, 2021
10% appreciation/(depreciation) in the Polish zloty	+0.7/–0.7	+1.1/–1.1
10% appreciation/(depreciation) in the U.S. dollar	+0.0/–0.0	–0.1/+0.1
Total	**+0.7/–0.7**	**+1.0/–1.0**

The exposure was only calculated for monetary balances denominated in currencies other than the functional currency. There is no effect on other comprehensive income since the Group does not make use of hedges.

22.1.3 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by being unable or unwilling to meet its obligations. Credit risk arises in relation to cash and cash equivalents, deposits with banks and financial institutions, and receivables from end customers and business partners. Exposure to credit risk arises as a result of the sale of products on credit and of other transactions with counterparties giving rise to financial assets. Trade receivables arising in connection with purchases on account and direct debit transactions are sold to third-party providers as they arise. Credit exposures to customers are recorded systematically, analyzed, and managed by the subsidiaries concerned using both internal and external sources of information.

The Group's maximum exposure to credit risk is represented by the carrying amount of the individual classes of financial assets in the statement of financial position, as shown below:

EURm	Notes	Dec. 31, 2022	Dec. 31, 2021
Trade receivables and other financial assets	**14**		
Trade and PSP receivables (net)		9.9	8.5
Other financial receivables		5.0	7.9
Cash and cash equivalents	**17**		
Cash in hand		0.0	0.0
Bank balances		51.0	82.4
Short-term bank deposits		25.0	15.0
Total on-balance sheet exposure		**90.8**	**113.8**

Trade Receivables and Other Financial Assets
Due to the nature of the Group's activities, exposure to credit risk with counterparties is limited, since in most transactions cash is received at the time of sale, or on delivery of the product in the case of cash on delivery sales. As of December 31, 2022, EUR 3.8m of trade receivables and other financial assets were attributable to receivables from payment service providers and credit card companies (December 31, 2021: EUR 1.4m).

The Group manages its exposure to credit risk by placing limits on the amount of risk accepted in relation to specific counterparties or groups of counterparties. Such risks are monitored on a regular basis and are subject to annual review at a minimum.

The Group regularly reviews the ageing of outstanding trade receivables and follows up on past-due balances.

Cash and Cash Equivalents
The credit quality of the financial institutions with which accounts are held has been analyzed below using the Standard and Poor or Moody's ratings:

EURm	Dec. 31, 2022	Dec. 31, 2021
AAA	–	–
AA- to AA+	0.5	0.7
A- to A+	37.0	96.1
BBB- to BBB+	35.5	0.1
Lower than BBB	–	–
Unrated	3.0	0.5
Total	**76.0**	**97.4**

Credit Risk Concentration
The structure of the Group and the market in which it operates mean that its credit risk is spread across a large number of different counterparties. Therefore, no relevant credit risk concentrations are considered to exist in the operating business. However, the fact that a high proportion of cash and cash equivalents are held with Deutsche Bank and with Norddeutsche Landesbank can be considered to be a risk cluster. That having been said, Westwing also works with other large banks to spread the risk. Due to its contractual terms, the Group considers expected credit losses to be immaterial.

22.1.4 LIQUIDITY RISK
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities in a manner that does not affect the Group's daily operations or financial position. Liquidity facilitates the ability to meet expected and unexpected requirements for cash.

Westwing manages its liquidity to enhance shareholder value and to make sure that the Group uses capital efficiently. It has also invested in cash equivalents so as to ensure a high level of flexibility regarding cash without incurring the disadvantages associated with cash at banks.

The table below shows the Group's nonderivative financial liabilities as of December 31, 2022, broken down by their remaining contractual maturity. The amounts disclosed in the maturity table are the undiscounted contractual cash flows. Debtors with credit balances are not included.

The undiscounted cash flows differ from the amount included in the statement of financial position, since the carrying amount disclosed in the latter is based on discounted cash flows.

The maturity analysis of financial liabilities as of December 31, 2022, based on undiscounted contractual payments, is as follows:

EURm	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
Liabilities					
Lease liabilities	2.1	8.7	29.3	8.7	48.8
Trade payables	16.7	–	–	–	16.7
Accruals	17.4	–	–	–	17.4
Supplier finance arrangements	7.8	–	–	–	7.8
Refund liabilities	6.8	–	–	–	6.8
Total future payments, including future principal and interest payments	**50.7**	**8.7**	**29.3**	**8.7**	**97.4**

The maturity analysis of financial liabilities as of December 31, 2021, based on contractual undiscounted payments, is as follows:

EURm	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
Liabilities					
Lease liabilities	1.4	4.3	31.5	12.8	50.0
Trade payables	41.8	–	–	–	41.8
Accruals	15.0	–	–	–	15.0
Refund liabilities	7.4	–	–	–	7.4
Total future payments, including future principal and interest payments	**65.6**	**4.3**	**31.5**	**12.8**	**114.2**

22.2 Capital Management

The Group manages its capital structure in order to finance its activities and continued growth. The Group's objectives when managing its capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure so as to reduce the cost of capital. The equity ratio as of December 31, 2022, was 39.4% (December 31, 2021: 43.0%). External requirements such as financial covenants do not exist.

22.3 Fair Value Estimation

IFRS 13 requires the fair values of financial assets and financial liabilities to be allocated to one of three levels in the fair value hierarchy. The individual levels of the fair value hierarchy are defined as follows:

- **Level 1**
  Quoted (unadjusted) prices in an active market for identical assets and liabilities that the entity can access at the measurement date

- **Level 2**
  Inputs other than quoted market prices included within Level 1 that are observable for the asset and liability, either directly or indirectly

- **Level 3**
  Inputs for assets and liabilities that are not based on observable market data

The Group measures its financial assets and financial liabilities at fair value at initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

Cash and cash equivalents, trade receivables and other financial assets, trade and other payables, and other financial liabilities have short-term maturities. Therefore, their carrying amount at the end of the reporting period approximates to their fair value.

23. FINANCIAL INSTRUMENTS BY CATEGORY

The tables below present the analysis of the items in the statement of financial position and their classification into subsequent measurement at amortized cost or at fair value through profit or loss.

The amounts shown reflect carrying amounts that, given the short-term nature of all balances involved, reflect the items' fair values.

Financial Assets – At Amortized Cost

EURm	Notes	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents	17	76.0	97.4
Trade receivables and other financial assets	14	14.9	16.3
Total		**90.8**	**113.7**

Financial Liabilities

		Dec. 31, 2022			
EURm	Notes	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Not in scope of IFRS 9	Total
Trade payables	20	16.7	–	–	16.7
Accruals	20	17.4	–	–	17.4
Supplier finance arrangements		7.8	–	–	7.8
Other financial liabilities	19	–	–	6.1	6.1
Lease liabilities		–	–	44.7	44.7
Total		**41.8**	**–**	**50.8**	**92.6**

		Dec. 31, 2021			
EURm	Notes	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Not in scope of IFRS 9	Total
Trade payables	20	41.8	–	–	41.8
Accruals	20	15.0	–	–	15.0
Other financial liabilities	19	–	–	10.3	10.3
Lease liabilities		–	–	45.9	45.9
Total		**56.8**	**–**	**56.2**	**113.0**

Changes in Liabilities Arising from Financing Activities

EURm	Dec. 31, 2021	Cash flows	Changes in fair value	New and terminated lease	Other including reclassifica-tions	Dec. 31, 2022
Lease liabilities (non-current)	37.4	–	–	5.4	–7.8	35.0
Lease liabilities (current)	8.4	–7.6	–	0.7	8.2	9.7
Supplier finance arrangements	–	7.8	–	–	–	7.8
Total liabilities from financing activities	**45.9**	**0.1**	**–**	**6.1**	**0.4**	**52.4**

EURm	Dec. 31, 2020	Cash flows	Changes in fair value	New and terminated lease	Other including reclassifica-tions	Dec. 31, 2021
Lease liabilities (non-current)	23.0	–	–	20.2	–5.8	37.4
Lease liabilities (current)	5.9	–7.6	–	3.3	6.9	8.4
Other (current)	0.8	–	–	–	–0.8	–
Total liabilities from financing activities	**29.7**	**–7.6**	**–**	**23.5**	**0.4**	**45.9**

The “Other” line item includes the effect of the reclassification of the non-current portion of borrowings, including lease liabilities, to the current category due to the passage of time and the accrual of interest. Leases do not contain any credit conditions and no guarantees were provided for them.

Income and Expenses from Financial Instruments

The total impact on profit and loss as a result of financial instruments for the year ended December 31, 2022, was EUR 2.2m (2021: EUR 1.9m).

Income and expenses from financial instruments can be broken down as follows:

Category	EURm	**2022**	2021
Financial assets at amortized cost	Interest income	–	–
	Impairment of financial assets	–2.2	–2.0
Liabilities at amortized cost	Interest expense	–	–
Liabilities at fair value through profit or loss	Valuation of warrants	–	0.1
Total		**–2.2**	**–1.9**

24. INCOME TAXES

Income taxes

Income tax expense for the years ended December 31, 2022 and 2021 consists of:

EURm	2022	2021
Income tax:		
Current tax expense charge	– 0.3	– 2.9
Effective tax benefit, previous year	0.0	0.2
Deferred tax expense	– 1.8	– 4.3
Income tax expense reported in the income statement	**– 2.1**	**– 7.0**

Reconciliation from the expected tax expense as the result before income tax multiplied by Germany's domestic corporate and trade tax rate for 2022 of 33% (2021: 33%) to the tax expenses recognized in income statement:

EURm	2022	2021
Result before income tax	**– 30.3**	**19.0**
Applicable tax rate	33 %	33 %
Expected tax income (2021: tax expense)	10.0	– 6.3
Unrecognized deferred tax assets on newly formed tax losses	-11.7	– 0.3
Impairment on deferred tax assets on tax losses	-0.4	– 2.4
Effect from the use of unrecognized deferred tax assets on tax losses	0.2	0.9
Unrecognized deferred tax assets on temporary differences	0.0	– 0.7
Non-deductible expenses / tax-exempt income	-0.6	0.8
Effect on different tax rate within a range of 19% to 28% for foreign Group entities	-0.4	– 0.1
Effective income tax benefit	0.8	1.0
Other effects	0.0	0.1
Income tax expense reported in Consolidated Statement of Profit or Loss	**-2.1**	**– 7.0**

The effective tax rate of – 6.9% (2021: 36.8%) is due to the loss situation at Group level and deferred tax assets being recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the tax losses carried forward can be utilized.

For accounting and valuation differences between the IFRS balance sheet and the tax balance sheet in connection with shares in subsidiaries, there is a difference (so-called outside basis differences) in the amount of EUR 0.0m (2021: EUR 0.0m) for which no deferred tax liabilities are recognized in accordance with IAS 12.39.

Deferred taxes

Deferred taxes in the Group are made up as follows:

Negative figures relate to deferred tax liabilities, whereas positive figures relate to deferred tax assets.

	12/31/2022		12/31/2021	
EURm	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	**1.7**	**-20.6**	**2.6**	**– 19.2**
Intangible assets	1.7	-7.0	2.6	– 5.4
Property, plant and equipment	0.0	-13.6	0.0	– 13.8
Current assets	**0.4**	**-1.0**	**0.2**	**– 0.7**
Inventories	0.1	0.0	0.1	0.0
Trade & other receivable	0.3	-0.4	0.1	0.0
Other non-financial assets	0.0	-0.6	0.0	– 0.7
Non-current liabilities	**11.4**	**-0.1**	**11.3**	**– 0.1**
Lease liabilities (IFRS 16)	10.6	0.0	11.2	0.0
Other financial liabilities	0.4	0.0	0.0	0.0
Provisions	0.4	-0.1	0.1	– 0.1
Current liabilities	**4.2**	**-0.0**	**3.4**	**– 0.1**
Finance lease liabilities	2.6	0.0	2.4	0.0
Trade payables	0.1	0.0	0.0	– 0.1
Other non-financial liabilities	0.4	0.0	0.2	0.0
Provisions (non-financial)	1.1	0.0	0.7	0.0
Tax loss carryforwards	**5.4**	**0.0**	**5.8**	**0.0**
Total:	**23.0**	**-21.7**	**23.3**	**– 20.1**
Netting:	**-19.4**	**19.4**	**– 15.1**	**15.1**
Net DTA / DTL	**3.6**	**-2.3**	**8.2**	**– 5.1**

Deferred tax balances developed as follows:

	2022		2021	
EURm	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Balance at beginning of fiscal year of deferred tax (assets) liabilities	**8.2**	**– 5.1**	**7.4**	**0.0**
Income taxes presented in the Consolidated Statement of Profit or Loss (Deferred Taxes)	– 4.6	2.8	0.8	– 5.1
Balance at end of fiscal year of deferred tax (assets) liabilities	**3.6**	**– 2.3**	**8.2**	**– 5.1**

Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority on the same taxable entity and if the Company has an enforceable right to offset them.

For the German entities deferred tax assets from temporary differences in the amount of EUR 2.0m and deferred tax assets from tax loss carryforwards in the amount of EUR 5.4m were capitalized, as it can be assumed that these tax reduction potentials will be used in the future due to sufficient taxable income. In the Group, tax loss carryforwards of EUR 161m for income tax and EUR 100m for trade tax (2021: EUR 158m for income tax and EUR 61m for trade tax) were not capitalized, as it is not sufficiently probable that they can be used to offset taxable profits. In addition, deferred tax assets of EUR 0.7m (2021: EUR 2.0m) were also not capitalized at the level of the foreign Group companies due to temporary differences.

Generally, the valuation of deferred taxes is carried out using the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled.

The Group has tax loss carryforwards, which have also accrued in various countries and amount to EUR 175m for CIT and EUR 118m for TT (2021: CIT EUR 175m and TT EUR 81m). These tax losses are available for offsetting against future taxable profits of the companies in which the losses arose as follows:

	2022		2021		
EURm	**CIT**	**TT**	CIT	TT	Restrictions on Tax Losses Carried Forward
Germany	133	118	94	81	No
France*	0	-	39	-	No
Italy	22	-	23	-	No
Netherlands	0	-	0	-	Yes
Poland	0	-	0	-	Yes
Spain	20	-	19	-	No
Total	**175**	**118**	**175**	**81**	

* In 2019, a centralization of the French business in Munich took place, which have been recognized in 2022.

25. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Zerena GmbH, Munich, Germany (Rocket Internet SE, Berlin) is Westwing's largest shareholder. With an equity interest of nearly 29% as of December 31, 2022 (December 31, 2021: 29%), Rocket Internet SE has significant influence on, but does not control, Westwing, and Westwing is not consolidated in Rocket Internet SE's consolidated financial statements. Rocket Internet SE does not have a seat on Westwing Group SE'S Supervisory Board. All ventures that are controlled or jointly controlled by Rocket Internet SE and on which Rocket Internet SE has a significant influence are classified as related parties of the Group.

In addition, related parties comprise the Management Board and Supervisory Board members and their equity interests, their children and domestic partners, and their relatives living in the same household.

No transactions with related parties of Rocket Internet affiliates needed to be disclosed.

However, members of the Management Board purchased goods on Westwing sites and apps in their capacity as Westwing customers.

Westwing's Management Board comprises the Chief Executive Officer and the Chief Financial Officer. Stefan Smalla was CEO until June 30, 2022, with Dr. Andreas Hoerning following him as of July 1, 2022.

The outstanding balances with related parties were as follows as of December 31, 2022, and December 31, 2021:

EUR k	Dec. 31, 2022	Dec. 31, 2021
Trade receivables, gross	–	–
Trade and other payables	–	–

The income and expense items with related parties were as follows:

EUR k	2022	2021
Sales of goods and services to related parties (individuals)	24	19
Purchases of goods and services from related parties (individuals)	–	–
Purchases of goods and services from related parties (companies)	–	–

Sales of goods and services in 2022 and 2021 primarily relate to purchases made on Westwing websites by Management Board members.

All transactions were performed at arm's length.

Management Board Remuneration

The Management Board comprises the Chief Executive Officer and the Chief Financial Officer.

The remuneration paid to the Group's Management Board for their services consists of their contractual salary (short-term employee benefits), performance-related remuneration (short-term incentive), and equity participation in the form of shares or options (share-based payments, long-term incentive).

The members of Westwing's Management Board receive a fixed annual salary, which is paid in cash in 12 equal monthly installments. Where their contracts of service begin or end in the course of a fiscal year, the fixed annual salary for the year is question is granted pro rata.

All members of the Management Board also receive benefits in kind and other remuneration (fringe benefits). For example, they are entitled to an allowance for health insurance and retirement benefits: Westwing pays half of the maximum highest contribution to the statutory pension insurance plan each month, plus half of their private health and long-term care insurance premiums, but no more than the maximum employer contribution.

Above and beyond remuneration-related fringe benefits, the Company takes out D&O insurance for all members of the Management Board; this offers a standard market level of cover and a deductible in line with the relevant provisions of the German Stock Corporation Act (AktG), plus legal expenses insurance cover for top management.

Variable remuneration comprises the short-term variable remuneration (the "short-term incentive" or "STI") and long-term variable remuneration in the form of share-based option programs (the "long-term incentive" or "LTI"). The amount of variable remuneration is determined on the basis of the Management Board members' performance and is measured in particular in terms of two KPIs, the Group's revenue and Adjusted EBITDA.

EUR k	**2022**	2021
Salaries	575	550
Bonuses	105	27
Social security contributions	21	25
Total short-term employee benefits	**701**	**602**
Total post-employment benefits	–	**16**
Share-based payment expenses	**2,003**	**3,122**
Benefits due to termination of employment	**240**	-
Total	**2,944**	**3,740**

The table above includes accruals for bonus payments of EUR 105k (December 31, 2021: EUR 27k) and the release of accruals for cash-settled share-based payments of EUR 784k (December 31, 2021: expenses of EUR 774k).

The total compensation granted to the Board of Management in fiscal year 2022 in accordance with the German Commercial Code (HGB section 315e) amounted to EUR 680k (2021: EUR 2,295k). Expenses of EUR 240k were recognized for former members of the Management Board in 2022. In fiscal year 2021, the Board of Management was granted 45,000 virtual cash-settled options from the 2019 VSOP with a fair value of EUR 627k at the grant date.

The following tables show the number of share options issued to the Management Board together with their fair value at the grant date and the changes at the reporting date (in the case of cash-settled options only):

2022	Outstanding options as of Dec. 31, 2022 (in thousands)	Weighted average fair value at a grant date (in EUR)	Changes in fair value (in EUR)	Fair value as of Dec. 31, 2022 (in EUR)
Equity-settled share options	–	–	–	–
Cash-settled share options	648	7.89	–3.15	4.73

2021	Outstanding options as of Dec. 31, 2021 (in thousands)	Weighted average fair value at a grant date (in EUR)	Changes in fair value (in EUR)	Fair value as of Dec. 31, 2021 (in EUR)
Equity-settled share options	943	11.09	–	–
Cash-settled share options	421	6.46	3.47	9.93

No options were exercised in 2022. In August 2021, Sebastian Säuberlich exercised 35,250 of his options, which were originally exercisable in return for shares, in return for a cash payment of EUR 1,304k. Westwing is entitled to settle all share-based payment programs by way of cash settlement.

Supervisory Board remuneration

Total remuneration (basic remuneration and remuneration for committee work) and out-of-pocket expenses for the Supervisory Board in 2022 amounted to EUR 0.2m (2021: EUR 0.2m).

26. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

In December 2022, the Supervisory Board and Management Board issued a declaration of compliance for Westwing Group SE in accordance with section 161 of the German Stock Corporation Act (AktG) for fiscal year 2022. This is published in the Investor Relations section of Westwing Group SE's website, https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Compliance_Declaration_Westwing_Group_SE_2022.pdf.

27. RESOLUTION TO APPLY THE EXEMPTION IN SECTION 264(3) OF THE HGB

The shareholders of domestic private limited subsidiary Westwing GmbH have approved the application of the exemption provisions set out in section 264(3) of the HGB in relation to the preparation of that company's financial statements under commercial law.

28. SUBSIDIARIES

The Westwing Group SE is the ultimate parent of the Group without being a pure holding company. The following direct subsidiaries were consolidated as of December 31, 2022:

Name	Country of incorporation and place of business	Registered office	Equity interests held Dec. 31, 2022	Equity interests held Dec. 31, 2021
Westwing GmbH	DE	Munich	100.00	100.00
Westwing Commercial GmbH	DE	Berlin	100.00	100.00
Westwing Delivery Service GmbH*	DE	Munich	100.00	100.00
Westwing Bitterfeld Logistics GmbH**	DE	Munich	100.00	100.00
Westwing Spain Holding UG	DE	Berlin	100.00	100.00
Westwing France Holding UG	DE	Berlin	100.00	100.00
Westwing Italy Holding UG	DE	Berlin	100.00	100.00
Westwing Netherlands Holding UG	DE	Munich	100.00	100.00
Tekcor 1. V V UG	DE	Bonn	100.00	100.00
Brillant 1256. GmbH & Co. Dritte Verwaltungs KG	DE	Berlin	88.80	88.80
Brillant 1256. GmbH	DE	Berlin	100.00	100.00
Bambino 68. V V UG	DE	Berlin	87.24	87.24
Bambino 66. V V UG	DE	Berlin	94.20	94.20
VRB GmbH & Co. B-157 KG	DE	Berlin	77.30	77.30
VRB GmbH & Co. B-160 KG	DE	Berlin	97.50	97.50

* Established on July 30, 2021.

** Established on October 14, 2021.

In addition, the Group held all of the equity interests in the following indirect subsidiaries as of December 31, 2022:

Name	Country of incorporation and place of business	Registered office	Equity interests held Dec. 31, 2022	Equity interests held Dec. 31, 2021
WW E-Services Iberia S.L.	ES	Barcelona	100.00	100.00
Westwing S.r.l.	IT	Milan	100.00	100.00
WW E-Services France SAS	FR	Paris	100.00	100.00
Westwing Home & Living Poland Sp. z o.o.	PL	Warsaw	100.00	100.00
Westwing B.V.	NL	Amsterdam	100.00	100.00
wLabels Hong Kong Ltd.	HKG	Hong Kong	100.00	100.00
wLabels China Co., Ltd.	CHN	Dongguan	100.00	100.00

The proportion of voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held. The parent company does not hold any preference shares of subsidiary undertakings included in the Company. Several intercompany loans exist, most of which were made by Westwing Group SE to affiliates. Westwing Group SE has signed a letter of comfort for Westwing GmbH that is valid until the end of 2024.

29. EVENTS AFTER THE BALANCE SHEET DATE

The following events occurred after the end of the 2022 fiscal year that could have an impact on Westwing's future financial performance, financial position, and cash flows or affects the composition of the Management Board.

On January 25, 2023, the Company announced that Sebastian Westrich will take over the position of Chief Financial Officer (CFO) by August 1, 2023 at the latest. He succeeds Sebastian Säuberlich, who will leave the Company by mutual agreement on March 31, 2023 at the end of his current office term. CEO Dr. Andreas Hoerning assumes the CFO responsibility at Management Board level for the interim period.

Munich, March 29, 2023

Dr. Andreas Hoerning
Chief Executive Officer
Westwing Group SE

Sebastian Säuberlich
Chief Financial Officer
Westwing Group SE

04

FURTHER INFORMATION

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the financial position, cash flows and profit or loss of the Group, and the Group management report, which has been combined with the management report for Westwing Group AG (now: Westwing Group SE), includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, March 29, 2023

Dr. Andreas Hoerning
Chief Executive Officer
Westwing Group SE

Sebastian Säuberlich
Chief Financial Officer
Westwing Group SE

INDEPENDENT AUDITOR'S REPORT

To Westwing Group SE, Berlin

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Westwing Group SE (formerly: Westwing Group AG), Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Westwing Group SE, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recognition of revenue from the sale of merchandise to private end costumers in the correct period

2. Recognition and measurement of internally generated intangible assets for software solutions

3. Accounting treatment of share-based payments

4. Accounting treatment of a new reverse factoring agreement

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue

2. Audit approach and findings

3. Reference to further information

Hereinafter we present the key audit matters:

1. Recognition of revenue from the sale of merchandise to private end costumers in the correct period

1. In the consolidated financial statements of Westwing Group SE revenue of EUR 430.8 million is reported in the consolidated statement of comprehensive income. The business model of the Group of Westwing Group SE is based on the sale of merchandise (furniture and home accessories) to private end customers via the Group's country-specific websites and apps. Revenue is recognized when delivery has been made. In principle, Westwing Group SE provides its services when the merchandise is delivered to customers, which means at the point in time when the end customer obtains control of the merchandise. Since large-volume transactions are involved, the Company has established comprehensive processes and systems for recognizing and deferring revenue. Transaction volumes are particularly high towards the end of the year, and the revenue generated in this period has a substantial impact on the Group's net profit or loss for the year. Since revenue is not recognized until the merchandise has been handed over to the end customer, any merchandise that has been dispatched but not yet delivered to the end customers does not yet represent revenue. Due to the complexity of the processes and systems in place to recognize revenue, as a significant item in terms of amount, in the correct period, and given the large transaction volumes for sale of merchandise, including the uncertainties involved in estimating delivery times – particularly towards the end of the year–, this matter was of particular significance in the context of our audit.

2. As part of our audit, among other things we assessed the appropriateness and effectiveness of the processes implemented by the executive directors of Westwing Group SE – from order through delivery to the end customers – to recognize revenue in the correct period. With the knowledge that the complexity of the accounting treatment and the estimates and assumptions to be made give rise to an increased risk of accounting misstatements when recognizing revenue in the correct period, we assessed the appropriateness of the estimates made by the executive directors, in particular as regards estimating the delivery times to end customers. In this context, we

assessed the methodology applied by the executive directors to make these estimates. In order to test the recognition of revenue in the correct period, among other things we selected on a test basis individual transactions with end customers and inspected the supporting documents to determine whether the delivery times used as the basis for allocation to the correct period substantially correspond to the actual delivery times. Furthermore, we also examined the country-specific calculations underlying the allocation to periods/deferral of revenue, both in terms of mathematical accuracy and the methods applied. Furthermore, we inspected the ledgers for additional revenues posted manually. In addition, we verified the consistency of the methods used to recognize revenue, including its allocation to periods/deferral.

We were able to satisfy ourselves that the systems and processes established as well as controls in place are appropriate overall and that the estimates and assumptions made by the executive directors for the appropriate recognition of revenue are substantiated and sufficiently documented.

3. The Company's disclosures relating to revenue recognition are contained in sections 2 "Summary of significant accounting policies: 2.5 Revenue recognition and contract balances" and section 5 "Analysis of revenue" in the notes to the consolidated financial statements.

2. Recognition and measurement of internally generated intangible assets for software solutions

1. In the consolidated financial statements of Westwing Group SE as at December 31, 2022 internally generated intangible assets for software solutions amounting to EUR 20.1 million (8.8% of consolidated total assets) are recognized under the financial line item "Intangible assets" in the consolidated statement of financial position. The internally generated intangible assets relate to software solutions for the purposes of the websites, apps and warehouse management system of the Westwing Group SE Group. The capitalization of internally generated product developments depends on the criteria set out in IAS 38, i.e., the technical feasibility of the intangible asset, the entity's intention to complete the asset, its intention to sell or use the asset, the entity's ability to use or sell the asset, evidence of the manner in which the asset will generate economic benefits, the availability of technical, financial and other resources to complete the development and the entity's ability to measure reliably the asset during its development. The amortization of internally generated assets is based on the assumptions made by the executive directors regarding the expected useful lives. Furthermore, impairment charges are recognized if specific expectations regarding the feasibility of development projects are not met or if the future economic benefits are reassessed. The capitalization and measurement of the development costs incurred for these software solutions are based to a large extent on the estimates and assumptions made by the executive directors of Westwing Group SE, which mainly relate to the differentiation of enhancements to existing software solutions, technical and economic feasibility, as well as the amount and timing of expected future economic benefits from the development projects.

   Due to the large number of projects for the development of software solutions and the fact that the recognition and measurement of this material item in terms of amount are based to a large extent on estimates and assumptions made by the Company's executive directors, this matter was of particular significance in the context of our audit.

2. As part of our audit procedures relating to the recognition and measurement of development costs incurred for software solutions, we first examined the processes and controls implemented by the executive directors for the capitalization of development costs for internally generated software solutions on the basis of the documentation provided to us, using individual development projects. In addition, we evaluated, among other things, the recognition of intangible assets and the method used for the calculation, accounting treatment and measurement of the development costs incurred in accordance with the requirements of IAS 38. In doing so, we also inspected the corresponding project records to assess the respective stage of project completion. Furthermore, we performed

an analytical review of the list of all capitalized projects for the development of software solutions and the capitalization of associated development costs, and examined the methodology employed by the Company. In addition, on the basis of samples of the development projects for software solutions initially capitalized in the financial year, we examined the eligibility of development costs for capitalization, the existence of substantial enhancements to existing software solutions compared with existing software solutions as well as the assumptions made by the executive directors with respect to determining useful lives and the point at which to commence amortization. We also verified and assessed the ability to capitalize the development costs incurred based on documents of individual activities. Furthermore, we discussed the estimate of economic benefit with the executive directors and inspected the respective supporting documentation. For the estimates of useful lives, we also obtained an overview of all software development projects for software solutions and discussed with the executive directors which estimates and considerations were used for the deposited values. Furthermore, we compared – on a sample basis – the amounts of the development costs capitalized for material development projects with the personnel costs incurred, and reconciled these with the underlying timesheets, also on a sample basis. In order to detect indications of impairment in relation to existing development projects, we interviewed the executive directors and the responsible employees and analyzed the age structure of the development projects as well as the project-specific progress reports.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

3. The Company's disclosures relating to the recognition and measurement of internally generated intangible assets for software solutions are contained in section 2 "Summary of significant accounting policies: 2.8 Internally generated software" and section 13 "Intangible assets" of the notes to the consolidated financial statements.

3. Accounting treatment of share-based payments

1. Westwing Group SE grants various share options and appreciation rights to selected Group employees under share-based remuneration plans, whereby for the majority of the share options Westwing Group SE is provided a choice of settlement. To the extent Westwing Group SE is not obligated to settle in cash, the share options are recognized as equity-settled share-based payments. If there is an obligation to settle in cash, these are recognized as cash-settled share-based payments. The share appreciation rights are cash-settled share-based payment transactions. In the financial year 2022 share appreciation rights but no equity-settled share-based options were granted. In the consolidated financial statements of the Company, EUR 0.6 million in income relating to share-based payment commitments was recognized under personnel expenses in the consolidated income statement (previous year: expense of EUR 5.6 million). The expenses for equity-settled share-based payments are recognized at the fair value of the equity instruments as of the grant date. The expenses for cash-settled share-based payments are also measured at the fair value of the equity instruments as at the grant date and subsequently – until the payments have been made– at the respective fair value at each reporting date. In our view, this matter was of particular significance in the context of our audit due to the number of share options and share appreciation rights granted and exercised over the course of the year, the volume of expenses recognized for share-based payments, as well as the complexity of measuring cash-settled respectively equity-settled share-based payment plans in accordance with IFRS 2 on the basis of underlying estimates and assumptions made by the Company's executive directors.

2. As part of our audit, we first obtained an understanding of the Company's processes relating to share-based payments, and assessed their appropriateness. On that basis, we examined the classification of the programs and the methodology used by the Company to calculate the expenses for equity-settled and cash-settled share-based payment plans. With respect to cash-settled share-based payments, we reconciled the measurement with the assistance of our internal specialists for international accounting. Together, we also assessed application of the accrual basis of accounting, among other things. In particular, we also evaluated the assumptions made by the executive directors with respect to the individually agreed target values and ranges applicable to the eligible employees for each financial year, as well as the level of target achievement. With the knowledge that estimated values result in an increased risk of accounting misstatements and that the measurement assumptions made by the executive directors have a direct effect on consolidated net profit or loss, we compared the appropriateness of the carrying amounts (including the estimated forfeiture rate for share-based payments) among other things with the underlying terms of the remuneration instruments granted in financial year 2022 and further underlying contractual data provided to us, and assessed the calculation used to measure share-based payment plans and their presentation in the consolidated financial statements. We also performed our own calculations, examined the mathematical correctness of the option valuation model, and validated the material assumptions for the option valuation model. Furthermore, we assessed whether disclosures on share-based payments had been made in the notes to the consolidated financial statements in accordance with the disclosure requirements under IFRS 2.

   Based on our audit procedures, we were able to satisfy ourselves that, overall, the estimates and assumptions made by the executive directors for the accounting treatment and measurement of share-based payments are substantiated and sufficiently documented.

3. The Company's disclosures on share-based payments are contained in section 2 "Summary of significant accounting policies: 2.17 Share-based payment" and section 19 "Share-based payment arrangements" of the notes to the consolidated financial statements.

3. Accounting treatment of share-based payments

1. In the financial year 2022 Westwing Group SE and a subsidiary joined a reverse factoring program. In accordance with the underlying agreement, Westwing Group SE respectively the subsidiary selects trade payables for which a service provider submits a financing request to financing banks. The financing banks provide Westwing Group SE respectively the subsidiary with the funds necessary to settle the underlying payable, in each case via a bank account. Settlement discharges the original trade payable, and a new (financial) liability to the financing bank arises. In the consolidated statement of cash flows, the settlement of the trade payable is presented as a (negative) cashflow from operating activities, while the recognition of the new (financial) liability necessitated by the receipt of funds is presented as a (positive) cashflow from financing activities. As of the balance sheet date the financing banks had settled a total of EUR 7.8 million. Due to the complexity of the contractual arrangement, in our view the initial accounting treatment of the reverse factoring agreement and its presentation in the notes to the consolidated financial statements and the consolidated statement of cash flows were of particular significance in the context of our audit.

2. As part of our audit, we involved our general policy department for international accounting as well as internal specialists from Corporate Treasury Solutions to evaluate the reverse factoring arrangement and to examine the determination as well as the presentation in the consolidated financial statements. To assess the accounting treatment of the reverse factoring agreement we, among other things, inspected, assessed and evaluated the contractual arrangements. Together with our internal specialists, we examined the contractual details as well as the information provided by the Company and the derecognition and classification criteria for financial liabilities set out in IFRS 9 and IAS 1. On that basis, we evaluated the presentation of the effects from the concluded reverse factoring agreement in the notes to the consolidated financial statements and in the consolidated statement of

cash flows. Based on our audit procedures, we were able to satisfy ourselves that the estimates made by the executive directors are substantiated and sufficiently documented to ensure proper accounting treatment and presentation in the consolidated financial statements.

3. The Company's disclosures on reverse factoring are contained in section 2 "Summary of significant accounting policies: 2.11 Trade financing" and section 20 "Liabilities" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the non-financial group statement to comply with §§ 315b to 315c HGB included in section "4. Non-Financial Statement" of the management report

- the subsection "6.4 Significant Characteristics of the Internal Control and Risk" of the management report

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB

- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Westwing_SE_KA+KLB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION
We were elected as group auditor by the annual general meeting on May 18, 2022. We were engaged by the supervisory board on December 28, 2022. We have been the group auditor of the Westwing Group SE, Berlin, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Popp.

Munich, March 29, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Dietmar Eglauer
Wirtschaftsprüfer
[German public auditor]

(sgd.) Michael Popp
Wirtschaftsprüfer
[German public auditor]

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING [1]

To Westwing Group SE, Munich

We have performed a limited assurance engagement on the non-financial group statement of Westwing Group SE, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Non-financial Statement") included in section "Non-financial Statement" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Statement.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section EU taxonomy regulation of the Non-financial Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Company that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Non-financial Statement that is free from material misstatement whether due to fraud or error.

1 PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section EU taxonomy regulation of the Non-financial Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently; the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm
We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner
Our responsibility is to express a conclusion with limited assurance on the Non-financial Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Statement, are not prepared, in all material respects, in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU taxonomy regulation of the Non-financial Statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Company's sustainability organization and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Statement
- Identification of likely risks of material misstatement in the Non-financial Statement
- Analytical procedures on selected disclosures in the Non-financial Statement
- Reconciliation of selected disclosures with the corresponding data in the financial statements and management report
- Evaluation of the presentation of the Non-financial Statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Statement
- Inquiries on the relevance of climate-risks
- Evaluation of CO_2 compensation certificates exclusively with regard to their existence, but not with regard to their impact

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Statement of the Company for the period from 1 January to 31 December 2022 is not prepared, in all material respects, in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU taxonomy regulation of the Non-financial Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, March 29, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke Wirtschaftsprüferin [German public auditor]	ppa. Annette Fink

FINANCIAL CALENDAR

MAY 11, 2023
Publication of first quarter results 2023

MAY 16, 2023
Annual General Meeting

AUGUST 10, 2023
Publication of half-year report 2023

NOVEMBER 9, 2023
Publication of third quarter results 2023

IMPRINT

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Design and Realization
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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 in these statements due to a number of factors, including without limitation, risks from macroeconomic developments, external fraud, inefficient processes at fulfilment centers, inaccurate personnel and capacity forecasts for fulfilment 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.