WESTWING

Live *Beautiful*.

ANNUAL REPORT
2023

Westwing at a *glance*

EUR
429 m
of revenue in 2023

Operate in EUR
130 bn
market in geographies

EUR
17.8 m
Adjusted EBITDA 2023

Presence in
11
countries across Europe

Founded in
2011

Listed since
2018
on the Frankfurt Stock Exchange

80 %
of orders come
from our repeat customers

Excite people to create homes that unlock the *full beauty of life*

We are the leader in inspiration-based Home & Living e-commerce 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 e-commerce. Our beautiful site provides tons of fresh daily inspiration, giving our customers a reason to come back to us every day.

Business model

Westwing is the Beautiful Living Company.

We are the one-stop destination for Home & Living
and offer content that inspires every day.

Each part of our business model has its own
function:

SHOP

WESTWING

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

WESTWING COLLECTION

WESTWING COLLECTION

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

CLUB-SALES

WESTWING

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

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Content that *inspires*

The Company intends to be the one-stop destination for Home & Living, with a curated range of products. 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 2023, we worked with lifestyle icons such as Lukas Podolski (football player), Lisa Masé (Content Creator & Entrepreneur), Kae Sutherland (Content Creator & Entrepreneur) and Jamie Lorente (actor). 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.

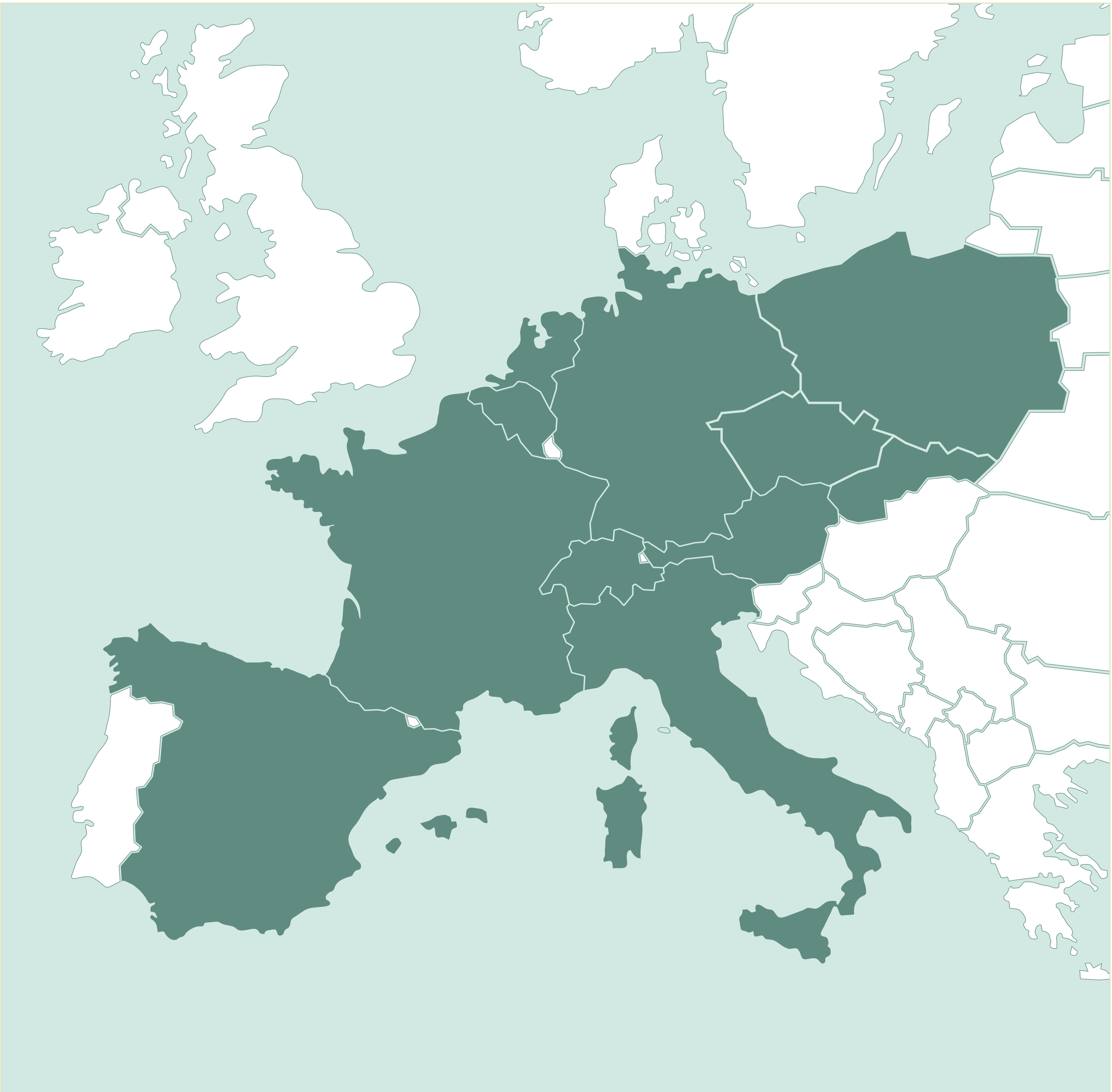
Westwing Collection

Launched in 2018, our own Westwing Collection has become a big success with our customers. Our 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 429m in revenue in 2023. 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

	2023	2022	Change
Results of operations			
Revenue (in EURm)	428.6	430.8	−0.5%
Adjusted EBITDA (in EURm)	17.8	−4.2	22.0
Adjusted EBITDA margin (in % of revenue)	4.1%	−1.0%	5.1pp
Financial position			
Free cash flow (in EURm)	29.5	−18.8	48.4
Cash and cash equivalents (in EURm)	81.5	76.0	5.5
Performance indicators			
Westwing Collection share (in % of GMV)	47%	41%	6pp
GMV (in EURm)	481	481	0%
Number of orders (in thousands)	2,851	3,128	−9%
Average basket size (in EUR)	169	154	10%
Active Customers (in thousands)	1,275	1,320	−3%
Average orders per Active Customer in the preceding twelve months	2.2	2.4	−6%
Average GMV per Active Customer in the preceding twelve months (in EUR)	377	364	4%
Mobile visit share	80%	80%	0pp
Other			
Full-time equivalent employees (as at reporting date)	1,614	1,729	−115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MANAGEMENT BOARD AND FOUNDER

SEBASTIAN WESTRICH, DR. ANDREAS HOERNING & DELIA LACHANCE
(from left to right)

LETTER TO SHAREHOLDERS

Dear shareholders,

We are delighted to present you with Westwing's Annual Report for financial year 2023. We are proud of our achievements and milestones we have reached over the past year, despite the challenges posed by an unstable macroeconomic environment and low consumer confidence throughout Europe.

Despite a challenging market environment, we managed to achieve a turnaround in 2023 and are now entering the next phase of our strategy: building a scalable platform for profitable growth. We are humbled by the resilience, dedication and unwavering commitment of our team and our business partners that made this possible.

Our main goals for 2023 were to ensure financial stability, prove our commercial model and enhance operational efficiency with a number of strategic initiatives. We have clearly reached all three objectives.

Despite a declining home & living market, we returned to growth in the second half of 2023, recording a growing number of active customers and an increasing average GMV per active customer. This led to full-year revenue of EUR 429 million, only slightly below the prior-year level.

2023 also marked a turnaround in profitability, with a clearly positive Adjusted EBITDA in all four quarters of the year. Full-year Adjusted EBITDA for 2023 was EUR +18 million, representing an Adjusted EBITDA margin of +4.1%. This a significant improvement on the EUR -4 million and -1.0 percentage points reported in 2022.

The strong improvements in Adjusted EBITDA and Net Working Capital led to positive Free Cash Flow of EUR 30 million in 2023, up EUR 48 million compared to 2022. Net cash balance at the 2023 year-end amounted to EUR 82 million.

Our strong financial improvements in 2023 despite weak market conditions were possible due to real progress in our core strategic initiatives:

We successfully rolled out our “OneWestwing” project in all countries, merging our permanent Shop offering and our Club sales campaigns onto one web domain and one app. This makes our offering much more accessible to our customer base.

In addition, the Westwing Collection share reached an all-time high of 47% of the Company’s GMV in 2023, supporting the strategic progress of building up the Westwing Collection to a target of 50% share of GMV. This has driven both topline development and contribution margin.

We also improved our Marketing model by launching our new corporate identity, investing in brand awareness and optimising our full-funnel marketing approach. These measures further strengthened our premium brand.

Last but not least, we not only delivered the promised cost savings of EUR 30 million, but also launched other initiatives to improve efficiency even further. These included consolidating our warehouse footprint and business functions, and migrating to a software-as-a-service technology platform.

We are confident that 2023 marked a turnaround for Westwing and proved our commercial model with its strong premium positioning and unique Westwing Collection assortment. For 2024, we currently do not expect a strong rebound in consumer demand and therefore assume that the challenging market environment will continue. We are well prepared for this and will focus our efforts on completing most of our transformation towards a scalable platform. At the same time, we are already initiating growth levers with which we can scale operational leverage. We are on a clear path to becoming Europe's leading premium one-stop home & living destination, serving design lovers with outstanding products and services and fully leveraging the massive opportunities ahead. We are excited for the massive opportunity that lays ahead of us.

Finally, we would like to thank you, our shareholders, for your ongoing commitment and trust. We look forward to continuing our successful journey together in future.

Munich, 27 March 2024

Dr. Andreas Hoerning & Sebastian Westrich & Delia Lachance

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 2023 reflected an overall lower consumer sentiment in general. The high market uncertainty resulted in a volatile share price development throughout the year. Despite the challenging macro environment, Westwing achieved profitability with respect to Adjusted EBITDA throughout the year and growth from the third quarter onwards. This was largely due to the proactive measures that were implemented by Westwing's management. Additionally, the Company announced a share buy-back program in April and a second one in November. As a result, investors and analysts gained back trust into Westwing's long-term perspective and the share price recovered.

	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 at 31 December 2023 (net of treasury shares)	20,102,647
ISIN	DE000A2N4H07
WKN	A2N4H0
Share performance 2023*	
High 2023 (17 January 2023, closing price)	EUR 10.97
Low 2023 (13 April 2023, closing price)	EUR 6.85
Closing Price on 31 December 2023	EUR 8.84
Trading liquidity 2023*	
Average daily trading volume 2023 (shares)	11,970
Average daily trading volume 2023	EUR 104,912

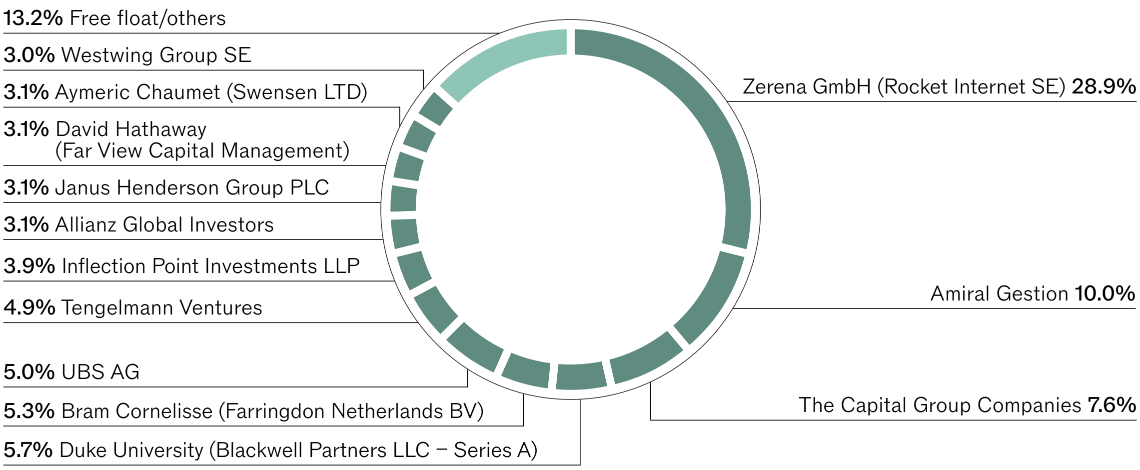
For further details in respect to share capital structure refer to the note 18 in the consolidated financial statements.

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 2023, this was achieved through detailed quarterly presentations, performing an analyst presentation as well as participating in several investor conferences with Management Board attendance.

* Based on Xetra stock exchange Frankfurt. Average EUR daily trading volume 2023 based on closing price.

Shareholder Structure as at 31 December 2023



Our shareholder structure is based on the voting rights as last notified by the shareholders and as published by the shareholders in relation to the Company's current share capital as at 31 December 2023. 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 at 31 December 2023, there are four research institutions covering Westwing:

- AlsterResearch
- Baader Bank
- Jefferies
- NuWays

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,

Once again, 2023 was an eventful year for Westwing.

The Company returned to growth in financial year 2023 despite the unstable global political situation and the effects that this had on its supply chains, freight costs and consumer behavior. It recorded four profitable quarters with positive adjusted EBITDA and increased its revenue and free cash flow. This was due not least to our efficient cost management, the measures we took to streamline processes and the optimisation of net working capital – all actions pursued by the Management Board during the reporting period together with the wider management team and Westwing's employees.

In Sebastian Westrich, the new CFO, the Supervisory Board has found an excellent successor to Sebastian Säuberlich, who left the Company at the end of his term of office by mutual agreement and on the best of terms. The new Management Board team comprising Dr. Andreas Hoerning and Sebastian Westrich has resolved – with the advice and under the oversight of the Supervisory Board – to implement a technology shift and migrate to a SaaS platform. This offers additional future potential for growth (including in geographical terms) once the implementation phase is over. Westwing also amalgamated the two online platforms Westwing and WestwingNow in the reporting period, a move that allowed it to offer customers a more intuitive shopping experience. "Live Beautiful," Westwing's national brand campaign in Germany, introduced a new look for the first time since the Company was formed in 2011.

In keeping with the principles of good corporate governance, the Supervisory Board worked together in confidence with the Management Board on all relevant issues in the reporting period, advising it on the management of the Company and exercising its oversight function. It performed the tasks assigned to it by 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 and Management Board work together closely both during and in between Supervisory Board meetings, in the Company's interests. The Supervisory Board advised and supervised the Management Board during the reporting period in line with the legal requirements.

The Supervisory Board Chairman and the CEO 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; personnel issues (including development of the management team); sustainability; and governance issues. The CEO and the Supervisory Board Chairman were also in close contact outside 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 (generally 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), profitability, and strategy. The Supervisory Board also held regular internal meetings and preliminary consultations without the Management Board. In addition, the Management Board reported to the Supervisory Board on key issues in 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 financial year 2023, the Supervisory Board addressed in depth the Company's development in what remained a challenging market environment, as well as the CFO succession. Additionally, the Supervisory Board focused particularly on the following topics:

- The effect of current geopolitical conflicts on the Company
- Measures to reduce costs and realise synergies
- Medium-term planning, the budget for 2024, business developments, and the Company's strategy and focus
- The audits of the annual and consolidated financial statements and the Management Report for financial year 2022, plus intrayear financial information in financial year 2023
- Sustainability issues and non-financial reporting
- The Annual General Meeting on financial year 2022 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
- (Long-term) succession planning for the Management Board, and the remuneration report and remuneration system
- The 2023 Share Buyback Program
- The technology strategy including the switch to a SaaS provider and the website and app integration of the Westwing Shop and Westwing Club
- Westwing's brand positioning and marketing strategy

No Conflicts of Interest

No conflicts of interest as defined by the German Corporate Governance Code occurred within the Supervisory Board in financial year 2023. 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 and/or 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 new legal frameworks during the reporting period, particularly in the areas of ESG, product compliance, and consumer protection.

Composition of the Supervisory Board and its Committees

The Supervisory Board is not governed by the rules on employee codetermination and consisted of five members at the beginning of financial year 2023: Christoph Barchewitz (Chairman), Dr. Antonella Mei-Pochtler (Deputy Chairwoman), Michael Hoffmann, Susanne Samwer, and Mareike Wächter.

The Company's Annual General Meeting on 16 May 2023 re-elected all members of the Company's Supervisory Board, i.e., Christoph Barchewitz, Dr. Antonella Mei-Pochtler, Michael Hoffmann, Susanne Samwer, and Mareike Wächter. These were also all Supervisory Board members at the end of the reporting period.

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. It had the following members during the reporting period:

- Michael Hoffmann (Chairman of the Audit Committee);
- Mareike Wächter; and
- Susanne Samwer.

As recommended by the German Corporate Governance Code, the main topics addressed by the **Audit Committee** are 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 also set out in the Rules of Procedure for the Supervisory Board, which are 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, among other things. The third member of the Audit Committee, Susanne Samwer, is 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 Remuneration 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 during the reporting period:

- Christoph Barchewitz (Chairman);
- Mareike Wächter; and
- Dr. Antonella Mei-Pochtler.

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 and are updated regularly (generally once a year).

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

The Supervisory Board held a total of 16 meetings in financial year 2023 – 6 regular meetings with the Executive Board and 6 regular meetings without the latter as well as four extraordinary meetings.

2024 has seen three Supervisory Board meetings to date: one regular meeting on 19 February 2024 (preparing for the (consolidated) financial statements and the non-financial reporting, among other things) and an internal meeting held on the same day on governance topics (including Management Board remuneration topics), plus the meeting held on 27 March 2024, to approve the financial statements for financial year 2023.

Apart from these, the Supervisory Board also passed resolutions by e-mail outside meetings in the past financial year, e.g., on corporate governance issues.

The **Audit Committee** held a total of five meetings in financial year 2023. Among other things, these addressed the financial results, internal audit issues, sustainability (including CSRD readiness), sustainability reporting, risk management and compliance, new legal requirements, IT and cybersecurity, 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 2024, on 11 and 27 March. Issues addressed included the results for financial year 2023 and the related examination of the (consolidated) financial statements in preparation for the Supervisory Board meeting held to approve the financial statements; non-financial reporting; governance; opportunity and risk management/analysis; compliance; and issues relating to 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 regular intervals 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** held one formal meeting during the reporting period, on 11 December 2023. It also held a number of informal discussions, including in the run-up to the internal meeting on 24 January 2023; on 9 March in the run-up to the internal Supervisory Board meeting on 10 March 2023; and at the beginning of August in the run-up to the internal Supervisory Board meeting on 4 August 2023. Topics addressed included Management Board remuneration (and particularly target setting); the termination agreement with former CFO Sebastian Säuberlich and the Management Board contract of service with CFO Sebastian Westrich; changes to the remuneration system; and the Remuneration Report pursuant to section 162 of the AktG. The Remuneration Committee made recommendations for adoption by the full Supervisory Board both within and outside of meetings.

There has been one meeting to date in 2024, on 8 February, which dealt with the Remuneration Report and the variable incentives for the Management Board, among other things.

The Remuneration Committee Chairwoman remained in close contact with the other members of the Supervisory Board, and in particular with the Supervisory Board Chairman, outside of the meetings, as well as with the heads of the Legal and People & Culture departments, 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 the issues discussed, at the internal Supervisory Board meetings following the relevant committee meetings.

The **Nomination Committee** held one formal meeting in 2023, on 10 March. This meeting addressed the proposed candidates for the forthcoming Supervisory Board elections during the General Meeting on 16 May 2023, the composition of the Supervisory Board, and the latter's skills matrix.

Individualized Disclosures on Attendance at Meetings

The following table provides an individualized breakdown of Supervisory Board members' attendance at Supervisory Board meetings and at meetings of the Audit, Remuneration, and Nomination Committees in 2023:

	Supervisory Board (6 in-person meetings, 10 video conference meetings)		**Audit Committee** (3 in-person meetings, 2 video conference meetings)		**Remuneration Committee** (1 video conference meeting, no in-person meetings)		**Nomination Committee** (1 in-person meeting, no video conference meetings)	
Number of meetings/ attendance in %	Number	%	Number	%	Number	%	Number	%
Christoph Barchewitz (Chairman of the Supervisory Board) Chairman of the Nomination Committee Member of the Remuneration Committee	16/16	100	–		1/1	100	1/1**	100
Dr. Antonella Mei-Pochtler (Deputy Chairwoman of the Supervisory Board) Chairwoman of the Remuneration Committee Member of the Nomination Committee	14*/16	87.5	–		1/1	100	1/1	100
Michael Hoffmann Member of the Supervisory Board Chairman of the Audit Committee	12***/16	75	5/5	1/1	–	100	–	
Mareike Wächter Member of the Supervisory Board, and of the Audit and Nomination Committees	16/16	100	5/5	100	–		1/1	100
Susanne Samwer Member of the Supervisory Board and of the Audit Committee	16/16	100	5/5	100	–		–	
TOTAL		**92.5**		**100**		**100**		**100**

* The member was excused on one day on which an internal meeting and a meeting with the Management Board took place. However, they took part in the resolutions.

** The member took part by video.

*** The member was excused on one day on which an internal meeting and a meeting with the Management Board took place. They were also excused for two extraordinary meetings. Where resolutions were passed during the regular meetings, they took part in them.

Number of meetings/attendance in %	Total number of meetings (Supervisory Board and Committee meetings)	
	Number	%
Christoph Barchewitz (Chairman)	18/18	100
Dr. Antonella Mei-Pochtler (Deputy Chairwoman)	16*/18	88.9
Michael Hoffmann (Chairman of the Audit Committee)	18**/22	81.8
Mareike Wächter Member of the Supervisory Board and of the Audit Committee	22/22	100
Susanne Samwer Member of the Supervisory Board and of the Audit Committee	21/21	100
TOTAL		94.1

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

** The member was excused on one day on which an internal meeting and a meeting with the Management Board took place. They were also excused for two extraordinary meetings. Where resolutions were passed during the regular meetings, they took part in them.

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

The 2023 Annual General Meeting elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich office, as the Company's auditors and Group auditors for financial year 2023.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the combined Management Report for Westwing Group SE and the Westwing Group as at 31 December 2023, 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 2023 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 27 March 2024, 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 by the Audit Committee in its meeting on 11 March 2024, and by the Supervisory Board in its meeting on 19 February 2024.

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 27 March 2024, 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 as at 1 January 2023: Chief Executive Officer (CEO) Dr. Andreas Horning and Chief Financial Officer (CFO) Sebastian Säuberlich.

Sebastian Westrich took over the position of Chief Financial Officer (CFO) as at 1 August 2023. He succeeded Sebastian Säuberlich, who left the Company following the end of his term of office as at 31 March 2023, by mutual agreement and on the best of terms. CEO Dr. Andreas Hoerning was also temporarily responsible for the CFO function at Management Board level in the period between 1 April and 31 July 2023.

On behalf of the entire Supervisory Board, I would like to sincerely thank all Westwing Group employees, the Management Board and the wider management team for their hard work and dedication in financial year 2023.

London, 27 March 2024

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 15, 2023. The declaration pursuant to section 161 of the AktG has been included in this statement as required by section 315d sentence 2 and section 289f(2) no. 1 of the HGB. Its wording is as follows:

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 on December 20/21, 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 April 28, 2022, which came into force by publication in the Federal Gazette on June 27, 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 July 1, 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, December 15, 2023

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

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

Since fiscal year 2022, the Company has used a new digital tool (the "Policy Manager") that makes compliance rules and corporate governance practices available to Westwing Germany's staff at all times, in addition to their ability to access these via the Company's intranet. The tool is also used for online training and final compliance testing. The Legal department, which is also responsible for content-related compliance topics at headquarters level, monitors implementation of the final tests. At the subsidiaries, this task is performed by the local People & Culture (P&C) unit. The VP Legal reports on the compliance ratios to the Management Board, as well as submitting quarterly reports to the Supervisory Board's Audit Committee.

CODE OF CONDUCT

Third-party trust in the integrity of the entire Company is a significant prerequisite for the Company's success. Comprehensive codes of conduct therefore apply that provides employees, suppliers, and business partners with guidelines and operating instructions for legally correct, ethical and socially responsible behaviour. They address not only issues such as anti-corruption and handling conflicts of interests, but also how to ensure a safe, fair working environment.

All Westwing Group employees and all members of senior management must comply with the Code of Conduct at all times. In addition, the Company has a Business Partner Code of Conduct and a Private Label Supplier Code of Conduct, underscoring the importance of "compliance throughout the supply chain."

The codes of conduct are publicly available on Westwing Group SE's corporate website (ir.westwing.com, in the Corporate Governance/Compliance section). Additionally, all Westwing staff are required to read the Code of Conduct and, as a matter of principle, to demonstrate what they have learned in a final test in the Policy Manager. This is monitored and a report on it is submitted to management.

ANTI-CORRUPTION MEASURES AT WESTWING

Westwing's Anti-corruption Policy – which it introduced years ago – is regularly reviewed and adapted. It summarizes the binding rules that we have developed for our employees. They go into greater detail than the rules given in the Code of Conduct, illustrating comprehensively and explicitly the 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 on Westwing Group SE's corporate website (ir.westwing.com) under Corporate Governance/Compliance/Anti-corruption Policy. What is more, all Westwing Germany staff are required as a matter of principle to read the Anti-corruption Policy using the Policy Manager and to demonstrate what they have learned in a final test. This is monitored and a report on it is submitted to management.

Westwing has introduced a whistleblower tool that allows employees and third parties to submit tip-offs about potential unlawful activity at the Company in a protected manner. 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 can be accessed 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 by both management and staff. 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 at the Company. All Westwing Germany staff are required as a matter of principle to take the Information Security training course using the Policy Manager, and to demonstrate what they have learned in a final test. This is monitored and a report on it is submitted to management;

- a 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, plus associated recommendations 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 (Geldwäschegesetz – GwG) and to prevent misuse of the Company by third parties for money laundering or terrorist financing. Relevant employees and senior management are instructed how to comply with the statutory requirements set out in the GwG, and about the procedures that must be observed in suspicious cases;

- a Marketing and Communication Policy; and

- 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.

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

In addition, Westwing has an in-house Sustainability team that drives forward its sustainability strategy together with the Company's Management Board, other managers, and all relevant Westwing units. Several 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 2023, the Supervisory Board addressed in depth the long-term succession planning for the Management Board. This was done both together with and without the latter, and both in connection with the change in CFO and independently of this.

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 2023, 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 organizational 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
Cybersecurity and risk management	X	X	X		
Strategy	X	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 2023.

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.

The Supervisory Board considers four of its members to be independent. In 2023, these were as follows: Christoph Barchewitz (Chairman), Dr. Antonella Mei-Pochtler (Deputy Chairwoman), Michael Hoffmann, and Mareike Wächter. Susanne Samwer is not considered by the Supervisory Board to be an independent member due to her close personal relationship with the CEO of the largest shareholder.

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 2023, 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 2024.

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

Section 315d sentence 2 and section 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 (dualistic) board structure, in the form of its Management Board and Supervisory Board. The two bodies work together closely and constructively 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 regularly 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. It takes the care required of a diligent and conscientious manager when doing so, 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. The Management Board develops the Company's strategy, coordinates it regularly with the Supervisory Board, and ensures its implementation.

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 also includes a compliance management system that is aligned with 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. 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:

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

In connection with the departure of CFO Sebastian Säuberlich as at the end of March 31, 2023, all Management Board duties were assigned to the CEO, Dr. Andreas Hoerning, for the transitional period from April 1, 2023, until the end of July 31, 2023:

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

When the new CFO Sebastian Westrich joined the Company, the following schedule of responsibilities was resolved with effect from August 1, 2023; this was still in force as of the end of the fiscal year:

Dr. Andreas Hoerning (CEO)	Sebastian Westrich (CFO)
Strategy (development and implementation)	Finance
Organization	Accounting, taxes, and treasury
Marketing	Financial control
Technology and product management	External financial reporting
People and culture	Investor relations
Sales	Legal, risk, and compliance
Creative	Sustainability and non-financial reporting
Sourcing and operations	

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 situation or new issues 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 and were reviewed in the reporting period.

NO MANAGEMENT BOARD COMMITTEES

The Management Board, which consists of two people (and which had only one member in the interim period from April 1 to the end of July 31, 2023) did not form 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, risk management, and sustainability activities, 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 and form of the votes taken.

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

Above and beyond this, resolutions may also be passed outside meetings, e.g., in writing, by 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 provided in the Rules of Procedure for the Supervisory Board. These have been made publicly available in the Corporate Governance/ Supervisory Board section of Westwing Group SE's corporate website (ir.westwing.com).

SUPERVISORY BOARD COMMITTEES

In financial year 2023, Westwing Group SE's Supervisory Board was composed of the following members: Christoph Barchewitz (Supervisory Board Chairman), Dr. Antonella Mei-Pochtler (Deputy Chairwoman), Susanne Samwer, Mareike Wächter and Michael Hoffmann (all of the abovementioned Supervisory Board members were reelected by the Annual General Meeting on May 16, 2023).

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 Susanne Samwer
Remuneration Committee	Dr. Antonella Mei-Pochtler (Chairwoman) Christoph Barchewitz Michael Hoffmann
Nomination Committee	Christoph Barchewitz (Chairman) Mareike Wächter Dr. Antonella Mei-Pochtler

The Chairman of the Audit Committee, Michael Hoffmann, is an independent financial expert as defined by section 100(5) of the AktG. He is 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, and as such has particular expertise in the area of financial statement audits, including sustainability reporting/auditing. 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. In addition to the application of accounting principles, this includes the internal control and risk management systems in particular. Her relevant knowledge in the area of accounting comes from the fact she is 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 work 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 for members set out in 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 and 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 also set out in the Rules of Procedure for the Supervisory Board, which are available on 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 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

Section 315d sentence 2 and section 289f(2) no. 4 of the HGB state that the targets determined pursuant to section 76(4) and section 111(5) of the AktG must be included in the statement issued by listed 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 the 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 financial 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, page 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 2023. It amounted to 67% as at December 31, 2023 (previous year: 64%).

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% determined for the second management level below the Management Board was exceeded in fiscal year 2023. It amounted to 54% as of December 31, 2023 (previous year: 68%). As already mentioned above, only employees who had contracts of employment with Westwing Group SE as of December 31, 2023, 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. The proportion of women at the first management level below the Management Board amounted to 72% as of December 31, 2023 (previous year: 58%). Equally, the proportion of women at the second management level below the Management Board amounted to 55% as of December 31, 2023 (previous year: 59%).

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% women on the Supervisory Board was set in fiscal year 2019. This was exceeded in financial year 2023, with three out of five members being women.

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 2023. The Management Board comprised two men in the reporting period except for an interim period between April 1, 2023, and the end of July 31, 2023, when it comprised one man. The Supervisory Board discussed the issue of gender diversity in fiscal year 2023 in connection with Management Board succession issues. It remains voluntarily committed to the Management Board having at least 1/3 female members if it comprises three members, and at least 1/4 if it comprises four members.

5. Diversity Policy

Section 315d sentence 2 and section 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 corporate governance 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 composition of the Management Board should be such as to ensure the competent and professional management of Westwing Group SE. The Supervisory Board also takes diversity into account when determining the composition of the Management Board.

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 regarding the proportion of women on the Management Board.

What is more, as regards the Management Board members' educational and professional background, the aim is to include as many different capabilities and as much experience as possible in the skills areas relevant to 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 and reasoning given.

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 respects 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. The time in office of each of the Supervisory Board members is disclosed. Additional information can be found in the members' published résumés. These are publicly available on the Corporate Governance/Supervisory Board section of the Company's corporate website (ir.westwing.com).

Please see the information given above regarding gender diversity on the Supervisory Board, and on the proportion of women on it in particular.

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 as much experience as possible in the skills areas relevant to 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 and reasoning given.

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 help ensure that differences are accepted without passing judgment and, in line with this, to create diverse structures throughout the Company.

In particular, there is no place at Westwing for discriminatory opinions, enmity towards specific groups, or unwanted sexual activity. The Company 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 Westwing does 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 FINANCIAL YEAR 2023

Westwing has a diversity and inclusion road map that is designed to make it an even more diverse and inclusive Company in the future. Data on diversity (such as ages or gender quotas) is also regularly captured and analyzed.

In addition, we made our stance on diversity and inclusion clear in fiscal year 2023 by drawing up and publishing our Employer Value Proposition (EVP). It is reflected in particular in our “Freedom to grow” value, which shows that Westwing supports all team members’ development regardless of their background. Equally, our “Being human is our superpower” value makes clear that we make respect, support, and kindness top priorities. In addition, we introduced “calibration meetings” when promoting staff to team leader positions and higher; these aim to ensure calibration and uniform standards across all areas. Moreover, we held two insight sessions (virtual presentations on concrete topics) in 2023 that examined female entrepreneurship.

Munich, February 19, 2024

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 in the following as "Westwing", the "Company" or the "Group" for short – operates an inspirational premium Home & Living e-commerce brand in Europe.

Westwing was founded in 2011 and offers customers products in a variety of different Home & Living categories such as textiles, furniture, lighting, kitchen accessories and decoration. Its assortment comprises private label products sold under its own brand, "Westwing Collection", plus third-party premium brands.

1.1 Business Activities

Westwing is a European premium Home & Living e-commerce brand that aims to inspire its customers with the slogan "Live Beautiful". The Company intends to be the one-stop destination for Home & Living, with a curated range of products in its "Westwing Collection" private label business, premium third-party brands, as well as frequently updated, compelling content offerings and daily shopping themes. 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 favourite Home & Living pieces. We offer our customers categories such as textiles, furniture, lighting, kitchen accessories and decoration, addressing all their Home & Living needs.

Our online shop is our primary sales channel. We are offering a permanent selection of items from our Westwing Collection and other premium brand partners. The shop's wide-ranging assortment across categories, styles and brands caters to most aspects of living.

In addition, we offer Club sales, where we combine inspiration and shopping in daily themes that are announced every morning with a newsletter. The brands and products we select align with our ambition to stand out, while the way we present our offering enhances our brand identity. We continuously adapt to new trends, partnering with relevant brands and offering compelling prices so as to retain existing customers and attract new ones.

The Westwing Collection is our exclusive product brand. It stands as evidence of our commitment to elevated design standards, producing premium products that combine design, quality as well as sustainability.

Our selection of third-party brands offers a wide range of choices. Our portfolio of brand partners is a successful blend of leading interior brands and emerging niche providers. Timeless design classics can be found beside the latest trendsetting products.

Westwing targets a highly attractive market that is worth approximately EUR 130bn[1] in the geographies in which we operate. Our business model is fuelled by our high customer loyalty, with 80% of orders coming from repeat customers. Our business activities follow our Company's mission: "Live Beautiful".

In 2023, our gross merchandise volume (GMV, see also section 1.3 of this Combined Management Report) amounted to EUR 481m. Of this figure, 40% was attributable to furniture, 16% to textiles and rugs, 10% to kitchen and dining, 10% to lighting and 24% to other products. The share of GMV accounted for by our Westwing Collection increased to 47% in both 2023 as a whole (2022: 41%) and the fourth quarter (Q4 2022: 44%). Our strategic goal is to grow this figure to 50%+ of GMV.

1 Euromonitor (30 May 2022).

1.2 Structure of the Group

The Group is headed by our holding company, Westwing Group SE, a European 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 is listed on Frankfurt Stock Exchange's regulated market (Prime Standard).

A total of 21 companies were included in the Westwing Group's consolidated financial statements as at 31 December 2023, of which nine were non-operating. The most important affiliate in terms of revenue is Germany-based Westwing GmbH, which also accounts for part of our international business.

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, amortisation and impairments. Adjusted EBITDA is calculated by modifying this figure to take account of share-based payment expenses and one-time restructuring costs. This provides a performance metric for the Company's operating business. The Adjusted EBITDA margin is defined as Adjusted EBITDA expressed as a percentage of revenue.

In 2023, Westwing adjusted its EBITDA for part of the restructuring expenses arising from its technology strategy change. The plan to outsource software development for front-end and back-end solutions led to the reversal of capitalised costs of EUR 3.9m. Equally, severance payments of EUR 0.2m resulting from the restructuring were eliminated. These adjustments are in line with those made in past years; Westwing has always made adjustments for major restructuring programs.

We also reversed the reclassification of the cost of goods sold and fulfilment expenses resulting from the initial capitalisation of inbound costs to inventory as at 31 December 2021 in our Adjusted Statement of Profit or Loss, since management follows the former approach when analysing expense lines. This has no impact on the Adjusted EBITDA.

In 2022, Westwing also 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.

Other financial and non-financial performance indicators that are reported to corporate management in addition to our key performance indicators (revenue, revenue growth, Adjusted EBITDA and the Adjusted EBITDA margin) 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 as a percentage.

- Number of orders: This is defined as the total number of valid orders placed during the 12 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 12 months before the period-end, not adjusted for returns.

- Average orders per Active Customer in the preceding 12 months: This is the total number of orders placed in the 12 months before the period-end, divided by the number of Active Customers as at the period-end.

- Average GMV per Active Customer in the preceding 12 months: GMV in the 12 months before the period-end divided by the number of Active Customers as at 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 centralised support for maintaining this software architecture. In November 2023, Westwing's Management Board decided to launch a transformation project for 2024 that will move Westwing from its proprietary e-commerce technology platform to a software-as-a-service (SaaS) platform. The migration covers all platform functions that do not offer the potential for clear market differentiation. This will make Westwing more flexible and even more efficient, and also improve the customer experience. By outsourcing parts of its front-end and back-end software to SaaS providers, Westwing will be able to act more dynamically while also generating significant cost savings. This strategy change led in 2023 to reversals of own work capitalised of EUR 3.9m for software that will be replaced, and to a EUR 0.5m increase in amortisation due to the shortened useful lives of the remaining related software systems.

The technology team consisted of 169 employees as at the 2023 year-end (31 December 2022: 229 employees).

Development costs are capitalised in accordance with IAS 38 and the HGB. The net carrying amount of intangible assets resulting from the capitalisation of internally developed software decreased by EUR 3.9m to EUR 19.2m in the 2023 financial year. In line with the decision described above, capitalised development costs accounted for roughly 12% of total technology costs in 2023 (2022: 26%). Amortisation of capitalised development costs amounted to EUR 6.5m during the same period (2022: EUR 5.0m), while impairment expenses totalled EUR 0.0m (2022: EUR 0.7m).

2. REPORT ON ECONOMIC POSITION

2.1 Macroeconomic and Sector-specific Environment

Westwing operates in the Home & Living e-commerce 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 e-commerce (including mobile channels).

In 2023, the global economic situation remained unstable and challenging, and was affected by several disruptive factors. At a geopolitical level, the ongoing war between Russia and Ukraine and the escalating situation in the Middle East impacted the global market. In addition, the aftermath of the COVID-19 pandemic and the ongoing cost-of-living crises induced by the highest inflation rates the world has seen in decades posed persistent challenges for the consumer confidence. At the same time, the introduction of a more restrictive monetary policy, which was required to bring down the high inflation rates, depressed economic growth across many sectors.

Global consumer price inflation slowed somewhat compared to the previous year, although it remained at a high 6.8% (2022: 8.7%). Consumer prices in advanced economies increased by a moderate 4.6% (2022: 7.3%).[2]

Global GDP growth in 2023 is expected to have slowed further to an overall rate of 3.1%, below even last year's weakened growth (2022: 3.5%). GDP growth in the eurozone is expected to have undershot this average, at only 0.5% in 2023 (2022: 3.4%). For Germany, Westwing's biggest market, the International Monetary Fund (IMF) predicted a recession with growth of – 0.3% in 2023 (2022: 1.8%).[3] Significant weakness in interest rate-sensitive sectors and slower trade partner demand were the main reasons for this below-average performance.[4]

The macroeconomic factors described above led to a challenging 2023 for the overall Home & Living market, and for its online segment. Consumer sentiment remained weak especially due to high inflation rates and resulting insecurity. Additionally, since nearly all COVID-19 restrictions were lifted in 2023, online retail markets had to face competition again as consumers resumed their pre-COVID offline shopping. Gross e-commerce product sales in Germany, our biggest market, fell 11.8% to EUR 80bn, after EUR 90bn in 2022.[5]

OVERALL ASSESSMENT OF THE ECONOMIC ENVIRONMENT

Westwing anticipated the macroeconomic development much better in 2023 than in 2022. The war in Ukraine and the difficult situation in the Middle East, coupled with persistently high energy and consumer prices, led to continued weak consumer sentiment for Home & Living. This was what we had expected, and the Company closed the year in line with our revenue forecast and above expectations for our Adjusted EBITDA.

Moreover, we see huge potential and significant growth opportunities for the future, since the Home & Living e-commerce market is still in its infancy. We expect that online shopping will remain attractive and that it will overcome the current challenging market environment in the medium term at least. Westwing's decade-plus of experience in e-commerce puts us in an excellent position to navigate through these demanding times. We are confident and optimistic about overcoming all current challenges and continuing our success story in the years ahead.

2 International Monetary Fund: World Economic Outlook Database January 2024; p.6.
3 International Monetary Fund: World Economic Outlook Database January 2024; p.6.
4 International Monetary Fund: World Economic Outlook Database October 2023; p.14.
5 https://bevh.org/detail/umsaetze-im-e-commerce-erreichen-talsohle.

2.2 Course of Business [6]

In 2023, our business was impacted by persistently poor consumer sentiment regarding Home & Living, and by macroeconomic uncertainties. We had anticipated and planned for this. We closed the year with revenue that was on par with the previous year at EUR 429m (2022: EUR 431m), and an Adjusted EBITDA margin of 4.1% (2022: −1.0%). We have seen an improvement in margin development over the course of the year, as a result of which we raised our original forecast for adjusted EBITDA in November 2023.

We closed the year in the upper half of our original capital market guidance for revenue and at the upper end of our revised Adjusted EBITDA range.

Date	Revenue	Revenue growth	Adjusted EBITDA	Adjusted EBITDA margin
30 March 2023 (original guidance)	EUR 390m – EUR 440m	– 9% to +2%	EUR 4m – EUR 13m	1% to 2%
9 November 2023 (revised guidance)	EUR 390m – EUR 440m	– 9% to +2%	EUR 13m –EUR 19m	3% to 4%
FY 2023 result	EUR 428.6m	– 0.5%	EUR 17.8m	4.1%

The DACH segment generated revenue of EUR 236.5m (– 2.4% year on year) and Adjusted EBITDA of EUR 16.1m (2022: EUR 7.9m), while revenue in our International segment was EUR 192.1m (+2.0% year on year) and Adjusted EBITDA amounted to EUR 2.1m (2022: EUR −11.2m). Please see the segment results for further details.

The following key factors affected the Company’s course of business in 2023:

Continuing Difficult Global Economic Situation

The ongoing war in Ukraine and the escalating situation in the Middle East affected the global economy. Inflation rates decreased but prices remained high. This led to consistently poor consumer sentiment regarding Home & Living, which was caused among other things by reduced purchasing power. Despite this, we were able to keep our revenues stable while improving our margins.

Implementation of OneWestwing

Westwing is fully on track to integrate its Shop and Club sales under a single domain. OneCart and OneCheckout went live for DACH customers in 2023, and additional countries will follow in 2024. We are convinced that this will create a better and more intuitive customer experience and hence lead to higher conversion rates and a higher GMV, plus increased traffic for the Westwing Collection. This will ultimately drive growth and profitability.

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

Expansion of the Westwing Collection

Our internally designed products enable us to present a comprehensive assortment on our website that matches both our premium brand and our customers' tastes, and to distinguish ourselves from the competition.

Westwing expanded its Westwing Collection in 2023, with the share of Group GMV accounted for by this product offering reaching an all-time high of 47%. In addition, we significantly increased the proportion of sustainable products in our Westwing Collection portfolio (48% as at the end of 2023). Our team remains dedicated to developing new products, and we have ambitious plans to significantly expand our assortment in 2024.

Refreshed Corporate Identity and Brand Strategy

Westwing continued to invest in its brand and introduced a revised corporate identity in 2023. We celebrated our first brand relaunch since the Company was founded 12 years ago by introducing our "Live Beautiful" brand awareness campaign, emphasising our positioning as a premium brand. The campaign focuses on our competitive market positioning as "The Beautiful Living Company" and our products' value proposition, and addresses our customers as "Design Lovers".

Laying the Foundations for the Post-crisis Years

Westwing is using the current period of weak market performance to prepare for future profitable growth. As described in section 1.4 above, we have decided to switch from our proprietary e-commerce technology platform to a SaaS platform. This transformation project will lead to one-off cash costs, including investments, in the mid to high single-digit EUR millions. In addition, it has led to non-cash reversals of capitalised development costs for internally generated intangible assets that are still under development but that will now be replaced. These amounted to EUR 3.9m and were accompanied by a EUR 0.5m increase in amortisation due to the shortened useful lives of the remaining internally developed software. The one-off expenses are expected to have been fully offset by savings within one year of the full implementation expected for 2025.

In addition, Westwing decided to further improve its cost efficiency and reduce complexity by continuing to centralise specific business functions. Measures include consolidating all warehouses at its main logistics hub in Poznan, Poland, as well as centralising parts of its Spanish and Italian sales, general and administrative functions at its headquarters in Munich and its shared service centre in Warsaw.

Maintaining and Improving Customer Loyalty

The initiatives above helped to keep customer loyalty high in 2023, with 80% of orders coming from repeat customers (2022: 82%). We were also able to increase our share of wallet (measured in terms of the GMV per Active Customer for the preceding 12 months) from EUR 364 in 2022 to EUR 377 in 2023.

2.2.1 FINANCIAL PERFORMANCE

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

EURm	2023	In % of revenue	2022	In % of revenue	Change in EURm	Change in %
Revenue	428.6	100.0	**430.8**	**100.0**	**–2.2**	**–0.5**
Cost of sales	–215.7	–50.3	–228.1	–52.9	12.4	–5.4
Gross profit	212.9	49.7	**202.7**	**47.1**	**10.2**	**5.0**
Fulfilment expenses	–90.3	–21.1	–94.2	–21.9	3.9	–4.1
Marketing expenses	–45.6	–10.6	–40.6	–9.4	–5.0	12.2
General and administrative expenses	–85.2	–19.9	–92.9	–21.6	7.7	–8.3
Other operating expenses	–6.2	–1.4	–5.2	–1.2	–1.0	20.0
Other operating income	5.9	1.4	2.6	0.6	3.3	125.1
Operating profit/loss	–8.4	–2.0	**–27.4**	**–6.4**	**19.0**	**–69.4**

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

EURm	2023	2022
Operating profit/loss	–8.4	**–27.4**
Share-based payment expenses/(income)	2.3	–0.6
Restructuring expenses	4.1	5.7
Depreciation, amortisation and impairments	19.8	18.1
Adjusted EBITDA	17.8	**–4.2**
Adjusted EBITDA margin	4.1%	–1.0%

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 or other major restructuring expenses.

In 2023, Westwing adjusted its EBITDA for restructuring expenses arising from its technology strategy change. The planned outsourcing of software development for front-end and back-end solutions led to the reversal of capitalised costs of EUR 3.9m and related restructuring severance payments of EUR 0.2m.

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. The Adjusted EBITDA margin is defined as Adjusted EBITDA expressed as a percentage of revenue.

ADJUSTED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EURm	2023	In % of revenue	2022	In % of revenue	Change in EURm	Change in %
Revenue	428.6	100.0	**430.8**	**100.0**	**–2.2**	**–0.5**
Cost of sales*	–211.4	–49.3	–223.8	–51.9	12.3	–5.5
Gross profit	217.2	50.7	**207.1**	**48.1**	**10.1**	**4.9**
Fulfilment expenses*	–94.5	–22.1	–98.0	–22.7	3.4	–3.5
Contribution margin*	122.7	28.6	**109.1**	**25.3**	**13.6**	**12.4**
Marketing expenses	–45.3	–10.6	–39.2	–9.1	–6.1	15.5
General and administrative expenses*	–80.3	–18.7	–89.7	–20.8	9.4	–10.4
Other operating expenses*	–4.9	–1.1	–5.2	–1.2	0.2	–4.4
Other operating income	5.9	1.4	2.6	0.6	3.3	125.1
Depreciation, amortisation and impairments	19.8	4.6	18.1	4.2	1.7	9.3
Adjusted EBITDA	17.8	4.1	**–4.2**	**–1.0**	**22.0**	**–**

* The following adjustments were made in these line items:

EURm	Expense item	2023	2022
Share-based payment expenses/(income)	Fulfilment expenses	0.0	0.0
	Marketing expenses	0.2	0.0
	General and administrative expenses	2.0	–0.6
Restructuring expenses	Fulfilment expenses	–	0.5
	Marketing expenses	–	1.3
	General and administrative expenses	2.9	3.8
	Other expenses	1.3	–
Capitalisation of inbound costs	Cost of sales	4.3	4.3
	Fulfilment expenses	–4.3	–4.3
Total		6.4	**5.1**

Revenue for the financial year can be broken down as follows:

EURm	2023	In % of revenue	2022	In % of revenue
Revenue from the sale of products	419.7	97.9	423.0	98.2
Service revenue	1.1	0.3	1.0	0.2
Other revenue	7.8	1.8	6.9	1.6
Total	428.6	100.0	**430.8**	**100.0**

Changes in the other performance indicators that are not significant performance indicators were as follows in the reporting period:

OTHER PERFORMANCE INDICATORS

	2023	2022	Change
Westwing Collection share (in % of GMV)	47%	41%	6pp
GMV (in EURm)	481	481	+ 0%
Number of orders (in thousands)	2,851	3,128	– 9%
Average basket size (in EUR)	169	154	+ 10%
Active Customers (in thousands)	1,275	1,320	– 3%
Average orders per Active Customer in the preceding 12 months	2.2	2.4	– 6%
Average GMV per Active Customer in the preceding 12 months (in EUR)	377	364	+ 4%
Mobile visit share	80%	80%	0pp

BUSINESS PERFORMANCE [7]

Westwing's revenue in 2023 amounted to EUR 428.6m, nearly on the same level as in 2022 (EUR 430.8m). We coped with the difficult market environment and weak Home & Living consumer sentiment by further improving our product offering, both in terms of our own Westwing Collection and by acquiring attractive premium brand partners. We also improved our user experience by merging our Shop and Club sales businesses around a single website and app, and by improving brand perception and awareness.

The share of revenue accounted for by the Westwing Collection grew by 6 percentage points, from 41% of GMV in 2022 to 47% of GMV in 2023. The figure for the fourth quarter of 2023 was also 47% (Q4 2022: 44%).

Westwing's gross profit increased to 50.7%; the figure for 2022 was 48.1%. This encouraging trend was largely due to the higher share accounted for by the Westwing Collection and to improved margin control.

Fulfilment expenses[8] as a percentage of revenue were down slightly year on year to 22.1% (2022: 22.7%). In absolute terms, they amounted to EUR 94.5m (2022: EUR 98.0m). This improvement is mainly attributable to better utilisation of warehouse space and a further increase in efficiency.

Marketing expenses as a percentage of revenue amounted to 10.6%, an increase of 1.5 percentage points compared to the previous year (2022: 9.1%). Expressed in absolute terms, they rose by a significant EUR 6.1m to EUR 45.3m (2022: EUR 39.2m). The higher expenses primarily resulted from investments in the refreshed corporate identity that we recently unveiled and in brand awareness. In 2023, Westwing celebrated the first brand relaunch since it was founded 12 years ago.

General and administrative expenses as a percentage of revenue fell from 20.8% in 2022 to 18.7% in 2023. This development is primarily driven by the cost savings initiated in the second half of 2022. In absolute terms, general and administrative expenses decreased by EUR 9.4m to EUR 80.3m (2022: EUR 89.7m).

Adjusted EBITDA improved significantly from EUR – 4.2m in 2022 to EUR 17.8m in 2023, a year-on-year rise of EUR 22.0m. The Adjusted EBITDA margin climbed 5.1 percentage points, from –1.0% to 4.1%.

7 Figures are presented on an adjusted basis; see the Adjusted Statement of Profit or Loss tables above for details.
8 Fulfilment expenses include shipping costs.

Depreciation and amortisation rose by EUR 1.7m to EUR 19.8m. This was primarily due to higher depreciation of right-of-use assets, as well as to the shortened useful lives of certain internally generated intangible assets following the technology strategy change.

The net financial result increased by EUR 2.2m compared to 2022 and amounted to EUR – 0.7m (2022: EUR – 2.9m). The main driver was higher interest income on deposits of EUR 1.1m and currency effects that nearly completely offset each other at EUR 0.1m, whereas these had been negative in 2022 at EUR – 0.9m.

At EUR 3.3m, income tax expenses were higher than in the previous year (2022: EUR 2.1m). This was mainly due to the valuation adjustment of deferred tax assets on loss carryforwards in the amount of EUR 3.6m.

The loss after tax in the 2023 financial year was EUR –12.4m, a year-on-year improvement of EUR 20.0m (2022: EUR – 32.4m).

GMV was stable compared to 2022 at EUR 481.1m (2022: EUR 480.9m). This was mainly due to two contrary effects: while the number of orders decreased from 3.1m in 2022 to 2.9m in 2023, the average basket size increased from EUR 154 to EUR 169.

The mobile visit share was 80% in 2023, the same level as in the previous year (2022: 80%).

SEGMENT RESULTS

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

EURm	2023	In % of revenue	2022	In % of revenue	Change in EURm	Change in %
DACH	236.5	55.2	242.4	56.3	– 5.9	– 2.4
International	192.1	44.8	188.4	43.7	3.7	2.0
Total	**428.6**	**100.0**	**430.8**	**100.0**	**– 2.2**	**– 0.5**

Adjusted EBITDA for the segments was as follows:

EURm	2023	Margin	2022	Margin	Change in EURm
DACH	16.1	6.8%	7.9	3.3%	8.2
International	2.1	1.1%	– 11.2	– 5.9%	13.3
HQ/reconciliation	– 0.4	–	– 1.0	–	0.6
Total	**17.8**	**4.1%**	**– 4.2**	**– 1.0%**	**22.0**

Our DACH segment contributed EUR 236.5m to revenue, a decline of 2.4% compared to 2022. Revenue in our International segment increased by 2.0% to EUR 192.1m. The DACH segment achieved an Adjusted EBITDA of EUR 16.1m (2022: EUR 7.9m) and an Adjusted EBITDA margin of 6.8% (2022: 3.3%). Adjusted EBITDA in the International segment was EUR 2.1m (2022: EUR –11.2m), corresponding to an Adjusted EBITDA margin of 1.1% (2022: – 5.9%).

2.2.2 CHANGES IN FINANCIAL POSITION

CONDENSED STATEMENT OF CASH FLOWS

EURm	2023	2022	Change in EURm
Cash flows from operating activities	33.3	– 7.5	40.8
Cash flows from investing activities	– 3.8	– 11.4	7.6
Cash flows from financing activities	– 23.9	– 2.7	– 21.2
Net change in cash and cash equivalents	**5.7**	**– 21.5**	**27.2**
Effect of exchange rate fluctuations on cash held	– 0.1	0.1	– 0.3
Cash and cash equivalents as at January 1	76.0	97.4	– 21.4
Cash and equivalents as at December 31	**81.5**	**76.0**	**5.5**

Westwing generated cash flows from operating activities of EUR 33.3m in 2023 (2022: EUR –7.5m), mainly as a result of its narrowed operating loss and changes in net working capital. Cash and cash equivalents increased by EUR 5.5m compared to 31 December 2022. 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 on year and amounted to EUR – 8.0m in 2023 (2022: EUR 2.5m).

Cash flows from investing activities amounted to EUR – 3.8m in 2023 (2022: EUR –11.4m). This reduction is primarily due to lower investments in intangible assets, and especially in internally developed software, which amounted to EUR 3.9m in 2023 (2022: EUR 10.2m). Lower purchases of property, plant and equipment totalling EUR 1.5m (2022: EUR 3.7m) also played a role. In addition, Westwing received interest income of EUR 1.1m.

Free cash flow for full-year 2023 improved strongly due to the changes in cash flows from operating activities and cash flows from investing activities described above, and amounted to EUR 29.5m (2022: EUR –18.8m).

Cash flows from financing activities were EUR – 23.9m (2022: EUR – 2.7m). This decrease is basically due to the repayment of supplier finance arrangements of EUR 7.8m and the purchase of treasury shares of EUR 3.7m. In addition, there was a one-time lease incentive payment of EUR 1.5m in 2022.

Westwing had credit lines of up to EUR 20.0m in 2023, plus a further EUR 13.0m for supplier finance arrangements.

Principles and Objectives of Financial Management

Westwing's financial management activities focus on managing cash and working capital, and on maintaining liquidity. 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 12-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 FINANCIAL POSITION

CONDENSED STATEMENT OF FINANCIAL POSITION

EURm	2023	2023 in % of total	2022	2022 in % of total	Change in EURm	Change in %
Total assets	**203.4**	**100.0**	**228.3**	**100.0**	**-24.9**	**-10.9**
Non-current assets	67.0	32.9	82.3	36.1	-15.3	-18.6
Current assets	136.4	67.1	146.0	63.9	-9.6	-6.6
Total equity and liabilities	**203.4**	**100.0**	**228.3**	**100.0**	**-24.9**	**-10.9**
Equity	75.0	36.9	90.1	39.4	-15.1	-16.8
Non-current liabilities	36.7	18.1	45.6	20.0	-8.8	-19.4
Current liabilities	91.7	45.1	92.7	40.6	-1.0	-1.1

Non-current assets mainly consist of property, plant and equipment, and intangible assets. Property, plant and equipment decreased from EUR 53.2m as at the end of 2022 to EUR 44.6m as at the end of 2023. Intangible assets, which are primarily attributable to the capitalisation of software development expenses, dropped by EUR 3.9m, partly as a result of the technology strategy change. Capitalised software development expenses were only EUR 3.8m in 2023, compared to amortisation of EUR 6.5m.

Current assets amounted to EUR 136,4m as at 31 December 2023 (31 December 2022: EUR 146.0m). Cash and cash equivalents increased to EUR 81.5m (31 December 2022: EUR 76.0m); this was due to positive cash flows from operating activities, which were not completely offset by cash flows from investing and financing activities. Inventories declined to EUR 28.1m (31 December 2022: EUR 45.2m), reflecting a decrease in inventory levels. Trade and other current financial receivables declined slightly by EUR 0.5m to EUR 12.1m (31 December 2022: EUR 12.6m); this item included expected credit losses of EUR 4.0m (31 December 2022: EUR 3.0m).

The Company's equity decreased to EUR 75.0m as at 31 December 2023, compared to EUR 90.1m as at the end of 2022. This change was mainly caused by the net loss for the year of EUR 12.4m and the EUR 3.7m increase in treasury shares, which are deducted from equity.

Non-current liabilities fell by EUR 8.8m to EUR 36.7m (31 December 2022: EUR 45.6m). This was primarily caused by a EUR 9.5m drop in non-current lease liabilities, part of which were reclassified to current liabilities.

As at 31 December 2023, the Group had credit lines of EUR 10.0m at UniCredit Bank AG (31 December 2022: EUR 10.0m) that are valid until further notice, with EUR 3.7m of this amount being used as bank guarantee facility. It also had credit lines of EUR 10.0m at Norddeutsche Landesbank, which are valid until December 31, 2024. In addition, EUR 13.0m is available for supplier finance arrangements.

Current liabilities decreased by EUR 1.0m year on year to EUR 91.7m (31 December 2022: EUR 92.7m). Trade payables and accruals increased from EUR 34.1m at the end of 2022 to EUR 35.9m as at 31 December 2023, while lease liabilities were up EUR 1.5m to EUR 11.2m (31 December 2022: EUR 9.7m). This was partly offset by the absence of supplier finance arrangements, which had amounted to EUR 7.8m as at 31 December 2022.

Overall Assessment of the Group's Economic Position

Westwing performed in line with forecasts in 2023 and returned to profitability in terms of Adjusted EBITDA. The overall macroeconomic situation, and especially the ongoing war in Ukraine and the current confrontations in the Middle East, led to continuing high energy and consumer prices and persistently weak Home & Living consumer sentiment. Despite this, we succeeded in maintaining revenues at the prior-year level, returning to growth in the second half of 2023 and increasing our margins. At the same time, our cost-saving measures, which we launched in 2022, took full effect. Unit economics are strong and the share of revenue accounted for by our Westwing Collection performed extremely positively. Given this positive performance, we increased our forecast for Adjusted EBITDA in November 2023 and ended up improving our Adjusted EBITDA by EUR 22.0m year on year. We are therefore confident that we will be able to enhance our economic position further, especially once the market environment improves.

3. EMPLOYEES

Westwing Group employed 1,614 full time equivalents (FTEs) as at the end of December 2023, a decrease on the 1,729 FTEs recorded as at the end of 2022.

In December 2023, most staff were employed by the Munich-based legal entities Westwing Group SE (294 FTEs) and Westwing GmbH (281 FTEs), and by the Group's Polish entity (720 FTEs). This last company also operates Westwing's shared service centre and shared warehouses.

Westwing's employees are highly international. As at the end of 2023, the Company employed people with more than 71 different nationalities. Likewise, Westwing sees gender diversity as an important factor: 60% of the Company's employees are female.

4. NON-FINANCIAL STATEMENT

This Non-financial Group Statement (referred to in the following as the "Non-financial Statement") covers the Westwing Group's operations and was prepared in accordance with section 315b and 315c in conjunction with sections 289c to 289e 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 2021) and on section 289c(3) of the HGB. We did not fully apply any one reporting framework, since we do not consider such a blanket approach to be fit for purpose.

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

At Westwing, we focus on building and maintaining long-lasting relationships with customers, inspiring them with a curated selection of products in our various online and offline sales channels, and combining these with beautiful content. Our main sales channels, Shop and Club Sales, offer products from the Westwing Collection, our exclusive brand that is known for its quality and design. We also provide a selection of products from over 5,000 brand partners. More detailed 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. 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, as expressed in the following four principles:

1. Make our Westwing Collection more sustainable – using product and packaging materials that have the best possible 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 consulting extensively with various internal and external stakeholder groups. This led to us identifying 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. Our Management Board and the other members of the Sustainability Steering Committee confirmed that these topics remained complete and correct in terms of both their business relevance and their impact for 2023.

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[9] used from renewable sources by 2027 • Achieve science-based emissions reduction targets • Compensate remaining emissions[10] from own operations (after reduction initiatives) through credible carbon removal and avoidance projects
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[11] 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[12] sustainable wood in our Westwing Collection products by 2026 • Use more than 90% certified[13] organic, recycled and/or responsibly sourced cotton in our Westwing Collection products by 2026 • Use more than 90% responsibly[14] sourced animal by-products[15] 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

9 Energy includes electricity, heating and cooling for our offices and warehouses, and fuel for our vehicle fleet trucks.

10 Emissions from own operations include a) direct emissions (Scope 1) generated within Westwing from heating, combustion of fuels by our own vehicles, and fugitive emissions from air conditioning, b) indirect emissions (Scope 2) from purchased electricity, steam, heating and cooling for own use, and c) indirect emissions from the following Scope 3 categories: business travel, employee commuting, and fuel- and energy-related activities.

11 Inbound for Westwing Collection products, outbound (excluding drop-shipping) in our warehouses.

12 Certifications include FSC® and PEFC.

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

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

15 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[16] 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 and safety, and job satisfaction	• 50% of Westwing Collection suppliers to establish programmes 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 help our customers make more sustainable choices	• A significant[17] share of our products to be labelled as sustainable • 50% of our Westwing Collection products to be labelled as sustainable by 2027 • A significant[18] share of Westwing's communications to be dedicated to promoting sustainability

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

We shall report under the Corporate Sustainability Reporting Directive (CSRD) from financial year 2024 onwards. We performed a double materiality analysis of sustainability matters related to our business over the past year so as to be able to comply with these requirements. The results of this assessment will serve as the basis of preparation for our Sustainability Statement next year.

Sustainability Governance

Our Management Board, advised and overseen by the Supervisory Board, is ultimately responsible for our Sustainability Strategy 2030. In addition, we have set up a Sustainability Steering Committee that is composed of the executives from main business areas and is chaired by the Chief Executive Officer. The Committee's main tasks are to review progress towards our strategic initiatives and to provide guidance on our long-term targets and ambitions. Westwing is also currently in the process of defining how the long-term ESG incentive targets in its Management Board contracts will be determined and measured in future.

16 Environmental and social management systems (e.g. ISO 14000 and SA8000).
17 We may consider quantifying these targets as we update our strategy in the future.
18 Same as above.

Our Director of Corporate Sustainability develops and drives the strategy across our 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 that 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 Director of Corporate Sustainability reports directly to the Chief Financial Officer.

The dedicated Sustainability team at our Shop (Permanent Assortment) and Westwing Collection business is led by the Director of Quality and Sustainability there. 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 Governance, Risk Management and Compliance (GRC) function monitors risks across the business. Its risk management process identifies financial and non-financial risks and takes reputational, social and environmental risks into account. As part of this process, we also assess if any potential, material negative impacts must be included in this Non-financial Statement. We did not identify any unaddressed risks for 2023 resulting from our operations, business activities and business relationships that could very likely have a significant 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, our employees, customers and investors, since they potentially contribute to climate change and environmental degradation.

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

The Corporate Sustainability team, working in alignment with the Management Board, is in charge of setting emissions reduction targets, in close communication and cooperation with other relevant departments. The team also coordinates carbon offsetting in agreement with the Management Board; this is then implemented by external partners. Our strategic focus is on monitoring our carbon footprint so as to ensure adequate action is taken to progress against our targets.

Key Achievements in 2023

Targets

In 2023, our company achieved a significant milestone by establishing science-based targets for reducing carbon emissions. These targets are aligned with the climate science recommendations outlined in the 2015 Paris Agreement and were officially validated by the Science Based Targets initiative (SBTi). This acknowledgment underscores Westwing’s dedication to promoting sustainable practices and driving positive change within the industry.

Our Scope 1 and 2 emissions reduction targets include a 75% reduction in Scope 1 and 2 greenhouse gas (GHG) emissions by 2030 (starting from Westwing’s 2022 baseline). Both direct emissions from our own operations (Scope 1) and indirect emissions from purchased energy sources (Scope 2) are covered. We shall achieve our targets by implementing a suite of measures, including adopting alternative energy sources and enhancing the energy efficiency of Westwing’s warehouses and vehicle fleet.

We also set a supplier engagement target, committing ourselves to ensuring that 80% of all our suppliers, measured in terms of our spend on purchased goods and services, and upstream transport and distribution providers will have set their own science-based targets by 2027. We shall develop a concrete supplier engagement strategy with a view to enabling our suppliers to set emissions reduction targets, including through training and capacity-building activities.

Renewable electricity[19] accounted for 34% of our total electricity use and for 9% of our total energy use in financial year 2023.

Emissions data

Scope	Emissions covered (before carbon offsets)[20]	2023	2022	2021
Scope 1 (in tCO_2e)	Direct emissions from heating, the combustion of fuels by our own vehicles, and fugitive emissions from air conditioning	1,560	2,776	2,249
Scope 2 (in t CO_2e)	Indirect emissions from purchased electricity and district heating	Market-based:[21] 1,393 Location-based: 1,356	Market-based: 2,397 Location-based: 2,780	Market-based: 1,732 Location-based: 2,001
Scope 3 (in t CO_2e)[22]	Indirect emissions from business travel,[23] employee commuting and fuel- and energy-related activities not included in Scope 1 and Scope 2	3,163	5,788	4,548

Our own operations include Westwing's direct emissions that are 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 to other processes are not taken into account here. Our initial focus was on calculating emissions for the activities over which we have a greater degree of control and for which data is readily available. We plan to disclose full Scope 3 emissions next year.

A key focus in 2023 was on improving the data used to calculate Scope 3 emissions. This included streamlining data collection and increasing the use of primary data where possible.

19 Renewable electricity refers to electricity purchased through contractual instruments such as energy attribute certificates (e.g. renewable electricity certificates, guarantees of origin), direct contracts (e.g. power purchase agreements), supplier-specific emission rates and electricity generated on site by solar panels.

20 The calculations were based on the guidelines set out in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). Emission factors were taken from the recent current versions of scientifically recognised databases such as ecoinvent and DEFRA. 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 (HFCs), perfluorocarbons (PFCs), sulphur 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. Assumptions were made in those cases in which information was not readily available. For example, prior-year data on facilities' floor areas (measured in 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 transport used by employees (% share of cars, public transport, etc.) and the average distance travelled. For business air travel, we assumed average distances for short-haul and long-haul trips, and in the case of rail travel we differentiated between inner-city and domestic/continental travel and then used average distances for each category.

21 Electricity-related emissions were calculated using the market-based method. Specific emission factors were supplied by our energy providers, where available, and residual mix emission factors for the country of operation were used where they were not. In those cases in which residual mix emission factors were also not available, location-based emission factors were used, in accordance with GHG Protocol Scope 2 Guidance.

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

23 Business travel includes air, rail and road travel.

We calculated the carbon footprint of five of our bestselling products in the Westwing Collection for the first time in 2023 using the Greenhouse Gas Protocol Product Life Cycle Accounting and Reporting Standard (GHG Protocol) and a "cradle-to-customer plus waste" boundary approach.

We quantified greenhouse gas emissions at every stage of production – from raw materials and logistics through packaging down to end-of-life disposal – so as to discover which parts of the process accounted for the largest share of emissions. These assessments will inform our efforts to reduce our carbon footprint in the future.

We demonstrated our ongoing commitment to addressing climate change by submitting our first public response to the CDP[24] this year, receiving a score of C.

Emissions reduction

We continued our efforts to reduce our operating emissions this year. Key results include switching to 100% renewable electricity in our Milan and Barcelona offices, with our overall target being to reach 100% renewable energy[25] for our warehouses, offices and vehicle fleet by 2027.

We conducted an energy audit of all our Company's warehouses in Poland and implemented a range of projects aimed at improving energy efficiency and contributing to the reduction in our Scope 1 and 2 emissions. For example, we optimised our operating hours, monitored and stabilised warehouse temperatures, and capped radiator thermostats in our office. We also switched off lighting in empty aisles, installed modern aerators and added more seals at loading docks to prevent cold wind entering from the outside.

We are encountering challenges in achieving certain energy usage objectives because we do not have direct management control over all of our facilities. Additionally, replacing existing energy systems and electricity contracts by renewable alternatives is proving to be technically complex and contingent on market conditions. We are actively collaborating with the landlords and building owners concerned to explore potential solutions such as the feasibility of geothermal energy and expanding our solar photovoltaic (PV) installations.

The reduction in our Scope 1 and 2 emissions is a result of the energy efficiency projects described above, the fact that we did not refill any air conditioning refrigerants during the reporting period, and the consolidation of our operations (insourcing of certain warehouses). In addition, as a large proportion of our employees at our warehouse in Poland use a company-organised bus service for their daily commute, the combination of this initiative and a reduction in headcount across the Group contributed to decreased emissions from commuting as part of our scope 3 emissions. In 2023, we continued to invest in credible carbon projects for the 2022 emissions shown in the table above. We are currently finalising the portfolio selection for our 2023 emissions.

Outlook for 2024

In 2024, we intend to formulate our Climate Transition Plan, which will present a detailed road map for achieving our science-based targets. The plan will encompass a number of strategies designed to reduce emissions, including an increased focus on transitioning to renewable electricity and enhancing overall energy efficiency.

We will actively collaborate with our Westwing Collection suppliers and third-party brands to encourage them to establish their own science-based targets. In an initial step, we will train the teams that interact with our suppliers and then engage in outreach and capacity-building activities, targeting key and strategic suppliers as a priority.

24 A not-for-profit charity whose global carbon disclosure system allows reporting entities to manage their environmental impacts.
25 Energy includes electricity, heating, cooling and fuel for vehicle fleet trucks.

We are also aiming to scrutinise our use of materials such as cotton, wood, wool and leather, along with associated emissions stemming from changes in land use and land management practices. This evaluation will serve as the basis for assessing the need to establish science-based Forest, Land, and Agriculture (FLAG) targets, which involve land-based emissions reductions and removals.

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 the smallest possible impact on the environment. We recognise our responsibility to constantly investigate sustainable packaging options for our products, and focus on two main areas. These are, on the one hand, the packaging used by our warehousing and logistics operations to protect products for delivery to our customers (known as “outbound packaging”) and, on the other, the packaging developed for our own products by our Westwing Collection suppliers (known as “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 set out in our Packaging Guidelines.

These guidelines have been developed in alignment with our corporate goals, with European regulations on 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, labelling, polymer use and third-party certifications such as those awarded by the Forest Stewardship Council (FSC®).

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. At this point, the packaging details are added to our product specification tracking and checked for adherence to the packaging guidelines.

Outbound Packaging: Outbound packaging is the packaging used by our warehousing and logistics operations for product protection, storage, and shipping. The Director 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.

Key Achievements in 2023

Inbound Packaging: In 2023, we largely completed our packaging transformation, setting specific packaging requirements for all Westwing Collection suppliers. We updated our packaging guidelines, with all suppliers now being required to avoid Styrofoam, prioritise recycled material and use the minimum amount of packaging possible. We also tightened our guidelines to confirm our commitment to switching to more sustainable alternatives for even the smallest packaging items (e.g. fitting bags and tape). Finally, we continued working together with our suppliers to identify new packaging solutions that have been optimised for sustainability, product protection, availability and cost.

Internally, we set up a packaging database to standardise data collection processes and to ensure we comply with upcoming legislative changes such as the EU's Extended Producer Responsibility policy and French packaging labelling requirements (the Triman logo).

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

Packaging metric	31.12.2023	31.12.2022
Share of Westwing Collection order volume for which recycled and recyclable[26] packaging material has been negotiated (in terms of the total purchase order volume, in %)	100	94
Share of Westwing Collection order volume that no longer contains Styrofoam (in %)[27]	100	85

In 2023, we reached our goal of negotiating 100% sustainable packaging for our inbound packaging, an important milestone in the implementation of our Sustainability Strategy. We also eliminated Styrofoam entirely from our Westwing Collection orders. We achieved these outcomes by introducing updated packaging guidelines in the first half of 2023 for all Westwing Collection suppliers, accompanied by training calls with suppliers. We also established a nominated supplier list, comprising those packaging suppliers that are capable of offering recycled and recyclable[28] packaging materials to our suppliers at pre-negotiated prices.

Outbound Packaging: We built a comprehensive packaging database in 2023 that is available to all internal teams, in order to standardise packaging data collection.

We also continued to introduce more recycled and reused packaging in our warehouses. Key initiatives include:

a. Reducing the volume of stretch foil used on pallets by moving towards strapping with plastic straps made from 100% recycled content;

b. Switching cushioning for packages from virgin plastic to 100% recycled plastic;

c. Switching some of our virgin plastic stretch foil to stretch foil consisting of 60% recycled plastic;

d. Replacing some cushioning foams with shredded cardboard packaging waste and recycled paper;

26 In accordance with our packaging guidelines.

27 Based on the total order volume, which originally included Styrofoam packaging.

28 In accordance with our packaging guidelines.

Category	Packaging metric[29]	Scope	2023	2022
Recycled plastics	Share of plastics containing > 60% recycled materials (in %)[30]	Outbound packaging used in warehouses and for product protection, storage and shipping	43	2
Foam reduction	Share of total plastic material accounted for by foam (in %)[31]	Outbound packaging used in warehouses and for product protection, storage and shipping	0.5	3
Recyclable/biodegradable/compostable packaging	Share of total packaging material accounted for by recyclables (in %)[32]	Outbound packaging used in warehouses and for protection, storage and shipping. Excluding wood.	100	95
Packaging waste reused, recovered and/or recycled[33]	Share of total warehouse waste accounted for by reused, recovered and/or recycled packaging (in %)	Packaging waste in our own warehouses	96	58

100% of our outbound packaging material[34] is now recyclable, meaning we have exceeded the 90% target set in our sustainability strategy. We also reached our target for reused, recovered and/or recycled packaging waste in our warehouses, with 96% of our packaging currently being transferred to disposal service providers for recovery and/or recycling (target: 90% in 2028).

Outlook for 2024

Inbound Packaging: We are planning to continue to implement the" new normal" requirements for our Westwing Collection products, so that both existing and new packaging is sourced in line with our revised guidelines. In addition, we plan to focus on completely eliminating single-use plastics from our packaging.

Outbound Packaging: In 2024, Westwing will endeavour to actively improve the sustainability of its packaging. Efforts will include replacing virgin paper cushioning with recycled paper, eliminating foam and reducing other single-use plastics (straps, string bags, UID labels and plastic tapes), and cutting stretch foil usage by at least 25% by switching to lighter materials and potentially new machinery as well. Ongoing measures involve transitioning to lighter materials and increasing strapped pallets so as to achieve a 50% reduction in plastics usage per pallet. Future plans include discussions on loose loading during transport and exploring new storage types such as cages in the warehouse.

MATERIALS SOURCING

Management Approach

Our Sustainability Strategy contains commitments to using long-lasting materials from sustainable sources and to being as resource-efficient as possible throughout our supply chain. We have set ourselves ambitious targets in this area, including ensuring the use of more than 90% certified sustainable wood

29 The following KPIs that were reported for 2022 were omitted in our reporting this year: weight of packaging used per package shipped; weight of packaging used per item shipped; weight of packaging used per cubic metre of product shipped (in kg). These interim KPIs were only used in 2022 to monitor the quantity of packaging consumed relative to the volume shipped, and are not related to any of our packaging targets.

30 This KPI does not include the following: all single-use plastics (as defined by Westwing) and all plastic foams. Single-use plastics include tapes, cable ties, fitting bags smaller than A4 in size, plastic stickers, truck seals, plastic straps and silica bags (with non-woven outer bags). This KPI is included in the Management Board's compensation scheme. The KPI value is calculated based on material consumption data for December 2023.

31 Foam includes spongy plastics (e.g. corners/fleece) but does not include single-use plastics. The KPI value provided is as at the end of Q4 2023.

32 Not including all single-use plastics (as defined by Westwing) and all foams. Recyclable plastics refer to LDPE (low density polyethylene), HDPE (high density polyethylene), PP (polypropylene), PE (polyethylene) and PET (polyethylene terephthalate); recyclable paper refers to all paper that is not covered in wax, foil or plastic. The KPI value provided is as at the end of Q4 2023.

33 Packaging waste was shipped to disposal service providers for reuse, recovery and/or recycling. The KPI value refers to total consumption in 2023.

34 Dropshipping is not included.

and more than 90% certified organic, recycled and/or responsibly sourced cotton for Westwing Collection products by 2026. The dedicated Sustainability team that forms part of our Westwing Collection business is responsible for materials sourcing.

Our Westwing Collection's Design, Product and Buying teams follow a comprehensive set of guidelines that aim to help them select the most sustainable materials and products for Westwing's portfolio:

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

- The Sustainability Labelling (SL) Guidelines set out a list of product and material certificates, along with attributes that are considered sustainable and that are eligible for labelling as WE CARE[35] on our websites.

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

Our participation in global initiatives and our certification to global standards for responsibly sourcing materials and products help us achieve 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) allows us to source organic textile products manufactured to strict 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). In addition, we are committed to complying with applicable laws and regulations. For example, Westwing takes into account European Union Timber Regulation (EUTR), which aims to counter illegal logging and the associated trade in timber and timber products.

The remaining challenge in this field relates to the effort required for full certification of our main materials, which necessitates training, ongoing engagement and negotiation with suppliers, plus tracking of documentation and proof of claims for every order.

Key Achievements in 2023

We continued our focus on sustainable cotton during the reporting period, increasing the share of certified products in development that are part of the Better Cotton Initiative.

We also became a member of GoodWeave – a whole-product standard for rugs offering assurance that a product is produced without child, forced or bonded labour – in 2023.

Equally, we were audited and became a certified brand for the Responsible Wool Standard (RWS)[36] in 2023.

We revised our WE CARE labelling criteria list to include EU Flax™[37], the Responsible Wool Standard (RWS), the Sustainable Leather Foundation[38] and the Leather Working Group[39] as acceptable certifications from our suppliers.

35 Please see the "Responsible Marketing and Communications" section for detailed information.
36 A global voluntary standard that addresses the welfare of sheep and of the land they graze on.
37 This discloses the origin of the fibre and ensures traceability of materials throughout the value chain.
38 A global standard working to ensure environmental, social and governance responsibility throughout the leather value chain.
39 A set of four global standards covering different operations within the leather production chain, including leather manufacturers.

Materials	Scope	31.12.2023	31.12.2022	31.12.2021
Share of certified, sustainable wood (in %)[40]	Westwing Collection	74	60	8
Share of certified organic, recycled and/or responsibly sourced sustainable cotton (in %)[41]	Westwing Collection	68	31	7
Share of responsibly sourced animal by-products (in %)[42]	Westwing Collection	17	33	39

In 2023, we increased the share of certified wood in our products thanks to FSC certification of all our suppliers. The share of certified cotton also rose, as we increased the share of Better Cotton Initiative certified cotton in 2023 as already mentioned. The decrease in our share of responsibly sourced animal by-products is explained by the fact that we have been selling off old stocks of non-sustainable wool products. We expect our share to increase again in the future as we have certified almost 90% of our wool suppliers.

In line with our strategic commitments, we have also begun to widen our scope to explore the use of recycled plastic in our furniture and lighting collections. This broader approach reflects our dedication to continually improving our practices and responsibly incorporating materials in our offerings. We are also aiming to reduce foam materials and/or encourage our suppliers to use certified foam material such as CertiPUR[43] certified foams.

Beyond individual materials, we are working to achieve certifications that apply to finished products. For example, one of our sofa ranges is in the process of becoming Blue Angel[44] certified and we are looking at similar certifications for additional sofa ranges and dining tables.

We continued to explore sustainable alternatives and innovative solutions in the materials industry in 2023. We are searching for sustainable alternatives for materials (e.g. metal) and developed our first two capsule collections aimed at reducing our environmental footprint and introducing elements of circular design to our product portfolio:

- A 3D-printed pendant lamp. In collaboration with a German manufacturer we are using here up to 88% recycled content to print the lampshade depending on colour variant.

- A furniture range for which we are using a variety of sustainable materials. Its design was developed in line with circularity principles: it is screw-free, does not have any metal components and only uses wooden connectors.

40 Includes certification by the FSC® and the Programme for the Endorsement of Forest Certification (PEFC).®

41 Includes certification by the Global Organic Textile Standard (GOTS), the Better Cotton Initiative, the Organic Cotton Standard, Fairtrade Cotton, the Global Recycled Standard (GRS), the Recycled Claim Standard (RCS) and organic cotton products.

42 Includes certification by the Leather Working Group, Natural Leather IVN, the Global Traceable Down Standard, the Responsible Down Standard, Downpass, the Sustainable Leather Foundation, GRS recycled feathers/down, the Responsible Wool Standard, The Good Cashmere Standard®, the ZQ Merino Label, GRS-certified wool, Caregora wool, recycled leather and recycled downs/feathers.

43 CertiPUR is a voluntary testing, analysis and certification programme for the environmental, health and safety properties of polyurethane foam used in bedding and upholstered furniture applications.

44 The Blue Angel is the German federal government's ecolabel, which is awarded to environmentally friendly products and services.

Outlook for 2024

We are planning to intensify our sustainability efforts in 2024. This will include expanding our online WE CARE presence and enforcing certification of wooden components. We will also focus on achieving a higher share of certification for cotton and animal by-product materials. Textile and rug suppliers will be required to maintain continuous certification, with a strategy for full product certification where material certification is not feasible. Efforts are underway to increase the use of recycled plastic in furniture and textiles, with new sustainable products, including recycled chair families, under development. Automation will improve certification upkeep: for example, AI-based tools will check supplier invoices for the required sustainability certifications. We are also planning to launch two innovative capsule collections that prioritise sustainability. Equally, we will continue to regularly review and update our sustainable labelling criteria.

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.

Westwing Collection Suppliers: A particular focus of our sustainability efforts is 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 of Product Quality and Sustainability. Our Westwing Collection suppliers are bound by our Private Label Supplier Code of Conduct (updated in 2023), which reflects the requirements of the Conventions of the International Labour Organization (ILO), the United Nations Global Compact, the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Key themes covered include working conditions, environmental performance, and the prevention of modern slavery and child labour.

Transparency is vital in supplier engagement and in our internal due diligence processes. Social audits are one of the most widely recognised 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. Regular 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 onboarding audit (i.e. prior to initiating the business relationship), the supplier will not be onboarded unless the issue is resolved. If such an issue occurs during a reaudit of an existing supplier, we will work together with them to ensure 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 certification programmes and initiatives from its Westwing Collection suppliers:

- for social matters: amfori BSCI (Business Social Compliance Initiative), SMETA (Sedex Members Ethical Trade Audit) and the SA8000 Standard (only applicable for India due to quality concerns in other countries);

- for environmental matters: ISO 14001; we will be also examining whether to accept certifications such as HIGG, BEPI and the ICS ENV Module in 2024.

These programmes enable Westwing to understand conditions on the ground, monitor supplier performance and evaluate adherence to our values and upcoming regulatory standards. Additionally, they serve as the basis for promoting open and direct dialogue with our suppliers.

We assess the environmental and social performance of both EU and non-EU suppliers. Non-EU suppliers face closer scrutiny due to a perceived higher risk of human rights and working standards violations. EU suppliers, which are required to comply with following EU regulations and regularly visited by our teams, provide greater confidence in their social and environmental practices. Nonetheless, to align with strategic goals and enhance transparency in European factories, we have also introduced assessments for our EU suppliers.

Third-party Suppliers: Our Business Partner Code of Conduct (updated in 2023) applies to our third-party suppliers and covers similar topics as our Private Label Code of Conduct.

Our Codes of Conduct entitle us to perform unannounced audits and to require subcontractors to adhere to the same standards. The Brand Buying team oversees the process of having third-party suppliers sign our Code of Conduct.

KEY ACHIEVEMENTS IN 2023

Westwing Collection Suppliers: We continued our systematic annual reviews of social audit results for our non-EU Westwing Collection suppliers in 2023. By the end of the year, 100%[45] of our non-EU suppliers were covered by third-party social audit schemes. Our team reviews every new and renewed social audit report and follows up on any outstanding zero tolerance or severe issues so as to create a remediation plan. Buyers are involved in the remediation process to provide support and put pressure on factories, and the progress made with remediation is reviewed every month. Supporting documents and pictures are required to ensure progress.

In 2023, we expanded the scope of our engagement with our suppliers and also started conducting supplier environmental assessments. Internal environmental assessments were conducted at 25 of our non-EU supplier factories in China and India, corresponding to 47% of our non-EU suppliers by purchase order volume. Our assessments checked suppliers' permits and documents, environmental management systems, energy and water use, wastewater, air emissions, waste, chemical management and noise emissions.

This year, we also started auditing our EU suppliers, which account for a large share of our orders. We developed an internal social and environmental audit protocol to learn more about our suppliers' maturity levels and to prepare for upcoming legislation (and for the EU's Corporate Sustainability Due Diligence Directive (CSDDD) in particular). We audited 67% of our EU suppliers by purchase order volume on social aspects and 72% on environmental aspects.

We also continued to track whether our suppliers (EU and non-EU) have environmental and social management systems in place. A total of 11% of our Westwing Collection suppliers by purchase order volume are currently covered by valid environmental management systems (ISO 14001), while 3% are covered by valid social management systems.

We are aiming to intensify our efforts in this area in line with our target that 50% of our Westwing Collection suppliers by purchase order volume should have established environmental and social management systems by 2028. For example, this year we surveyed four of our strategic suppliers to evaluate the effectiveness of their social management systems and helped those that did not already have one in place to set one up. Our survey design was based on the SA8000 standard and focused on assessing whether our suppliers' management systems complied with the SA8000 requirements. For example, this requires suppliers to have a Social Performance Team (SPT), a social management policy statement, a grievance mechanism and a risk assessment process.

45 One factory social audit was conducted in January 2024.

We also joined amfori in 2023 so as to be able to better assist our suppliers in their efforts to increase their social and environmental performance. amfori is a leading global business association that helps improve environmental, social and governance performance within global supply chains. We are now starting to use amfori training materials in our interactions with suppliers.

Preparing suppliers for audits represents a significant part of our supplier engagement effort. Our suppliers lack familiarity with international environmental standards and the audit process. Our goal is to equip suppliers for upcoming requirements such as the CSDDD, ensuring robust adherence to sustainability standards throughout our supply chain.

Third-party Suppliers: Our goal is to have all brand partners aligned with our sustainability standards by 2027. In line with this, all existing third-party suppliers in our Shop operations have signed our Business Partner Code of Conduct and all new third-party suppliers in this area are required to sign it as well. We are currently working actively with third-party suppliers in our Club operations to ensure they sign our Business Partner Code of Conduct. All in all, 11% of the total number of campaign-specific third-party Club suppliers had signed the Code of Conduct at the end of 2023. Starting this year, we aim to ensure that all our third-party suppliers comply with the EU's Extended Producer Responsibility policy and the Swiss Timber Regulation (HHV – Holzhandelverordnung).

Outlook for 2024

Westwing Collection Suppliers: In 2024, we will focus on establishing environmental and social management systems, redefining accepted systems and promoting capacity building in our strategic supply base. The Supply Chain Compliance team will expand its environmental audits of non-EU suppliers and increase its social and environmental audit coverage of EU suppliers.

We will also launch a standardised training approach for our key and strategic suppliers, a step that is in keeping with amfori's overarching mission to drive positive, lasting transformation in the realm of corporate sustainability.

We are also planning to introduce amfori's "Speak for change" grievance mechanism for 16 of our suppliers in India, Vietnam and Turkey in 2024. This will be a step forward in addressing social and human rights issues at our supplier factories and a tool for increasing transparency along our value chain.

Third-party Suppliers: We will continue to work on ensuring all existing and new third-party suppliers sign our Business Partner Code of Conduct.

FAIR WORKING CONDITIONS

Management Approach

Our Sustainability Strategy emphasizes the need for fair working conditions for our employees and those of our Westwing Collection suppliers. This commitment encompasses providing a healthy and safe working environment, ensuring both physical and mental well-being, and offering training and career development opportunities. This year, we developed a human rights policy which references international standards. This policy addresses the rights of employees in our operations, workers in the upstream value chain (i.e. our suppliers' workers) and customer rights. Key commitments set out in the policy include human rights due diligence; the prohibition of child labour, forced labour and human trafficking; non-discrimination; and customer and data privacy.

The fact that we have signed up to the United Nations Global Compact (UNGC) further underscores our commitment to a more sustainable future and to fair working conditions, especially since four UNGC principles are devoted to labour issues. This year we successfully submitted our Communication on Progress to UNGC, showcasing our efforts and commitments along our value chain in areas such as human rights, labour practices and anti-corruption.

Westwing Employees: Ways in which we communicate with our own employees include regular all-hands meetings, ongoing interaction with corporate leaders and our Office Vibe survey, which replaced our previous Pulse Check tool in 2023. Our internal Westwing Code of Conduct sets the tone and direction for employee welfare and behaviour in relation to corruption, competition, conflicts of interest, reporting and relationships with suppliers and business partners, among other things. It also incorporates relevant international standards, and EU and national labour, health and safety, and welfare regulations. Our WestwingFlex policy sets out our hybrid working model, which combines in-office work with working from home and remote work.

Ensuring our employees' mental and physical well-being 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 well-being 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 internally consistent quantitative tracking of work-related safety metrics so as to measure our progress against our target going forward. We are also planning to align the methodology for these metrics with the European Sustainability Reporting Standards requirements.

A sense of social responsibility and commitment is a core 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 Corporate Citizenship Commitment, which sets out our focus areas, principles and key activities, underscores our commitment in this area.

Our Chief People Officer is part of the Executive team and is responsible for our people strategy, with the assistance of the People & Culture (P&C) teams in our regional offices and warehouse operations.

Westwing Collection Suppliers: Evaluating working conditions programmes at our Westwing Collection suppliers is a key objective for this part 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 2023

Westwing Employees: We worked to expand the MyCareer programme to our offices in Poland following its successful launch at our Munich headquarters in 2022. This programme offers guidance on career and succession planning, performance management, compensation and benefits, and training.

We also piloted our new Key Talent programme, which aims to recognise, develop and retain talent, in 2023. This year-long initiative offers mentorship from executives and quarterly networking events, plus a development budget. We also set up a learning and development team to empower and grow our employees.

Equally, we rolled out Personio, our new human resources personnel software, this year. The new system is designed to bring our global teams closer together, enhance our ability to collect data, and monitor and report on vital social indicators such as team diversity.

We also continued to offer a range of well-being programmes throughout the Company that were designed to uphold our employees' mental and physical health. For example, our annual Health Week aimed at promoting healthy habits and positive lifestyles, while we also supported World Mental Health Day.

We developed a social standard for a number of our distribution centres in Poland in 2023 to define our minimum commitments to our workers. The new standard covers our expectations regarding recruitment, working hours, occupational health and safety, remuneration, working conditions and employee benefits, among other things.

We also continued to offer insight sessions and workshops to our employees in the reporting period with the goal of enhancing their skills and engagement. All in all, 22 internal insight sessions were held over the year. Topics ranged from project management, personal development plans and women in leadership to strategic plans for key Westwing business activities.

Our Westwing Academy, which is located at our European Logistics Centre in Poland, is a comprehensive programme focused on avoiding accidents, promoting leadership skills and giving practical tips for handling materials. This year, we developed a number of workshops on leadership skills for our shop-floor leaders, covering themes such as building a positive feedback culture and being assertive.

A total of 143 team members took part in our Social Impact Day during the reporting period, supporting 14 projects with around 640 hours of volunteering while a further 31 employees used their individual volunteering days to contribute to the local community. Volunteering activities included giving IT training to underprivileged pupils, visiting a youth group addressing diversity topics, distributing food at a food bank, collecting waste and volunteering at residential care homes.

We replaced our employee Pulse Checks with Officevibe in 2023. Officevibe is our people-first team experience platform; it ensures that our employees are able to share feedback, as well as to show appreciation to their teammates. It is also another step towards a 360° performance review system, since it allows different types of feedback to be analysed and reported. The average results for 2023 reveal high overall satisfaction with working at Westwing, with 87% of all team members rating Westwing either strongly favourably, favourably or neutral.[46] This means that we again achieved our goal 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 programmes, measures and management systems targeting fair and safe work practices. Systematic tracking of quantitative statements on the existence of programmes addressing working conditions will be introduced in the coming years, in line with the priorities set out in our internal sustainability road map.

Please see the “Supplier Impact” section for information on the challenges facing us in our supply chain.

Outlook for 2024
Westwing Employees: We plan to continue development of our MyCareer programme. We want to empower leaders to monitor and manage performance in their teams, and to help them manage change and grow new businesses. Finally, we are planning to increase our focus on internal talent management and hence to give team members better opportunities to grow internally. In particular, we have increased our learning and development budget for 2024 so as to provide more projects and initiatives for our employees.

Westwing Collection Suppliers: Please see the “Supplier Impact” section for 2024 plans.

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.

46 The 2023 results cannot be compared with the 2022 results due to changes in the calculation methodology (where neutral answers were not included previously) and the switch of reporting software from Pulse Check to Office Vibe.

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, with the support of the Corporate Sustainability team. The latter is responsible for handling all disclosures required for 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 Labelling Approach

In 2023, we renamed our "Sustainable" label to the WE CARE label in both our Shop and our Club, reflecting market concerns around the labelling of products with sustainability features. The label is accompanied by an individual explanation for each product, enhancing transparency for our customers. A sustainability filter helps customers select products with the WE CARE label. This change in labelling aims to improve transparency, ensure consistency and prevent greenwashing.

Our Sustainability Labelling Guidelines, which include more than 50 independent certification schemes (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 can be awarded the WE CARE 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 licence number and certifying body may be supplied. Information provided by suppliers is validated by performing random checks and by asking for proof of claims such as transaction certificates or Better Cotton Claim Unit transfers in the case of BSCI, and is assessed against our guidelines. Products are labelled as WE CARE when their material attributes or the certificates available for them match those included in our Sustainability Labelling Guidelines.

Other successes in the past year were the publication of our second standalone Sustainability Report in March 2023, the relaunch of the sustainability section of our corporate homepage and the publication of multiple news articles relating to sustainability on our website and on social media. A Sustainable Communication Strategy was also developed this year which puts a focus on sustainability in our external communications with customers and business partners.

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 works 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 2023

One of the main goals of our Sustainability Strategy is to help customers include sustainability in their purchasing decisions by appropriately labelling our sustainable offering online. At the end of 2023, 48% of Westwing Collection portfolio products had been identified as WE CARE, while over 5% of our third-party Shop products were also labelled as such. Labelling of third-party products largely depends on suppliers' ability and willingness to provide and substantiate any sustainability claims, and obtaining the necessary information involves a challenging amount of effort for Westwing.

We consider ESG ratings to be a valuable vehicle for tracking and communicating our ESG efforts and progress. In 2023, we carefully prioritised the ESG ratings we actively participate in. We will reevaluate our approach annually in light of our stakeholders' information needs. Our latest scores and rankings are C- in the ISS ESG Corporate Rating (putting us in the top three decile rank, i.e. the top 30% of our industry) for 2021, AAA (on a scale of AAA–CCC) in the MSCI ESG Ratings assessment (no change compared to 2022) and 37 (out of 100) in the 2023 S&P Global Corporate Sustainability Assessment (putting us in the 92nd percentile in the RTS Retailing industry category) – an improvement compared to 2022 (29 points, 85th percentile) Westwing considers that the results reflect its efforts in improving its environmental, social, and governance performance. Westwing plans to use these results, as along with peer benchmarking and other resources, to guide further improvements.

Outlook for 2024

We are aiming to implement our Sustainable Communications Strategy in 2024 and to gradually transition to more proactive communication on sustainability matters with our stakeholders. We will leverage our marketing expertise and communication channels to showcase a variety of sustainable choices for our customers. We will focus our efforts on ensuring that all our communications are credible, consistent and trustworthy, reflecting the reputational risks associated with sustainability marketing, and heightened regulatory scrutiny, consumer awareness and demands for transparency.

In addition, we plan to continue engaging with rating agencies and identifying relevant improvement opportunities in 2024.

INTEGRITY AND LEGAL COMPLIANCE

Management Approach

Westwing and its management attach great importance to doing business with integrity and in line with all applicable laws and regulations, plus our Company guidelines and policies. Our employees' integrity and responsible behaviour are the basis for Westwing's good business reputation.

The Legal department, in collaboration with Westwing's management, promotes legal compliance throughout the organisation. It engages with all team area leads to foster a culture of compliance. A digital policy management tool and mandatory training courses have been implemented to support this initiative, facilitating employee training and results monitoring. Face-to-face training supplements the digital tool as needed.

Clear guidance is provided to employees in day-to-day business operations in the form of concrete project interactions, handouts and guidelines. The Legal department collaborates closely with other teams such as GRC, P&C, IT Security and Sustainability to continually enhance compliance with all relevant regulations. The VP Legal is a member of the Policy SteerCo, which assesses new policy business needs, reviews content and oversees training.

All new policies or relevant updates are subject to approval by Westwing Group SE's Management Board. Reporting directly to the CFO, the VP Legal also updates the Supervisory Board's Audit Committee as needed on the status of compliance training and the legal compliance road map.

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

Westwing has a zero tolerance approach to bribery and corruption.

The Company´s whistle-blower channel[47] can be used by employees and external stakeholders to report potential violations of laws and policies and/or unethical behaviour, as well as to raise issues relating to a variety of sustainability matters.

Data Protection and Information Security

Westwing and its management consider ensuring the protection and security of personal data to be crucial. As an e-commerce-based Home & Living business, Westwing receives and handles a large amount of data, something that requires both a high level of diligence and technical and organisational risk mitigation measures.

Data protection has become a key issue in recent years in the wake of the European Union's General Data Protection Regulation (GDPR), and is a top priority for the Legal Compliance and IT Security teams. In addition to our in-house functions, we have appointed an external data protection officer who helps ensure that we operate in accordance with all relevant data protection laws.

Our Legal and IT Security teams work together with the business teams to define data protection and IT security rules and procedures. Among other things, these aim to ensure that all personal data handled by Westwing is secure and protected in line with all applicable data protection laws. Measures taken include implementing the technical and organisational measures set out in Article 32 of the GDPR so as to achieve the required level of data security and data protection compliance. In addition, employees are regularly made aware of the risks that could 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.

Westwing's information security management system (ISMS) goes beyond these guidelines and policies to cover all aspects of the information technology in use, including our IT systems and associated facilities and processes. The ISMS sets out the rules to be followed by all users of Westwing's IT resources. These include how to handle both security incidents and personal, business, internal or sensitive data, and are aimed at ensuring the security of Westwing's network. Compliance with our ISMS is a requirement for accessing and sharing information within Westwing. Our Policy Manager tool is used to provide obligatory IT security training to Westwing employees and was rolled out to Westwing's European countries in 2023. In addition, mandatory IT security training is given in face-to-face or virtual formats when onboarding new employees. We also have procedures in place to investigate all cases of IT policy violations and/or data breaches, and for disciplinary action if necessary.

IT security and cybersecurity topics are regularly discussed at Management Board level, as well as within the Supervisory Board and its Audit Committee. This was particularly relevant in 2023 when the technical shift to a SaaS provider was analysed.

Anti-corruption

The Company has 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 all Westwing staff, including management. The policy outlines acceptable and unacceptable behaviour so as to facilitate compliance with the relevant laws. It also provides clear guidance to managers and employees on how to avoid improper payments, gifts, invitations and inducements of any kind. Employees requiring support can consult their supervisor and the Legal team. In the case of a potential corruption incident, the Compliance team analyses the facts, provides advice and arranges for follow-up actions. The Management Board and/or the Supervisory Board are informed where necessary.

47 https://whistleblowersoftware.com/secure/9462f523-87d8-4c63-a532-8fa73df64efe/new

Westwing also expects a zero tolerance approach to bribery and corruption from its suppliers. In line with this, it has included anti-corruption in the Westwing Private Label Supplier Code of Conduct and the Business Partner Code of Conduct, which is directed at third parties with which Westwing does business.

We did not become aware of any cases of corruption and bribery at Westwing in 2023.

We did not make any political contributions during the reporting period.

Key Achievements in 2023

Westwing rolled out its digital Policy Manager tool in 2023, which is currently managed by the P&C teams in the various countries in collaboration with Westwing's Legal department. Several new policies and guidelines were also introduced at headquarters, including a Human Rights Policy and a Secrecy Policy. Existing policies – encompassing mandatory training courses and guidelines such as the Code of Conduct and the Health and Safety and Anti-corruption policies – can be accessed via the digital policy manager. These policies were updated as needed; for example, the Travel policy was revised, a sanctions clause was included in the Codes of Conduct and the IT training documentation was reworked to reflect the new technical standards and considerations relating to the use of AI. Employees can access the latest versions of these policies on Westwing's intranet and via the digital Policy Manager.

The tool also facilitates digital monitoring of training rates, with the results being reported to team leads and Board members. In addition to formal policies, a number of compliance processes such as materials on non-disclosure agreements and powers of attorney (including the 4 eyes principle) were shared on Westwing's intranet for easy accessibility. A Compliance Manual was launched and face-to-face compliance training sessions covering topics such as customer, civil and antitrust law, and intellectual property rights were conducted by the Legal team. A dedicated session was also organised for blue-collar workers at Westwing's delivery service.

A number of compliance awareness measures were implemented in the course of 2023, including measures aimed at senior leadership and all-hands sessions, and office screen/workplace posts. In addition, internal Artificial Intelligence (AI) Usage Guidelines were introduced with the objective of establishing secure and ethical AI practices in the workplace. These require Westwing employees to use AI systems responsibly and to avoid actions that could harm others, violate privacy, or facilitate illegal or malicious activities. Among other provisions, the guidelines strictly prohibit general uploading of personal or confidential data to AI tools.

An information security road map outlining improvement measures for the period up to 2024 was also developed, along with a series of new IT security guidelines and policies. Westwing complies with the ISO 27000 framework, which serves as a guiding principle for its information security activities.

Outlook for 2024

Our aim in 2024 is to further enhance our compliance awareness using a Company-wide "Compliance Campaign", which will include a Compliance Week and other interactions with Westwing´s employees. The objective is to raise further awareness of the policies and of the importance of ethical behaviour. Westwing will also continue improving its compliance (risk) management systems, reviewing policies and tracking upcoming regulations appropriately. We are also planning to continue our work on new standards and processes. Focus areas will include ensuring compliant tech transformation as Westwing moves to its new SaaS platform and implementing the requirements of the CSRD.

EU TAXONOMY REGULATION

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

Our Activities

Climate Change Objectives

In 2022, Westwing performed a detailed review of the climate change-related economic activities listed in the Taxonomy Regulation and supplementary legislation, and mapped potential sustainable business activities to its business model. After screening for macrosector applicability in relation to the two environmental objectives of climate change mitigation and climate change adaptation, the Corporate Sustainability department reviewed all Taxonomy activities for their potential applicability to Westwing. Longlisted activities were investigated further and their eligibility discussed with multiple Executive team members and senior Westwing employees. As a result, two climate change mitigation[48] activities were identified as relevant for reporting:

- Activity 7.7 Acquisition and ownership of buildings (in relation to CapEx)

- Activity 8.1 Data processing, hosting and related activities (in relation to OpEx)

In 2023, the Corporate Sustainability team, in collaboration with the Finance team, conducted a reassessment of the shortlisted climate change-related economic activities, including the activities that were newly introduced by the amended Delegated Act on climate change mitigation and adaptation[49]. Following a thorough assessment and discussions involving the Chief Financial Officer, the same two activities, 7.7 (in relation to CapEx) and 8.1 (in relation to OpEx), are defined as relevant for eligibility[50]. In relation to turnover no activities were identified as taxonomy-eligible.

In 2023, leasing of assets such as office buildings and warehouses (7.7. Acquisition and ownership of buildings) accounted for EUR 3.3m, or 38% of total capital expenditure (2022: EUR 5m or 24%). Our expenses on cloud services (Activity 8.1 Data processing, hosting and related activities) accounted for EUR 1.8m, or 1.3% of operational expenditure (2022: EUR 2.5m or 5.7%).

It was not possible to claim Taxonomy alignment for the two activities due to our current inability to comply with all substantial contribution, does not significantly harm and minimum safeguards criteria. The Corporate Sustainability team will continue to explore the possibility of claiming alignment at a future point in time.

Environmental Objectives

In 2023, economic activities including technical screening criteria for the four other environmental objectives (the sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) were released in the form of the Environmental Delegated Act supplementing the EU Taxonomy Regulation. Westwing's Corporate Sustainability team conducted a comprehensive screening of all activities linked to these objectives and mapped them to the Company's business activities. Following discussions with the relevant departments and senior leaders, including the Chief Financial Officer, no activities were defined as being eligible for Westwing. The Corporate Sustainability team will continue to explore the possibility of claiming eligibility and alignment of activities within environmental objectives at a future point in time.

48 As outlined in Commission Delegated Regulation (EU) 2021/2139.

49 Amendments to Annexes I and II to Delegated Regulation (EU) 2021/2139 (27 June 2023).

50 For Westwing these activities are not eligible as climate change adaptation activities are not considered enabling under climate change adaptation objective, thus, no turnover, CapEx and OpEx can be associated with these activities as eligible.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year 2023		Year 2023		Substantial contribution criteria					
Economic activities (1)	Code (2)	Turnover, year 2023 (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (taxonomy-aligned)		0	0%	0%	0%	0%	0%	0%	0%
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%
Of which enabling			0%	0%	0%	0%	0%	0%	0%
Of which transitional			0%	0%					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
A. Turnover of taxonomy eligible activities (A.1 + A.2)		0	0%	0%	0%	0%	0%	0%	0%
B. Taxonomy-non-eligible activities									
Turnover of taxonomy non-eligible activities		428.6	100%						
Total		428.6	100%						

DNSH criteria ("Does not significantly harm")									
Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A2) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		
N	N	N	N	N	N	N	0%		
N	N	N	N	N	N	N	0%		
N	N	N	N	N	N	N	0%		
							0%		
							0%		

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year 2023	Year 2023			Substantial contribution criteria					
Economic activities (1)	Code (2)	CapEx, year 2023 (3)	Proportion of CapEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (Taxonomy-aligned)		0	0%	0%	0%	0%	0%	0%	0%
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	N
Of which Enabling			0%	0%	0%	0%	0%	0%	N
Of which Transitional			0%	0%					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Acquisition and ownership of buildings	7.7	3.3	38%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3.3	38%	38%	0%	0%	0%	0%	0%
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		3.3	38%	38%	0%	0%	0%	0%	0%
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		5.4	62%						
Total		8.7	100%						

DNSH criteria ("Does not significantly harm")									
Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A2) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		
N	N	N	N	N	N	N	0%		
N	N	N	N	N	N	N	0%		
N	N	N	N	N	N	N	0%		
							24%		
							24%		
							24%		

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year 2023	Year 2023			Substantial contribution criteria					
Economic activities (1)	Code (2)	OpEx, year 2023 (3)	Proportion of OpEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1. Environmentally sustainable activities (Taxonomy-aligned)		0	0%	0%	0%	0%	0%	0%	0%
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%
Of which Enabling			0%	0%	0%	0%	0%	0%	0%
Of which Transitional			0%	0%					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Data processing, hosting and related activities	8.1	1.8	1.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.8	1.3%	1.3%	0%	0%	0%	0%	0%
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		1.8	1.3%	1.3%	0%	0%	0%	0%	0%
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		136.2	98.7%						
Total		138.0	100%						

DNSH criteria ("Does not significantly harm")									
Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A2) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		
N	N	N	N	N	N	N	0%		
N	N	N	N	N	N	N	0%		
N	N	N	N	N	N	N	0%		
							5.7%		
							5.7%		
							5.7%		

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Our KPIs

The calculation methodology for the KPIs reported in this section did not change compared to the previous year. All KPIs are calculated at Group level.

We will closely track and evaluate future developments to the Taxonomy Regulation going forward, and will adapt our reporting as necessary. In the meantime, we will continue to concentrate on delivering on our Sustainability Strategy and on implementing sustainability-centred 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). Please see section 2.5. of the Notes to the Consolidated Financial Statements for further details on the accounting policies used with our consolidated net revenue. 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.

Our CapEx KPI is defined as our Taxonomy-eligible and Taxonomy-aligned CapEx divided by our total CapEx. Total CapEx comprises additions to tangible and intangible fixed assets including right-of-use assets during the financial year before depreciation, amortisation and any remeasurements (including those resulting from revaluations and impairments), but excluding changes in fair value. Our total CapEx can be reconciled to our consolidated financial statements; see Notes 12 and 13 in the Notes to the Consolidated Financial Statements.

Our OpEx KPI is defined according to subsection 1.1.3.1 of Annex I of Delegated Regulation (EU) 2021/2178 as our Taxonomy-eligible and Taxonomy-aligned OpEx divided by our total operating expenses. Operating expenses consist of direct non-capitalised costs relating to research and development, short-term leases, maintenance and repairs.

Our corporate accounting policies ensure the avoidance of double-counting by clearly allocating the amounts of Taxonomy aligned turnover, CapEx and OpEx in the numerator of the relevant KPIs.

5. REPORT ON POST-BALANCE SHEET DATE EVENTS

The following events occurring after the end of the 2023 financial year will have an impact on Westwing's future financial performance, financial position, and cash flows.

On 16 January 2024, the Company internally announced that it will centralise large parts of the business functions currently located in Italy and Spain. Going forward, customers in these countries will mostly be served from our Munich and Warsaw offices in terms of Westwing's offering, and from the logistics hub in Poland regarding deliveries. Westwing will close its warehouses in Italy and Spain and review its local office setup. The restructuring measures will take place in the coming months.

6. REPORT ON OPPORTUNITIES AND RISKS

Westwing's philosophy is to generate profitable growth and create shareholder value while managing risks and opportunities in a due and proper manner. It considers risk management to be 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 its 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 twice a year. Workshops are held with the operating and corporate functions at the year-end to gather information on existing and potential risks that have been identified both locally and globally. This information is then analysed to determine whether the risks identified still exist and whether they have been correctly assessed. Risk documentation is continuously updated and summarised.

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 implemented internal financial reporting controls in previous years as part of its internal control system.

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 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.

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 taken into account).

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 risks 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	
Very high	**> EUR 10.0m**	A **severely damaging negative** effect on the Company's business activities, financial position, profitability or cash flows
High	**> EUR 5.0m**	A **substantial negative** effect on the Company's business activities, financial position, profitability or cash flows
Medium	**> EUR 2.0m**	A **certain negative** effect on the Company's business activities, financial position, profitability or cash flows
Low	**> EUR 0.5m**	A **limited negative** effect on the Company's business activities, financial position, profitability or cash flows
Very low	**> EUR 0.2m**	An **insignificant negative** effect on the Company's business activities, financial position, profitability or cash flows

All risks are evaluated before and after applying mitigation measures, i.e. gross and net. In addition, an aggregated risk assessment is performed to evaluate the combined impact of the full risk register for the most important 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 visualised 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					
Very high (> EUR 10m)	MODERATE	HIGH	HIGH	VERY HIGH	EXTREME
High (> EUR 5m)	LOW	MODERATE	HIGH	VERY HIGH	VERY HIGH
Medium (> EUR 2m)	LOW	MODERATE	MODERATE	HIGH	HIGH
Low (> EUR 0.5m)	LOW	LOW	MODERATE	MODERATE	HIGH
Very low (> EUR 0.2m)	LOW	LOW	LOW	LOW	MODERATE

This risk matrix facilitates the comparison of relative risk priorities and enhances transparency on 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 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[51]

Our Internal Control System (ICS) and Risk Management System (RMS) cover 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 also covered and are updated continuously on the basis of the regulatory requirements.

Our ICS and RMS are based on the globally accepted COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). This 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. Additional information on the risk management system is provided in section 6.1.

The Management Board evaluates the adequacy and effectiveness of the ICS and RMS at the end of each financial year. This evaluation is based primarily on the Annual GRC report, which is submitted to the Management Board by the Director Group Accounting & GRC, and on the regular meetings of the GRC function with the management during the year. The GRC report summarises the key elements of the Westwing Group's ICS and RMS and the activities undertaken to review its adequacy and effectiveness during the year, and reports any critical control weaknesses identified during these activities. The report also comes to an overall conclusion about the adequacy and effectiveness of the ICS and RMS. Based on this, the Management Board has no indication that the ICS or RMS were not adequate or effective as at 31 December 2023.

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

The Audit Committee established by Westwing Group SE's Supervisory Board is also involved in our control system. It oversees the GRC function and the effectiveness of the ICS, the RMS and the Internal Audit function. The Audit Committee is provided with the information contained in the Annual GRC report, ensuring that it is informed of the effectiveness of the ICS and RMS.

51 The disclosures in this section are not part of the management report and were not included in PWC's audit.

6.5 Risk Report

There was no significant structural change year on 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. However, our risk assessment identified shifts in the key risks the Company is facing as a result of internal and external developments.

Based on the current assessment, no risks were identified that could threaten the Westwing Group's status as a going concern. The report below summarises and presents the key risks for Westwing, based on the most recent risk management assessments performed. All risks are presented on a net basis, i.e. after all mitigation measures have been applied. No risks are currently assessed as "extreme". This assessment applies to both the DACH and the International segments.

6.5.1 STRATEGIC RISKS

External Political Influences (2023: Very High; 2022: High)

The escalation of global uncertainty initially stemmed from the war between Russia and Ukraine in 2022. As an international company with its main warehouses located in Poland and several suppliers in Eastern Europe, Westwing is exposed to risk should the conflict spread to other Eastern European countries.

2023 also saw other noteworthy political tensions throughout the world, including those caused by the conflicts in the Middle East since October 2023. General global political instability affects all Westwing stakeholders. As many of Westwing's sourcing operations are based in Asia, additional confrontations in the Red Sea or a conflict between China and Taiwan could disrupt our supply chains and potentially affect the Company's revenue.

The management team and the GRC team monitor the current political situation in the world and the countries affected, and how this impacts the Group's business activity. This enables them to react quickly and take appropriate strategic decisions if needed.

Weaker Consumer Sentiment in Home & Living (2023: High; 2022: High)

2023 again saw weak overall consumer sentiment that negatively influenced consumer spending on Home & Living. Our current outlook for 2024 is also extremely cautious. Many factors are impacting consumer sentiment, including the decline in purchasing power, negative economic trends such as a drop in GDP growth, and shifts in customer behaviour regarding other goods or services such as travel.

The Management Board adresses this risk by continuously monitoring and evaluating the triggers influencing consumer sentiment and its possible impact on the Home & Living market. We implemented significant cost reductions in our general and administrative expenses and capital expenditure over the past period to reflect the weak environment. At the same time, we increased our marketing spend on brand awareness campaigns so as to improve our top line. We also refreshed our corporate identity for the first time since Westwing was founded 12 years ago.

Acquisition of Brands for Club Sales (2023: High; 2022: High)
Our Club sales rely on a constantly changing brand line-up. The current market situation has made it more difficult to acquire new brands in this area. Over the past years, we have experienced partial brand losses for a number of reasons, including stronger brand positioning with a focus on the brands' own e-commerce platforms. Additionally, Westwing's premiumisation strategy means we have higher requirements for third-party brands. This poses a risk to future GMV growth, since it could make our product range insufficiently varied, diverse and attractive for daily themes.

To mitigate this risk, management increased its involvement in supplier acquisition over recent periods. We have systematically improved and strengthened our brand buying teams, which focus on brand and product acquisition.

6.5.2 IT RISKS

Errors and Delays in Executing Technology Changes (2023: High; 2022: Moderate)
In 2023, the Management Board decided to migrate from our proprietary e-commerce platform to a largely SaaS-based solution. This will shorten development times and lower our general and administrative expenses from 2025 onwards. This project represents a fundamental change as against our current technology set-up. Errors or delays during the execution process could result in financial losses if the project were not finalised in time.

Westwing has an experienced technology team that has developed a detailed transformation plan with the support of experienced external experts, and has introduced effective project governance. The roll-out has been planned in such a way that countries or regions will go live sequentially. This reduces the potential impact of errors, which would most likely only impact business in one country. In addition, the DACH region, as our most important segment, shall migrate to the new platform after other countries have been migrated successfully.

Cybersecurity and IT Infrastructure Threats (2023: High; 2022: High)
We have invested considerable funds and internal resources in building and updating our IT platform and our IT infrastructure in recent years. However, we assess cybersecurity risk as high, primarily due to a significantly increased level of cybercrime around the globe. This has reached historically high levels with many indicators showing that the problem is getting even worse.

Threats such as unauthorised logical access (whether internal or external) could disrupt vital internal tools or customer-facing applications.

Westwing's skilled technology team includes IT security experts, allowing us to constantly monitor, develop and improve our internal IT infrastructure. No limiting events occurred in 2023. Westwing will maintain and enhance its security standards to preserve a safe IT environment throughout the Group in 2024.

6.6 High Impact, Low Probability Risks

Warehouse Incidents

As part of the centralisation of large parts of our Italian and Spanish operations in 2024, warehouse operations in both countries will be relocated to Westwing's main logistics hub in Poznan, Poland. Westwing will also close its warehouse in Warsaw, Poland. This leads to cluster risk, since all Group inventory will be stored at a single location. Consequences are the greater potential impact of material inventory loss and financial loss in the case of fire or other warehouse incidents causing downtime to warehouse operations.

Westwing is mitigating this risk by investing significantly to improve safety measures at our warehouse and improving our current processes. In addition, we are using drop shipments, i.e. shipping from suppliers directly to customers.

6.7 Changes in the Risk Situation

Overall, Westwing slightly decreased its risk exposure in 2023 by extending its mitigation measures and enhancing existing 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 higher in the 2022 Annual Report than in 2023, or vice versa. Reductions in risk are mainly due to the results of the marketing strategy change last year and the implementation of additional effective mitigation measures. Increases relate to the internal strategic decision to switch to a new e-commerce strategy with a new SaaS platform.

Risk	2023	2022
OPERATIONAL RISKS		
Errors and delays in execution of technology change	High	Moderate
STRATEGIC RISKS		
External political influences	Very High	High
Execution of our new marketing strategy	Low	High
Increased competition and margin pressure	Moderate	High

Overall Risk Assessment by the Management Board

Management is satisfied that no going-concern risks existed for the Company in 2023. At present, it does not see any individual risks or bundles of risks that threaten the Company's continued existence as a going concern in 2024. Management believes that it has taken all necessary precautions to address existing risks and reduce their possible impact.

6.8 Report on Opportunities

While Westwing faces a number of risks, the Company also has a number of 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. The list was extended in 2023 to include the use of artificial intelligence (AI).

Brand Awareness and New Customer Segments

Management sees Westwing's strong premium brand, brand perception and brand awareness as key factors in its long-term success. Retailer brands are very important in Home & Living, unlike in other industries such as fashion where the customer focus is primarily on supplier brands. Westwing presents itself as a premium brand that values quality, style and inspiration, and that conveys confidence, trust and personality to its customers. This is achieved by organic marketing such as a strong social media presence, by focusing on high-quality content creation and by carefully selected marketing initiatives.

We unveiled a new corporate identity and launched a brand awareness campaign in the second half of 2023. We are confident that Westwing's strong position as a Home & Living brand, combined with enhanced brand awareness, can help us reach new customer segments that will drive the Company's growth.

Country Expansion and New Sales Channels

Westwing is preparing to expand into a new country by launching its Shop business in Portugal in 2024. This is the Company's first country expansion for several years and has the potential to add additional revenue. The experiences and lessons learned from this new business might also lead to additional country launches, further driving Westwing's growth.

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 they need to make their homes more beautiful. A team of experts is available to advise them on site. Our plans to expand into more cities in 2024 offer opportunities for growth, brand awareness and customer satisfaction.

In addition, Westwing continuously searches for growth potential in other sales channels such as business-to-business, and builds partnerships with other retailers.

Westwing Collection

In recent years, Westwing substantially expanded its Westwing Collection, with the share of our product offering reaching an all-time high of 47% of Group GMV in 2023. These internally designed products enable us to present a curated and well-rounded assortment on our website that perfectly matches both our premium brand and our customers' tastes. Together with the higher margins that it offers, the Westwing Collection also serves as a competitive advantage. We are planning to substantially expand our Westwing Collection once again in 2024.

Improved Negotiating Position with Suppliers

Weaker consumer sentiment means many factories around the world are facing lower customer order volumes for 2024. This puts Westwing in a better negotiating position with the suppliers for our rapidly growing Westwing Collection. In addition, our buying team can decrease our costs of goods sold as we grow our sales volume, especially for our Westwing Collection products.

Use of Artificial Intelligence (AI) and Automation

The integration of AI is changing a number of industries. For example, AI-driven tools can generate high-quality visuals and texts in the areas of graphic design, content creation and product management. This can lead to cost savings and operational efficiencies, as fewer employees are required.

At Westwing, we are constantly reviewing our processes and actively seeking opportunities for automation. This can enhance our efficiency, speed up operations and reduce our costs.

7. OUTLOOK

7.1 Future Macroeconomic and Sector-specific Environment

The global economy continued to face some tough challenges in 2023 and the outlook for 2024 does not imply a rapid recovery. Geopolitical crises such as the ongoing war in Ukraine and the escalating situation in the Middle East will very probably continue to destabilise the global economy. Additionally, the economic recovery following the COVID-19 pandemic is progressing more slowly than initially anticipated. Based on current assumptions, a full recovery in global output to its pre-pandemic trend is not expected in the medium term.[52]

On the positive side, the inflation rates that the world has seen in the last two years – the highest in a decade – are expected to slow in 2024. Equally, the currently extremely tight monetary policies imposed by central banks over the world are likely to become less restrictive in 2024, offering some relief. However, it could take at least until 2025 before inflation returns to target in most economies.[53]

According to the IMF, global consumer price inflation is expected to ease to 5.8% in 2024. However, advanced economies are predicted to see moderate inflation of 2.6%.[54]

Global GDP growth in 2024 is predicted to stagnate and remain at the 2023 level of 3.1%. Advanced economies in particular will suffer, with overall GDP growth expected to be only 1.5% in 2024. The impact in Germany, Westwing's largest market, will be especially severe, with the IMF forecasting annual GDP growth of only 0.5% for 2024.[55]

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 apart from the restructuring relating to the centralisation of our business functions and warehouses, and the strategy change regarding the Company's front-end and back-end software solutions.

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

For 2024, 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. At the same time, we will implement the technology strategy change and the restructuring in Italy and Spain as efficiently and smoothly as possible without impacting our revenue.

We are forecasting total revenue for 2024 of between EUR 415m and EUR 445m, with growth of – 3% to + 4% and an Adjusted EBITDA between EUR 14m and EUR 24m. The Adjusted EBITDA margin will be in the range of 3% to 5%. While we expect both segments to see similar revenue trends, we are assuming that the DACH segment will achieve a slightly more positive Adjusted EBITDA margin.

52 International Monetary Fund: World Economic Outlook Database October 2023; p.18.
53 International Monetary Fund: World Economic Outlook Database October 2023; p.17.
54 International Monetary Fund: World Economic Outlook Database January 2024; p.6.
55 International Monetary Fund: World Economic Outlook Database January 2024; p.6.

This forecast has been made at a time of persistently high uncertainty regarding consumer sentiment, inflation and geopolitical developments. It assumes that there will be no further deterioration compared to what has already been seen over the rest of 2024.

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 and the operating result, which is defined as earnings before financial result, depreciation, amortisation and taxes.

8.1 Westwing Group SE's Financial Performance

EURm	2023	2022
Revenue	**86.2**	**70.0**
Own work capitalised	3.7	9.6
Other operating income	0.7	0.3
Gross profit	**90.6**	**79.9**
Cost of materials	– 35.3	– 32.2
Personnel expenses	– 28.6	– 34.1
Depreciation, amortisation and write-downs of tangible fixed assets and intangible assets	– 7.9	– 7.3
Other operating expenses	– 73.2	– 35.3
Operating result	**– 54.3**	**– 29.0**
Income from loans held as financial assets	2.6	3.9
Interest and similar income	1.0	0.0
Write-downs on long-term financial assets	– 79.4	0.0
Write-ups of long-term financial assets	68.4	0.0
Income (expenses) from profit transfer (loss transfer)	0.7	– 0.6
Interest and similar expenses	– 0.1	– 0.3
Financial result	**– 6.8**	**3.0**
Taxes on income	– 0.2	– 0.3
Result after tax	**– 61.3**	**– 26.3**

Revenue at Westwing Group SE increased from EUR 70.0m in 2022 to EUR 86.2m in 2023, a year-on-year revenue growth rate of 23.1%. This was mainly due to the Group's more effective marketing structure in 2023 and to its website integration ("OneWestwing"). This resulted in more services being provided by Westwing Group SE to affiliates than in the previous year.

Own work capitalised decreased by 61.4% to EUR 3.7m (2022: EUR 9.6m) as a result of the Company's cost savings and the associated new technology set-up. Other operating income increased to EUR 0.7m in 2023 (2022: EUR 0.3m).

Personnel expenses declined by EUR 5.6m, primarily because of the smaller number of employees. Share-based payment expenses increased to EUR 0.8m (2022: EUR 0.2m) due to the extension of the 2022 equity compensation package (ECP 2022), which also applied for a whole year for the first time.

The cost of materials, which comprises the cost of purchased services only, was EUR 35.3m (2022: EUR 32.2m). This year on year increase was driven by a higher marketing spend that became necessary due to the change in the Group's marketing strategy, including its recently unveiled refreshed corporate identity.

The increase in other operating expenses is due to the capital increase at a subsidiary amounting to EUR 44.2m. A write-up on loans was recognised in nearly the same amount for this matter, meaning that the amount was not taken into account when determining the operating result used for management purposes.

All in all, an adjusted operating loss of EUR −2.3m before financial result, depreciation, amortisation and taxes was incurred in 2023 (2022: EUR −21.7m).

The financial result of EUR −6.8m (2022: EUR 3.0m) is primarily impacted by impairments on loans to and shares in affiliates of EUR 79.4m, thereof EUR 57.6m relate to impairment losses that became necessary due to the centralisation of business functions formerly located in Italy and Spain. These were partly offset by a write-up of loans to affiliates of EUR 68.4m. In addition, the financial result includes income from loans held as financial assets of EUR 2.6m (2022: EUR 3.9m), interest and similar income of EUR 1.0m (2022: EUR 0.0m) and interest and similar expenses of EUR 0.1m (2022: EUR 0.3m). Interest and similar income primarily consist of interest income from fixed deposits of EUR 1.0m.

8.2 Changes in Westwing Group SE's Financial Position

Westwing Group SE had cash and cash equivalents of EUR 3.1m as at 31 December 2023 (31 December 2022: EUR 38.6m). This does not include a fixed-term deposit with a notice period of three months in the amount of EUR 10.0m.

The changes in the cash and cash equivalents item were as follows:

In 2023, the Company financed operations at its subsidiaries by extending loans of EUR 10.8m (2022: EUR 37.1m). These loans are deemed to be long-term from an economic perspective but are short-term for legal purposes. In addition, a capital increase of EUR 44.2m was implemented at one of the subholdings.

Loan receivables from affiliates and interest amounting to EUR 50.5m were paid in 2023 (2022: EUR 41.5m).

Investments in tangible and intangible assets amounted to EUR 4.0m in the 2023 financial year (2022: EUR 11.2m).

Repayments of supplier finance arrangements resulted in a cash outflow of EUR 4.0m, while releases of rental deposits led to a cash inflow of EUR 0.5m. Interest income from fixed deposits resulted in a cash inflow of EUR 1.0m.

Cash outflows of EUR 3.7m related to the purchase of treasury shares.

Investments in a fixed-term deposit with a notice period of three months totalled EUR 10.0m.

Westwing Group SE ensured that sufficient liquid funds were available at all times to conduct 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 31 December 2025. Westwing Group SE has always met its payment obligations.

8.3 Net Assets of Westwing Group SE

EURm	31 Dec. 2023	31 Dec.2022
Assets		
Non-current assets		
Intangible assets	19.2	23.2
Tangible fixed assets	2.0	3.1
Long-term financial assets	98.7	147.4
Total non-current assets	**119.9**	**173.8**
Current assets		
Receivables and other assets	47.1	23.4
Cash and cash equivalents	3.1	38.6
Total current assets	**50.2**	**62.0**
Prepaid expenses	1.3	2.1
Total assets	**171.5**	**237.9**
Equity and liabilities		
Equity		
Share capital	20.9	20.9
Treasury shares	– 0.8	– 0.4
Issued capital	**20.1**	**20.5**
Capital reserves	345.1	348.4
Accumulated losses	– 217.5	–156.3
Total equity	**147.7**	**212.7**
Liabilities		
Provisions	11.8	10.8
Trade payables and other liabilities	11.9	14.3
Deferred income	0.1	0.1
Total equity and liabilities	**171.5**	**237.9**

Total assets as at 31 December 2023 amounted to EUR 171.5m, a decrease of EUR 66.4m compared to the previous year (31 December 2022: EUR 237.9m). This change was mainly driven by lower long-term financial assets and a decrease in cash and cash equivalents, which were partly offset by increased receivables and other assets.

Intangible assets consisted of both purchased and internally developed software in financial year 2023. The net carrying amount decreased by EUR 4.0m to EUR 19.2m (31 December 2022: EUR 23.2m). This was due to the fact that the capitalisation of software development expenses of EUR 3.8m was more than offset by amortisation of EUR 6.5m and disposals of EUR 1.3m. Tangible fixed assets decreased to EUR 2.0m (31 December 2022: EUR 3.1m), mainly because of depreciation.

Investments in subsidiaries decreased and amounted to EUR 13.0m in 2023 (31 December 2022: EUR 15.4m). This reduction was in particular due to the EUR 2.0m write-down of shares following the decision to centralise business functions and warehouse sin Spain and Italy.

Loans extended to subsidiaries reported under long-term financial assets decreased by EUR 46.3m to EUR 85.7m (31 December 2022: EUR 132.0m). This was due firstly to repayments of loan and interest receivables totalling EUR 50.5m, which were partly offset by new loans and interest receivables to affiliates of EUR 13.4m. In addition, the merger of Westwing Group SE with a subsidiary resulted in the elimination of loans totalling EUR 30.0m and the addition of new loans amounting to EUR 8.1m. Furthermore, the centralisation of business functions and warehouses in Spain and Italy required loan impairments totalling EUR 55.6m. This was offset by a reversal of impairment losses on loans totalling EUR 27.7m due to the merger of two subsidiaries and a reversal of impairment losses on loans due to the capital increase in a subsidiary amounting to EUR 40.7m.

Current assets amounted to EUR 50.2m as at the end of 2023 (31 December 2022: EUR 62.0m). Receivables from affiliated companies included in trade and other receivables increased to EUR 36.6m (31 December 2022: EUR 22.8m). Cash and cash equivalents were EUR 35.5m lower than in the previous year, at EUR 3.1m (31 December 2022: EUR 38.6m). This was also due to the capital increase at one of the subholdings and investments in a fixed-term deposit with a notice period of three months.

The Company's equity as at the balance sheet date fell by EUR 65.0m in 2023, from EUR 212.7m in December 2022 to EUR 147.7m in December 2023. This was mainly driven by the loss after tax.

The equity ratio decreased slightly from 89.4% as at 31 December 2022 to 86.1% as at 31 December 2023.

Provisions increased from EUR 10.8m in December 2022 to EUR 11.8m in December 2023, with the primary cause being higher marketing provisions.

Liabilities decreased from EUR 14.3m as at the end of 2022 to EUR 11.9m as at 31 December 2023. This was mainly due to the absence of liabilities from supplier finance arrangements (31 December 2022: EUR 4.0m), which was partially offset by an increase of EUR 2.0m in trade payables.

8.4 Westwing Group SE Employees

Westwing Group SE employed 322 people including interns, temporary staff and management personnel as at the end of December 2023 (2022: 356). A total of 192 people worked in administration/IT and 130 in marketing. Westwing Group SE's Technology department currently develops the Company's own software applications in almost all cases.

A total of 59.9% of Westwing Group SE's employees were female as at the end of 2023, nearly 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 them with liquidity, 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 significantly lower level of revenue in financial year 2024 compared to the previous year. This reflects the expected reduction in business volumes at the operating subsidiaries for which operations are to be centralised. This in line with Westwing Group SE's role as the holding company for the Westwing Group that provides services for its affiliates. Adjusted earnings before financial result, depreciation, amortisation and taxes are forecast to improve moderately compared to financial year 2023, as efficiency will increase when the holding services are provided to fewer entities.

Westwing Group SE's 2023 revenue increased by 23.1% to EUR 86.2m. This is above expectations, which were for similar revenue to the previous year. The increase is attributable to additional services that the Company provided to its affiliates following the changes in the Group's marketing structure that took effect in 2023 as a result of its website integration ("OneWestwing"). As a result, adjusted earnings before financial result, depreciation, amortisation and taxes increased significantly, rising from EUR −21.7m in 2022 to EUR −2.3m in 2023. This development was reinforced by the cost savings initiated by the Group in the second half of 2022. Consequently, we exceeded our guidance for the year 2023, which was for a moderate improvement only.

Overall, 2023 was another challenging year overall for Westwing Group SE. Nevertheless, we are convinced that Westwing has the necessary operational and financial resources to achieve its ambitious targets in the medium and long term.

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), has 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 this 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 pursuant to sections 289a and 315a of the HGB that is required by 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 at 31 December 2023, at EUR 20,903,968.00. It 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):

The Company held 801,321 treasury shares as at 31 December 2023. 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 at 31 December 2023:

- 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. Members may be reappointed or their terms of office prolonged for a maximum of five years in each case. Appointments may be revoked for good cause as set out in section 84(4) of the AktG. Otherwise, the statutory provisions shall apply (sections 84 and 85 of the AktG).

As required by 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.

The Supervisory Board is authorised by section 179(1) sentence 2 of the AktG in conjunction with sections 4(3), (4) and (5) of the Articles of Association to amend the Articles of Association appropriately in the case of amendments made following the utilisation of Authorised Capital 2022/I or of Authorised Capital 2023/I, after expiration of the authorisation period, after the exercise of Conditional Capital 2023 or after expiration of all option and conversion deadlines.

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):

AUTHORISATION TO ACQUIRE TREASURY SHARES

The Company's Annual General Meeting on 5 August 2021 authorised 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 authorisation is exercised. The authorisation expires at the end of 4 August 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 authorisation, 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 f. of the AktG, exceed 10% of the Company's share capital.

The authorisation 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 authorisation 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 5 August 2021; this is also available from the Investor Relations/ Annual General Meeting section of the corporate website.

This authorisation was utilised as follows in financial year 2023:

Based on the authorisation above, Westwing Group SE's Management Board resolved on 24 November 2022, with the Supervisory Board's approval, to implement a share buy-back program with a maximum volume of 600,000 of the Company's shares 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 28 November 2022. The 2022 Share Buyback Program ended on 31 March 2023, the expiration date. The Company held 326,475 treasury shares (approximately 1.56% of its share capital) at the start of the 2022 Share Buyback Program and a total of 232,093 of the shares in the Company were acquired in the course of it. This corresponds to a notional interest in the Company's registered share capital of roughly 1.11%.

Furthermore, based on the authorisation above, Westwing Group SE's Management Board resolved on 24 April 2023, with the Supervisory Board's approval, to implement a share buy-back program with a maximum volume of 600,000 of the Company's shares at a total price (not including ancillary costs) of up to EUR 3.0m ("2023/I Share Buyback Program"). The buyback via XETRA trading on the Frankfurt Stock Exchange started on 26 April 2023 and ended at the end of 31 October 2023. The Company held 556,918 treasury shares (approximately 2.66% of the registered share capital) at the start of the 2023/I Share Buyback Program. The Share Buyback Program ended on 31 October 2023, the expiration date. A total of 198,333 of the shares in the Company were acquired in the course of the 2023/I Share Buyback Program. This corresponds to a notional interest in the Company's registered share capital of roughly 0.95%.

Furthermore, based on the authorisation above, Westwing Group SE's Management Board resolved on 22 November 2023, with the Supervisory Board's approval, to implement an additional share buy-back program with a maximum volume of 600,000 of the Company's shares at a total price (not including ancillary costs) of up to EUR 3.0m ("2023/II Share Buyback Program"). The buyback via XETRA trading on the Frankfurt Stock Exchange started on 27 November 2023 and will end at the end of 30 April 2024. The Company held 755,251 treasury shares (approximately 3.61% of the registered share capital) at the start of the 2023/II Share Buyback Program. A total of 46,070 shares in the Company were acquired under the 2023/II Share Buyback Program in the period up to 31 December 2023, inclusive.

Additional details of the 2022, 2023/I and 2023/II Share Buyback Programs, including weekly transaction reports, can be found in the Investor Relations/Share/Share Buy-back 2022, 2023/I and 2023/II sections of the corporate website.

The Company sold and transferred 1,650 treasury shares to a former employee in the period from 1 January 2023 to 31 December 2023.

AUTHORISATION TO ACQUIRE TREASURY SHARES USING EQUITY DERIVATIVES

In addition, the Management Board was authorised by the General Meeting on 5 August 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 4 August 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 authorisation to acquire treasury shares. For further details, please see agenda item 10 of the invitation to the Company's Annual General Meeting on 5 August 2021; this is also available from the Investor Relations/Annual General Meeting section of the corporate website.

This authorisation was not utilised in fiscal 2023.

EXERCISE OF PURCHASE RIGHTS RELATING TO THE PURCHASE OF TREASURY SHARES

The Management Board was also authorised by the Company's Extraordinary General Meeting on 21 September 2018 to exercise, with the Supervisory Board's approval and in the period up to 20 September 2023, the rights to purchase treasury shares under existing agreements – and especially angel agreements – which were entered into 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 – should this amount be lower – of the Company's share capital at the time of the exercise of the authorisation. The treasury shares acquired and held by the Company must be credited against this 10% limit.

This authorisation was not utilised in fiscal 2023.

AUTHORISED CAPITAL AS AT 31 DECEMBER 2023:

AUTHORISED CAPITAL 2022/I

The Management Board was authorised by the Annual General Meeting on 18 May 2022 – which also rescinded Authorised 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 17 May 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 ("Authorised Capital 2022/I"). Shareholders' pre-emptive subscription rights have been disapplied. The details of Authorised Capital 2022/I are set out in Article 4(3) of the Company's Articles of Association.

AUTHORISED CAPITAL

At the start of financial year 2023, Article 4(4) of Westwing Group SE's Articles of Association set out the rules governing Authorised Capital 2018/VI. The authorisation granted there to the Management Board expired on 20 September 2023. Westwing Group SE's Authorised Capital 2018/VI was replaced following a resolution by the Annual General Meeting on 16 May 2023 and a related change to the Articles of Association by a new Authorised Capital 2023/I, since its objective had partly been frustrated and the authorisation period had expired.

Under the new arrangement, the Management Board has been authorised, with the Supervisory Board's approval, to increase the Company's share capital by up to EUR 4,000,000.00 in the period up to 15 May 2028 (inclusive) by issuing up to 4,000,000 new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions ("Authorised Capital 2023/I"). Shareholders have pre-emptive subscription rights in principle. However, these rights can be disapplied in certain circumstances and within prescribed limits, with the Supervisory Board's approval. The new shares may also be issued to one or more credit institutions or other companies named in article 5 of the SE Verordnung (SE VO — SE Regulation) in conjunction with section 186(5) sentence 1 of the AktG on condition that they offer them directly to shareholders (indirect subscription right), or may also be granted in part by way of a direct subscription right (e.g. to shareholders who are entitled to subscribe for them and who have previously entered into a binding subscription agreement), or otherwise by way of an indirect subscription right pursuant to article 5 of the SE VO in conjunction with section 186(5) sentence 1 of the AktG.

The details of Authorised Capital 2023/I are set out in Article 4(4) of the Articles of Association.

CONDITIONAL CAPITAL

The General Meeting on 21 September 2018 authorised the Management Board, with the Supervisory Board's approval, to issue, in the period from 21 September 2018 to 20 September 2023, convertible bonds, bonds with warrants, profit participation rights and/or participating bonds, or a combination of these instruments ("bonds") carrying rights to subscribe for shares of the Company in a total nominal amount of up to EUR 100,000,000.00. Consequently, the Company's share capital had been conditionally increased by up to EUR 5,000,000.00 at the beginning of financial year 2023 ("Conditional Capital 2018"). This authorisation was not utilised.

The resolution of the Company's Annual General Meeting on 16 May 2023 and an associated amendment to the Articles of Association created a new authorisation to issue bonds with warrants/convertible bonds, profit participation rights and/or participating bonds, or a combination of these instruments, along with an option to disapply pre-emptive subscription rights. Consequently, the Company's share capital has been conditionally increased by up to EUR 2,000,000.00 by issuing up to 2,000,000 no-par value bearer shares (Conditional Capital 2023).

The Management Board is authorised, with the Supervisory Board's approval, to issue, in the period up to 15 May 2028 (inclusive), bearer or registered bonds with warrants/convertible bonds, profit participation rights and/or participating bonds, or combinations of these instruments (hereinafter collectively referred to as "bonds") with a total nominal amount of up to EUR 50,000,000.00 on one or more occasions, and to grant the creditors (hereinafter referred to as the "holders") of the bonds in question, which shall bear equal rights among themselves, options or conversion rights to new bearer shares of the Company with a notional interest in the share capital of up to a total of EUR 2,000,000.00, as set out in greater detail in the terms and conditions of the bonds. The authorisation to issue bonds has not been utilised to date. The details of this Conditional Capital are set out in Article 4(5) of the Company's Articles of Association.

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.

In addition, the Management Board contracts of service contain change of control clauses (see below for further details).

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 contracts of service agreed between Westwing Group SE on the one hand and CEO Dr Andreas Hoerning and CFO Sebastian Westrich respectively on the other grant the two men the right to terminate their contracts 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 their positions 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, 27 March 2024

Dr Andreas Hoerning
Chief Executive Officer
Westwing Group SE

Sebastian Westrich
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 1 January to 31 December 2023 and 2022

EURm	Note	2023	2022
Revenue	5	428.6	430.8
Cost of sales		– 215.7	– 228.1
Gross profit		**212.9**	**202.7**
Fulfilment expenses	6	– 90.3	– 94.2
Marketing expenses	6	– 45.6	– 40.6
General and administrative expenses	6	– 85.2	– 92.9
Other operating expenses	8	– 6.2	– 5.2
Other operating income	8	5.9	2.6
Operating profit		**– 8.4**	**– 27.4**
Finance costs	10	– 1.9	– 2.0
Finance income	10	1.1	0.0
Net other finance costs	10	0.1	– 0.9
Net finance costs		**– 0.7**	**– 2.9**
Profit/loss before tax		**– 9.1**	**– 30.3**
Income tax expense	24	–3.3	– 2.1
Consolidated profit/loss		**– 12.4**	**– 32.4**
Average number of shares in circulation; undiluted (=diluted)	11	20,269,477	20,574,373
Earnings per share (in EUR); undiluted (=diluted)	11	**– 0.61**	**– 1.58**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 December 2023 and 2022

EURm	2023	2022
Net profit/loss for the year	−12.4	**−32.4**
Other comprehensive income:		
Items that will be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	0.2	0.0
Other comprehensive income for the year, net of tax	0.2	**0.0**
Total comprehensive income for the year	−12.2	**−32.4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURm	Notes	31 Dec. 2023	31 Dec. 2022
Assets			
Non-current assets			
Property, plant and equipment	12	44.6	53.2
Intangible assets	13	19.3	23.3
Trade receivables and other financial assets	14	1.6	2.3
Deferred tax assets	24	1.5	3.6
Total non-current assets		**67.0**	**82.3**
Current assets			
Inventories	15	28.1	45.2
Prepayments on inventories	15	7.1	3.6
Trade receivables and other financial assets	14	12.1	12.6
Other assets	16	7.6	8.6
Cash and cash equivalents	17	81.5	76.0
Total current assets		**136.4**	**146.0**
Total assets		**203.4**	**228.3**

EURm	Notes	31 Dec. 2023	31 Dec. 2022
Equity and liabilities			
Equity			
Share capital		20.9	20.9
Capital reserves	18	364.6	364.5
Treasury shares		–5.3	–1.6
Other reserves	18	42.4	41.7
Retained earnings	18	–348.3	–335.9
Foreign exchange reserve		0.6	0.4
Total equity		**75.0**	**90.1**
Non-current liabilities			
Lease liabilities		25.5	35.0
Other non-current financial liabilities	20	6.0	6.1
Provisions	21	2.1	2.1
Deferred tax liabilities		3.1	2.3
Total non-current liabilities		**36.7**	**45.6**
Current liabilities			
Lease liabilities		11.2	9.7
Trade payables and accruals	20	35.9	34.1
Contract liabilities	20	19.3	17.0
Refund liabilities	20	6.6	6.8
Supplier finance arrangements	20	–	7.8
Other non-financial liabilities	20	16.3	15.1
Tax liabilities	24	0.9	1.7
Provisions	21	1.5	0.6
Total current liabilities		**91.7**	**92.7**
Total liabilities		**128.4**	**138.3**
Total equity and liabilities		**203.4**	**228.3**

STATEMENT OF CHANGES IN EQUITY

EURm	Notes	Share capital	Capital reserves
As at 1 January 2022		**20.9**	**364.5**
Profit/loss for the year		–	–
Other comprehensive income for the year		–	–
Total comprehensive income for the year		**–**	**–**
Purchase of treasury shares	18	–	–
Share-based payments		–	–
As at 31 December 2022/1 January 2023		**20.9**	**364.5**
Profit/loss for the year		–	–
Other comprehensive income for the year		–	–
Total comprehensive income for the year		**–**	**–**
Purchase of treasury shares	18	–	–
Share-based payments	19	–	0.1
As at 31 December 2023		**20.9**	**364.6**

	Treasury shares	Other reserves	Retained earnings	Other comprehensive income (OCI) reserve	**Total equity**
	−1.2	**38.1**	**−303.4**	**0.4**	**119.3**
	–	–	−32.4	–	**−32.4**
	–	–	–	0.0	**0.0**
	–	**–**	**−32.4**	**0.0**	**−32.4**
	−0.5	–	–	–	**−0.5**
	–	3.6	–	–	**3.6**
	−1.6	**41.7**	**−335.9**	**0.4**	**90.1**
	–	–	−12.4	–	**−12.4**
	–	–	–	0.2	**0.2**
	–	**–**	**−12.4**	**0.2**	**−12.2**
	−3.7	–	–	–	**−3.7**
	0.0	0.7	–	–	**0.8**
	−5.3	**42.4**	**−348.3**	**0.6**	**75.0**

CONSOLIDATED STATEMENT OF CASH FLOWS

EURm	Notes	2023	2022
Cash flows from operating activities:			
Profit/loss before tax		– 9.1	– 30.3
Adjustments for:			
Depreciation and impairment of property, plant, and equipment	12	13.2	12.2
Amortisation and impairment of intangible assets	13	6.6	5.8
Loss on disposal of property, plant, and equipment		1.3	0.2
Share–based payment expenses/(income)	19	2.3	– 0.6
Financial income	10	– 1.1	– 0.0
Finance costs	10	1.9	2.0
Changes in other assets		– 0.7	3.3
Changes in other liabilities		-0.3	3.7
Changes in provisions	21	0.5	– 0.8
Operating cash flows before changes in working capital		**14.6**	**– 4.5**
Adjustments for changes in working capital:			
Changes in trade receivables and other financial assets	14	0.5	– 0.8
Changes in inventories	15	13.7	18.2
Changes in trade and other payables		4.1	– 23.0
Cash flows from operating activities		**32.9**	**– 10.2**
Tax received		0.5	2.7
Net cash flows from operating activities*		**33.3**	**– 7.5**
Investing activities:			
Proceeds from sale of property, plant and equipment		0.0	0.0
Purchase of property, plant, and equipment	12	– 1.5	– 3.7
Purchase of and investments in intangible assets	13	– 3.9	– 10.2
Lease deposits		0.5	2.5
Interest income		1.1	0.0
Net cash flows from investing activities		**– 3.8**	**– 11.4**
Financing activities:			
Proceeds from capital increase/sale of equity instruments		0.0	–
Interest and other finance charges paid		– 1.7	– 2.0
Supplier finance arrangements		– 7.8	7.8
Payments of lease liabilities		– 10.6	– 9.5
Purchase of treasury shares	18	– 3.7	– 0.5
Purchase of own equity instruments		– 0.0	–
Contribution of right–of–use assets		–	1.5
Net cash flows from financing activities		**– 23.9**	**– 2.7**
Net change in cash and cash equivalents		**5.7**	**– 21.5**
Effect of exchange rate fluctuations on cash held		– 0.1	0.1
Cash and cash equivalents as at 1 January	17	76.0	97.4
Cash and cash equivalents as at 31 December		**81.5**	**76.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2023

1. GENERAL INFORMATION

Westwing Group SE and its subsidiaries (together referred to as "Westwing" or the "Group") are one of the leading e-commerce retailers in the European Home & Living sector. Westwing is a premium European Home & Living e-commerce brand that offers its customers a broad, diverse range of beautiful Home & Living products.

The Supervisory Board approved the publication of Westwing Group SE's consolidated financial statements for the financial year ended 31 December 2023 on 27 March 2024.

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 and listed on the Frankfurt Stock Exchange (Prime Standard). As at 31 December 2023, the Group operated in 11 countries (Germany, Austria, Switzerland, Italy, Spain, the Netherlands, France, Poland, Belgium, the Czech Republic, and the Slovak Republic). The Group consisted of 21 legal entities, 11 of which are non-operating.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements for the Group have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and the IFRS Interpretations Committee interpretations (IFRICs) applicable as at 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 financial 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 judgement when applying the Group's accounting policies. Areas involving a higher degree of judgement 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 Accounting Standards 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 31 December 2023.

		Mandatory application date set by the IASB	Adopted by the EU by 31 Dec. 2023
IFRS 17	Insurance Contracts	1 Jan. 2023	Yes
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 Jan. 2023	Yes
Amendments to IAS 1 and IFRS Practice Statement 2	Requirement to disclose material accounting policy information instead of significant accounting policies	1 Jan. 2023	Yes
Amendments to IAS 8	Definition of Accounting Estimates	1 Jan. 2023	Yes
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 Jan. 2023	Yes
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	1 Jan. 2023	Yes

The application of the new or amended standards in financial year 2023 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	Adopted by the EU by 31 Dec. 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 Jan. 2024	No
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 Jan. 2024	Yes
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 Jan. 2024	No
Amendments to IAS 21	Lack of Exchangeability	1 Jan. 2025	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 at 31 December 2023, the Company controlled 13 domestic subsidiaries (31 December 2022: 15) and exercised indirect control over 7 foreign subsidiaries (31 December 2022: 7). Two domestic subsidiaries were merged with other Group entities in 2023. 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 financial year 2023, which runs from 1 January 2023 to 31 December 2023, and are prepared as at 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.

2.4 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 in cases which 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 recognised in other income in the consolidated statement of profit or loss.

Group Companies

The profit/loss and changes in financial position for 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 at 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 this case income and expenses are translated at the rate on the transaction dates.

All resulting exchange differences are recognised in equity in other comprehensive income. On disposal of a foreign operation, the related component of OCI is recognised 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	31 Dec. 2023	31 Dec. 2022	2023	2022
Polish zloty	4.3395	4.6808	4.5421	4.6845
US dollar	1.1050	1.0666	1.0816	1.0539
Hong Kong dollar	8.6314	8.3163	8.4676	8.2512
Chinese yuan renminbi	7.8509	7.3582	7.6591	7.0801

Only the Polish, Hong Kong, and Chinese entities had a functional currency other than the euro as at 31 December 2023 and 31 December 2022.

2.5 Revenue Recognition and Contract Balances

Westwing generates revenue primarily by selling goods via its retail websites and some products as well offline via its store or shop-in-shop business. A much smaller share of revenue is attributable to services (i.e., the interior design services that Westwing provides to customers who want to restyle 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 recognised 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 typically lasts between two days and six weeks, depending on the type of goods or services ordered.

Conversely, where 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). Shipping is an activity that is undertaken 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 within 30 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 recognises 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 recognised 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 at 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 for as long as the marketing event is running, and always 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 recognised 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 recognised 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 recognised when gift vouchers are sold.

CONTRACT BALANCES

EURm	31 Dec. 2023	31 Dec. 2022
Trade receivables	5.2	6.1
Receivables from payment service providers	5.5	3.8
Contract liabilities	19.3	17.0

Receivables from payment service providers represent the customer payments transferred in the course of purchases on account and direct debit transactions. Where a customer uses these payment options, the Company recognises 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 2023 and 2022 were recognised as revenue during the financial 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 recognised 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 amortisation, and other expenses relating to the Logistics and Customer Care departments.

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

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

Other operating income and expenses primarily comprise 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 siginificant expenses or income relating to share-based payments.

2.7 Property, Plant, and Equipment

Property, plant and equipment primarily comprises right-of-use assets, furniture, fittings, equipment, and leasehold improvements.

Items of property, plant and equipment are recognised 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 capitalised 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 recognised 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: gains and losses are recognised in the consolidated statement of profit or loss for the year in which the disposal takes place.

Asset	Useful life in years
Furniture, fittings and equipment	
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 financial year-end.

The property, plant and equipment item also includes prepaid amounts for assets falling into this category, which are not depreciated.

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 amortisation and impairment losses.

Acquired computer software licenses, domains, trademarks, and brands are capitalised 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 falling into this category, which are not amortised.

2.8.2 INTERNALLY GENERATED SOFTWARE

Research and development costs are expensed as incurred, except for those development costs which must be capitalised 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 recognised 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 capitalised 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 recognised as an asset in subsequent periods.

2.8.3 AMORTISATION

Amortisation 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 OF 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 recognised in the amount by which the carrying amount of the asset exceeds the asset's recoverable amount. Recoverable amount is the higher of the fair value less costs of disposal and its value in use. Impairment is assessed by grouping assets 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 recognises a right-of-use asset and a lease liability at the commencement date for lease agreements where the Group is the lessee. Westwing's main leasing activities relate to office space and warehouses. The right-of-use assets are 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, right-of-use assets are measured using a cost model that provides for measurement at cost less accumulated depreciation and accumulated impairment losses. The useful life is reviewed regularly.

Lease liabilities are 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.

Lease liability are subsequently remeasured to reflect the following changes: 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 recognised in other operating income.

2.10 Inventories

Inventories are recorded at the lower of acquisition cost and net realisable value. Net realisable 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 arrive at the approximate net realisable value; damaged goods are written off completely.

The inventory item reported in the statement of financial position consists of finished goods purchased from suppliers plus prepayments made for future inventory deliveries.

2.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Regular way purchases or sales of financial assets are accounted for at the trade date. Initially, financial instruments are recognised at fair value and net of transaction costs, if not categorised at fair value through profit or loss (FVTPL). Subsequently, financial assets and liabilities are measured according to the category to which they have been assigned to. Financial receivables and payables are netted when they relate to the same party. However, this is only done when the Company has a legally enforceable right to set off the recognised amounts, or where it intends to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial Assets at Amortised Cost

Loans, receivables and other debt instruments held in a hold-to-collect business model with contractual cash flows that represent solely payments of principal and interest are measured at amortised cost using the effective interest method less valuation allowances for expected credit losses.

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 amortised cost in accordance with IFRS 9. They are reported as current assets, with the exception of assets with a maturity of more than twelve months after the end of the reporting period, which are classified as non-current assets.

Financial assets at amortised cost are initially recognised at their fair value including directly attributable transaction costs or at the transaction price, as they do not contain a material financing component. Subsequently, they are measured at amortised cost using the effective interest method, with interest income and expense being recognised in net financial costs.

Financial assets are derecognised 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 recognised in the income statement when the asset is derecognised, modified or impaired. Changes in the value of operating receivables and liabilities due to exchange rate effects are recognised in other operating income, and changes in the value of loans are recognised in other financial income/expense.

Impairment of Financial Assets

The Group recognises 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 using the effective interest rate. The valuation allowances for ECLs represent a forward-looking estimate of future credit losses and involve significant judgement. Expected credit loss is the gross carrying amount less collateral, multiplied by the probability of default and a factor reflecting the loss in the event of default. Valuation allowances are not recognised when the gross carrying amount is sufficiently collateralised. Probabilities of default are mainly derived from internal ratings. A simplified approach is used to assess expected credit losses from trade receivables by applying their lifetime expected credit losses. Expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in three stages: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are calculated for credit losses resulting from possible default events 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 allocated to Stage 3 of the impairment model and credit-impaired in full, less the expected recovery rate.

In the case of trade receivables and contract assets, the Group applies a simplified approach to calculating ECLs. In line with this, it does not track changes in credit risk, but instead recognises 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 written off when there is no reasonable expectation of recovering the associated contractual cash flows.

Financial Liabilities at Amortised Cost

Financial liabilities are generally measured at amortised cost; this applies in particular to loan liabilities, trade payables and supplier finance arrangements. Exceptions to this are financial liabilities that are designated as at fair value through profit or loss upon initial recognition, or as derivatives and liabilities measured at fair value, whose change in fair value is recognised in profit or loss. Westwing currently does not hold any derivative financial instruments. Financial liabilities are derecognised when the underlying obligation is discharged, is cancelled or expires.

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

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Interest determined using the effective interest method is recognised in the statement of profit or loss.

Supplier Finance Arrangements

Supplier finance arrangements relate to the assignment of trade payables to financing partners arranged by a service provider. These service providers take over responsibility for the payment to the supplier, with Westwing reimbursing them for this payment after two months. The trade liability is reclassified to supplier finance arrangements as from the transfer, since there is a substantial modification of the terms of the contract; these liabilities are reported separately in the statement of financial position. The cash movements are reflected in the cash flows from financing activities.

2.12 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.

2.13 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 the shares issued is recorded as capital reserves within equity.

2.14 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 pre-emptive 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 programmes when their options vest and are exercised. No gain or loss is recognised 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 recognised in the capital reserves.

2.15 Provisions

Provisions are non-financial liabilities of uncertain timing or amount. They are recognised 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 are not recognised for future operating losses.

The amount recognised 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.

2.16 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, an Equity-settled Compensation Programme (ECP 2022) was established. The term of the ECP 2022 is limited to three years; it starts on 1 July 2022, and the last service period ends on 30 June 2025. Shorter service periods may occur. Accounting for the programme was changed to cash-settled since the first rights exercises were settled against cash in 2023, as was intended from the beginning.

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. 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 recognised in equity.

Westwing uses a graded vesting approach: each instalment of awards with graded vesting features is treated as a separate grant and is expensed separately over the vesting period concerned. The cumulative expense recognised for equity-settled share-based transactions as at 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. Westwing also takes an estimated forfeiture ratio during the vesting period into account when calculating share-based payment expenses, due to the change in observed employee fluctuation rates.

The income or expense for a period recognised in the statement of profit or loss represents the change in cumulative expenses recognised as at 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 option holders with shares (case 2) or Westwing can settle the options in cash as provided for in the agreements (case 3). In all these cases, the amount previously recognised 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 by the nominal amount of the shares that have been exercised, and the difference between the share-based payment reserve and the nominal amount is recognised in the capital reserves. The cash received for the exercise price also increases the capital reserves. In case 2, the amount recognised for treasury shares is reduced pro rata by the number of shares for which options have been recognised using the value of the original payment for the treasury shares, and the remaining difference is recognised 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 recognised 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 recognised representing the fair value of the award for the vesting period that has expired as at the reporting date. Changes in the carrying amount of the liability over the period are recognised as income or expense in the statement of profit or loss. When cash-settled options are exercised, the liability recorded is derecognised and the difference is recognised in profit or loss. We also apply an estimated forfeiture rate during the vesting period when calculating share-based payment expenses.

2.17 Current and Deferred Income Taxes

Income tax comprises current and deferred taxes. Income tax expense is recognised in the statement of profit or loss unless it relates to items directly recognised in equity, in which case it, too, is recognised 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 recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, in line 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 utilised.

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 utilised.

Deferred tax liabilities are recognised 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 JUDGEMENTS

3.1 Overview

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 be made to the carrying amount of the corresponding assets or liabilities in future periods.

Estimates and judgements 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 judgements above and beyond the estimates involved in applying accounting policies. Changes in accounting estimates are recognised 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 judgements that have the most significant effect on the amounts recognised in the financial statements, plus estimates that could potentially lead to significant adjustments to the carrying amounts of assets and liabilities within the next financial year.

3.2 Accounting Estimates

Westwing's accounting estimates are not particularly affected by the impact of the Russian invasion of Ukraine or the situation in the Middle East. Generally speaking, however, current global political instability is leading to significant planning uncertainty.

3.2.1 REVENUE (NOTE 5)

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

3.2.2 ALLOWANCE FOR OBSOLETE INVENTORIES (NOTE 15)

Inventory is measured at the lower of cost or net realisable value. The net realisable value of certain stock items is determined by recognising an allowance on inventory. This is based on management's estimate of whether losses will result from their sale 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. Each aging category is analysed separately and Westwing applies individual allowance ratios.

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 takes the share price at the grant date as an input. Additional inputs are the expected term 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 recognises 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, as appropriate. 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. In line with this, Westwing records a refund liability for such returns in its statement of financial position, reducing revenue. The amount recognised 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 recognised for the right to recover products from a customer.

3.3 Management Judgements

3.3.1 CAPITALISATION AND IMPAIRMENT OF DEVELOPMENT COSTS

Westwing capitalises development costs for internally generated software. Initial capitalisation is based on management's judgement that the technological and economic feasibility criteria have been met. This judgement also applies if any impairment requirements are identified. Judgement 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 there is a certain degree of uncertainty as to their future benefit.

3.3.2 INCOME TAXES (NOTE 24)

The Group recognises 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 utilised.

The Group considers a large number of factors when assessing whether it is probable that its deferred tax assets will be realised in 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 inherent complexity of the Group's business, future changes in income tax law, and potential variances between actual and anticipated operating results mean that the Group uses judgements and estimates to assess the probability that its deferred tax assets will be realised in future. As a result, actual income taxes could diverge materially from these judgements 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 plus 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 judgement in evaluating if 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 customisation 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.

Based on this definition, Westwing has two operating segments: DACH and International. These 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 Netherlands

- In general, expenses and income incurred at headquarters are allocated to the operating segments. Therefore, the "HQ/Reconciliation" column of the table below only contains key holding company items such as depreciation and amortisation, plus 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 detailed 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 via the Westwing Shop (permanent assortment). A similar approach is used for segment reporting.

Adjusted EBITDA shows the operating result before interest, taxes, depreciation and amortisation, and income or expenses for share-based payments as well as severe restructuring effects.

In 2023, Westwing decided to change its technology strategy by outsourcing a larger proportion of its front-end and back-end software solutions (formerly developed in-house by Westwing's technology department) to external software-as-a-service (SaaS) providers. This resulted in the reversal of own work capitalised in 2023 and 2022 for software projects not yet recognised as assets that will be handled by the SaaS providers, plus severance payments directly attributable to the strategy change. These effects were adjusted due to their non-recurring nature.

In 2022, Westwing also adjusted its EBITDA for restructuring severance payments.

In both years, the Company reversed the recognition of capitalised inbound costs from the cost of goods sold item to fulfilment expenses.

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 financial year ending on 31 December 2023 (all amounts are in EURm unless otherwise stated):

2023	DACH	International	HQ/ Reconciliation	Group
Profit/loss before income tax	**9.0**	**– 2.0**	**– 16.1**	**– 9.1**
Finance costs*	1.5	0.4	–	1.9
Finance income*	– 1.1	– 0.0	–	– 1.1
Net other financial income/finance costs	0.2	– 0.3	–	– 0.1
Operating profit/loss	**9.6**	**– 1.9**	**– 16.1**	**– 8.4**
Depreciation and amortisation	4.4	3.8	11.5	19.8
Share-based payments*	2.1	0.1	–	2.3
Expenses tech strategy change	–	–	4.1	4.1
Adjusted EBITDA	**16.1**	**2.1**	**– 0.4**	**17.8**
Adjusted EBITDA margin	6.8%	1.1%	–	4.1%
Revenue	236.5	192.1	–	428.6
Cash and cash equivalents	14.5	9.5	57.5	81.5

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

The following table shows operating segment information for the financial year ending on 31 December 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 income	0.6	0.4	–	0.9
Operating profit/loss	**0.2**	**– 15.8**	**– 11.8**	**– 27.4**
Depreciation and amortisation	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.

Within the DACH segment, revenue in Germany amounted to EUR 186.3m (2022: EUR 204.9m). Group revenue outside Germany amounted to EUR 242.3m (2022: EUR 226.0m).

Westwing Germany recognised long-term assets (not including financial instruments and deferred tax assets) of EUR 53.4m (31 December 2022: EUR 64.3m), while entities outside Germany reported long-term assets of EUR 10.5m (31 December 2022: EUR 12.2m).

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	2023	2022
Revenue from the sale of products	419.7	423.0
Service revenue	1.1	1.0
Other revenue	7.8	6.9
Total	**428.6**	**430.8**

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	2023	2022
Logistics costs	– 56.5	– 57.8
Personnel expenses	– 17.2	– 20.1
Depreciation and amortisation	– 8.2	– 7.4
Other expenses	– 8.3	– 8.9
Total	**– 90.3**	**– 94.2**

Fulfilment expenses decreased by EUR 3.9m to EUR 90.3m in 2023. Logistics costs include shipping costs of EUR 41.7m (2022: EUR 42.4m), plus storage and handling costs of EUR 10.2m (2022: EUR 10.0m).

MARKETING EXPENSES

EURm	2023	2022
Purchased marketing services	– 24.1	– 17.2
Personnel expenses	– 16.0	– 18.0
Depreciation and amortisation	– 0.9	– 0.6
Other expenses	– 4.7	– 4.8
Total	**– 45.6**	**– 40.6**

The increase in marketing expenses was primarily due to investments in the new corporate identity that we recently unveiled and in brand awareness campaigns. Other expenses comprised consulting costs and travel expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

EURm	2023	2022
Personnel expenses	– 53.9	– 57.6
Depreciation and amortisation	– 10.7	– 10.1
Other expenses	– 20.6	– 25.1
Total	**– 85.2**	**– 92.9**

Other expenses primarily consist of legal, consulting, maintenance, IT and travel expenses.

The following expenses were included in general and administrative expenses:

EURm	2023	2022
Auditor's remuneration		
Audit costs in accordance with section 314(1) no. 9a of the HGB	– 0.4	– 0.4
Of which relating to previous periods: EUR 5k (2022: EUR 0k)	– 0.0	–
Other assurance services in accordance with section 314(1) no. 9b of the HGB	– 0.1	– 0.1
Other services in accordance with section 314(1) no. 9d of the HGB	–	–

The following expenses for PWC network companies were recognised for the subsidiaries abroad:

EURm	2023	2022
Auditor's remuneration	– 0.1	– 0.1

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

7. PERSONNEL EXPENSES

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

EURm	2023	2022
Wages, salaries, and other short-term employee benefits	−71.0	−79.8
Share-based payment expenses/(income)	−2.3	0.6
Social security and similar expenses	−13.8	−16.6
Total	**−87.1**	**−95.8**

The share-based payment expense of EUR 2.3m (2022: income of EUR 0.6m) relates to equity-settled programmes from previous years, the 2019 cash-settled commitment packages, the 2022 Equity Compensation Programme (ECP 2022) and the long-term incentive for the Management Board (LTI). The increase in share-based payment expenses was mainly due to the vesting of cash-settled and equity-settled programmes, and was partially offset by the lower share price. Personnel expenses also include EUR 0.2m for restructuring severance payments (2022: EUR 5.7m).

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 0.7m as at the end of 2023 (31 December 2022: EUR 0.6m). Above and beyond this, the German Westwing entities paid EUR 3.8m in contributions to Germany's statutory pension insurance plan (2022: EUR 4.8m).

In 2023, Westwing employed an average of 1,753 employees (2022: 2,258 employees) in the following functions:

	2023	2022
Fulfilment	700	944
Marketing	217	291
Administration	837	1,023
Total	**1,753**	**2,258**

8. OTHER OPERATING EXPENSES AND INCOME

Other operating expenses for the year included the following items:

EURm	2023	2022
Expenses for expected credit losses (ECLs)	−1.0	−2.2
Other operating expenses	−5.2	−3.0
Total	**−6.2**	**−5.2**

Other operating expenses mainly consist of expenses for other periods of EUR 2.5m (2022: EUR 2.3m) and currency exchange losses of EUR 1.7m (2022: EUR 0.0m).

Other operating income for the year comprised the following:

EURm	2023	2022
Lease income	0.5	–
Income from release of provisions	0.3	0.2
Insurance reimbursement	0.3	0.2
Other operating income	4.8	2.2
Total	**5.9**	**2.6**

Other operating income includes income for other periods amounting to EUR 1.4m (2022: EUR 0.8m) and currency exchange gains of EUR 1.8m (2022: EUR 1.0m). In addition, the agreed investment subsidy of EUR 0.8 million for the warehouse no longer required, for which a new tenant was found, was recognised here.

9. LEASE EXPENSES

LEASES IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EURm	2023	2022
Fulfilment expenses		
Expenses from variable, short-term, and low-value leases	−0.2	−0.8
Other lease expenses (ancillary costs)	−1.0	−1.1
Marketing expenses		
Expenses from variable, short-term, and low-value leases	−0.0	−0.0
Other lease expenses (ancillary costs)	−0.3	−0.2
General and administrative expenses		
Expenses from variable, short-term, and low-value leases	−0.0	−0.0
Other lease expenses (ancillary costs)	−1.4	−1.4
Other operating profit/loss		
Income from subleases	0.5	–
Depreciation		
Depreciation/impairment on right-of-use assets	−9.9	−9.2
Net finance costs		
Interest expenses on lease liabilities	−1.5	−1.6
Total lease expenses	**−13.8**	**−14.4**

In 2023, the Group's total cash outflows for leases amounted to EUR −12.3m (2022: EUR −12.0m). There were no sale and leaseback transactions. Expenses from variable and short-term leases totalled EUR 0.2m (2022: EUR 0.9m). Income from subleases was EUR 0.5m in 2023. The amount attributable to low-value leases was immaterial.

10. NET FINANCE COSTS

Net finance costs for the year consisted of the following:

EURm	2023	2022
Finance income:		
Interest income	1.1	0.0
Total finance income	**1.1**	**0.0**
Finance costs:		
Interest expenses	– 0.2	– 0.2
Interest on leases	– 1.5	– 1.6
Other finance costs	– 0.2	– 0.2
Total finance costs	**– 1.9**	**– 2.0**
Net finance costs	**– 0.8**	**– 1.9**
Net other finance costs:		
Foreign currency gains	1.9	5.9
Foreign currency losses	– 1.8	– 6.8
Net other finance costs	**0.1**	**– 0.9**
Net finance costs	**– 0.7**	**– 2.9**

11. EARNINGS PER SHARE

Earnings per share are calculated as follows:

EURm	2023	2022
Profit	– 12.4	– 32.4
Weighted average number of ordinary shares in issue	20,269,477	20,574,373
Basic earnings per share in EUR , undiluted (=diluted)	**– 0.61**	**– 1.58**

Earnings per share are calculated by dividing the profit for the period attributable to the shareholders of Westwing Group SE by the weighted average number of shares. Treasury shares are deducted from the weighted average number of ordinary shares issued. In accordance with IAS 33 "Earnings per Share", the effects of potential anti-dilutive shares were not taken into account in the calculation of diluted earnings per share for the financial years ended 31 December 2023 and 2022.

As a result, diluted earnings per share correspond to basic earnings per share.

In the previous year, a difference was shown between the diluted and undiluted earnings per share, as potential ordinary shares with a non-dilutive effect were taken into account in the calculation of diluted earnings per share in the previous year. The amount for diluted earnings per share of EUR -1.51 in 2022 should therefore have corresponded to basic earnings per share of EUR -1.58. The previous year's figures have been corrected in the table above and the income statement.

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 at 1 January 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 at 31 December 2022	**3.7**	**18.2**	**69.6**	**0.0**	**91.5**
Accumulated depreciation as at 1 January 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 at 31 December 2022	**1.5**	**10.3**	**26.6**	**0.0**	**38.4**
Carrying amount as at 31 December 2022	**2.2**	**7.9**	**43.0**	**0.0**	**53.2**

EURm	Leasehold improvements	Furniture, fittings and equipment	Right-of-use assets	Prepayments on PPE	Total
Cost as at 1 January 2023	**3.7**	**18.2**	**69.6**	**0.0**	**91.5**
Additions	0.1	0.5	3.3	0.9	4.8
Disposals	– 0.1	– 1.1	– 0.1	–	– 1.2
Revaluation	–	–	– 0.7	–	– 0.7
Exchange adjustments	0.1	0.3	0.6	0.0	1.0
Cost as at 31 December 2023	**3.8**	**18.0**	**72.7**	**1.0**	**95.4**
Accumulated depreciation as at 1 January 2023	**1.5**	**10.3**	**26.6**	**0.0**	**38.4**
Depreciation	0.5	2.6	9.9	0.0	13.0
Disposals	– 0.1	– 1.0	– 0.0	–	– 1.1
Exchange adjustments	0.0	0.2	0.2	0.0	0.3
Impairment losses	0.0	0.1	–	–	0.2
Accumulated depreciation as at 31 December 2023	**2.0**	**12.2**	**36.7**	**0.0**	**50.8**
Carrying amount as at 31 December 2023	**1.8**	**5.8**	**36.0**	**1.0**	**44.6**

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 primarily related to rent indexations for existing right-of-use assets in 2023. In 2022, additions to right-of-use assets were mainly attributable to Westwing's largest warehouse in Poland.

As at 31 December 2023, EUR 32.3m of the right-of-use assets item was attributable to offices and warehouses (31 December 2022: EUR 37.9m), while EUR 3.7m was attributable to operating and office equipment (31 December 2022: EUR 5.1m). EUR 8.8m of the depreciation charged on right-of-use assets related to offices and warehouses (2022: EUR 8.2m) and EUR 1.0m to operating and office equipment (2022: EUR 0.9m). The revaluation of right-of-use assets of EUR 0.7m relates to office and warehouse space in Italy whose leases were modified due to centralisation. No impairments of right-of-use assets were recognised in 2023 or 2022.

Westwing had intended to enter into a new lease agreement with effect from January 2023. However, a decision was taken that this new warehouse was no longer required, and an agreement was reached with the landlord to search for an alternative lessee, which was successful. As a result, Westwing received the agreed EUR 0.8m investment subsidy in June 2023.

13. INTANGIBLE ASSETS

EURm	Software and licenses	Trademarks	Internally generated intangible assets	Intangible assets under development	Total
Cost as at 1 January 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 at 31 December 2022	**0.8**	**0.2**	**34.7**	**3.0**	**38.8**
Accumulated amortisation as at 1 January 2022	**0.6**	**0.2**	**8.9**	**0.0**	**9.7**
Amortisation	0.1	0.0	5.0	–	5.1
Impairment losses	–	–	0.7	–	0.7
Disposals	–	–	–	–	–
Accumulated amortisation as at 31 December 2022	**0.7**	**0.2**	**14.7**	**0.0**	**15.5**
Carrying amount as at 31 December 2022	**0.1**	**0.0**	**20.1**	**3.0**	**23.3**

EURm	Software and licenses	Trademarks	Internally generated intangible assets	Intangible assets under development	Total
Cost as at 1 January 2023	**0.8**	**0.2**	**34.7**	**3.0**	**38.8**
Additions	0.1	–	0.0	3.8	3.9
Transfers	–	–	4.5	–4.5	–
Disposals	–	–	–	–1.3	–1.3
Cost as at 31 December 2023	**0.8**	**0.2**	**39.3**	**1.1**	**41.4**
Accumulated amortisation as at 1 January 2023	**0.7**	**0.2**	**14.7**	**0.0**	**15.5**
Amortisation	0.0	0.0	6.5	–	6.6
Impairment losses	–	0.0	–	–	0.0
Disposals	–	–	–	–	–
Accumulated amortisation as at 31 December 2023	**0.7**	**0.2**	**21.2**	**–**	**22.1**
Carrying amount as at 31 December 2023	**0.1**	**0.0**	**18.1**	**1.1**	**19.3**

Additions to internally generated intangible assets and intangible assets under development totalling EUR 3.8m (2022: EUR 10.2m) largely comprised development costs for warehouse and logistics applications, mobile app projects and development of the Company's own consumer apps software, plus new stability, speed and security features. The development projects have been broken down into identifiable project phases, which are characterised by the development of new functionality. Once specific phases have been completed and the functionality has been rolled out, the associated costs are reclassified from intangible assets under development to internally generated intangible assets. This is the point at which amortisation over the useful life of three to eight years starts. The aggregate research and development expenditure expensed during the year was EUR 18.4m (2022: EUR 25.0m).

Amortisation of intangible assets is allocated to the function that uses the asset. In 2023, the annual impairment testing procedures did not reveal any need for impairments (2022: EUR 0.7m). However, the planned outsourcing of software development for our front-end and back-end solutions led to the derecognition of EUR 1.3m in capitalised development costs, as well as to a reversal of EUR 2.6m that were capitalised within the year. An impairment test was also performed for the other intangible assets under development, but did not result in any further need for impairment.

14. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables and other financial assets comprised the following:

EURm	31 Dec. 2023	31 Dec. 2022
Trade receivables	5.2	6.1
Receivables from payment service providers (PSPs)	5.5	3.8
Tenant deposits	1.4	2.1
Other financial assets	1.5	2.9
Trade and other receivables, net	**13.7**	**14.9**
Thereof:		
Non-current	1.6	2.3
Current	12.1	12.6

Trade receivables and supplier receivables included in other financial assets are shown net of the allowance for expected credit losses. Receivables from payment service providers of EUR 5.5m involve only limited credit risk. The allowance for expected credit losses on trade receivables was EUR 4.0m (31 December 2022: EUR 3.0m). The allowance for expected credit losses on supplier receivables amounted to EUR 0.4m (31 December 2022: EUR 0.7m). These allowances relate primarily to overdue receivables with a higher credit risk. The other categories of trade and other receivables do not contain any credit-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 is as follows, based on the invoice issue date, gross of any provisions:

EURm	31 Dec. 2023	31 Dec. 2022
Up to 3 months	4.5	6.3
3 months to 6 months	0.8	0.4
6 months to 9 months	0.4	0.3
9 months to 1 year	0.3	0.4
1 year to 5 years	2.5	1.4
Over 5 years	0.5	0.2
Trade receivables (gross)	**9.2**	**9.1**
Allowance for impairment	– 4.0	– 3.0
Trade receivables (net)	**5.2**	**6.1**

The allowance for impairment can be broken down as follows:

31 Dec. 2023, in EURm	Up to 3 months	3 months to 6 months	6 months to 9 months	9 months to 1 year	1 year to 5 years	Over 5 years
Trade receivables (gross)	**4.5**	**0.8**	**0.4**	**0.3**	**2.5**	**0.5**
Allowance for impairment	− 0.1	− 0.2	− 0.3	− 0.3	− 2.5	− 0.5

31 Dec. 2022, in EURm	Up to 3 months	3 months to 6 months	6 months to 9 months	9 months to 1 year	1 year to 5 years	Over 5 years
Trade receivables (gross)	**6.3**	**0.4**	**0.3**	**0.4**	**1.4**	**0.2**
Allowance for impairment	− 0.2	− 0.4	− 0.3	− 0.4	− 1.4	− 0.2

After deduction of the allowance for impairment, the trade and other receivables of EUR 13.7m (2022: EUR 14.9m) are past due in some cases but are not considered to be impaired.

Provisions were recognised 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 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	2023	2022
As at 1 January	**3.0**	**4.6**
Added during the year	1.3	2.2
Utilised during the year	− 0.1	− 3.7
Reversed during the year	− 0.3	− 0.0
As at 31 December	**4.0**	**3.0**

15. INVENTORIES AND PREPAYMENTS ON INVENTORIES

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

EURm	31 Dec. 2023	31 Dec. 2022
Inventories	28.1	45.2
Prepayments on inventories	7.1	3.6
Total	**35.2**	**48.8**

Inventories available for sale (products and merchandise) are stated net of the allowance for write-downs of inventories of EUR 11.2m (31 December 2022: EUR 17.0m). Writedowns of inventories recognised in profit and loss amounted to EUR 0.4m (2022: EUR 10.1m). The substantial decrease in write-offs in 2023 was mainly caused by a significant reduction in inventory levels year on year. There were no changes in the inventory write-off policy in the year ended 31 December 2023. The total cost of sales was EUR 215.7m in 2023 (2022: EUR 228.1m).

16. OTHER ASSETS

Other assets comprise the following:

EURm	31 Dec. 2023	31 Dec. 2022
Other advances	2.4	2.9
VAT receivables	2.6	1.7
Other tax receivables	0.2	1.9
Right-of-return assets	2.4	2.3
Other non-financial receivables	0.1	–
Total	**7.6**	**8.6**

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of the following:

EURm	31 Dec. 2023	31 Dec. 2022
Cash at bank and cash in hand	71.5	51.0
Cash equivalents	10.0	25.0
Total	**81.5**	**76.0**

Westwing had no bank accounts that were pledged as deposits as at 31 December 2023 (31 December 2022: EUR 0.0m).

Cash equivalents amounting to EUR 10.0m (31 December 2022: EUR 25.0m) 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)
As at 1 January 2022	**20,904**	**326**	**20,904**	**–1,153**
Purchase of treasury shares	–	56	–	–493
As at 31 December 2022/ 1 January 2023	**20,904**	**382**	**20,904**	**–1,646**
Purchase of treasury shares	–	421	–	–3,688
Settlement of share options	–	–2	–	6
As at 31 December 2023	**20,904**	**801**	**20,904**	**–5,329**

Each share (not including 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 364.6m (31 December 2022: EUR 364.5m) consist of the capital increases from past years in excess of the nominal value.

On 25 April 2023, the Management Board of Westwing Group SE resolved, with the approval of the Supervisory Board, to implement a share buyback programme with a maximum volume of up to 600,000 shares and a maximum total purchase price of up to EUR 3.0m. The buyback via Xetra trading on the Frankfurt Stock Exchange began on 26 April 2023 and finished on 31 October 2023. A total of 198 thousand shares were acquired during this period in exchange for EUR 1.7m in cash.

On 24 November 2023, the Management Board of Westwing Group SE resolved, with the approval of the Supervisory Board, to implement a further share buyback programme with a maximum volume of up to 600,000 shares and a maximum total purchase price of up to EUR 3.0m. The buyback via Xetra trading on the Frankfurt Stock Exchange began on 27 November 2023 and will finish by 30 April 2024. A total of 46 thousand shares had been acquired for EUR 0.4m in cash by 31 December 2023.

On 24 November 2022, the Management Board of Westwing Group SE resolved, with the approval of the Supervisory Board, to implement a share buyback programme with a maximum volume of up to 600,000 shares and a maximum total purchase price of up to EUR 3.0m. The buyback via Xetra trading on the Frankfurt Stock Exchange began on 28 November 2022 and finished on 31 March 2023. A total of 56 thousand shares had been purchased for EUR 0.5m cash by 31 December 2022. A further 176 thousand shares were acquired for EUR 1.6m in cash in the period up to 31 March 2023.

In 2023, 1,650 share-based payment options were exercised using treasury shares and 3,900 share options were exercised against cash. Together, these led to a decrease of EUR 139k in the share-based payment reserve (which forms part of the other reserves) and a corresponding increase of EUR 108k in the capital reserves. In addition, the Equity Compensation Programme (ECP) 2022 that had previously been classified as equity-settled was reversed to cash-settled, as the first rights exercised were settled in cash. This led to an increase of EUR 0.9m in the share-based payment reserve.

No share-based payment options were exercised in 2022.

No capital increase was implemented in either 2023 or 2022.

The total value of treasury shares recognised as deductions from equity was EUR 5.3m as at 31 December 2023 (31 December 2022: EUR 1.6m); the relevant number of shares was 801,321 (31 December 2022: 382,230).

AUTHORISED CAPITAL AS AT 31 DECEMBER 2023:

Authorised Capital 2022/I

The Annual General Meeting on 18 May 2022 – which also rescinded Authorised Capital 2018/V – authorised 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 17 May 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 ("Authorised Capital 2022/I"). Shareholders' pre-emptive subscription rights were disapplied. The details of Authorised Capital 2022/I are set out in Article 4(3) of the Company's Articles of Association.

Conditional Capital

The General Meeting on 21 September 2018 authorised the Management Board, with the Supervisory Board's approval, to issue, in the period from 21 September 2018 to 20 September 2023, convertible bonds, bonds with warrants, profit participation rights, and/or participating bonds, or a combination of these instruments (hereinafter collectively referred to as "bonds") carrying rights to subscribe for shares of the Company in a total nominal amount of up to EUR 100,000,000.00. Consequently, the Company's share capital had been conditionally increased by up to EUR 5,000,000.00 at the beginning of financial year 2023 ("Conditional Capital 2018"). This authorisation was not utilised.

The resolution of the Company's Annual General Meeting on 16 May 2023, and an associated amendment to the Articles of Association created a new authorisation to issue bonds with warrants/convertible bonds, profit participation rights and/or participating bonds, or a combination of these instruments, along with an option to disapply preemptive subscription rights. Consequently, the Company's share capital has been conditionally increased by up to EUR 2,000,000.00 by issuing up to 2,000,000 no-par value bearer shares (Conditional Capital 2023).

The Management Board is authorised, with the Supervisory Board's approval, to issue, in the period up to 15 May 2028 (inclusive), bearer or registered bonds with warrants/convertible bonds, profit participation rights, and/or participating bonds, or combinations of these instruments (hereinafter collectively referred to as "bonds") with a total nominal amount of up to EUR 50,000,000.00 on one or more occasions, and to grant the creditors (hereinafter referred to as the "holders") of the bonds in question, who shall hold equal rights among themselves, options or conversion rights to new bearer shares of the Company with a notional interest in the share capital of up to a total of EUR 2,000,000.00, as set out in greater detail in the terms and conditions of the bonds. The authorisation to issue bonds has not been utilised to date. The details of this Conditional Capital are set out in Article 4(5) of the Company's Articles of Association.

19. SHARE-BASED PAYMENT ARRANGEMENTS

Since 2011, eligible Group employees have been entitled to participate in share-based payment arrangements under which they 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 programmes 2014–2018 granted in the normal course of business**
  In 2014–2018, several equity-settled programmes 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 four years and 40% of the shares vesting at the later of an IPO or four years after the grant date. The strike price was EUR 1.00/150.

- **2018 antidilution shares**
  New shares were issued to avoid dilution of the existing programmes following the conversion of warrants into equity that took place in September 2018. The new options had the same vesting schedule as the original options. However, the grant date of August 2018 meant that a different fair value for the options was applied.

- **2019 Commitment Package**
  A new commitment package was granted in August 2018. It had 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 four years and 50% of shares after the later of an IPO or four years after the grant date. The vesting date would be postponed in the case of parental leave or other time off. The strike price was EUR 19.30.

- **2019 VSOP**
  A cash-settled virtual share option programme (VSOP) was launched in August 2019. It included virtual shares for executives and other top managers of the Company, including the Management Board. The shares fully vested on 31 December 2022 and became exercisable as from August 2023. The vesting date would be postponed in the case of parental leave or other time off. The options had an average share price cap of EUR 24.30 and an average strike price of EUR 2.89.

- **2022 Equity Compensation Programme (ECP 2022)**
  A new equity compensation programme was set up in 2022. The beneficiaries do not receive a right or option to acquire shares in the Company (”shares“) or in subsidiaries, but rather an option to receive a cash payment, the amount of which depends on the Company’s share price performance. The Management Board has been excluded from the ECP 2022. 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 three years; it started on 1 July 2022 and the last service period ends on 30 June 2025. Shorter service periods may occur. However, the programme had to be classified as equity-settled until a cash settlement took place, since Westwing had the settlement choice. The first cash settlements took place at the end of 2023, at which point the entire programme was reversed into a cash-settled share-based payment programme.

- **LTI Management Board**
  The Supervisory Board agreed a new Management Board remuneration system in 2022. This includes a share-based compensation component, whose performance depends on revenue, Adjusted EBITDA and ESG targets. The objective of the programme is to provide Board members with performance shares and performance options, the ratio of which can be selected by the individual Board member concerned. The difference is in the way the number of shares and the exercise price are calculated. Both plans intend to deliver shares to the Board member once they are exercised, and are therefore accounted for as equity-settled.

In 2023 and 2022, Westwing granted equity-settled options as part of the ECP 2022 and under the Management Board remuneration contracts for Dr Andreas Hoerning and Sebastian Westrich as described above.

As the first rights exercised under the ECP 2022 were settled against cash in 2023, the whole programme was converted into a cash-settled programme with effect from December 2023. This led to a EUR 0.9m decrease in the share-based payment reserve and to the recognition of liabilities of EUR 0.9m at the time of conversion.

In 2019, a cash-settled programme was established under which a total of 683,125 virtual options granted to executives and other top managers of the Company, including the Management Board, were outstanding as at 31 December 2023 (31 December 2022: 883,625). The options vested in full on 31 December 2022 and are exercisable from August 2023 onwards, depending on their grant date. The average exercise price is EUR 2.89, but an average share price cap of EUR 24.30 applies. Expenses of EUR 0.5m were recognised for this programme in 2023 (2022: EUR 0.1m).

Share-based Payment Expenses and Liabilities

In 2023, total share-based payment expenses amounted to EUR 2.3m (2022: income of EUR 0.6m). EUR 0.0m of this figure was reported as fulfilment expenses (2022: EUR 0.0m), EUR 2.0m was reported in general and administrative expenses (2022: income of EUR 0.6m) and EUR 0.2m was reported as marketing expenses (2022: EUR 0.0m).

Total income from share-based payments includes expenses of EUR 0.9m (2022: EUR 3.6m) from equity-settled share-based payment awards. Most of this amount relates to the 2019 Commitment Package, which was launched in August 2018 and ran until the end of 2022. In addition, EUR 0.3m was recognised for Management Board LTI remuneration owed to Dr Andreas Hoerning and Sebastian Westrich. The ECP 2022, which was accounted for as equity-settled in the previous year, was changed to cash-settled accounting after the first options were exercised against cash, as was intended from the beginning. Expenses of EUR 1.4m were recognised for cash-settled share-based payments. Of this figure, an expense of EUR 0.5m is attributable to the 2019 VSOP programme, income of EUR 0.5m relates to equity-settled shares that were converted to cash-settled in 2021, and EUR 1.3m was recognised for the ECP 2022. Income of EUR 0.3m relates to the reimbursement of the tax difference on antidilution shares for certain top managers. Total expenses for cash-settled payment programmes in 2022 amounted to EUR 4.2m.

The tables below provide an overview of the changes in equity-settled and cash-settled share-based payment awards relating to shares in the Company.

Change in equity-settled share options:

In thousands	2023	2022
Number of unvested awards outstanding at the beginning of the period	271	1,316
Granted during the period	478	31
Forfeited during the period	–	– 35
Vested during the period	– 242	– 1,041
Reclassified to cash-settled options	– 29	–
Number of unvested awards outstanding at the beginning of the period	**478**	**271**
Number of vested awards outstanding at the beginning of the period	1,962	921
Vested during the period	242	1,041
Exercised during the period	– 6	–
Total number of vested awards outstanding at the end of the period	**2,199**	**1,962**

Change in cash-settled share options:

In thousands	2023	2022
Number of unvested awards outstanding at the beginning of the period	75	1,310
Granted during the period	275	7
Forfeited during the period	– 35	– 16
Vested during the period	– 143	– 1,225
Reclassified from equity-settled options	29	–
Number of unvested awards outstanding at the end of the period	**201**	**75**
Number of vested awards outstanding at the beginning of the period	1,290	64
Vested during the period	143	1,225
Total number of vested awards outstanding at the end of the period	**1,230**	**1,290**

Equity-settled and Cash-settled Options

The changes in the number of equity-settled 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	
Equity-settled options	2023	2022	2023	2022
Outstanding as at 1 January	15.84	16.08	2,233	2,237
Granted during the period	11.07	1.00	478	31
Forfeited during the year	–	17.92	–	– 35
Exercised during the year	1.21	–	– 6	–
Reclassified to cash–settled options	1.00	–	– 29	–
Outstanding as at 31 December	**15.18**	**15.84**	**2,677**	**2,233**
Thereof vested	16.07	15.63	2,199	1,962

	Weighted average exercise price in EUR		Number of options in thousands	
Cash-settled options	2023	2022	2023	2022
Outstanding as at 1 January	7.78	7.74	1,365	1,374
Granted during the period	1.00	1.00	275	7
Forfeited during the year	1.00	1.00	– 35	– 16
Cancelled during the year	–	–	– 202	–
Reclassified from equity-settled options	1.00	–	29	–
Outstanding as at 31 December	**7.47**	**7.78**	**1,431**	**1,365**
Thereof vested	8.52	8.18	1,230	1,290

Equity-settled and cash-settled options outstanding as at the end of the year have the following vesting dates and exercise prices:

Equity-settled options		Weighted average exercise price per option in EUR		Number of options in thousands	
Grant date	Vesting date	2023	2022	2023	2022
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	5	7
2018	2022	16.06	16.02	1,707	1,710
2022	2023	–	1.00	–	29
2023	2027	11.07	–	478	–
		15.18	**15.84**	**2,677**	**2,233**

Cash-settled options		Weighted average exercise price per cash-settled option in EUR		Number of options in thousands	
Grant date	Vesting date	2023	2022	2023	2022
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	230	430
2020	2022	1.00	1.00	354	354
2021	2022	13.89	13.89	100	100
2022	2023	1.00	1.00	27	5
2023	2024	1.00	–	245	–
		7.47	7.78	1,431	1,365

Fair Value of Equity-settled and Cash-settled Options

The fair values of the equity-settled 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.

Expenses for equity-settled share-based payments were recognised as part of Dr Andreas Hoerning's Executive Board remuneration in 2023 and 2022, and the same has applied to Sebastian Westrich since 2023.

Equity-settled share-based options were also issued as part of the ECP 2022 program in both years, but were reclassified as cash-settled options in 2023.

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 at 31 December 2023 was EUR 5.45 (31 December 2022: EUR 5.22).

The inputs used in the fair value measurement of the cash-settled options at the reporting dates are summarised below:

Reporting date	2023	2022
Share price (in EUR)	8.84	9.60
Weighted average option exercise price (EUR)	7.47	7.78
Volatility based on expected life	0.0% – 42.9%	69.4%
Expected life	0.00-1.00	0.75
Risk-free rate	0%	0%
Share price cap	20.00 – n/a	20.00 – n/a
Weighted average fair value per option (EUR)	5.45	5.22

20. CURRENT AND NON-CURRENT LIABILITIES

Financial Liabilities

Financial liabilities as at 31 December comprised the following:

EURm	31 Dec. 2023	31 Dec. 2022
Trade payables	16.6	16.7
Accruals	19.4	17.4
Liabilities for share-based payments	6.0	6.1
Supplier finance arrangements	–	7.8
Lease liabilities	36.7	44.7
Refund liabilities	6.6	6.8
Total	**85.2**	**99.4**
Thereof current	53.7	58.3
Thereof non-current	31.5	41.1

The refund liabilities of EUR 6.6m (31 December 2022: EUR 6.8m) are designed to cover the risk of products being returned within 30 days. 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. The latter takes over responsibility for the payment to the supplier, with Westwing reimbursing them for this after two months. There were no supplier finance arrangements as at 31 December 2023 (31 December 2022: EUR 7.8m).

Additional disclosures on financial assets and liabilities can be found in Note 23.

Non-financial Liabilities

Non-financial liabilities as at 31 December were as follows:

EURm	31 Dec. 2023	31 Dec. 2022
Contract liabilities	19.3	17.0
Liabilities to employees	9.8	10.4
VAT liabilities	5.9	4.3
Tax liabilities	0.9	1.7
Other non-financial liabilities	0.5	0.4
Total	**36.5**	**33.8**
Thereof current	36.5	33.8
Thereof non-current	–	–

Liabilities to employees of EUR 9.8m (31 December 2022: EUR 10.4m) include accruals for vacation, bonuses, and severance pay. Contract liabilities include liabilities for unused gift vouchers amounting to EUR 1.7m (31 December 2022: EUR 1.5m).

21. PROVISIONS

The changes in provisions for liabilities and charges were as follows:

EURm	Legal claims	Restoration	Other	Total
As at 1 January 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
Utilisation	−0.0	–	−0.3	−0.4
As at 31 December 2022/1 January 2023	**0.2**	**2.1**	**0.3**	**2.7**
Additions	0.8	–	0.4	1.1
Reversals	− 0.0	–	− 0.1	− 0.1
Utilisation	− 0.1	–	− 0.1	− 0.1
As at 31 December 2023	**0.9**	**2.1**	**0.6**	**3.6**
Thereof:				
Current provisions	0.9	–	0.6	1.5
Non-current provisions	–	2.1	–	2.1
As at 31 December 2023	**0.9**	**2.1**	**0.6**	**3.6**

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 Poznan, Poland. There were no additions to the restoration provision in 2023.

The provision for legal claims represents the best estimate of the obligation in connection with claims against the Group relating to intellectual property rights.

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 to ensure that exposures stay 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. Risks of this type 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 these risks on an ongoing basis to ensure that exposure stays within defined 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 with all other factors remain constant. This is unlikely to occur in practice, however, 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, and particularly to the Polish zloty. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. In addition, the Group has maintained a US dollar bank account, which is subject to fluctuation, since 2021. Therefore, the table below presents the annual average exchange rates and the exchange rates at the reporting date for the Polish zloty and the US dollar:

	Exchange rate at reporting date		Annual average exchange rate	
Exchange rate for EUR 1	31 Dec. 2023	31 Dec. 2022	2023	2022
Polish zloty	4.3395	4.6808	4.5421	4.6845
US dollar	1.1050	1.0666	1.0816	1.0539

The Group's business model minimises foreign exchange risk. 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 plausible possible change in foreign exchange rates as at the reporting date, with all other variables remaining constant.

EURm	31 Dec. 2023	31 Dec. 2022
10 % appreciation/(depreciation) in the Polish zloty	– 0.5/+ 0.5	+ 0.7/– 0.7
10 % appreciation/(depreciation) in the U.S. dollar	+ 0.0/– 0.0	+ 0.0/– 0.0
Total	**– 0.5/+ 0.5**	**+ 0.7/– 0.7**

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 use 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, analysed 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	31 Dec. 2023	31 Dec. 2022
Trade receivables and other financial assets	14		
Trade and PSP receivables (net)		10.7	9.9
Other financial receivables		2.9	5.0
Cash and cash equivalents	17		
Cash in hand		0.0	0.0
Bank balances		71.5	51.0
Short-term bank deposits		10.0	25.0
Total on-balance sheet exposure		**95.2**	**90.8**

Trade Receivables and Other Financial Assets

The nature of the Group's activities means that 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. Allowances for ECLs are recognised for trade receivables and supplier receivables (see Note 14 for details). As at 31 December 2023, EUR 5.5m of trade receivables and other financial assets was attributable to receivables from payment service providers and credit card companies (31 December 2022: EUR 3.8m).

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 is shown below using Standard and Poor's or Moody's ratings:

EURm	31 Dec. 2023	31 Dec. 2022
AAA	–	–
AA- to AA+	0.1	0.5
A- to A+	79.1	37.0
BBB- to BBB+	0.2	35.5
Lower than BBB	–	–
Unrated	2.1	3.0
Total	**81.5**	**76.0**

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 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 ensuring 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 at 31 December 2023 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 at 31 December 2023, 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	5.1	7.1	20.6	6.9	39.7
Trade payables	16.6	–	–	–	16.6
Accruals	19.4	–	–	–	19.4
Supplier finance arrangements	–	–	–	–	–
Refund liabilities	6.6				6.6
Total future payments, including future principal and interest payments	**47.6**	**7.1**	**20.6**	**6.9**	**82.2**

The maturity analysis of financial liabilities as at 31 December 2022, 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	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**

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 was 36.9 % as at 31 December 2023 (31 December 2022: 39.4 %). External requirements such as financial covenants do not exist.

22.3 Fair Value Measurement

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 on 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. Their carrying amount at the end of the reporting period therefore approximates to their fair value.

23. FINANCIAL INSTRUMENTS BY CATEGORY

The tables below provide an analysis of the items in the statement of financial position and their classification into subsequent measurement at amortised cost or at fair value through profit or loss.

The amounts shown represent carrying amounts that reflect the items' fair values, given the short-term nature of all balances involved.

Financial Assets – At Amortised Cost

EURm	Notes	31 Dec. 2023	31 Dec. 2022
Cash and cash equivalents	17	81.5	76.0
Trade receivables and other financial assets	14	13.7	14.9
Total		**95.2**	**90.8**

Financial Liabilities

		31 Dec. 2023			
EURm	Notes	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Not in scope of IFRS 9	Total
Trade payables	20	16.6	–	–	16.6
Accruals	20	19.4	–		19.4
Other financial liabilities	19	–	–	6.0	6.0
Lease liabilities		–	–	36.7	36.7
Total		**35.9**	**–**	**42.7**	**78.6**

		31 Dec. 2022			
EURm	Notes	Financial liabilities at amortised 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**

Changes in Liabilities Arising from Financing Activities

EURm	31 Dec. 2022	Cash flows	Changes in fair value	New and terminated leases	Other including reclassifica-tions	31 Dec. 2023
Lease liabilities (non-current)	35.0	–	–	1.6	-11.2	25.5
Lease liabilities (current)	9.7	−10.6	–	0.3	11.9	11.2
Supplier finance arrangements	7.8	−7.8	–	–	–	–
Total liabilities from financing activities	**52.4**	**−18.4**	**–**	**1.9**	**0.7**	**36.7**

EURm	31 Dec. 2021	Cash flows	Changes in fair value	New and terminated leases	Other including reclassifica-tions	31 Dec. 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**

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 31 December 2023 was EUR -0.1m (2022: EUR -3.2m).

Income and expenses from financial instruments can be broken down as follows:

Category	EURm	2023	2022
Financial assets at amortised cost	Interest income	1.1	–
	Impairment of financial assets	−1.0	−2.2
Liabilities at amortised cost	Interest expense	−0.2	–
	Currency exchange effects	0.1	−0.9
Total		**-0.1**	**−3.2**

24. INCOME TAXES

Income taxes

The income tax expense for the financial years ending 31 December 2023 and 2022 consists of the following:

EURm	2023	2022
Income tax:		
Current tax expense	– 0.3	– 0.3
Effective tax expense pervious year	– 0.1	0.0
Deferred tax expense	– 2.9	– 1.8
Income tax expense reported in the consolidated statement of profit or loss	**– 3.3**	**– 2.1**

Reconciliation from the expected tax expense, calculated by multiplying the profit/loss for the period before income tax by Germany's corporation tax and trade tax rate for 2023 of 33% (2022: 33%) to the tax expense recognised in the consolidated statement of profit or loss:

EURm	2023	2022
Profit/loss for the period before income tax	**– 9.1**	**– 30.3**
Applicable tax rate	33 %	33 %
Expected tax income	3.0	10.0
Unrecognised deferred tax assets for new tax loss carryforwards	– 2.0	– 11.7
Value adjustment of deferred tax assets for tax loss carryforwards	– 2.1	– 0.4
Effect of the utilisation of unrecognised deferred tax assets for tax loss carryforwards	0.0	0.2
Unrecognised deferred tax assets for temporary differences	– 2.2	0.0
Non-deductible expenses/tax-exempt income	0.2	– 0.6
Effect of different tax rates (19 % to 28 %) for foreign Group entities	– 0.3	– 0.4
Tax expense previous years (2022: tax benefit)	– 0.1	0.8
Other effects	0.2	0.0
Income tax expense reported in the consolidated statement of profit or loss	**– 3.3**	**– 2.1**

The effective tax rate of -36.3% (2022: -6.9%) is due to the loss generated at Group level and to the recognition of deferred tax assets and deferred tax liabilities to the extent that it is probable that future profits can be offset against deductible temporary differences and tax loss carryforwards. Of particular note here is the non-recoverability of deferred tax assets on loss carryforwards ("history of loss" situation) at Westwing GmbH - for Westwing Group SE, deferred tax assets continue to result from loss carryforwards amounting to EUR 3.2m (before netting with deferred tax liabilities); this leads to a valuation adjustment on deferred tax assets totalling EUR 2.1m.

Deferred taxes

The Group's deferred taxes are as follows:

Negative figures relate to deferred tax liabilities, whereas positive figures relate to deferred tax assets.

EURm	31 Dec. 2023 Deferred tax assets	31 Dec. 2023 Deferred tax liabilities	31 Dec. 2022 Deferred tax assets	31 Dec. 2022 Deferred tax liabilities
Non-current assets	**0.0**	**–10.2**	**1.7**	**–20.6**
Intangible assets	0.0	–5.8	1.7	–7.0
Property, plant and equipment	0.0	–4.4	0.0	–13.6
Current assets	**0.0**	**0.0**	**0.4**	**–1.0**
Inventories	0.0	0.0	0.1	0.0
Trade receivables	0.0	0.0	0.3	–0.4
Other non-financial assets	0.0	0.0	0.0	–0.6
Non-current liabilities	**4.2**	**–0.1**	**11.4**	**–0.1**
Lease liabilities	4.0	0.0	10.6	0.0
Other financial liabilities	0.2	0.0	0.4	0.0
Provisions	0.0	–0.1	0.4	–0.1
Current liabilities	**1.2**	**0.0**	**4.2**	**0.0**
Lease liabilities	1.1	0.0	2.6	0.0
Trade payables	0.1	0.0	0.1	0.0
Other non-financial liabilities	0.0	0.0	0.4	0.0
Provisions (non-financial)	0.1	0.0	1.1	0.0
Tax loss carryforwards	**3.2**	**0.0**	**5.4**	**0.0**
Total:	**8.6**	**–10.3**	**23.0**	**–21.7**
Offset:	**–7.2**	**7.2**	**–19.4**	**19.4**
Amount recognised	**1.4**	**–3.1**	**3.6**	**–2.3**

The changes in deferred taxes were as follows:

EURm	2023 Deferred tax assets	2023 Deferred tax liabilities	2022 Deferred tax assets	2022 Deferred tax liabilities
Deferred tax (assets)/liabilities at beginning of financial year	**3.6**	**–2.3**	**8.2**	**–5.1**
Income taxes presented in the consolidated statement of profit or loss	–2.2	–0.8	–4.6	2.8
Deferred tax (assets)/liabilities at end of financial year	**1.4**	**–3.1**	**3.6**	**–2.3**

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.

Deferred tax liabilities from temporary differences in the amount of EUR 2.0m were recognised at the German companies. Deferred tax assets were not recognised at Westwing GmbH in 2023 (recognition of a surplus of deferred tax assets after netting with deferred tax liabilities), as the required recoverability is not given. Due to the company's 'history of loss' situation, it is considered unlikely that tax reduction potential will be utilised in the future due to sufficient taxable income. This relates to deferred tax assets due to temporary differences totalling EUR 1.9m (Westwing GmbH). Tax loss carryforwards of EUR 173m for corporation tax and EUR 115m for trade tax (2022: EUR 175m for corporation tax and EUR 173m for trade tax) were not utilised as part of the capitalisation of deferred taxes, as it is not sufficiently probable that they can be used to offset taxable profits. For Westwing Group SE, a loss carryforward volume of EUR 10m was utilised for corporation tax and trade tax purposes – taking into account minimum taxation – in order to recognise a deferred tax asset as a result of future loss utilisation. The deferred tax assets were fully offset against deferred tax liabilities in the statement of financial position as at 31 December 2023.

In addition, deferred tax assets from temporary differences of EUR 0.3m (2022: EUR 0.7m) were not capitalised at the level of the foreign Group companies.

Generally, deferred taxes are measured using the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled.

The Group has tax loss carryforwards, which have also been incurred in various countries amounting to EUR 183m for corporation tax and EUR 125m for trade tax as at balance sheet date 31 December 2023 (2022: EUR 175m for corporation tax and EUR 118m for trade tax). These tax losses can be offset against future taxable income of the companies in which these losses were incurred as follows:

	2023		2022		
EURm	Corporation tax	Trade tax	Corporation tax	Trade tax	Time limit on tax loss carryforwards
Germany	138	125	133	118	No
France*	–	–	–	–	No
Italy	23	–	22	–	No
Netherlands	–	–	–	–	Yes
Poland	–	–	–	–	Yes
Spain	22	–	20	–	No
Total	**183**	**125**	**175**	**118**	

* The centralisation of French operations in Munich that took place in 2019 was reflected in the figures for 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 at 31 December 2023 (31 December 2022: 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 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.

As at 31 December 2023, Westwing's Management Board comprised Chief Executive Officer Dr Andreas Hoerning and Chief Financial Officer Sebastian Westrich. Sebastian Westrich succeeded Sebastian Säuberlich, who stepped down from the Management Board on 31 March 2023, on 1 August 2023. Dr Andreas Hoerning succeeded Stefan Smalla, who was CEO until 30 June 2022, with effect from 1 July 2022.

The outstanding balances with related parties were as follows as at 31 December 2023 and 31 December 2022:

EUR k	31 Dec. 2023	31 Dec. 2022
Trade receivables, gross	–	–
Trade and other payables	–	–

The income and expense items with related parties were as follows:

EUR k	2023	2022
Sales of goods and services to related parties (individuals)	8	24
Purchases of goods and services from related parties (individuals)	–	–
Purchases of goods and services from related parties (companies)	–	–

Sales of goods and services in 2023 and 2022 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 an equity participation component taking 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 instalments. Where their contracts of service begin or end in the course of a financial 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 them half of the maximum 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, payable in the case of an obligation under statutory health and long-term care insurance programmes.

Above and beyond remuneration-related fringe benefits, the Company takes out D&O insurance for all members of the Management Board; the poicy concerned offers a standard market level of cover and a deductible in line with the relevant provisions of the German Stock Corporation Act (AktG). The Company also provides 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 programmes (the "long-term incentive" or "LTI"). The amount of variable remuneration paid depends on the Management Board members' performance and is primarily measured using two KPIs: Group revenue and Adjusted EBITDA.

EUR k	2023	2022
Salaries	507	575
Bonuses	328	105
Social security contributions	9	21
Total short-term employee benefits	844	**701**
Total post-employment benefits	2	–
Share-based payment expenses	87	**2,003**
Termination Benefits	63	**240**
Total	996	**2,944**

The table above includes accruals for bonus payments of EUR 328k (31 December 2022: EUR 105k) and income from the release of provisions of EUR 299k (2022: EUR 784k).

The total compensation granted to the Board of Management in financial year 2023 in under the German Commercial Code (section 315e) amounted to EUR 835k (2022: EUR 680k). Expenses of EUR 63k were recognised for former members of the Management Board in 2023 (2022: EUR 240k).

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 (for cash-settled options only):

2023	Outstanding options as at 31 Dec. 2023 (in thousands)	Weighted average fair value at a grant date (in EUR)	Changes in fair value (in EUR)	Fair value as at 31 Dec. 2023 (in EUR)
Equity-settled share options	478	8.69	–	–
Cash-settled share options	447	10.81	– 7.67	3.14

2022	Outstanding options as at 31 Dec. 2022 (in thousands)	Weighted average fair value at a grant date (in EUR)	Changes in fair value (in EUR)	Fair value as at 31 Dec. 2022 (in EUR)
Equity-settled share options	–	–	–	–
Cash-settled share options	648	7.89	– 3.15	4.73

Sebastian Säuberlich exercised 12,500 options in 2023 against a cash payment of EUR 91k. No options were exercised in 2022. Please see Note 19 for further details.

Supervisory Board Remuneration

Total remuneration (basic remuneration and remuneration for committee work) and out-of-pocket expenses for the Supervisory Board amounted to EUR 0.2m in 2023 (2022: EUR 0.2m).

26. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

In December 2023, 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 financial year 2023. This has been published on the Investor Relations section of Westwing Group SE's website, https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Compliance_Declaration_Westwing_Group_SE_2023_ENG.pdf.

27. RESOLUTION TO APPLY THE EXEMPTION IN SECTION 264(3) OF THE HGB

In accordance with the approval of the shareholders, the the Group's following German subsidiaries will utilise the exemption regulation pursuant to Section 264 (3) of the German Commercial Code (HGB) for the preparation of their annual financial statements under commercial law for the year from 1 January 2023 to 31 December 2023.

- Westwing GmbH
- Westwing Commercial GmbH
- Westwing Delivery Service GmbH
- Westwing Bitterfeld Logistics GmbH
- Bambino 68. V V UG (limited liability)
- Bambino 66. V V UG (limited liability)
- Westwing France Holding UG (limited liability)
- Westwing Italy Holding UG (limited liability)
- Westwing Spain Holding UG (limited liability)
- Brillant 1256. GmbH

There are also profit and loss transfer agreements for Westwing Delivery Service GmbH and Westwing Bitterfeld Logistics GmbH.

28. SUBSIDIARIES

The Westwing Group SE is the ultimate parent of the Group although it is not a pure holding company. The following direct subsidiaries were consolidated as at 31 December 2023:

Name	Country of incorporation and place of business	Registered office	Equity interests held 31 Dec. 2023	Equity interests held 31 Dec. 2022
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

* Merged with Westwing GmbH on 28 August 2023

** Merged with Westwing Group SE on 10 November 2023

In addition, the Group held all of the equity interests in the following indirect subsidiaries as at 31 December 2023:

Name	Country of incorporation and place of business	Registered office	Equity interests held 31 Dec. 2023	Equity interests held 31 Dec. 2022
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 2025.

29. EVENTS AFTER THE BALANCE SHEET DATE

The following events occurring after the end of the 2023 financial year could have an impact on Westwing's future financial performance, financial position and cash flows, or affect the composition of the Management Board.

On 16 January 2024, the Company - in the context of a general restructuring aimed at optimising the business - announced that it will centralise large parts of the business functions currently located in Italy and Spain. Going forward, customers in these countries will mostly be served from our Munich and Warsaw offices in terms of Westwing's offering, and from the logistics hub in Poland regarding deliveries. As a consequence, Westwing is materially reducing its local workforce and will close its local office and warehouse in Italy as well as the warehouse in Spain. The restructuring measures will take place in the coming months.

Munich, 27 March 2024

Dr. Andreas Hoerning

Chief Executive Officer
Westwing Group SE

Sebastian Westrich

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 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, 27 March 2024

Dr Andreas Hoerning

Chief Executive Officer
Westwing Group SE

Sebastian Westrich

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, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, 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, 2023 and notes to the consolidated financial statements, including material accounting policy information. 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, 2023. 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, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, 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, 2023. 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**

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 428.6 million is reported in the consolidated statement of comprehensive income. The business model of the Westwing Group SE Group 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 "Revenue Analysis" 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, 2023 internally generated intangible assets for software solutions amounting to EUR 18.1 million (9% 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 Intangible Assets" 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 2023 share appreciation rights but no equity-settled share-based options were granted. In the consolidated financial statements of the Company, EUR 2.3 million in expenses relating to share-based payment commitments was recognized under personnel expenses in the consolidated income statement (previous year: income of EUR 0.6 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 existing 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 remuneration 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 2023 and further underlying contractual data provided to us, and assessed the calculation used to measure share-based remuneration programs 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 "Material accounting policies: 2.17 Share-based payment" and section 19 "Share-based payment arrangements" 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 group management report

- the subsection "6.4. Significant Characteristics of the Internal Control and Risk Management System" in section "REPORT ON OPPORTUNITIES AND RISKS" of the group 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_AG_KA+KLB_ESEF-2023-12-31.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, 2023 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: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

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 rendering 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 16, 2023. We were engaged by the supervisory board on November 6, 2023. 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, 27 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Eglauer
Wirtschaftsprüfer
[German Public Auditor]

Michael Popp
Wirtschaftsprüfer
[German Public Auditor]

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING[1]

To Westwing Group SE, Berlin

We have performed a limited assurance engagement on the non-financial group statement of Westwing Group SE, Berlin, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (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 control 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.

Audit Firm's Independence and Quality Management

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 Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

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 §§ 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 organisation 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 consolidated financial statements and group 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 2023 is not prepared, in all material respects, in accordance with §§ 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, 27 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Popp Wirtschaftsprüfer [German Public Auditor]	Annette Fink

FINANCIAL CALENDAR

7 MAY 2024
Publication of first quarter results 2024

19 JUNE 2024
Annual General Meeting

8 AUGUST 2024
Publication of half-year report 2024

7 NOVEMBER 2024
Publication of third quarter results 2024

IMPRINT

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