WESTWING

Annual Financial Statements and Combined Management Report
for the Fiscal Year from January 01, 2021 to December 31, 2021

Confirmation of the auditor

Westwing Group AG
(now: Westwing Group SE)
Munich

Westwing Group AG (now: Westwing Group SE), Munich

Balance sheet as of December 31, 2021

Annex 1

Assets		Dec. 31, 2021 EURk	Dec. 31, 2020 EURk
A.	**Fixed assets**		
I.	**Intangible assets**		
1.	Self-generated industrial property rights and similar rights and assets	18,624	13,754
2.	Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	198	255
		18,822	14,009
II.	**Tangible fixed assets**		
	Other equipment, factory and office equipment	3,675	3,031
		3,675	3,031
III.	**Long-term financial assets**		
1.	Shares in affiliated companies	15,435	15,380
2.	Loans to affiliated companies	135,448	147,099
		150,884	162,479
		173,380	179,520
B.	**Current assets**		
I.	**Receivables and other assets**		
1.	Trade receivables	9	567
2.	Receivables from affiliated companies	39,323	17,671
3.	Other assets	3,391	2,291
		42,722	20,529
II.	**Cash and cash equivalents**	43,411	45,710
		86,134	66,239
C.	**Prepaid expenses**	1,820	1,424
		261,334	247,183

Equity and Liabilities		Dec. 31, 2021 EURk	Dec. 31, 2020 EURk
A.	**Equity**		
I.	**Subscribed Capital**	20,904	20,844
	Treasury shares	-326	-541
	Issued capital	20,577	20,303
	thereof conditional capital EURk 5,000 (2020: EURk 5,000)		
II.	**Capital reserves**	348,820	348,663
III.	**Accumulated losses**	-129,998	-138,498
		239,400	230,468
B.	**Provisions**		
1.	Tax provisions	100	100
2.	Other provisions	9,888	8,984
		9,988	9,085
C.	**Liabilities**		
1.	Trade payables	4,724	1,548
2.	Liabilities to affiliated companies	1,872	3,055
3.	Other liabilities	5,240	2,904
	thereof taxes EURk 5,154 (2020: EURk 2,810)		
	thereof social security EURk 8 (2020: EURk 0)		
		11,835	7,507
D.	**Deferred income**	111	124
		261,334	247,183

Westwing Group AG (now: Westwing Group SE), Munich
Statement of profit or loss 2021

		2021 EURk	2020 EURk
1.	Revenue	98,087	59,164
2.	Own work capitalized	7,167	4,547
3.	Other operating income	1,250	339
	thereof currency translation gains EURk 10 (2020: EURk 28)		
	Gross profit	106,504	64,051
4.	Cost of materials		
	a) Cost of purchased services	40,495	16,927
5.	Personnel expenses	38,565	30,557
	a) Saleries and wages	33,191	26,226
	b) Social security and pension expenses	5,373	4,330
6.	Amortization of intangible fixed assets and depreciation of tangible fixed assets	5,385	4,133
7.	Other operating expenses	16,839	17,912
	thereof currency translation losses EURk 47 (2020: EURk 11)		
		5,220	-5,478
8.	Income from other securities and loans held as financial assets	3,672	3,009
	thereof from affiliated companies EURk 3,662 (2020: EURk 2,981)		
10.	Writedowns of financial assets	0	5,614
11.	Reversal of writedowns financial assets	0	12,841
12.	Interest and similar expenses	277	169
	thereof from affiliated companies EURk 33 (2020: EURk 113)		
	Interest and financial result	3,395	10,067
13.	Taxes on income	114	100
14.	Result after tax	8,501	4,489
15.	Profit for the year	8,501	4,489
16.	Loss carried forward	-138,498	-142,987
17.	Accumulated losses	-129,998	-138,498

Westwing Group AG (now: Westwing Group SE), Munich

Notes for the fiscal year from January 1, 2021 to December 31, 2021

I. General Information

The Westwing Group AG (now: Westwing Group SE) (“company”) is a corporation founded in Germany and headquartered in Munich, Germany (registered at Berlin District Court, Germany, originally under the number HRB 199007 B, now under HRB 239114 B).

The Westwing Group AG (now: Westwing Group SE) is a listed stock corporation under the German Stock Corporation Act, and its registered ordinary shares have been listed on the Frankfurt Stock Exchange (Prime Standard) since October 9, 2018.

These financial statements have been prepared in accordance with sections 242 et seq. and sections 264 et seq. of the German Commercial Code (Handelsgesetzbuch – HGB) and in accordance with the relevant provisions of the German Stock Corporation Act (Aktiengesetz – AktG), applying the going concern principle. The Company is a large corporation as defined in section 267 (3) sentence 2 HGB in conjunction with section 264 d HGB. The structure of the balance sheet and the statement of profit or loss complies with sections 266, 275 HGB and sections 150 et seq. AktG.

The statement of profit or loss has been prepared using the nature of expense method, as in the previous year.

Amounts are in thousands of euros (EURk) unless otherwise stated.

The accounting and valuation methods applied are basically the same as those applied in the previous year.

II. Accounting and valuation methods

The following accounting and valuation methods, which have essentially remained unchanged, have been applied in the preparation of the annual financial statements:

Acquired and internally generated **intangible assets** are recognized at cost less amortization according to their useful lives using the straight-line method over 3 to 8 years, where required.

The use of the accounting option to capitalize internally generated intangible assets in accordance with section 248 (2) sentence 1 HGB relates to the capitalization of internal costs incurred in the development of software. There is a distribution restriction on the amount of the net carrying amount at the respective balance sheet date.

The capitalized development costs are amortized over 3 to 8 years after the software has been put into operation and are subject to extraordinary depreciation if necessary.

Expenses for maintenance, ongoing non-significant improvements and servicing of software are expensed as incurred.

Interest on borrowings for the acquisition of intangible assets is not recognized as part of cost.

Property, plant and equipment are stated at cost and, if subject to wear and tear, are reduced by scheduled depreciation. This depreciation is calculated using the straight-line method over the useful life of the asset. Acquisition and production costs include expenses directly attributable to the acquisition. Subsequent costs are only recognized as part of the cost of the asset or - where appropriate - as a separate asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Maintenance and repair costs are expensed as incurred.

Property, plant and equipment are depreciated over their estimated useful lives.

The expected useful lives of property, plant and equipment are as follows:
Office furniture and equipment 2 - 14 years

The acquisition or production costs of **low-value assets** with a net individual value of up to EUR 800.00 are written off in full or expensed in the year of acquisition; their immediate disposal has been assumed.

Interest on borrowings for the acquisition of property, plant and equipment is not recognized as part of the cost of production.

In the case of **financial assets**, shares are stated at cost and loans at the lower of nominal value or fair value. The lower fair value is determined using an income capitalization approach, with corresponding budgeted figures for the individual national companies being derived from the Westwing Group's business plan. In the event of permanent impairment, an impairment loss is recognized.

Receivables and other assets are measured at the lower of nominal value or fair value at the balance sheet date.

Cash on hand and **bank balances** are recognized at their nominal value.

Prepaid expenses include expenses incurred prior to the balance sheet date, to the extent that they represent expenses for a certain period after the balance sheet date.

Deferred taxes arising from temporary or quasi-permanent differences between the carrying amounts of assets, liabilities and prepaid expenses in the financial statements and their tax bases are measured using the tax rates applicable in the individual companies at the time the differences reverse, and the amounts of the resulting tax charge or benefit are not discounted. Deferred tax assets and liabilities are offset. Deferred tax assets are not recognized in excess of the carrying amount of the asset or liability in the balance sheet. Significant deferred tax assets result from the tax loss carryforward.

Subscribed capital is stated at nominal value. Any amounts paid in excess of the nominal amount or paid in voluntarily are recognized in the capital reserve.

Treasury shares are shares that have been repurchased by Westwing, reducing the number of shares outstanding on the open market.

Treasury shares are openly deducted from the subscribed capital item. The difference between the calculated value (nominal amount) and the acquisition cost of treasury shares is offset against freely available capital reserves.

Other provisions include all identifiable risks and uncertain obligations, taking into account expected future price and cost increases, and are recognized at the settlement amount deemed necessary in accordance with prudent business judgment. For reasons of materiality, provisions with a remaining term of more than one year are not discounted.

As compensation for work performed, some employees receive share-based payments with or without cash settlement. The costs incurred as a result of cash-settled transactions with the Company's employees are initially measured at fair value at the grant date using an option pricing model with the share price as the significant input. The fair value is distributed through profit or loss over the period until the date of the first exercise option, with recognition of a corresponding provision. Westwing also considers an estimated forfeiture rate during the vesting period when calculating share-based compensation expense.

In contrast, share-based payments issued in the form of stock options and settled with shares from authorized capital are not recognized in the balance sheet. Only if the Company has undertaken to settle stock options in cash an accounting treatment is applied.

The provision for cash-settled share-based payment transactions is remeasured at each reporting date using the same option pricing model. Changes in the fair value are recognized in personnel expenses or other operating income.

Liabilities are recognized at their settlement amount.

Deferred income include income received prior to the balance sheet date to the extent that it represents income for a certain period after the balance sheet date.

Prudence has been exercised in the valuation, namely all foreseeable risks and losses arising up to the balance sheet date have been taken into account, even if they only became known between the balance sheet date and the preparation of the annual financial statements.

Profits have only been considered if they have been realized by the balance sheet date. Expenses and income for the fiscal year have been taken into account irrespective of the date of payment.

Transactions in foreign currencies are translated at the average exchange rate on the balance sheet date; unrealized exchange gains are only recognized if they are of a short-term nature and are therefore sufficiently certain.

III. Balance Sheet Disclosures

Intangible assets

The Company's intangible assets comprise acquired and internally generated software.

The additions to internally generated intangible assets amounting to EURk 8,507 (December 31, 2020: EURk 5,298) mainly result from the development of proprietary software for warehouse and logistics applications, consumer apps, websites, payment methods, and new features in the area of stability, speed, and security of the web portals. The development projects are divided into sub-projects characterized by the developments of new functions.

The total amount of research and development costs in the fiscal year was EURk 9,134 (2020: EURk 6,901).

In each fiscal year, the valuation of assets under development is analyzed. In the fiscal year 2021, Westwing decided not to continue some of the projects. Therefore, an impairment loss totaling EURk 77 (2020: EURk 226) was recognized for the carrying amounts of these assets under development.

Property, plant and equipment

The Company's property, plant and equipment consists mainly of office furniture and equipment.

Shares in and loans to affiliated companies

Loans exclusively comprise loans to affiliated companies, which bear interest at rates of between 0.1% and 6.2% p.a. and can be called in at short notice, provided they are not subordinated. As the loans granted are of a longer-term nature and have no fixed terms, they are presented under loans as non-current assets.

The shares and loans were tested for impairment. In fiscal year 2021, the Company reports an addition of loans and interest to affiliated companies of EURk 41,107 (2020: EURk 12,724) resulting from the granting of loans to affiliated companies. In addition, loans and interest of EURk 52,806 (2020: EURk 22,809) were repaid.

Receivables and other assets

Receivables are stated at nominal value. Receivables from affiliated companies mainly relate to receivables from service charges due within 14 days (EURk 15,268; December 31, 2020: EURk 17,671) and license receivables (EURk 24,054; December 31, 2020: EURk 0). The increase as of December 31, 2021 to EURk 39,323 (December 31, 2020: EURk 17,671) is mainly due to higher on-charges to subsidiaries as a result of the new license model introduced in 2021 and increased demand for central services.

Other assets mainly include rental deposits (EURk 3,088; December 31, 2020: EURk 1,882).

All receivables and other assets have a remaining term of up to one year with the exception of rental deposits.

Equity

As of December 31, 2021, the subscribed capital amounts to EURk 20,904 (Dec. 31, 2020: EURk 20,844). The share capital is divided into 20,903,968 no-par value shares, of which the Company holds 326,475 treasury shares with a nominal value of EUR 1.00 per share.

Treasury shares do not carry voting rights. Owning these shares does not entitle the Company to receive assets in the event of a liquidation of the Company, or to exercise subscription rights as a shareholder.

Additional paid-in capital includes amounts paid in in excess of the nominal capital.

The following is an overview of the development of subscribed capital:

	Number of Shares	**Treasury Shares**
As of January 1, 2020	**20,740,809**	**743,450**
Capital increase	103,542	
Settlement of share options	-	-202,200
As of December 31, 2020 / January 1, 2021	**20,844,351**	**541,250**
Capital increase	5,617	-
Settlement of share options	-	-214,775
As of December 31, 2021	**20,903,968**	**326,475**

The total number of no-par value shares with voting rights issued as of December 31, 2021 amounted to 20,577,493 shares (December 31, 2020: 20,303,101 shares) with a nominal value of EUR 1.00 per share. Each share grants the holder one vote at the Annual General Meeting of Westwing Group AG (now: Westwing Group SE). The par value of all ordinary shares is fully paid in.

A total of 214,775 stock options were exercised in the 2021 fiscal year (2020: 202,200), which were settled with treasury shares. The average exercise price was EUR 1.99 (2020: EUR 0.81), resulting in cash inflows of EURk 372 (2020: EURk 169). The difference between the exercise price and the nominal amount was offset against the capital reserve and resulted in an increase in the capital reserve of EURk 157 in fiscal year 2021.

Treasury shares accounted for 1.6% of the share capital as of December 31, 2021 (December 31, 2020: 2.6%), with a market value of EURk 7,228 as of the reporting date (December 31, 2020: EURk 17,923). In addition, 43,200 stock options were exercised, which were settled in cash for a payment of EURk 1,511. As the entire amount was attributable to the Company's own employees, it was recognized in full in personnel expenses.

An overview of all additions and disposals of treasury shares is presented in an annex to these notes.

The capital reserve amounted to EURk 348,820 as of December 31, 2021 (December 31, 2020: EURk 348,663). Of the derivative financial instruments recognized there in previous years, none existed as of the reporting date, as the last option agreement was exercised in January 2021.

The residual carrying amount of internally generated intangible assets (EURk 18,624; December 31, 2020: EURk 13,754) is classified as restricted pursuant to Section 268 (8) HGB.

The accumulated loss of EURk 129,998 (December 31,2020: EURk 138,498) results from the net income for the past fiscal year and the carryforward from the previous fiscal year.

Authorized capital

The shareholders' meeting on August 7, 2018, as well as the annual general meeting on September 21, 2018, authorized the Management Board to carry out several capital increases:

Authorized Capital 2018/I

The Board of Management is authorized to increase the share capital once or several times in the period up to August 6, 2023, with the approval of the Supervisory Board, by a maximum of EUR 90,000 by issuing a total of 90,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2018/I) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and subject to certain limits. After partial utilization, the authorized capital still amounts to EUR 30,383.

Authorized capital 2018/II

The Management Board is authorized to increase the share capital once or several times in the period up to August 6, 2023, by issuing a total of 15,000 new no-par value bearer shares against cash and/or non-cash contributions by a maximum of EUR 15,000 (Authorized Capital 2018/II) and to exclude shareholders' subscription rights subject to certain limits.

On September 3, 2018, the Executive Board made partial use of the authorization for Authorized Capital 2018/II. Following this partial utilization, authorized capital 2018/II amounts to EUR 3,088.

Authorized capital 2018/III

The Executive Board is authorized to increase the share capital on one or more occasions in the period up to August 6, 2023, with the approval of the Supervisory Board, by a maximum of EUR 67,500 by issuing a total of 67,500 new no-par value bearer shares in exchange for cash contributions and/or contributions in kind (authorized capital 2018/III) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and subject to certain limits. After partial utilization, the authorized capital still amounts to EUR 57,708.

Authorized capital 2018/IV

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to August 6, 2023 by a maximum of EUR 101,250 by issuing a total of 101,250 new no-par value bearer shares against cash contributions and/or contributions in kind (Authorized Capital 2018/IV) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and subject to certain limits. After partial utilization, the authorized capital still amounts to EUR 7,500.

Authorized capital 2018/V

The Board of Management is authorized to increase the share capital on one or more occasions in the period up to August 6, 2023, with the approval of the Supervisory Board, by a maximum of EUR 4,350,000 by issuing a total of 4,350,000 new no-par value bearer shares against cash contributions and/or contributions in kind (authorized capital 2018/V) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights subject to certain conditions and in compliance with certain limits. None of this authorized capital has been utilized to date.

Authorized capital 2018/VI

The Management Board was authorized to increase the share capital on one or more occasions in the period up to September 20, 2023, with the approval of the Supervisory Board, by a maximum of EUR 3,159,212 by issuing a total of 3,159,212 new no-par value bearer shares in exchange for cash contributions and/or contributions in kind (Authorized Capital 2018/VI) and, with the approval of the Supervisory Board, to exclude shareholders' subscription rights subject to certain conditions and in compliance with certain limits.
On November 13, 2018, the Management Board made partial use of this authorization for authorized capital 2018/VI. Following this partial utilization, authorized capital 2018/VI amounts to EUR 2,847,853.

Conditional capital 2018/I

The share capital of the Company was also increased, conditionally, by up to EUR 5,000,000 through the issue of 5,000,000 no-par value bearer shares (Conditional Capital 2018/I).

The conditional capital 2018/I serves to grant shares in the course of exercising conversion or option rights or to fulfill conversion or option obligations to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) (together "bonds") issued under the authorization resolution by the Annual General Meeting on September 21, 2018.

The new shares shall be issued at the conversion or option price to be determined taking into account the authorization resolution by the Annual General Meeting on September 21, 2018. The conditional capital increase will only be carried out to the extent that the holders or creditors of the bonds issued or guaranteed by the Company or a subordinated Group company by September 20, 2023 in accordance with the authorization resolution by the Annual General Meeting on September 21, 2018 exercise their conversion or option rights or fulfill their conversion or option obligations in accordance with these bonds or to the extent that the Company exercises its option right insofar as the Company exercises its option to grant shares in the Company instead of payment of the cash amount due, and insofar as the conversion or option rights or obligations are not satisfied by treasury shares, shares issued from authorized capital or other consideration.

No use has yet been made of the authorization to issue bonds. This conditional capital is entered in the Commercial Register as Conditional Capital 2018/I. There was no capital increase from authorized capital in fiscal year 2021.

Authorization to increase the share capital after conversion into an SE

No new capital was created as part of the conversion into a European Company (Societas Europaea, SE) under the name Westwing Group SE. The Authorized Capital 2018/V and the Authorized Capital 2018/VI continue to exist for Westwing Group SE in the amount existing at the conversion date. Furthermore, the Conditional Capital 2018/I continues to exist for Westwing Group SE in the amount existing at the conversion date. The Authorized Capital 2018/I, the Authorized Capital 2018/II, the Authorized Capital 2018/III as well as the Authorized Capital 2018/IV no longer exist in Westwing Group SE and were therefore cancelled with the registration of the SE as of the conversion date because the purpose of these authorized capitals has been fulfilled in each case.

Other provisions

Other provisions in the amount of EURk 9,888 (December 31, 2020: EURk 8,984) mainly include the provision for cash-settled share-based payment (EURk 5,724 ; December 31, 2020: EURk 3,746), provisions for outstanding invoices (EURk 1,324; December 31, 2020: EURk 1.410), provisions for personnel (EURk 905; December 31, 2020: EURk 787), provisions for marketing (EURk 809; December 31, 2020: EURk 530), provisions for rent-free periods (EURk 616; December 31, 2020: EURk 739) and provisions for restoration obligations (EURk 245; December 31, 2020: EURk 208).

In 2018, the founders of Westwing GmbH had contributed Westwing GmbH shares to Westwing Group AG (now: Westwing Group SE), which were used to cover certain cash-settled share-based payment programs. The contractually agreed difference was reimbursed to the founders at the end of 2021, and the provision of EURk 549 was used accordingly.

Cash-settled share-based payment

In the second half of 2019 and the first half of 2020, a new cash-settled share-based payment program was established for the Management Board and certain senior management positions. In 2021, 111,000 options were granted (2020: 335,000 options), 8,000 expired (2020: 177,000) and 35,000 were withdrawn (2020: 0). As of December 31, 2021, 891,000 options were outstanding (2020: 830,000). The options will fully vest on December 31,2022, and can be exercised four years after each grant. Expenses of EURk 2,339 were recognized for this program in fiscal year 2021 (2020: EURk 2,972). In addition, the provision for share-based payment includes expenses for the reimbursement of the tax difference relating to shares issued for dilution protection in the amount of EURk 301 (Dec. 31, 2020: EURk 607). In 2021, EURk 231 was paid out to beneficiaries in this context.

As of December 31, 2021, the cumulative value of the provision for share-based payment totaled EURk 5,724 (December 31, 2020: EURk 3,746).

Liabilities

The liabilities shown in the statement of financial position can be broken down as follows:

	Dec. 31, 2021 EURk	**Dec. 31, 2020 EURk**
Trade payables	4,724	1,548
Liabilites to affiliated companies		
- thereof from trade and other payables	1,872	517
- thereof from loans to affiliated companies	-	2,538
Other liabilities		
- thereof from taxes	5,154	2,810
- thereof from social security	8	-
- Other	77	94
Total	**11,835**	**7,507**

All liabilities have a term of less than one year.

Liabilities increased from EURk 7,507 in 2020 to EURk 11,835 in 2021. The development is mainly attributable to an increase of EURk 2,344 in tax liabilities. Liabilities to Group companies decreased by EURk 1,183 due to the repayment of upstream loans.

Trade payables increased from EURk 1,548 to EURk 4,724. The increase is due in particular to the positive development in the fiscal year.

Westwing Group AG (now: Westwing Group SE) had guarantee accounts of EURk 1,542 as of December 31, 2021 (December 31, 2020: EURk 1,363).

Deferred income

Deferred income of EURk 111 (Dec. 31, 2020: EURk 124) includes a construction cost subsidy received for office space, which will be reversed ratably over the lease term.

IV. Statement of Profit or Loss Disclosures

Revenues

The Company's revenues of EURk 98,087 (2020: EURk 59,164) result from intercompany charges for services in the amount of EURk 96,986 and other revenues in the amount of EURk 1,101. The increase in revenues is mainly due to higher charges for licenses and increased marketing expenses as well as the overall positive business development, as the expansion of the subsidiaries' activities also increases their demand for central services.

Revenues from intercompany charges relate with EURk 82,039 to Germany (2020: EURk 39,227) and with EURk 14,947 to other countries (2020: EURk 19,138). The international sales from intercompany charges relate with EURk 10,658 to Western Europe (2020: EURk 14,411) and with EURk 4,289 to Eastern Europe (2020: EURk 4,727).

Other own work capitalized

Other own work capitalized includes capitalized personnel expenses for the creation of internally generated intangible assets amounting to EURk 7,167 (2020: EURk 4,547).

Other operating income

Other operating income of EURk 1,250 (2020: EURk 339) mainly relates to income of EURk 994 relating to other periods. This mainly relates to the reversal of a provision for legal disputes from the previous year.

Cost of purchased services

Purchased services amounting to EURk 40,495 (2020: EURk 16,927) were purchased from outside the Group and are largely charged on within the Group. They mainly relate to central marketing and IT services.

Personnel data

During the year, the Company had an average of 465 employees excluding the Management Board (2020: 383), broken down as follows:

	2021	2020
Administration / IT	235	188
Marketing/ Fulfilment	231	195
Total	**465**	**383**

Personnel expenses amounted to EURk 38,565 (2020: EURk 30,557). This includes expenses for share-based payment of EURk 2,788 (2020: EURk 3,047). These mainly relate to expenses for the cash-settled share-based payment program in the amount of EURk 1,277 and expenses for a cash settlement of share-based payment programs in the amount of EURk 1,511, which were not previously recognized under HGB as they were originally intended to be settled by equity instruments.

Personnel expenses can be broken down as follows:

	2021 EURk	2020 EURk
Wages and saleries	30,403	23,179
Social security	5,373	4,330
Expenses for share-based payments	2,788	3,047
Total	**38,565**	**30,557**

Other operating expenses

Other operating expenses of EURk 16,839 (2020: EURk 17,912) primarily include costs incurred in connection with the headquarters function. These include rental expenses, consulting costs, expenses for the IT infrastructure, and expenses from share-based payments attributable to Group employees not employed by Westwing Group AG (now: Westwing Group SE). In addition, expenses relating to other periods amounting to EURk 582 are included. Of this amount, EURk 330 relates to tax receivables of a sold company and EURk 217 to excessive accruals for volume discounts in the previous year.

Financial result

Interest and similar income amounting to EURk 3,672 (2020: EURk 3,009) mainly results from loans to affiliated companies. Interest and similar expenses of EURk 277 (2020: EURk 169) relate in the amount of EURk 244 (2020: EURk 56) to third parties and in the amount of EURk 33 (2020: EURk 113) to loans from affiliated companies.

V. Other

Other financial obligations

There are financial obligations (gross) as follows:

Remaining terms	up to 1 year	1 to 5 years	over 5 years	Total
	EURk	EURk	EURk	EURk
Rental Agreements	3,781	14,540	1,929	20,251
Leasing Agreements	64	85	-	149
Service Agreements	300	450	-	750
	4,146	**15,075**	**1,929**	**21,150**

The use of some of the property, plant and equipment used by Westwing is based on rental and operating lease agreements. This helps to reduce the capital commitment and leaves the investment risk with the counterparty.

Contingent liabilities

The Company has the following contingent liabilities:

	Dec. 31, 2021	Dec. 31, 2020
	EURk	EURk
Guarantees and warranties	1,160	3,731
	1,160	**3,731**

Due to the holding and financing function of the company within the Group, contingent liabilities have been entered into exclusively for subsidiaries in order to build up business operations. The risk of a claim arising from the individual contingent liabilities is considered to be low, as the subsidiaries are showing a positive development.

In addition, Westwing Group AG (now: Westwing Group SE) has issued a letter of comfort to its subsidiary Westwing GmbH to guarantee the obligations arising until December 31, 2023. The risk of a claim arising from this liability relationship is also considered to be low, as the development of Westwing GmbH can be seen as positive.

List of shareholdings of Westwing Group AG (now: Westwing Group SE) pursuant to Section 285 No. 11, 11a and No. 11b of the German Commercial Code (HGB)

Company	Registered office	Equity in EURk resp. converted at the closing rate 2021[1]	Shares in Capital in %	Annual Result 2021 in EURk[1]
Westwing GmbH	Munich	-21,846	100.00%	9,637
Westwing Commercial GmbH	Berlin	-15	100.00%	-36
Westwing Delivery Service GmbH[2]	Munich	19	100.00%	-6
Westwing Bitterfeld Logistics GmbH[3]	Munich	25	100.00%	-0
Westwing Spain Holding UG	Berlin	-1,192	100.00%	-4
Westwing France Holding UG	Berlin	364	100.00%	1,243
Westwing Italy Holding UG	Berlin	-1,232	100.00%	-32
Westwing Netherlands Holding UG	Munich	-327	100.00%	93
Tekcor 1. V V UG	Bonn	-727	100.00%	126
Brillant 1256. GmbH & Co. Dritte Verwaltungs KG	Berlin	-16,444	88.80%	25
Brillant 1256. GmbH	Berlin	-2,064	100.00%	14
Bambino 65. V V UG[4]	Berlin	-	100.00%	-
Bambino 66. V V UG	Berlin	-4,843	94.20%	-25
Bambino 68. V V UG	Berlin	-3,221	100.00%	-16
VRB GmbH & Co. B-156 KG[5]	Berlin	-	90.00%	-0
VRB GmbH & Co. B-157 KG	Berlin	-2,307	77.30%	-101
VRB GmbH & Co. B-160 KG	Berlin	-732	97.50%	-11
VRB GmbH & Co. B-165 KG[5]	Berlin	-	90.00%	-0
VRB GmbH & Co. B-166 KG[5]	Berlin	-	90.00%	-0

Company	Registered office	Equity in EURk resp. converted at the closing rate 2021[1]	Shares in Capital in %	Annual Result 2021 in EURk[1]
VRB GmbH & Co. B-167 KG[5]	Berlin	-	90.00%	-0
WW E-Services Iberia S.L.[6]	Barcelona	620	100.00%	-22
WW E-Services Italy S.r.I.[6]	Milan	116	100.00%	-10
WW E-Services France SAS[6]	Paris	-18,800	100.00%	-699
Westwing Home and Westwing Home and Living Poland SP. Z O.O.[6]	Warsaw	-1,794	100.00%	-909
WW E-Services The Netherlands B.V.[6]	Amsterdam	-13,039	100.00%	-1,292
wLabels Hong Kong Ltd.[6]	Hong Kong	391	100.00%	50
wLabels China Co., Ltd.[6]	Dongguan	-5	100.00%	-28

1 The values correspond to the annual financial statements after any profit transfer, in the case of subsidiaries in accordance with IFRS consolidated financial statements.
2 Founded at July 30, 2021
3 Founded at October 14, 2021
4 Merger with Westwing Group AG (now: Westwing Group SE) at August 26, 2021
5 Added to Westwing Group AG (now: Westwing Group SE) at August 5, 2021
6 indirect

The Company prepares the consolidated financial statements for the smallest and the largest group of consolidated companies. The consolidated financial statements are published in the Federal Gazette.

Disclosures pursuant to Section 160 (1) No. 8 AktG

The shareholder structure of Westwing Group AG (now: Westwing Group SE) is based on the voting rights as last notified by the shareholders and as published by the shareholders in relation to the current share capital of the company as of December 31, 2021. It should be noted that the number of voting rights last reported may have changed within the respective thresholds without any obligation to notify the Company. The percentages shown in the table below each relate to the share capital of Westwing Group AG (now: Westwing Group SE) as of December 31, 2021.

Shareholder	Share in Subscribed Capital
Zerena GmbH (Rocket Internet SE)	29%
The Capital Group Companies	11%
Amiral Gestion	5%
Tengelmann Ventures	5%
Janus Henderson Group PLC	3%
Public float/Other	47%
Total	100%

Other shareholders/public float refers to the shareholdings in Westwing Group AG (now: Westwing Group SE) of less than 3%.

Events after the balance sheet date

After the end of the 2021 fiscal year, the following events occurred that may have a material impact on the future results of operations, financial position and net assets of Westwing.

On February 23, 2022, Westwing Group AG (now: Westwing Group SE) was converted into a Societas Europaea (SE) and now operates under the name Westwing Group SE.

Supervisory Board member Thomas Harding resigned from his position as a member of the Supervisory Board of Westwing Group SE at the end of March with effect from the end of the Annual General Meeting, which is scheduled for May 18, 2022.

The Supervisory Board will address the issue of his successor in the short term.

In addition, the large-scale Russian military invasion into Ukraine, which began on February 24, 2022, might challenge all existing estimations of the future macroeconomic and sector-specific environment. The situation is very dynamic, which makes a valid forecast currently impossible. However, it can be assumed that the worldwide sanctions against Russia will deeply impact the future development of the world market.

Auditor's fee

The disclosures on the auditor's fee are part of the consolidated financial statements of Westwing Group AG (now: Westwing Group SE), which the company prepares for the largest and smallest group of companies. The consolidated financial statements are published in the Bundesanzeiger (Federal Gazette). The other assurance services relate to auditing activities in connection with the non-financial statement (limited assurance) and auditing activities in connection with the compensation report.

Declaration of conformity with the German Corporate Governance Code

In December 2021, the Executive Board and Supervisory Board of Westwing Group AG (now: Westwing Group SE) issued the declaration required by Section 161 of the German Stock Corporation Act (AktG) and made it publicly available in the Annual Report and on the Company's website (https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Westwing_Group_AG_Compliance_Declaration_2021_ENG.pdf).

Executive Board

The members of the Executive Board acting during the year were Stefan Smalla (Chief Executive Officer) and Sebastian Säuberlich (Chief Financial Officer). Stefan Smalla is also a member of the Supervisory Board of HelloFresh SE.

The total remuneration granted to the Management Board in the fiscal year 2021 amounted to EURk 2,295. In the fiscal year 2021, the Management Board was granted 45,000 virtual option rights with cash settlement from the virtual program VSOP 2019 with a fair value at the grant date of EURk 627.

The total remuneration of former board members in the 2021 fiscal year amounts to EURk 186.

Individualized disclosure of the compensation of the members of the Board of Management is provided in the compensation report.

Supervisory Board

The total compensation granted to the Supervisory Board in the 2021 fiscal year amounts to EURk 176.

The remuneration of the members of the Supervisory Board is governed by the Articles of Association of Westwing Group AG (now: Westwing Group SE). The members of the Supervisory Board receive a fixed basic remuneration of EURk 25 for each fiscal year of the company, with the Chairman of the Supervisory Board receiving a fixed basic remuneration of EURk 40 and the Deputy Chairman receiving EURk 30. The Chairman of the Audit Committee receives a further EURk 20 and the other members of the Audit Committee EURk 10.

The compensation is payable at the end of the respective fiscal year. Members of the Supervisory Board who are only in office for part of the fiscal year receive corresponding prorated compensation.

In addition to the fixed remuneration, Westwing reimburses the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the course of performing their duties, as well as the value-added tax payable on their remuneration and out-of-pocket expenses.

Furthermore, the members of the Supervisory Board are included in the D&O liability insurance policy for members of the Executive Board, which provides coverage against financial loss. The premiums for this insurance policy are paid by the company.

In accordance with the Articles of Association (Art. 9 Para. 1), the Supervisory Board is composed of five members. It is not subject to co-determination by employees; consequently, all members of the Supervisory Board are elected by the Annual General Meeting as shareholder representatives.

In fiscal year 2021, the Supervisory Board had three committees: The Audit Committee, the Compensation Committee and the Nomination Committee. Additional committees may be formed as required.

During the fiscal year, the Supervisory Board was composed of the following members:

Name	**Remunerated functions**
Christoph Barchewitz, Co-CEO Global Fashion Group	Chairman of the Supervisory Board, Chairman of the Nomination Committee and Member of the Remuneration Committee, Member of the Audit Committee (until August 2021)
Dr. Antonella Mei-Pochtler, Senior Advisor Boston Consulting Group	Deputy Chairwoman of the Supervisory Board, and Chairwoman of the Remuneration Committee
Michael Hoffmann, independent consultant	Member of the Supervisory Board, Chairman of the Audit Committee and Member of the Remuneration Committee
Thomas Harding, Partner Bridford Group	Member of the Supervisory Board, Member of the Audit Committee and of the Nomination Committee
Mareike Wächter (since August 2021), managing director BANOVO	Member of the Supervisory Board, of the Audit Committee and of the Nomination Committee

The members of the Supervisory Board of Westwing Group AG (now: Westwing Group SE) are also members of supervisory boards and controlling bodies of the following companies:

Dr. Antonella Mei-Pochtler

- Member of the Supervisory Board and member of the Compensation Committee of Publicis Groupe S.A.
- Member of the Supervisory Board and member of the Corporate Governance and Social and Environmental Sustainability Committee and member of the Related Party Transactions Committee of Assicurazioni Generali S.p.A.
- Member of the Supervisory Board and member of the Audit Committee and the Executive and Nominating Committee of ProSiebenSat.1 Media SE

Michael Hoffman

- Member of the Supervisory Board and Chairman of the Audit Committee of Telefónica Deutschland Holding AG

Thomas Harding

- Member of the Advisory Board of LenioBio GmbH
- Member of the Nomination Committee of Ice Group ASA

- Non-executive member of the corporate bodies of Penfold Technology Limited
- Non-executive director of Solar Foods Oy
- Non-executive member of the governing body of Grabyo Limited
- Non-executive member of the governing bodies of Touchlight Holdings Limited

Responsibility statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined management report includes a fair review of the development and performance of the business and the position of the group and the company, together with a description of the principal opportunities and risks associated with the expected development of the group and the company.

Munich, March 28, 2022

Stefan Smalla Board of Directors Westwing Group AG (now: Westwing Group SE)	Sebastian Säuberlich Board of Directors Westwing Group AG (now: Westwing Group SE)

Westwing Group AG (now: Westwing Group SE), Munich
Development of fixed assets 2021

	Cost				Accumulated depreciation and amoirtization					Carrying amounts	
	Jan. 01, 2021 EURk	Additions EURk	Disposals EURk	Dec. 31, 2021 EURk	Jan. 01, 2021 EURk	Additions EURk	Disposals EURk	Reversal of write-downs EURk	Dec. 31, 2021 EURk	Dec. 31, 2021 EURk	Dec. 31, 2020 EURk
I. Intangible assets											
1. Self-generated industrial property rights and similar rights and assets	23,896	8,507	./. 6,128	26,274	./. 10,141	./. 3,637	6,128	0	./. 7,650	18,624	13,754
2. Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	948	52	./. 322	677	./. 693	./. 102	316	0	./. 479	198	255
3. Goodwill	4,338	0	0	4,338	./. 4,338	0	0	0	./. 4,338	0	0
	29,181	8,558	./. 6,450	31,288	./. 15,172	./. 3,739	6,444	0	./. 12,467	18,822	14,009
II. Tangible fixed assets											
Other equipment, factory and office equipment	7,534	2,317	./. 507	9,344	./. 4,503	./. 1,646	480	0	./. 5,669	3,675	3,031
	7,534	2,317	./. 507	9,344	./. 4,503	./. 1,646	480	0	./. 5,669	3,675	3,031
III. Long-term financial assets											
1. Shares in affiliated companies	16,015	56	./. 1	16,071	./. 635	0	0	0	./. 635	15,435	15,380
2. Loans to affiliated companies	235,717	41,107	./. 52,806	224,019	./. 88,618	0	0	48	./. 88,570	135,448	147,099
	251,733	41,163	./. 52,807	240,089	./. 89,253	0	0	48	./. 89,205	150,884	162,479
Total	**288,448**	**52,038**	**./. 59,764**	**280,721**	**./. 108,928**	**./. 5,385**	**6,924**	**48**	**./. 107,342**	**173,380**	**179,520**

Westwing Group AG (now: Westwing Group SE), Munich
Development of treasury shares 2021

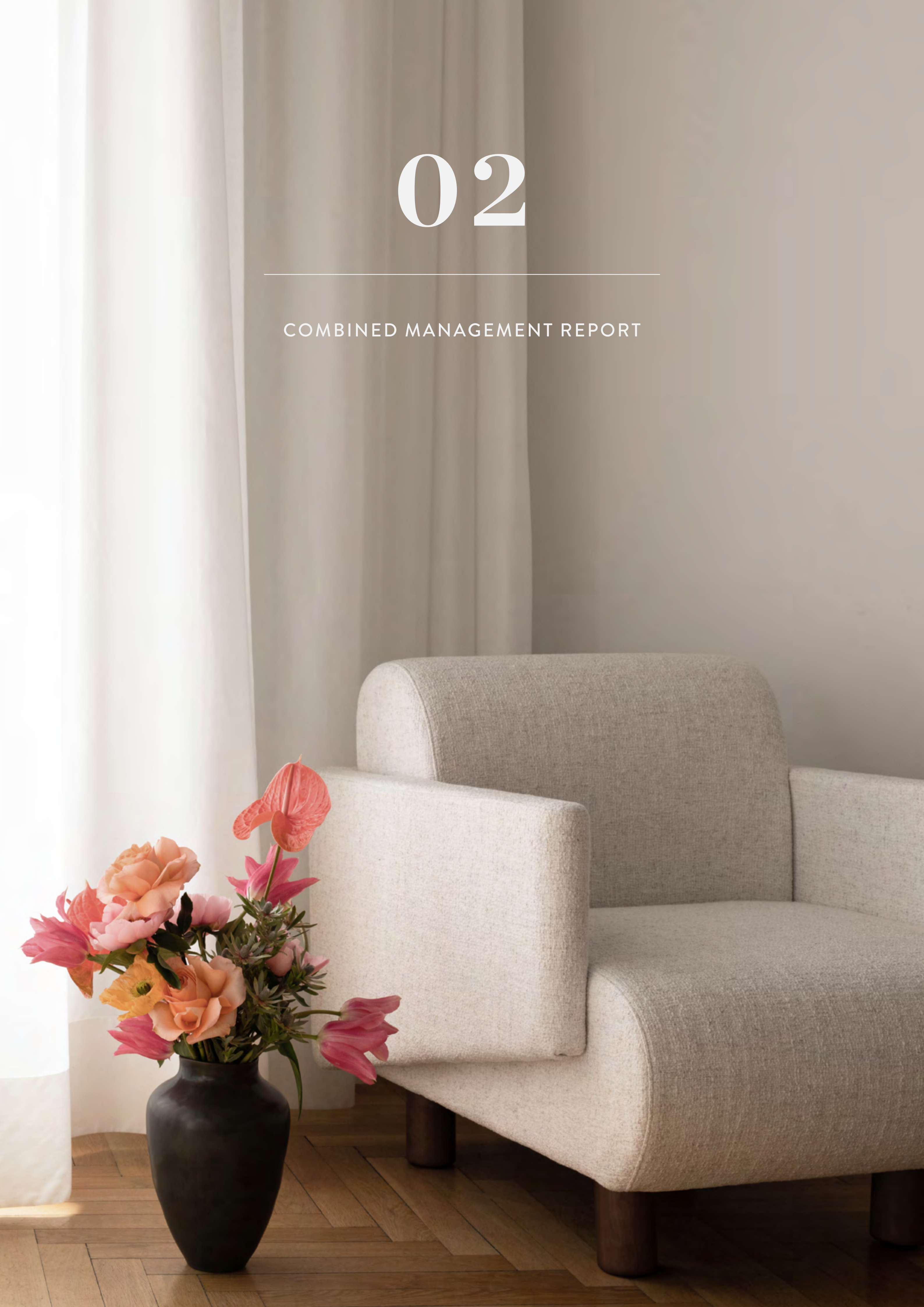
Balance sheet date	Date of acquisition or disposal	Price per share in EUR	Treasury shares	Cause of the movement
Dec. 31, 2017			**-191**	
			-28,650	share split
			5,850	exercise share options
Dec. 31, 2018			**-22,800**	
	03.07.19	0.02	22,800	exercise share options
	04.09.19	14.85	-10,050	acquisition of treasury shares
	05.09.19	14.85	-8,850	acquisition of treasury shares
	05.13.19	0.01	18,900	exercise share options
	08.14.19	4.40	-2,600	share buy-back
	08.15.19	4.10	-658	share buy-back
	08.16.19	3.94	-2,442	share buy-back
	08.19.19	3.90	-3,000	share buy-back
	08.20.19	3.66	-3,500	share buy-back
	08.21.19	3.24	-3,500	share buy-back
	08.22.19	2.71	-6,500	share buy-back
	08.23.19	2.75	-11,000	share buy-back
	08.26.19	3.07	-5,000	share buy-back
	08.27.19	3.46	-15,000	share buy-back
	08.28.19	3.71	-11,542	share buy-back
	08.29.19	3.57	-18,000	share buy-back
	08.30.19	3.42	-13,693	share buy-back
	09.02.19	3.21	-18,013	share buy-back
	09.03.19	3.28	-12,507	share buy-back
	09.04.19	3.21	-22,000	share buy-back
	09.05.19	3.09	-25,000	share buy-back
	09.06.19	3.00	-25,880	share buy-back
	09.09.19	2.91	-28,500	share buy-back
	09.10.19	2.96	-29,000	share buy-back
	09.11.19	2.88	-19,939	share buy-back
	09.12.19	2.88	-24,513	share buy-back
	09.13.19	2.92	-19,923	share buy-back
	09.16.19	2.77	-11,078	share buy-back
	09.17.19	2.61	-35,500	share buy-back
	09.18.19	2.62	-35,500	share buy-back
	09.19.19	2.64	-3,000	share buy-back
	09.20.19	2.57	-3,000	share buy-back
	09.23.19	2.58	-3,000	share buy-back
	09.24.19	2.61	-3,000	share buy-back
	09.25.19	2.49	-3,000	share buy-back
	09.26.19	2.20	-3,000	share buy-back
	09.27.19	2.00	-3,000	share buy-back
	09.30.19	2.15	-3,000	share buy-back
	10.01.19	2.25	-3,000	share buy-back
	10.02.19	2.33	-3,000	share buy-back
	10.04.19	2.25	-3,000	share buy-back
	10.07.19	2.31	-3,000	share buy-back
	10.08.19	2.62	-22,500	share buy-back
	10.09.19	2.98	-13,000	share buy-back
	10.10.19	3.08	-13,684	share buy-back

	10.11.19	3.27	-37,816	share buy-back
	10.14.19	3.42	-20,000	share buy-back
	10.15.19	3.60	-10,000	share buy-back
	10.16.19	3.63	-14,236	share buy-back
	10.17.19	3.88	-34,600	share buy-back
	10.18.19	4.17	-34,353	share buy-back
	10.21.19	4.48	-21,383	share buy-back
	10.22.19	4.62	-27,617	share buy-back
	10.23.19	4.82	-15,850	share buy-back
	10.24.19	4.78	-35,866	share buy-back
	10.25.19	4.88	-22,100	share buy-back
	10.28.19	4.75	-11,818	share buy-back
	10.29.19	4.62	-14,730	share buy-back
	10.30.19	4.39	-10,659	share buy-back
	11.27.19	1.71	16,350	exercise share options
	11.27.19	1.71	3,450	exercise share options
	11.27.19	0.01	1,650	exercise share options
	11.27.19	0.01	9,600	exercise share options
	11.27.19	0.01	600	exercise share options
	11.27.19	0.01	2,850	exercise share options
	11.27.19	1.23	1,900	exercise share options
	11.27.19	0.01	2,100	exercise share options
	11.27.19	0.01	1,050	exercise share options
Dec. 31, 2019			**-743,450**	
	04.21.20	1.71	2,550	exercise share options
	04.30.20	0.01	3,300	exercise share options
	06.04.20	0.01	300	exercise share options
	07.30.20	0.01	5,250	exercise share options
	09.01.20	1.23	3,600	exercise share options
	09.02.20	0.01	3,450	exercise share options
	09.02.20	1.23	2,850	exercise share options
	09.02.20	4.47	16,200	exercise share options
	09.02.20	4.47	1,350	exercise share options
	09.02.20	4.47	1,500	exercise share options
	09.17.20	0.01	2,550	exercise share options
	09.24.20	0.01	5,850	exercise share options
	10.01.20	1.23	10,500	exercise share options
	10.01.20	1.23	3,600	exercise share options
	10.05.20	0.01	24,000	exercise share options
	10.05.20	0.01	5,400	exercise share options
	11.17.20	0.01	85,200	exercise share options
	12.03.20	0.01	1,650	exercise share options
	12.03.20	0.01	300	exercise share options
	12.03.20	0.01	15,000	exercise share options
	12.03.20	0.01	1,950	exercise share options
	12.03.20	1.71	1,200	exercise share options
	12.03.20	1.71	750	exercise share options
	12.03.20	4.47	900	exercise share options
	12.03.20	9.17	1,200	exercise share options
	12.03.20	19.30	1,800	exercise share options
Dec. 31, 2020			**-541,250**	
	03.17.21	0.01	3,000	exercise share options
	05.04.21	0.01	1,200	exercise share options
	05.04.21	0.01	1,350	exercise share options
	05.04.21	0.01	4,650	exercise share options

	05.04.21	0.01	2,700	exercise share options
	05.04.21	0.01	1,800	exercise share options
	05.04.21	0.01	4,800	exercise share options
	05.04.21	0.01	2,550	exercise share options
	05.04.21	0.01	4,650	exercise share options
	05.04.21	0.01	14,200	exercise share options
	05.04.21	0.01	800	exercise share options
	05.04.21	0.01	1,050	exercise share options
	05.04.21	0.01	2,550	exercise share options
	05.04.21	0.01	1,500	exercise share options
	05.04.21	1.23	4,500	exercise share options
	05.04.21	1.23	40,000	exercise share options
	05.04.21	1.71	1,125	exercise share options
	05.04.21	4.47	150	exercise share options
	05.04.21	7.66	4,350	exercise share options
	05.04.21	12.20	750	exercise share options
	05.04.21	19.30	1,350	exercise share options
	05.04.21	19.30	900	exercise share options
	05.11.21	0.01	1,800	exercise share options
	05.11.21	9.06	2,700	exercise share options
	05.12.21	9.06	2,100	exercise share options
	05.18.21	0.01	10,000	exercise share options
	05.18.21	12.16	1,200	exercise share options
	05.18.21	29.01	150	exercise share options
	05.19.21	0.01	150	exercise share options
	05.19.21	0.01	24,000	exercise share options
	05.19.21	19.30	300	exercise share options
	05.20.21	4.47	450	exercise share options
	05.20.21	9.17	2,700	exercise share options
	05.27.21	0.01	11,250	exercise share options
	05.27.21	0.01	5,550	exercise share options
	06.02.21	0.01	1,500	exercise share options
	06.02.21	0.01	12,450	exercise share options
	06.02.21	0.01	600	exercise share options
	06.02.21	0.01	600	exercise share options
	06.09.21	0.01	4,650	exercise share options
	06.09.21	4.47	600	exercise share options
	06.09.21	19.30	900	exercise share options
	06.09.21	29.01	1,650	exercise share options
	06.15.21	0.01	6,900	exercise share options
	06.15.21	6.67	5,850	exercise share options
	07.07.21	0.01	2,850	exercise share options
	07.07.21	0.01	3,000	exercise share options
	07.12.21	1.71	1,050	exercise share options
	07.20.21	0.01	4,650	exercise share options
	07.20.21	19.30	750	exercise share options
	09.06.21	0.01	750	exercise share options
	09.14.21	4.47	2,100	exercise share options
	09.30.21	0.01	1,650	exercise share options
Dec. 31, 2021			**-326,475**	

02

COMBINED MANAGEMENT REPORT



1. FUNDAMENTAL INFORMATION ABOUT THE GROUP

The Westwing Group, the parent company of which is Westwing Group AG (now: Westwing Group SE) and which is referred to hereinafter as “Westwing,” the “Company,” or the “Group” for short, operates an inspirational Home & Living eCommerce brand in Europe.

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

1.1 Business Activities

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

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

Our daily themes introduce customers to new ideas ranging from décor tips to home styling looks, plus the matching products. Customers can also find a large variety of products on WestwingNow, the website featuring our permanent assortment. We present our products alongside beautiful visual content such as shoppable interior themes, home stories, and home styling tips.

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

Westwing targets a highly attractive market that is worth approximately EUR 121bn[1] in the geographies in which we operate. Our business model is fueled by our high customer loyalty, with 80% of orders coming from repeat customers. Our business activities follow our Company’s mission: “To inspire and make every home a beautiful home.”

In 2021, our gross merchandise volume (GMV, see also section 1.3 of this Combined Management Report) amounted to EUR 586m. Of this figure, 18% was attributable to textiles and rugs, 12% to home décor and accessories, 10% to kitchen and dining, 9% to lighting, 32% to large furniture, 6% to small furniture, and 12% to other products.

The combination of our Westwing Collection and third-party products enables us to offer customers a broad, relevant assortment. The share of GMV accounted for by our Westwing Collection increased to 34% in 2021 as a whole (2020: 25%) and even 37% in the fourth quarter (Q4 2020: 28%). Our long-term goal is to grow this figure to 50% of GMV.

1.2 Structure of the Group

The Group is headed by our holding company, Westwing Group AG (now: Westwing Group SE), a German stock corporation entered in the commercial register at Berlin District Court under the number HRB 199007 B (now: HRB 239114 B). The Company is headquartered at Moosacher Strasse 88, 80809 Munich, Germany. Westwing has been listed on Frankfurt Stock Exchange’s regulated market since October 9, 2018.

As of December 31, 2021, 23 companies were included in the Westwing Group’s consolidated financial statements, of which 11 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. This means that the revenue generated by the legal entities in other

1 Euromonitor (as of April 19, 2021).

countries does not fully reflect Westwing's sales in those countries; rather, these companies are only accounting for Westwing's daily themes.

Westwing GmbH generated third-party revenue of EUR 383.9m in 2021 (2020: EUR 291.2m), while Italian company Westwing S.r.l. had revenue of EUR 41.5m (2020: EUR 39.8m), Westwing Poland Sp. z o.o had revenue of EUR 35.6m (2020: EUR 32.5m), and revenue at the Spanish Westwing Iberia S.L. amounted to EUR 30.2m (2020: EUR 42.2m).

1.3 Performance Measurement System

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

We define EBITDA as total earnings before interest and taxes (EBIT) plus depreciation, amortization, and impairments. Adjusted EBITDA is calculated by modifying this figure to take account of share-based payment expenses. This provides a performance metric for the Company's operating business. In 2021, we also adjusted EBITDA for expenses resulting from a tax claim for previous years brought against a divested entity, plus the expenses incurred for the planned change in Westwing AG's legal form to a European Company (Societas Europaea – SE). In 2019, EBITDA was also adjusted for restructuring costs in Italy and France, which led in turn to smaller reversal adjustments in 2020 and 2021. The Adjusted EBITDA margin is defined as Adjusted EBITDA expressed as a percentage of revenue.

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

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

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

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

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

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

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

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

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

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

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

1.4 Research and Development

Ever since it was founded, Westwing has invested in developing and enhancing software to support its growing internal and external business requirements. The Company has established an in-house technology team that provides centralized support for all countries so as to maintain this software architecture. As of year-end 2021, the team consisted of 267 employees (December 31, 2020: 154 employees). One important development was the expansion of the technological landscape to address the increasing focus on mobile platforms. Westwing provides apps for iOS and Android devices, plus smartphone- and tablet-optimized sites.

Development costs are capitalized in accordance with IAS 38. The net carrying amount of intangible assets resulting from the capitalization of internally developed software increased by EUR 4.8m in the 2021 fiscal year, to total EUR 18.6m. Capitalized development costs accounted for roughly 30% of total technology costs in 2021 (2020: 30%). Amortization of capitalized development costs amounted to EUR 3.6m during the same period (2020: EUR 2.8m).

2. REPORT ON ECONOMIC POSITION

2.1 Macroeconomic and Sector-specific Environment

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

Macroeconomic developments in 2021 continued to be dominated by the coronavirus (COVID-19) pandemic. Vaccination has been shown to be an effective means of mitigating the health risks associated with the virus. However, unequal access to vaccines, vaccine hesitancy, and the more contagious Delta and later Omicron variants, among other factors, contributed to an ongoing high level of uncertainty. While many advanced economies made significant progress in fighting the pandemic, emerging markets and developing countries in particular still faced high infection rates.

Global GDP is expected to have increased by 5.9% in 2021 (2020: −3.1%)[2]. While global GDP growth was stronger than anticipated in the first quarter of 2021, momentum slowed from the second quarter onwards for a variety of reasons. Renewed lockdowns and restrictions, which became necessary due to new waves of COVID-19 infections, led to an uneven economic recovery and depressed the global market. Beyond that, rising raw materials prices, supply-side constraints, and significantly higher shipping costs led to a significant rise in headline consumer price inflation. According to OECD estimates, annual consumer price inflation in the G20 economies is projected to have been approximately 4.5%[3] at the 2021 year-end.

2 International Monetary Fund: World Economic Outlook Database October 2021.

3 OECD (2021), OECD Economic Outlook, Interim Report September 2021: Keeping the Recovery on Track, OECD Publishing, Paris, http://doi.org/10.1787/490d4832-en.

In the medium term, the pandemic is expected to increase global poverty and inequality. The economic recovery will continue but will remain uneven across the world. Global GDP growth is expected to gradually slow to 3.3%[4] in the period up to 2026.

The European economy in particular saw a significant recovery in 2021: According to IMF estimates, real GDP rose by approximately 5.4% in 2021, 10.4 percentage points higher than in 2020 (–5.0%).[5]

In Germany, Westwing's largest market, real GDP recovery is expected to have been below the European average, at an estimated 3.1%[6]. The fourth wave of the pandemic towards the end of 2021 hit the country especially hard and contributed to economic forecasts for the year being downgraded.

In 2020 – the most recent year for which figures are available – the total Home & Living market in Westwing's European target countries was worth around EUR 121bn (2019: EUR 120bn). This translates to year-over-year market growth of just 0.8%, which can be attributed to the macroeconomic distortions described above. The market is expected to reach a volume of over EUR 133bn by the end of 2025, which corresponds to a 2% annual average growth rate.[7]

The picture for the online market is completely different to this moderate development. The eCommerce business increased its share of the market from EUR 12bn in 2019 to EUR 17bn in 2020, a rise of more than 39%. This is also reflected in the online penetration rate of 14% in 2020 (2019: 10%) – another significant increase. At the same time, online penetration rates of over 25% in the United Kingdom and the United States indicate the huge growth potential still left in the European market.[8]

While the tremendous increase in online sales last year was of course boosted by the restrictions on contacts caused by COVID-19, it still indicates the direction the future will take. The shift from offline to online purchases is an ongoing trend that will continue in years to come even after the pandemic has ended. In addition, the fact that the Home & Living market in general still has lower online penetration rate than other retail industries means there can be no doubt about Westwing's future growth opportunities.[9]

OVERALL ASSESSMENT OF THE ECONOMIC ENVIRONMENT

After the year 2020 which caused a turnaround with respect to the shift from offline to online, management saw in 2021 that people get used to the new environment. Still, we expect this online trend not to reverse, albeit lose a bit of momentum. Global growth was positive again, but we are strongly impacted by price increases and inflation, and so are our customers. Nevertheless, Westwing had a positive year, but the economic environment is expected to cloud over in 2022.

2.2 Course of Business[10]

2021 was another successful year for Westwing. We closed the year with revenue of EUR 522m (2020: EUR 433m) – a growth rate of 20.7% year-over-year – and an Adjusted EBITDA margin of 7.7% (2020: 11.5%). We had anticipated the development in the latter indicator since we had benefited strongly from the accelerated shift towards online channels across all our markets in 2020, which had led to a very high baseline. Additionally, we saw strong seasonality in summer as social distancing restrictions eased, vaccination rates increased across our markets, and consumer spending shifted towards offline channels such as travel and leisure.

The number of Active Customers grew from 1.5m to 1.7m, while the number of orders increased by 7% to 4.4m (2020: 4.1m). Free cash flow was EUR 2.7m (2020: EUR 39.5m). Westwing's net income in 2021 was EUR 12.0m (2020: EUR 29.8m).

4 International Monetary Fund: World Economic Outlook Database October 2021.
5 International Monetary Fund: World Economic Outlook Database October 2021.
6 International Monetary Fund: World Economic Outlook Database October 2021.
7 Euromonitor (April 19, 2021).
8 Euromonitor (April 19, 2021).
9 Euromonitor (April 19, 2021).
10 All statements and figures relating to quarterly developments are unaudited.

As a result, we met our March 2021 capital markets guidance for revenue and were only very slightly below our projected figure for Adjusted EBITDA.

Date	Revenue	Revenue growth	Adjusted EBITDA	Adjusted EBITDA margin
March 30, 2021 (original guidance)	EUR 510m–550m	18%–27%	EUR 42m–55m	8–10%
March 29, 2022 (final result)	EUR 522.5m	20.7%	EUR 40.4m	7.7%

The DACH segment generated revenue of EUR 296.8m (22.4% growth) and Adjusted EBITDA of EUR 38.8m (2020: EUR 41.0m), while revenue in our International segment was EUR 225.7m (up 18.6%) and Adjusted EBITDA amounted to EUR 2.8m (2020: EUR 9.2m). Please refer to the segment results for more details.

The following major topics were relevant to the Company's course of business in 2021:

Health and safety remained key

The COVID-19 pandemic remained the number one issue throughout the year, although vaccines became available earlier than had been expected. As in 2020, Westwing's office employees worked mainly from home to avoid spreading the virus, although since the summer of 2021 some staff returned to the office on single days and following strict rules. Employees who couldn't work from home (such as warehouse workers and photo studio employees) followed the strict health and social distancing procedures introduced in response to the virus. Westwing offered all employees vaccines during June to August 2021 and again in November and December, including booster shots. This offer was very well received.

Dealing with supply chain disruptions and increased freight costs

We saw rising pressure from high sea freight and container costs, and ongoing industry-wide supply chain disruptions, in 2021. We were able to offset some of the resulting negative effects due to a strong increase in our Westwing Collection's share of GMV. Although we are able pass on some of the cost increases to our customers, we are seeing a negative short-term impact on our contribution margin, and expect this trend to continue.

Maintaining and improving customer loyalty

Westwing's customer loyalty remained very strong in 2021, with 80% of orders coming from repeat customers (2020: 79%). We were able to increase the share of wallet (measured in terms of the GMV per Active Customer for the preceding twelve months) from EUR 328 in 2020 to EUR 343 in 2021. This was despite having a record number of new customers whose values for this KPI are lower, as they have not been with us for a full twelve-month period. We are benefiting from the synergies offered by our flywheel of daily themes, our permanent assortment, our Westwing Collection, and our organic marketing.

2.2.1 RESULTS OF OPERATIONS

CONDENSED CONSOLIDATED INCOME STATEMENT

The condensed Consolidated Income Statement (IFRSs) before adjustments is as follows:

EURm	2021	In % of revenue	2020	In % of revenue	Change in EURm	Change in %
Revenue	**522.5**	**100.0**	**432.9**	**100.0**	**89.6**	**20.7**
Cost of sales	–265.7	–50.9	–218.9	–50.6	–46.8	21.4
Gross profit	**256.8**	**49.1**	**213.9**	**49.4**	**42.9**	**20.0**
Fulfilment expenses	–107.1	–20.5	–86.1	–19.9	–21.0	24.3
Marketing expenses	–49.3	–9.4	–31.0	–7.2	–18.4	59.3
General and administrative expenses	–79.3	–15.2	–64.9	–15.0	–14.4	22.2
Other operating expenses	–3.8	–0.7	–3.6	–0.8	–0.3	7.3
Other operating income	3.9	0.7	3.0	0.7	0.9	29.7
Operating result	**21.1**	**4.0**	**31.4**	**7.2**	**–10.3**	**–32.7**

The following table shows the reconciliation from operating result to Adjusted EBITDA:

EURm	2021	2020
Operating result	**21.1**	**31.4**
Share-based payment expenses	5.6	8.4
Expenses for tax claim on discontinued operations	0.3	–
Expenses for planned change in legal form to an SE	0.4	–
Restructuring in France	–0.0	–0.4
Depreciation, amortization, and impairments	13.0	10.6
Adjusted EBITDA	**40.4**	**50.0**
Adjusted EBITDA margin	7.7%	11.5%

The adjusted Consolidated Income Statement shown in the following table, which we use to comment on operating developments in the individual items, does not include share-based payment expenses. In 2021, adjustments were also made for expenses relating to the tax claim against a divested entity from previous years and the expenses related to the change in Westwing Group AG's legal form to a European Company (SE). In 2019, restructuring expenses in France and Italy were excluded, which also led to additional adjustments in 2020 and 2021. Finally, depreciation, amortization, and impairments are excluded to arrive at the Adjusted EBITDA. In 2021, share-based payment expenses of EUR 1.5m recognized in previous years impacted cash (2020: EUR 2.4m).

ADJUSTED CONDENSED CONSOLIDATED INCOME STATEMENT

EURm	2021	In % of revenue	2020	In % of revenue	Change in EURm	Change in %
Revenue	**522.5**	**100.0**	**432.9**	**100.0**	**89.6**	**20.7**
Cost of sales	–265.7	–50.9	–218.9	–50.6	–46.8	21.4
Gross profit	**256.8**	**49.1**	**213.9**	**49.4**	**42.9**	**20.0**
Fulfilment expenses*	–107.1	–20.5	–86.2	–19.9	–20.9	24.2
Contribution margin*	**149.7**	**28.7**	**127.7**	**29.5**	**22.0**	**17.2**
Marketing expenses	–49.3	–9.4	–30.9	–7.1	–18.4	59.3
General and administrative expenses*	–73.4	–14.0	–56.9	–13.1	–16.5	29.0
Other operating expenses*	–3.5	–0.7	–3.6	–0.8	0.1	–2.0
Other operating income	3.9	0.7	3.0	0.7	0.9	29.7
Depreciation, amortization, and impairments	13.0	2.5	10.6	2.5	2.4	22.4
Adjusted EBITDA	**40.4**	**7.7**	**50.0**	**11.5**	**–9.5**	**–19.1**

* The following adjustments were made in the corresponding line items:

EURm	Line item	2021	2020
Share-based payment expenses	Fulfilment expenses	0.0	0.0
	Marketing expenses	0.0	0.0
	General and administrative expenses	5.6	8.4
Provision for tax claim on discontinued operations	Other expenses	0.3	–
Expenses for planned change in legal form to an SE	General and administrative expenses	0.4	–
Restructuring in France	Fulfilment expenses	–0.0	–0.1
	General and administrative expenses	–0.0	–0.3
Total		**6.3**	**8.0**

Revenues for the year can be broken down as follows:

EURm	2021	In % of revenue	2020	In % of revenue
Revenue from the sale of products	515.0	98.6	428.3	99.0
Service revenue	0.6	0.1	–	–
Other revenue	6.8	1.3	4.5	1.0
Total	**522.5**	**100.0**	**432.9**	**100.0**

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

OTHER PERFORMANCE INDICATORS

	2021	2020	Change
Westwing Collection share (in % of GMV)	34%	25%	9pp
GMV (in EURm)	586	502	17%
Number of orders (in thousands)	4,371	4,074	7%
Average basket size (in EUR)	134	123	9%
Active Customers (in thousands)	1,705	1,529	11%
Average orders per Active Customer (in EUR)	2.6	2.7	–4%
Average GMV per Active Customer in the preceding twelve months (in EUR)	343	328	5%
Mobile visit share	80%	79%	1pp

Westwing grew its revenue from EUR 432.9m in 2020 to EUR 522.5m in 2021. This corresponds to a year-over-year rise of 20.7%. The increase in Group revenue was mainly driven by a higher number of orders at a larger average basket size.

The Westwing Collection share grew by 9 percentage points, from 25% of GMV in 2020 to 34% of GMV in 2021. In the fourth quarter of 2021, it actually amounted to 37% (Q4 2020: 28%).

Westwing's gross profit margin of 49.1% remained at a high level and was down only slightly on the strong outcome seen in 2020 (49.4%). These encouraging figures are largely due to the higher Westwing Collection share, which offset increased container costs.

Fulfilment expenses[11] (before share-based payment and restructuring expenses) as a percentage of revenue increased slightly compared to the previous year to 20.5% (2020: 19.9%). In absolute terms, they amounted to EUR 107.1m (2020: EUR 86.2m).

Marketing expenses (before share-based payment) as a percentage of revenue rose to 9.4% (2020: 7.1%). This was due in particular to marketing investments designed to drive future growth, which will be continued in the coming quarters. Expressed in absolute terms, marketing expenses rose to EUR 49.3m (2020: EUR 30.9m).

General and administrative expenses (before share-based payment and expenses for the planned change in legal form to an SE) as a percentage of revenue rose moderately from 13.1% in 2020 to 14.0% in 2021. In absolute terms, they increased by EUR 16.5m to EUR 73.4m (2020: EUR 56.9m).

Adjusted EBITDA in 2021 was EUR 40.4m (2020: EUR 50.0m), down EUR 9.5m year-over-year. The Adjusted EBITDA margin declined by 3.8 percentage points, from 11.5% to 7.7%.

Depreciation and amortization increased by EUR 2.4m to EUR 13.0m, primarily due to higher amortization of internally generated software resulting from the rise in capitalized expenses over recent years, plus increased depreciation of right-of-use assets.

11 Fulfilment expenses include shipping costs.

The net financial result improved by EUR 1.4m compared to 2020 and amounted to EUR −2.1m (2020: EUR −3.5m). Key items included interest on leasing liabilities and default interest relating to tax corrections. The reduction is primarily due to the valuations in previous years of warrants that were exercised at the end of 2020 and the beginning of 2021.

Actual income tax expenses were down compared to the previous year, at EUR 2.7m (2020: EUR 5.5m). In 2021, Westwing reduced deferred tax assets on loss carryforwards and also recognized deferred tax liabilities. In total, this resulted in an expense of EUR 4.3m (2020: income of EUR 7.4m), which led to a total tax expense of EUR 7.0m (2020: income of EUR 1.9m).

Profit after tax in the 2021 fiscal year amounted to EUR 12.0m, a year-on-year decline of EUR 17.8m (2020: EUR 29.8m).

GMV increased from EUR 501.9m in 2020 to EUR 585.6m in 2021 – a rise of 16.7%. This growth was based on a total of 4.4m orders (2020: 4.1m) placed by 1.7m (2020: 1.5m) Active Customers. As a result, the average GMV per Active Customer increased to EUR 343 in 2021 compared to EUR 328 in 2020.

The mobile visit share continued to increase in 2021, amounting to 80% (2020: 79%).

SEGMENT RESULTS

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

EURm	**2021**	**In % of revenue**	2020	In % of revenue	Change in EURm	Change in %
DACH	296.8	56.8	242.6	56.0	54.3	22.4
International	225.7	43.2	190.3	44.0	35.3	18.6
Total	**522.5**	**100.0**	**432.9**	**100.0**	**89.6**	**20.7**

Adjusted EBITDA for the segments was as follows:

EURm	**2021**	**Margin**	2020	Margin	Change in EURm
DACH	38.8	13.1%	41.0	16.9%	−2.3
International	2.8	1.2%	9.2	4.8%	−6.4
HQ/reconciliation	−1.1	–	−0.3	–	−0.8
Total	**40.4**	**7.7%**	**50.0**	**11.5%**	**−9.5**

Our DACH segment had a successful year and contributed EUR 296.8m to revenue, a rise of 22.4% compared to 2020. Revenue in our International segment improved by 18.6% to EUR 225.7m. The DACH segment achieved Adjusted EBITDA of EUR 38.8m and an Adjusted EBITDA margin of 13.1% (2020: 16.9%). Adjusted EBITDA in the International segment was EUR 2.8m (2020: EUR 9.2m), corresponding to an Adjusted EBITDA margin of 1.2% (2020: 4.8%).

2.2.2 FINANCIAL POSITION

CONDENSED STATEMENT OF CASH FLOWS

EURm	2021	2020	Change in EURm
Cash flows from operating activities	18.7	47.5	–28.9
Cash flows from investing activities	–16.0	–8.0	–8.0
Cash flows from financing activities	–9.7	–7.3	–2.4
Net change in cash and cash equivalents	**–7.0**	**32.2**	**–39.2**
Effect of exchange rate fluctuations on cash held	–0.5	–0.5	–0.1
Cash and equivalents as of January 1	104.9	73.2	31.7
Cash and equivalents as of December 31	**97.4**	**104.9**	**–7.5**

Westwing generated a positive cash flow from operating activities of EUR 18.7m (2020: EUR 47.5m) due to its solid operating profit. The decrease is mainly caused by investments into inventories. Cash and cash equivalents declined by a moderate EUR 7.5m in 2021 compared to December 31, 2020. Net working capital – defined as inventories plus prepayments, current trade receivables, and other financial assets less trade payables, provisions, and contract liabilities – jumped by EUR 8.4m to EUR 4.4m in 2021 (2020: EUR –4.0m).

Cash flows from investing activities amounted to EUR –16.0m in 2021 (2020: EUR –8.0m). This item included investments in intangible assets, and especially in internally developed software, of EUR 8.6m (2020: EUR 5.4m). In addition, it included purchases of property, plant, and equipment totaling EUR 6.3m (2020: EUR 2.8m), which primarily related to technical equipment for the new warehouse in Poland and the Company's headquarters.

Due to the changes in cash flows from operating activities and cash flows used in investing activities described above, free cash flow for full-year 2021 was EUR 2.7m (2020: EUR 39.5m).

Cash flows from financing activities amounted to EUR –9.7m (2020: EUR –7.3m) and were mainly attributable to payments of lease liabilities. Furthermore, Westwing had an unused credit line of up to EUR 10.0m.

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

The Company has 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 23).

2.2.3 NET ASSETS

CONDENSED STATEMENT OF FINANCIAL POSITION

EURm	2021	2021 in % of total	2020	2020 in % of total	Change in EURm	Change in %
Total assets	**277.4**	**100.0**	**229.0**	**100.0**	**48.4**	**21.1**
Non-current assets	87.4	31.5	60.0	26.2	27.4	45.7
Current assets	190.1	68.5	169.0	73.8	21.0	12.4
Total equity and liabilities	**277.4**	**100.0**	**229.0**	**100.0**	**48.4**	**21.1**
Equity	119.3	43.0	108.7	47.5	10.6	9.8
Non-current liabilities	54.0	19.5	27.8	12.2	26.1	93.8
Current liabilities	104.2	37.5	92.5	40.4	11.7	12.6

Non-current assets mainly consist of property, plant, and equipment, and intangible assets. The increase in property, plant, and equipment from EUR 34.5m at the end of 2020 to EUR 55.5m at the end of 2021 was basically due to higher right-of-use assets to improve our warehouse capacity plus investments in technical equipment in Poland and at the Company's headquarters. Intangible assets, which are primarily attributable to the capitalization of software development expenses, increased by EUR 4.8m. Capitalized software development expenses of EUR 8.2m in 2021 were partially offset by amortization of EUR 3.6m and an impairment charge of EUR 0.1m.

Current assets amounted to EUR 190.1m as of December 31, 2021 (December 31, 2020: EUR 169.0m). Cash and cash equivalents decreased to EUR 97.4m (December 31, 2020: EUR 104.9m), primarily as a result of lower cash flows from operating activities. Inventories increased to EUR 54.9m (December 31, 2020: EUR 30.2m) due to a build-up designed to improve product availability and to mitigate the risks of volatile supply and demand. Trade and other current financial receivables decreased by EUR 5.9m to EUR 11.5m (December 31, 2020: EUR 17.4m); this item included expected credit losses of EUR 4.6m (December 31, 2020: EUR 3.0m).

The Company's equity improved to EUR 119.3m as of December 31, 2021, compared to EUR 108.7m as of the end of 2020. This change was mainly caused by the net income for the year.

Non-current liabilities climbed by EUR 26.1m to EUR 54.0m (December 31, 2020: EUR 27.8m). This strong increase was largely due to a EUR 14.4m increase in lease liabilities and a EUR 6.6m rise in liabilities from cash-settled share-based payment. Of this amount, EUR 4.6m is due to a reclassification of equity-settled share-based payment programs to cash-settled ones.

As of December 31, 2021, the Group had available credit lines of EUR 10.0m at UniCredit Bank AG (December 31, 2020: none).

Current liabilities were up EUR 11.7m year-over-year, at EUR 104.2m (December 31, 2020: EUR 92.5m). Trade payables increased from EUR 27.9m at the end of 2020 to EUR 41.8m as of December 31, 2021, mainly due to the inventory build-up over the year as a whole and especially in the fourth quarter. This effect was partially offset by lower tax liabilities, which fell by EUR 4.4m.

Overall assessment of the Group's economic position

COVID-19 remained the dominant topic in what was the second year of the pandemic. Health and safety remained a key issue, although people had become used to working from home and following strict rules, and vaccines had become available. As a result, consumer spending shifted towards offline channels such as travel and leisure. The main issues facing Westwing in 2021 were rising pressure from high sea freight costs and ongoing, industry-wide supply chain disruptions. In addition, we saw softening consumer behavior towards the end of the year. However, our customers remained loyal and we are benefiting from the synergies offered by our flywheel of daily themes, our permanent assortment, our Westwing

Collection, and our organic marketing. Westwing is profitable for the second year in a row, is debt-free, and has a strong cash position. We therefore see ourselves in a very good economic situation and are prepared for a post-pandemic environment.

3. EMPLOYEES

Westwing Group employed 2,312 full time equivalents (FTEs[12]) as of the end of December 2021 – a significant increase on the 1,671 employees recorded as of the end of 2020.

In December 2021, most staff were employed by Munich-based legal entities Westwing Group AG (now: Westwing Group SE) (440 FTEs) and Westwing GmbH (301 FTEs), and by the Group's Polish entity (1,075 FTEs) that also operates Westwing's shared service center and shared warehouse.

Westwing's employees are extremely international. As of the end of 2021, the Company employed people with more than 85 different nationalities. Likewise, Westwing sees gender diversity as an important factor: A total of 61% of the Company's employees are female.

4. NON-FINANCIAL STATEMENT

This Non-financial Statement covers Westwing Group AG (now Westwing Group SE)'s operations and was prepared in accordance with sections 315b and 315c in conjunction with sections 289b and 289c of the German Commercial Code (Handelsgesetzbuch – HGB). The Non-financial Statement presents our sustainability focus areas, describes our management approach, lists 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 and on section 289c(3) of the HGB. Full application of the GRI Standards was not considered appropriate at the current time; however, this remains a goal of our reporting improvement plan.

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

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

At Westwing, we believe that we can improve our overall sustainability performance by focusing on our products, our suppliers, and our employees, and on the way we communicate with our customers. In turn, this will 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.

The strategy aims to address environmental, social, and governance (ESG) challenges that are important to our customers, employees, suppliers, investors, and other stakeholders. It is based on three guiding principles:

12 As defined by Westwing, an FTE is the equivalent of a full-time employee.

- Focus on our core: Build sustainability into our Westwing Collection products in close collaboration with our Westwing Collection suppliers and partners.

- Leverage our strengths: Use our vast marketing expertise and insights to enable our customers to make more sustainable choices.

- Build a strong foundation: Increase our understanding of sustainability and introduce processes across our business to continuously improve our sustainability performance.

Our strategy also sets out how we will achieve the following goals:

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 – continue 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 Materiality Assessment

We conducted a materiality assessment in 2021. We formally consulted our customers, employees, the Management Board, our Executive team, suppliers, and other stakeholders on a range of ESG topics. We also reviewed our existing policies and practices, and analyzed policy trends, ESG investment requirements, and the approaches adopted by competitors and other companies.

As a result of this work, we identified six topics where our operations have a direct material impact and that are relevant to our business. We also defined our overall goals and targets in relation to these impact areas.

Matters required by HGB	Topic	Goals	Targets
Environmental matters	Climate and energy	• Avoid, reduce, and offset our greenhouse gas emissions	• Source 100% of overall energy[13] used from renewable sources by 2027 • Set science-based emissions reduction targets by 2023 • Stay climate neutral
Environmental matters	Packaging	• Reduce amount of packaging • Reduce use of virgin materials • Reduce use of materials that are more harmful to the environment • Reduce packaging going to landfill	• Reduce the amount of packaging[14] 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[15] sustainable wood by 2026 in our Westwing Collection products • Use more than 90% certified[16] organic, recycled, and/or responsibly sourced cotton by 2026 in our Westwing Collection products • Use more than 90% responsibly[17] sourced animal by-products by 2026 in our Westwing Collection products • 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
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 volume to have established environmental and social management systems[18] by 2028 • Brand partners to be aligned with our sustainability standards by 2027
Employee matters – human rights	Fair working conditions	• Operate to the highest standards of health, safety, and job satisfaction	• 50% of Westwing Collection suppliers to establish programs to measure and improve working conditions by 2028 • Maintain Westwing employee satisfaction rate above 80% • Avoid accidents in our warehouses
Social matters	Responsible marketing and communications	• Provide transparent, credible information on the sustainability qualities of our products, and assist our customers to make more sustainable choices	• A significant share of our products to be labeled as sustainable • 50% of our Westwing Collection products to be labeled as sustainable by 2027 • A significant share of Westwing's communications to be dedicated to promoting sustainability

13 Energy includes electricity, heating, cooling and other fuels for vehicle fleets trucks
14 Inbound for Westwing Collection products, outbound (excluding dropshipping), within warehouse
15 Certifications include FSC® and PEFC
16 Certifications include GOTS, MADE IN GREEN by OEKO-TEX and OCS
17 Animal by-products include leather, down, fur, etc.
18 Environmental and social management systems (e.g., ISO 14000, SA 8000)

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

Sustainability Governance

Our Management Board, supported by the Supervisory Board, is ultimately responsible for our Sustainability Strategy 2030. We appointed a new Head of Corporate Sustainability to develop and drive the strategy and work across the business to set targets, measure progress, and report on milestones achieved.

Our Head of Corporate Sustainability leads a core team that works directly with designated individuals ("sustainability champions") in each area of the business. This team devises goals and processes, monitors performance, and ensures that Westwing complies with all relevant environmental, social, and ethical regulations. It works with key managers across the business to identify and implement roadmaps, monitor performance, and ensure 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. Our Head of Corporate Sustainability reports to the Director of Governance, Risk Management, and Compliance (GRC), who in turn reports progress to the CFO and the Management Board.

A dedicated Sustainability team has also been established at our Permanent Assortment and Westwing Collection business, led by our Director of Quality and Sustainability of our Permanent Assortment. This team ensures the sustainability of our products, inbound packaging, supply chain, and materials sourcing – factors that are vital to our strategy – as well as compliance with the relevant regulations and material/product sustainability guidelines.

At an operational level, and in particular as regards packaging, sustainability is ensured by the Head of Quality and Customer experience, who also works closely together with the Corporate Sustainability team.

Our GRC function monitors risks across the business. The GRC identifies financial and non-financial risks including reputational, social, and environmental risks. As part of this process, we also assess if any highly likely and material negative impacts from topics must be included in this Non-financial Statement. We did not identify any unaddressed principal risks resulting from our operations, business activities, and business relationships during the reporting period that could have severe adverse effects on material non-financial matters. Any potential risks and impacts identified in our risk assessment have been addressed by the management approaches we have in place, which are described in this statement.

CLIMATE AND ENERGY

Management Approach

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

At Westwing, our efforts to address carbon emissions start with their annual calculation using internationally agreed methodologies such as the Greenhouse Gas Protocol. The Corporate Sustainability team collects and reviews all underlying data and information from Westwing's departments and then calculates the Company's carbon footprint with the help of an external partner (ClimatePartner)[19].

Once our carbon emissions have been calculated, we identify ways firstly to avoid them, then to reduce what cannot be avoided, and finally to offset the remainder. The Corporate Sustainability team is in charge of setting emission reduction targets, in close communication and cooperation with other relevant departments. Our Sustainability Strategy specifies that concrete carbon emission reduction targets will be determined in accordance with the Science-Based Targets initiative (SBTi).

Carbon offsetting is also coordinated by the Corporate Sustainability team in agreement with the Executive team and then implemented by our external partner (ClimatePartner).

19 ClimatePartner is a specialist firm that helps companies measure their carbon footprint and take climate action such as reducing and offsetting emissions.

Key Achievements in 2021

In 2021, we established a baseline for energy use and related emissions data by calculating our carbon footprint across Scopes 1 and 2 and part of Scope 3 for the first time; the Greenhouse Gas Protocol methodology was used for this. This involved collecting all relevant 2020 data across our business operations, including from utilities and for employee travel/commuting. Where information was not readily available, we made assumptions. For example, facilities' floor areas (m2) were used where heating and air conditioning data was not available to estimate Scope 1 emissions, generic assumptions were made as to the means of transportation used by employees (% share of cars, public transportation, etc.), and the average distance traveled was used to estimate commuting emissions.

Establishing our emissions baseline proved to be a relatively challenging process given the large number of countries involved and the different data collection processes in place for each of them. Scope 3 emissions also presented additional challenges, since the coronavirus pandemic influenced commuting patterns and overall business operations.

Scope	Emissions covered	2020
Scope 1	All direct emissions from heating, the combustion of fuels by our own vehicles, and fugitive emissions from air conditioning	1,495 [t CO_2e]
Scope 2	All indirect emissions from purchased electricity	1,239 [t CO_2e]
Scope 3[20]	All indirect emissions from employees' business travel (flights, train, cars), employee commutes to and from work, remote working, and the extraction, production, and transportation of fuels consumed in the generation of electricity and heating	3,544 [t CO_2e]

In collaboration with ClimatePartner, we offset our Scope 1, Scope 2, and part of our Scope 3 emissions (see above) in 2021 and already achieved our goal of being climate neutral in our own operations. We did this by identifying and selecting suitable, verified carbon offset projects based on the principles of project focus (e.g., energy, forest), location, and quality standards. Additionally, we sourced electricity from renewable sources for four of our offices in Germany, Poland, and the Netherlands. This represents a first step towards our goals of using 100% overall energy from renewable sources by 2027.

Outlook for 2022

Our main target for 2022 is to commit to science-based emission reduction targets, which we aim to set by 2023. Our focus over the next few years will be to reach these targets by enhancing energy and resource efficiency, by making widespread use of renewable energy throughout the business, and by improving our logistics and transportation operations (one of the largest drivers of our carbon emissions).

Our emission reduction plans will be implemented both for current and for new facilities such as our new central warehouse in Poland. This starts operations in Q1 2022 and has been built to 'Very Good' BREEAM sustainability standards[21], with solar panels to address heating and electricity needs. Other key features of the building include waste water recovery systems, vehicle charge points, water conservation technologies, LED lighting, enhanced natural light, and ventilation systems.

20 Excluding emissions from logistics, packaging, waste, water, data centers, and office supplies.

21 The certification audit will take place in 2022.

PACKAGING

Management Approach

Our customers expect and request that we use a minimum of packaging material and that our packaging is fit for purpose, can be readily recycled, and uses materials with the lowest possible environmental footprint.

We recognize our responsibility to ensure the most sustainable packaging possible for our products and aim to achieve this via two main workstreams. These comprise our warehousing and logistics operations – which develop and apply packaging solutions to protect products for delivery to our customers – on the one hand, and our Westwing Collection suppliers – who develop the inbound packaging for our own products – on the other.

Packaging in Our Warehouses: The first packaging workstream is managed by the Head of Quality and Customer Experience and their team. This group plans and supervises the way products are packaged for our end customers, focusing in particular on packaging procurement and reduction, subject to cost and utility. Support for sustainability issues is currently provided by the Corporate Sustainability team.

Packaging for Westwing Collection Products: The second packaging workstream is managed by the Director of Product Quality and Sustainability and their team. This group oversees the development of packaging solutions by our suppliers, providing guidance as necessary and taking full responsibility for the design, quality, sustainability, and overall procurement of suitable solutions.

Key Achievements in 2021

Westwing worked continuously to define and use sustainable packaging options, in line with customer expectations to avoid "overpackaging." We use specialist cutting technology in two of our warehouses to reduce packaging volumes by producing custom-sized boxes, thus reducing materials usage and increasing transportation efficiency. We have also switched to shipping our products in 100% recycled cardboard containers[22].

We also improved the packaging guidelines for our Westwing Collection suppliers and established similar guidelines for our warehouses to ensure a consistent approach across our entire business. Overall, these guidelines reflect our corporate goals; EU regulations on packaging, packaging waste, and extended producer responsibility; and relevant European and national quality and safety standards. Among other things, our guidelines cover preferred materials, restricted substances, closure methods, safety warnings, drop tests, labeling, polymer use, and third-party certifications such as those awarded by the Forest Stewardship Council (FSC®). As of the end of 2021, 14% of our negotiated Westwing Collection order volume was compliant with these enhanced sustainable packaging guidelines.

Packaging is a very important aspect of our business. We are still learning and gradually shifting towards more sustainable options and achieving our long-term targets. During this shift, we have to take account of the increasing cost of packaging and long delivery times, and ensure that we have robust systems for measuring the sustainability qualities of these materials. The main barriers to our efforts are the increasing price of packaging materials and, even more importantly, long delivery times. In some cases there are also quality considerations linked to more sustainable materials as compared to conventional ones.

Outlook for 2022

In 2022, we will be addressing outbound packaging to customers and product packaging for the Westwing Collection in parallel. Our main goals for the year are to ensure that all of our warehouses and our Westwing Collection suppliers follow our packaging guidelines, and that they continue to analyze and explore new, more sustainable materials.

More specifically, the main priority for our warehouses will be to reduce the amount of packaging and virgin material used per order. The priority for the Westwing Collection will be to provide guidance to all suppliers on switching to more sustainable materials and formats. By the end of 2022, we aim to have a significant share of our Westwing Collection sup-

22 Valid for warehouses in Germany, Poland, and Italy

pliers adhering to our sustainable packaging guidelines. This includes eliminating styrofoam and other types of foam, wherever possible, and increasing the use of FSC®-certified carton and paper packaging.

MATERIALS SOURCING

Management Approach

We want to ensure that our Westwing Collection products are made from materials that are sustainably sourced, have the lowest possible environmental and social impact, and are long-lasting. The dedicated Sustainability team in our Permanent Assortment and Westwing Collection business is responsible for materials sourcing.

The design, product, and buying teams for our Westwing Collection follow a comprehensive set of guidelines designed to help them select the most sustainable materials and products possible for the Westwing portfolio. These are the:

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

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

- Restricted Substance List (RSL) Guidelines: These take account of all relevant rules and regulations on material safety, and in particular the EU REACH regulation on the use of hazardous substances.

Key Achievements in 2021

In 2021, we applied for membership of the Better Cotton Initiative (BCI) and achieved Global Organic Textiles Standard (GOTS) and Forest Stewardship Council (FSC®) certification. We are constantly evaluating certified materials and have also started to source textiles that are certified as complying with the Global Recycled Standard (GRS). Overall, in 2021, our sustainable offering expanded from textiles to cover furniture and decorative and lighting products as well. The main challenge here has been the limited availability of sustainable materials plus higher prices, effects that have been exacerbated by the coronavirus pandemic.

In November 2021, we launched the “WE CARE by Westwing Collection” sustainable products line. Westwing’s designers have created a timeless collection that is beautiful and made to last with furniture such as sofas and sideboards, and smaller pieces such as lamps and textiles. The collection includes furniture made with wood from sustainable forestry operations (FSC®), textiles made from organic cotton (GOTS), rugs made from a minimum of 50% recycled materials (GRS), box spring beds certified with the Nordic Swan Ecolabel, and other products made from natural fibers such as jute.

These developments highlight the first steps in our journey towards the systematic use of materials from responsible, sustainable, and ethical sources, as stated in our Sustainability Strategy.

Outlook for 2022

We will continue to expand our sustainable sourcing program in 2022. Specifically, we plan to increase the number of raw materials suppliers with relevant certifications (organic, recycled, etc.), implement a strict preference for buying sustainable raw materials and, overall, work with suppliers that are able to meet our requirements. We will also continue to research sustainable alternatives to key materials such as foams and metals.

SUPPLIER IMPACT

Management Approach

Our suppliers are either manufacturers making products on our behalf (Westwing Collection) or brands whose products we sell. They play a crucial role in ensuring we can provide our customers with products that are desirable, durable, and sustainable.

We want our product suppliers to meet high standards of sustainability governance and performance. We focus particularly 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 and her team, who ensure compliance with the code of conduct for our Westwing Collection suppliers.

The Private Label Supplier Code of Conduct, as it is known, reflects key requirements set out by the International Labour Organization (ILO) and in the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. Key themes covered include working conditions, environmental performance, and the prevention of modern slavery and child labor. Our Supplier Code of Conduct entitles us to perform unannounced audits and to require subcontractors to adhere to the same standards.

Key Achievements in 2021

Westwing Collection Suppliers

We increased transparency in our supply chain by conducting systematic annual reviews of the results of the social audits (BSCI, SMETA, SA8000) performed at our non-EU Westwing Collection suppliers. As a result, by the year-end we had monitored 99% of our non-EU Westwing Collection suppliers (measured in terms of product order volumes). We also implemented an onboarding process for all new suppliers so as to ensure we are only assessing and commissioning those with existing audits (less than one year old) or with no objection certificates (NoCs), which state that an audit will take place within a defined time frame.

The main challenge in driving supply chain sustainability remains the wide range of approaches followed by our suppliers. Therefore, in 2021, we embarked on a comprehensive survey to capture and understand these approaches, and the existence of relevant environmental and social management systems. We believe that the information collected, coupled with our Sustainability Strategy, sets a clear path for strengthening relationships with our suppliers.

Brand Partners

In 2021, we also published a Supplier Code of Conduct for our brand partners that reflects Westwing's commitment to only work with partners that adhere to the same high environmental and social standards as Westwing, and that defines clear expectations.

Outlook for 2022

In 2022, we will focus on ensuring compliance with the German government's Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). This requires companies to establish processes to identify, assess, prevent, and remedy human rights and environmental risks/impacts in their supply chains. Key topics that need to be addressed include forced and child labor, discrimination, freedom of association, ethics, safety, and environmental impact.

We will continue working with our Westwing Collection suppliers to ensure full transparency and social and environmental compliance, and to expand audit coverage to environmental as well as social aspects. We will also work throughout the year with our strategic suppliers to improve their social audit ratings by implementing dedicated corrective action plans.

In the case of our Westwing Collection suppliers, we will continue to evaluate their environmental and social management systems and programs so as to come closer to our 2028 target of 50% of them (measured in terms of purchasing order volumes) having established such management systems.

We will initiate an internal audit system for EU suppliers so as to achieve our goal of having all Westwing Collection suppliers evaluated regularly by 2025.

We will also engage more systematically with key third party brand partners and pilot our Supplier Code of Conduct in 2022. This is the first step towards achieving our 2027 target of having our brand partners aligned with our sustainability standards.

FAIR WORKING CONDITIONS

Management Approach

Our Sustainability Strategy prioritizes fair working conditions for our own and our suppliers' employees. This includes providing a healthy and safe working environment, ensuring their physical and mental well-being, and offering training and career development opportunities.

Our Employees

We communicate with employees using regular all-hands meetings, ongoing interactions with team leads, and our Company-wide Pulse Check survey. Our employees drive our business forward and expect us to go beyond basic compliance with employment law and health and safety regulations. Our internal Westwing Code of Conduct sets the tone and direction for employee welfare and behavior in relation, for example, to corruption, competition, conflicts of interest, reporting, and relationships with suppliers and business partners. It also takes account of relevant international standards, and EU and national labor, health, safety, and welfare regulations.

Ensuring our employees' mental and physical wellbeing is an integral part of our Sustainability Strategy and a key way of ensuring fair working conditions in our own operations. This is why we engage with a number of well-being service providers across our various locations.

Our Director of Human Resources and Organization is part of the Executive team and is responsible for our people strategy, with the support of the HR teams in our regional offices and warehouse operations.

Our Supply Chain

With respect to our suppliers, our Director of Product Quality and Sustainability oversees compliance with our Private Label Supplier Code of Conduct as it relates to working conditions (see also the "Supplier Impact" section). Evaluating working conditions programs at our Westwing Collection suppliers is a key objective for this component of our Sustainability Strategy. (For our general approach to managing overall supplier impacts, please see the "Supplier Impact" section.)

Key Achievements in 2021

Our Employees

Our communications with our employees throughout 2021 show that we have a strong, supportive culture and a great team spirit at Westwing. We listen to and value people's opinions and offer opportunities for growth and development. The survey revealed that our employees would recommend Westwing as a place to work. We also saw interest in more tailored and structured training, clearer career pathways, improved benefits, and feedback mechanisms.

The coronavirus pandemic has redefined the way we work and demanded extreme flexibility from everyone. Based on our office teams' experience of hybrid working, Westwing decided to introduce *WestwingFlex* – a new, customized way of working for team members that is based on innovative approaches and a hybrid working model.

The pandemic also highlighted the need to take care of our employees' mental and physical well-being. We offered a range of well-being programs across the Company. For example, all headquarters employees were offered free access to support from a professional psychologist via our mental health partner, nilo.health.

Ensuring safe work practices goes without saying for us. Our Sustainability Strategy has set a target of zero accidents in our warehouses, and we regularly perform health and safety initiatives and measures there. In 2021, we trained first-aiders, established safety points including defibrillators, kicked off our Westwing Safety Academy in Poland, and held a number of safety workshops.

Overall employee satisfaction is measured regularly using our Pulse Check surveys. The latest results from 2021 reveal high overall satisfaction with working at Westwing, with 89% of all team members giving ratings of either good or very good.

Our Supply Chain

In the case of our Westwing Collection suppliers, we started evaluating their established approaches to addressing working conditions in 2021. This was done using a comprehensive survey of a variety of environmental and social matters, including the existence of programs, measures, and management systems targeting fair and safe work practices.

Outlook for 2022

In 2021, we created the My Career program, which covers key topics such as recruitment and onboarding, compensation and benefits, and performance management. The program will be rolled out in 2022. More information on, and updates to, the program will be provided to all employees and also made available via an internal knowledge library.

In 2022, we will continue embedding a zero-accident culture at Westwing by prioritizing the development of a policy addressing working conditions and associated training for all warehouse operations and employees.

In the case of our Westwing Collection suppliers, we will continue to evaluate their approaches to addressing working conditions so as to come closer to our target of 50% of them (measured in terms of purchasing order volumes) having established such management systems by 2028.

RESPONSIBLE MARKETING AND COMMUNICATIONS

Management Approach

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

Our Marketing, Communications, Public Relations, and Investor Relations departments all communicate on sustainability topics. This work is coordinated by the department heads at corporate headquarters, supported by the Corporate Sustainability team. A Responsible Marketing and Communications Policy has been drafted to guide our approach across our marketing, sales, promotion, and communications activities; this applies in all of the countries in which we operate.

Our Brand and Product Labeling Approach

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

Going beyond this approach, we decided to establish an additional “sustainable” label at product level. Westwing Collection and third-party products on WestwingNow have their own labeling system that supports consumers in making sustainable purchasing decisions. To implement this, we developed our Sustainability Labeling Guidelines, which accommodate more than 50 independent certification requirements (EU Ecolabel, Blue Angel, etc.) and a number of sustainability attributes (e.g., recycled or organic content). Our Sustainability Labeling Guidelines are the result of extensive external benchmarking, research, and discussions with internal and external experts.

Flanking this, we have also added a sustainability filter to our website. The Permanent Assortment and Corporate Sustainability teams worked closely to prepare clear and accurate statements underpinning all sustainability claims. These can then be accessed via a dedicated sustainability section in the product descriptions on WestwingNow.

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 over the last twelve months. At Westwing, we have seen a particular increase in the attention paid to our ESG ratings and rankings. Our Corporate Sustainability team is working closely together with our Investor Relations team to address information needs for our key ratings and to identify potential for further improvements.

Key Achievements in 2021
In 2021, we drafted our Responsible Marketing and Communications Policy. Its main goals are to ensure compliance with all relevant legislation and transparent, ethical, and honest communication that is respectful to all. The policy provides detailed guidelines on transparency and honesty, child protection, diversity and inclusion, social media interaction, consumer data privacy, compliance, and communications, plus a requirement for periodic review.

We came a step closer to our goal of helping customers to include sustainability in their purchasing decisions by appropriately labeling our sustainable offering online. Over the course of the year, we launched more than 100 group-wide campaigns with brands bearing the "We Care" label. Additionally, by the end of 2021 more than 900 products had been identified as "sustainable" on WestwingNow. This effort has largely depended on suppliers' ability to provide and substantiate the associated sustainability claims. We expect that we will be able to provide sustainability information for an increasing number of products as this function becomes a permanent feature on our online sites and the relevant processes mature.

We were rated by ISS ESG and MSCI for the first time during the reporting period. We received an ISS ESG C- (scale D- to A+) and an MSCI A (scale CCC to AAA) rating at the end of the assessment process. Additionally, we have identified ways of improving our results and have been revising our codes of conduct and our Anti-corruption Policy in line with this.

Outlook for 2022
We aim to increase the overall share of products labeled as sustainable on WestwingNow by the end of 2022, and to work with many more brands offering sustainable products. In 2022, we will also assess the sustainability labeling of our Daily Themes products. The aim is to establish a baseline and work on increasing the number of products that satisfy our Sustainability Labeling Guidelines. At the same time, we will run communications campaigns promoting these products. We will also use our marketing expertise and communications channels to showcase a range of sustainable choices that our customers can make.

We will continue to engage with rating agencies and identify relevant improvement opportunities in 2022. We also want to extend the number of ESG ratings with which we engage.

INTEGRITY AND LEGAL COMPLIANCE

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

Our Legal & Compliance department promotes and monitors compliance with all relevant laws, regulations, and Company policies. It provides both clear guidance to employees on day-to-day business operations and also training. This requires close cooperation with other teams across Westwing such as GRC, HR, IT, and Sustainability.

Data Protection

Westwing and its management consider the protection and security of personal data to be critical. As one of Europe's leading Home & Living eCommerce businesses, we receive and handle a large amount of data, something that requires a high level of diligence and control.

Data protection has become more important in recent years due to the European Union's General Data Protection Regulation (GDPR), and is now a top priority for our Executive, Legal & Compliance and Information Security teams. In addition to our in-house functions, we have appointed an external data protection officer to ensure that we operate in accordance with the highest data protection standards.

Our Legal & Compliance and Information Security teams are responsible for defining the relevant rules and procedures, and for handling any data protection and IT security issues. Among other things, our rules and procedures aim to ensure that the data handled by Westwing is secure and protected, and that no unauthorized use is made of the personal, confidential, or sensitive information in Westwing's possession. We have implemented appropriate technical and organizational measures to ensure the necessary level of data security. The Company makes available/uses special software, networks, electronic information systems, and data to meet its mission, goals, and initiatives. This responsibility can only be met if all users are fully aware of how to work securely given the data and the risks that are involved.

We have also implemented a Data Protection Policy as part of our IT Security Policy so as to address data security issues. This policy covers all aspects of the information technology in use, including our IT systems and associated facilities and processes. Our IT Security Policy establishes rules for all users of Westwing IT resources. Among other things, these govern how to handle security incidents and personal, business, internal, or sensitive data, and hence ensure the security of Westwing's network. Complying with our IT Security Policy is a requirement for accessing and sharing information within Westwing.

Anti-corruption

Westwing has a zero-tolerance approach to corruption and bribery. The Company has implemented a comprehensive Anti-corruption Policy, which was updated in 2021. The policy applies to all Westwing employees and any third parties engaging with the business. Digital compliance training is obligatory for all employees, including the Executive team. The policy outlines acceptable and unacceptable behaviors so as to ensure compliance with the relevant laws, and provides clear guidance to managers and employees on how to avoid any improper payments, gifts, invitations, or inducements of any kind. If support is required, employees can consult their supervisor and the Legal & Compliance team. In the case of a potential corruption incident, the Legal & Compliance team analyzes the facts, provides advice, and arranges for follow-up actions. The Management Board and/or the Supervisory Board are informed where necessary.

Key Achievements in 2021

In 2021, Westwing worked with external advisors to enhance the existing compliance management system and program. The Information Security team was enlarged and a new onboarding training module implemented. As a result, all new employees receive training on cyber security and data protection as part of the onboarding process. An information security management system (ISMS) based on the ISO 27000 standard was introduced and security operations processes were implemented. The Company's Capital Market Guidelines and Code of Conduct were updated and new principles defined. Additionally, clear guidelines covering antitrust and unfair competition were issued to support day-to-day business operations.

A risk assessment was conducted in response to anti-money laundering regulations, and the requirements were formalized in a policy and employee training materials. Compliance risks were included as a separate category in the regular risk assessment cycle conducted by the GRC function, so as to ensure an integrated approach to risk evaluation across the organization.

Digital systems were implemented to enhance compliance management. For example, a new whistleblower tool was adopted that can be used by employees and external stakeholders to report any potential violations of laws and policies and/or unethical behavior. This replaces the previous process in which messages were sent to a "listener box." In addition, a new policy manager tool permits employees to access the latest versions of all policies for periodic approval and consultation.

Outlook for 2022

The policy manager tool will be rolled out to all international Westwing companies in 2022. It will enable us to receive and document mandatory confirmations from employees for all relevant policies, including short tests to validate their understanding. An information security roadmap will also be launched to improve compliance with the ISO 27000 framework in the period up to 2024.

We aim to enhance our compliance management system in 2022, for example by improving documentation and internal communication, implementing measures for specific compliance areas, and offering employees additional training.

New and upcoming laws, such as the LkSG and the transposition of the Omnibus Directive into national law, will be tracked in order to plan compliance.

EU TAXONOMY REGULATION

Pursuant to Article 8 of the EU Taxonomy Regulation, this Non-financial Statement includes disclosures related to economic activities that are considered eligible to qualify as environmentally sustainable under that regulation. The reporting facilitation is applied for fiscal year 2021 and it is shown which economic activities are Taxonomy-eligible.

OUR ACTIVITIES

Westwing performed a detailed review of the economic activities that are listed in the EU Taxonomy Regulation and mapped potential sustainable business activities to its business model. Some economic activities mentioned in the EU Taxonomy Regulation are directly linked to specific sectors ("main activities"), while others can be relevant to companies from different sectors ("cross-cutting activities"). After screening for macro sector applicability for the two environmental targets climate change mitigation and climate change adaptation, the Corporate Sustainability department reviewed the cross-cutting activities for their potential applicability at Westwing. Long-listed activities were challenged and their eligibility discussed with multiple Executive team members and senior Westwing employees.

No main activities with which Westwing generates revenue could be identified that are listed in the Climate Delegated Act. Accordingly, 100 percent of the revenue was generated with activities that are not Taxonomy-eligible.

In the context of capital expenditures, the leasing of assets, such as office buildings and warehouses, could be identified as a material Taxonomy-eligible activity (7.7; cross-cutting activity).

OUR KPIS

	Proportion of taxonomy-eligible economic activities (in %)	Proportion of taxonomy-non-eligible economic activities (in %)
Turnover	0	100
Capital expenditures (capex)	47	53
Operating expenditures (opex)	0	100

The “Draft Commission Notice” published on February 2, 2022 was taken into account as far as the compilation process allowed. The complex and quality-assured process to determine the necessary disclosures related to capital and operating expenditures could not be completed due to the tight timeframe. The taxonomy-eligible capital and operating expenditures might have been higher if fully applied.

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

Accounting Policy

The specification of the KPIs is determined in accordance with Annex I of the Art. 8 Delegated Act. We determine the Taxonomy-eligible KPIs in accordance with the legal requirements as follows:

The proportion of Taxonomy-eligible economic activities in our total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator). The denominator of the turnover KPI is based on our consolidated net turnover in accordance with IAS 1.82(a). For further details on our accounting policies regarding our consolidated net turnover, please refer to section 2.5. in the notes to our Annual Report 2021. With regard to the numerator, we have not identified any Taxonomy-eligible activities as explained above. Our consolidated net turnover can be reconciled to our consolidated financial statements, cf. income statement of our Annual Report 2021.

The Capex KPI is defined as Taxonomy-eligible Capex divided by our total Capex. Total Capex consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. Our total Capex can be reconciled to our consolidated financial statements, cf. chapter 12 and 13 in the notes of our Annual Report 2021.

The Opex KPI is defined as Taxonomy-eligible Opex divided by our total Opex. Total Opex consists of direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair.

5. REPORT ON POST-BALANCE SHEET DATE EVENTS

Please see the notes (Note 30) for information on events after the end of the 2021 fiscal year that have had a significant impact on Westwing's future results of operations, financial position, and net assets.

6. REPORT ON OPPORTUNITIES AND RISKS

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

6.1 Risk Management System

Westwing Group AG (now: 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 the management way of achieving the Company's strategic objectives and contributing to long-term business growth.

The Management Board has appointed a risk management officer, who reports directly to it. The Risk Management Officer is responsible for Westwing's entire 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 the GRC is to continually report operational risks in their areas to their supervisors.

Westwing performs full risk assessments semiannually. Multiple workshops are also held every year to gather information on potential risks that have been identified both locally and globally. This information is then analyzed to determine whether the risks identified still exist and whether they have been correctly assessed. The documentation is continuously updated and summarized.

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

6.2 Internal Control System for Financial Reporting

Westwing has implemented internal controls for its financial reporting 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. Mechanisms include identifying and defining processes and risks, introducing layers of approval, and applying the principle of the segregation of duties.

6.3 Risk Methodology

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

The risks that Westwing identifies are quantified on the basis of 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).

The likelihood of occurrence refers to the statistical or estimated probability of a risk issue occurring during the time horizon under review, and is stated as a percentage. It is determined by choosing one of the given probability ranges shown in the table below:

Likelihood	Assessment
Probable	(75%–99%)
Likely	(50%–74.9%)
Possible	(25%–49.9%)
Unlikely	(5%–24.9%)
Rare	(1%–4.9%)

Westwing uses qualitative and quantitative assessments to assess the impact of the risks it has identified. Quantitative assessment is used in those cases in which the size of the impact can be easily estimated. Quantitative impacts are measured using revenue, Adjusted EBIT, or cash flow, depending on the nature of the risk. Where no quantitative assessment is possible, e.g. where reputational risk or shareholder trust is involved, a qualitative assessment is used.

	Quantitative assessment (preferred)	
Effect	Financial impact	
5	**> EUR 10.0m**	A **severely damaging** negative effect on the Company's business activities, financial position, profitability, and cash flows
4	**> EUR 5.0m**	A **substantial negative** effect on the Company's business activities, financial position, profitability, and cash flows
3	**> EUR 2.0m**	A **certain negative** effect on the Company's business activities, financial position, profitability, and cash flows
2	**> EUR 0.5m**	A **limited negative** effect on the Company's business activities, financial position, profitability, and cash flows
1	**< EUR 0.5m**	An **insignificant negative** effect on the Company's business activities, financial position, profitability, and cash flows

All identified risks are then classified and visualized using the following risk matrix, based on the assessment made of their likelihood of occurrence and impact:

Likelihood	Rare (1% – 4.9%)	Unlikely (5% – 24.9%)	Possible (25% – 49.9%)	Likely (50% – 74.9%)	Probable (75% – 99%)
Impact					
5	MODERATE	HIGH	HIGH	VERY HIGH	EXTREME
4	LOW	MODERATE	HIGH	VERY HIGH	VERY HIGH
3	LOW	MODERATE	MODERATE	HIGH	HIGH
2	LOW	LOW	MODERATE	MODERATE	HIGH
1	LOW	LOW	LOW	LOW	MODERATE

This risk matrix facilitates comparison of risks' relative priorities and enhances transparency as to Westwing's total risk exposure. In addition, the risk categories ranging 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 on identification.

Westwing has defined the following risk categories within the Company:

- Strategic risks
- Financial risks
- Operational risks
- Corporate governance risks
- Political and regulatory risks
- IT risks
- Capital market risks
- COVID-19-related risks (pandemic risks)

6.4 Risk Report

There was no significant structural change year-over-year in our assessment of the likelihood of occurrence and/or potential financial impact of the risks and opportunities listed above. Equally, no fundamental change to the risk situation resulted from the updated estimate. Based on the current assessment, no risks were identified that could threaten the Westwing Group's status as a going concern. The report below summarizes and presents the top risks for Westwing, based on the most recent risk management assessment procedures. All risks are presented on a net basis, that means after all mitigation measures are applied. No risks are currently assessed as "very high" or "extreme." This assessment is valid for both the DACH and the International segment.

6.4.1 COVID-19-RELATED RISKS (PANDEMIC RISKS)

Potential economic downturn and negative consumer sentiment (2021: high; 2020: high)

There is a high risk of a significant economic recession in the foreseeable future, despite the fact that COVID-19 accelerated the shift towards online channels. An economic downturn could affect eCommerce as well. It is hard to predict how our customers would react if a recession were to materialize and how their shopping behavior will change when pandemic restrictions on travel and other leisure activities are lifted. Additionally, there is a risk that consumer sentiment could change due to the uncertain environment.

Westwing's management team continuously monitors and evaluates the economic situation in Europe and its possible impact on the Home & Living market, and is ready to react as necessary by adjusting the Group's offering or partially adapting its strategy.

6.4.2 FINANCIAL RISKS

Financial planning and performance (2021: high; 2020: high)

Accurately predicting revenue growth and overall business performance is one of Westwing's key challenges in a time of unpredictable global developments. Failure to forecast, monitor, and manage our business plan could lead to the wrong decisions being taken and could harm Westwing's revenue growth and profitability.

The substantial experience that we have gained in recent years has allowed us to improve our planning process significantly. We analyze our key performance indicators on a monthly basis, explore current trends, and update our business plan in cases of significant deviations.

6.4.3 OPERATIONAL RISKS

Increase in raw materials prices (2021: high; 2020: moderate)

The COVID-19 crisis has led to severe supply and demand imbalances for the raw materials used to produce durable goods. The prices of raw materials that are used in manufacturing, such as wood, steel, and plastic, increased dramatically during 2021. The highly volatile market situation as regards raw materials availability makes it extremely difficult to predict price trends for the coming year.

We were able to partially mitigate cost inflation from raw materials by passing on price increases to consumers in some cases. We will continue to observe and respond to ongoing market developments.

Increase in transportation costs (2021: high; 2020: low)

We have observed a rapid increase in freight costs over the past year, which has largely been driven by supply chain disruptions worldwide. In turn, these were caused by significantly higher spending on goods instead of travel or entertainment during the pandemic. The increase in freight costs was further aggravated by container shortages, COVID-19 restrictions in port regions, and congestion at the ports themselves.

Our Supply Chain department is mitigating this risk by closely monitoring the current situation, and is ready to respond to unplanned developments.

Inflation (2021: high; 2020: n/a)

Inflation is returning after a long period in which it was close to zero. The figure for the eurozone in the last months of 2021 shot up to 5% – the highest rate recorded since 1991. There is a risk that inflation will remain high and hence reduce our customers' purchasing power. Since Home & Living products are not considered essential, this could negatively impact our top line.

Our team is focusing on mitigating this risk by negotiating prices with our suppliers. Additionally, we constantly review our offering to ensure product variety and high quality.

6.4.4 IT RISKS

Cybersecurity and IT infrastructure threats (2021: high; 2020: high)

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

Westwing employs a skilled technology team including an IT Security department. This enables us to constantly monitor, develop, and improve our internal IT infrastructure. No limiting events occurred in 2021. Westwing will enhance its security standards even further and again guarantee a safe IT environment throughout the Group in 2022.

6.5 Changes in the Risk Situation

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

The following table provides an overview of those risks that changed compared to the previous year, i.e., that were assessed as high in the 2020 Annual Report but as less urgent in the course of 2021, or vice versa. Reductions in risk are mainly due to process enhancements and the implementation of effective mitigation measures, while increases relate to economic developments or other extrinsic factors.

Risk	**2021**	2020
OPERATIONAL RISKS		
Employee fluctuation	Moderate	High
Increase of raw material prices	High	Moderate
Increase of transportation costs	High	Low
Inflation	High	n/a
POLITICAL AND REGULATORY RISKS		
eCommerce regulations	Moderate	High
Tax compliance and tax planning	Moderate	High
COVID-19 RELATED RISKS (PANDEMIC RISKS)		
Supply chain disruptions	Moderate	High

Overall Risk Assessment by the Management Board

Management is satisfied that no going-concern risks existed for the Company in 2021. At present, no individual risks or bundles of risks are considered to threaten the Company's continued existence as a going concern in the coming year. Management believes that it has taken all necessary precautions to address existing risks and reduce their possible impact.

6.6 Report on Opportunities

While Westwing faces a number of risks, the Company also has many opportunities offering great potential to drive it forward. Since opportunities are defined as positive deviations from planning, they offer Westwing both the possibility of growth and the prospect of increased profitability. We are constantly on the lookout for new business opportunities and new ways of improving customer satisfaction. Summaries of the most significant opportunities identified by the Company are given below.

Growth in eCommerce, with a particular focus on mobile eCommerce and augmented reality

The shift in growth in the Home & Living market away from traditional high-street shopping and towards eCommerce is a major opportunity for Westwing. We continued to observe a slight trend towards online channels in the reporting period. Most of the customers who tried out Home & Living eCommerce offerings in 2020 and 2021 are probably still ordering online despite being able to shop in bricks and mortar stores.

Nevertheless, the market for Home & Living products does not have a high online penetration rate compared to other retailing categories. The fact that the total (offline and online) Home & Living market is similar in size to that for fashion, huge opportunities are opening up for Westwing as Home & Living continues to move online.

What is more, the mobile eCommerce subsector is growing even faster than general online channels. Westwing defines mobile eCommerce as business conducted on handheld devices such as smartphones or tablets instead of desktops or other stationary devices. The Company's mobile visit share increased from 70% as of the end of 2017 to 80% as of the end of 2021.

Westwing is investing continuously in state-of-the-art apps, smartphone- and tablet-optimized web sites, and the use of augmented reality so as to improve customers' shopping experience and meet or even exceed customer expectations.

We believe Westwing will be a key player in the Home & Living market thanks to a market track record that stretches back more than ten years, plus strong brand recognition and customer loyalty.

Brand awareness

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

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

Additionally, we are constantly increasing the share of our offering accounted for by the Westwing Collection. These internally designed products enable us to present a curated and well-rounded assortment on our website. Together with the higher margins that they offer, this helps us to react quickly to changing market trends and to drive the Home & Living market in Europe.

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

Westwing Delivery Service

Westwing actively searches for opportunities and develops new strategies. In 2021, we started Westwing Delivery Service, our own last mile distribution service to customers. This enables Westwing to meet two goals at once: The turquoise-colored Westwing delivery vehicles increase Westwing's brand visibility on the streets, while the Westwing employees who deliver the goods are trained to perfectly fulfill customers' wishes. Expanding into more cities and successfully meeting or exceeding customer expectations can boost customer confidence and loyalty, and hence create a very big growth opportunity. Our new assembly service offering could also have a similar effect.

Westwing Studio

In 2020, Westwing started its own interior design service, Westwing Studio (formerly known as Westwing Interior Design). Customers can order an interior design service, the price cost of which can be redeemed in the form of vouchers for Westwing Collection products. The design team has since been enlarged and we are already seeing strong demand from customers. Continuing to ramp up this service could result in a substantial opportunity to increase Westwing's growth and attractiveness as a Home & Living brand even further.

7. OUTLOOK

7.1 Future Macroeconomic and Sector-Specific Environment

In 2022, the macroeconomic development will continue to be dominated by the ongoing COVID-19 pandemic. New virus strains such as the Omicron variant are challenging the effectiveness of current vaccines and could lead to a high level of uncertainty as regards the future.

Furthermore, consumer price inflation is expected to remain on a high level in 2022, intensifying the concerns about the future. While inflation rate in advanced economies is projected to average 3.9%, developing economies and emerging markets will face around 5.9% before in 2023 a slowdown of global inflation rates is expected.[23]

On top of this, the Russian large-scale military invasion of Ukraine, which started on February 24, 2022, might challenge all existing estimations of the future macroeconomic and sector-specific environment. The situation is highly dynamic which makes a valid forecast currently impossible. However, it can be assumed that the worldwide sanctions against Russia will deeply impact the future development of the world market. However, the following estimations by the IMF were made before the new situation in Ukraine.

A significant worldwide economic recovery is expected overall in 2022. The IMF estimates that global GDP will rise by 4.4%. In particular, the aggregate output for advanced economies is expected to regain its pre-pandemic trend path. By contrast, the economic recovery is still lagging behind in emerging markets and developing countries. The main factors driving this development are large disparities in vaccine access and policy support.[24]

The European economy is expected to grow by 3.9% in 2022. In Germany, Westwing's largest market, real GDP growth is projected to be 3.8% – slightly below the European average.[25] This forecast is based on the fact, that in international comparison, Germany had to cope with especially harsh economic setbacks due to the pandemic in 2021, which challenges the economic recovery also in 2022.

7.2 Future Development of the Westwing Group

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

Our outlook takes into consideration the low visibility of consumer behavior, supply chain disruptions, and the very high baseline achieved in the first half of 2021. We are convinced that our business is developing in the right direction in structural terms.

For 2022, we are focusing on selected growth initiatives, resolving ongoing supply chain disruptions, expanding the offered categories of our Westwing Collection, and driving forward sustainability in all our processes and offerings.

23 International Monetary Fund: World Economic Outlook Database January 2022.
24 International Monetary Fund: World Economic Outlook Database January 2022.
25 International Monetary Fund: World Economic Outlook Database January 2022.

We are forecasting total revenue for 2022 between EUR 460m and EUR 540m with a growth rate of -12% to 3% (thereby significantly better growth rates in the second half of the year, where we expect positive growth rates after the strong baseline effects of the first half of the year are passed) as well as an Adjusted EBITDA between EUR -9m and EUR +16m at an Adjusted EBITDA margin in the range of -2% to +3% (thereby significantly better in the second half of the year as well).

This forecast is provided in times of high uncertainty around consumer sentiment, supply chain disruptions, inflation and geopolitical developments and assumes no further deterioration during the remainder of 2022 compared to what we have seen so far in 2022.

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

Westwing Group AG (now: Westwing Group SE)'s annual financial statements were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB). Westwing Group AG (now: Westwing Group SE) is the parent company of the Westwing Group and also acts as the holding company for the Group's various operational 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 AG (now: Westwing Group SE) are revenue, profit before tax, and writedowns.

8.1 Results of Operations of Westwing Group AG (now: Westwing Group SE)

EURm	2021	2020
Revenue	**98.1**	**59.2**
Own work capitalized	7.2	4.5
Other operating income	1.3	0.3
Gross profit	**106.5**	**64.1**
Cost of materials	–40.5	–16.9
Personnel expenses	–38.6	–30.6
Depreciation, amortization, and writedowns of tangible fixed assets and intangible assets	–5.4	–4.1
Other operating expenses	–16.8	–17.9
Operating result	**5.2**	**–5.5**
Interest income	3.7	3.0
Reversals of writedowns/(writedowns) on long-term financial assets	0.0	7.2
Interest and similar expenses	–0.3	–0.2
Financial result	**3.4**	**10.1**
Taxes on income	–0.1	–0.1
Profit after tax	**8.5**	**4.5**

Westwing Group AG (now: Westwing Group SE) increased its revenue from EUR 59.2m in 2020 to EUR 98.1m in 2021. This corresponds to a strong year-over-year revenue growth rate of 65.8%. Since Westwing Group AG (now: Westwing Group SE) provides services to its affiliates, its revenue grows as they expand their business. Own work capitalized increased by 57.6% to EUR 7.2m (2020: EUR 4.5m). Other operating income was higher in 2021 and included income from other periods of EUR 1.0m that mainly related to the reversal of a provision for a legal dispute that had been recognized in the previous year.

Personnel expenses rose by EUR 8.0m, primarily as a result of an increase in the number of employees. The expenses for share-based payment for cash-settled options decreased mainly due to the fluctuation of personnel and the lower share price to EUR 1.3m (2020: EUR 2.3m). In addition, EUR 1.5m related to expenses recognized for the cash settlement of commitment packages that were originally intended to be equity-settled (2020: EUR 0.8m).

The cost of materials, which includes only costs of purchased services, was EUR 40.5m (2020: EUR 16.9m). This increase on the previous year resulted primarily from the overall expansion of the Company's business. In addition, Westwing continued investing in its team and technological infrastructure in 2021. Such investments are the basis for flexible, sustainable business operations. EUR 13.6m of the increase was due to higher investments in marketing resulting from Westwing's strategy of boosting investments in organic marketing to drive future growth. The other operating expenses decreased insignificantly.

All in all, an operating result of EUR 10.6m before interest, amortization, depreciation, and writedowns, reversals of writedowns/writedowns of long-term financial assets , and taxes was incurred in 2021. This development was due to the fact that revenue increased more than the cost of materials, personnel expenses, and other operating expenses. In the previous year, an operating loss of EUR 1.3m incurred.

The financial result of EUR 3.4m (2020: EUR 10.1m) was driven by interest income of EUR 3.7m (2020: EUR 3.0m), plus interest and similar expenses of EUR 0.3m (2020: EUR 0.2m).

8.2 Financial Position of Westwing Group AG (now: Westwing Group SE)

Westwing Group AG (now: Westwing Group SE) had cash and cash equivalents of EUR 43.4m as of December 31, 2021 (December 31, 2020: EUR 45.7m). The changes in the cash and cash equivalents item were as follows:

- In 2021, the Company financed operations at its subsidiaries by extending loans of EUR 40.9m (2020: EUR 9.8m). These are deemed to be long-term from an economic perspective but are short-term in legal terms.
- Loan receivables to affiliates and interest amounting to EUR 52.7m were repaid in 2021 (2020: EUR 22.8m).
- Investments in tangible and intangible assets amounted to EUR 10.9m in the 2021 fiscal year (2020: EUR 7.1m).
- The Company settled share-based payment options totaling EUR 1.5m in cash (all for own employees).
- Additions to rent deposits led to a cash outflow of EUR 1.2m.
- EUR 0.8m of cash outflows related to the purchase of own equity instruments and the reimbursement of a tax disadvantage connected to anti-dilution options.

Westwing Group AG (now: Westwing Group SE) ensured that sufficient liquid funds were available to maintain business activities at the Company and the Group. Westwing Group AG (now: Westwing Group SE) has issued a letter of comfort to its subsidiary Westwing GmbH in which it assumes liability for obligations arising up to December 31, 2023. Westwing Group AG (now: Westwing Group SE) has always met its payment obligations.

8.3 Net Assets of Westwing Group AG (now: Westwing Group SE)

EURm	Dec. 31, 2021	Dec. 31, 2020
Assets		
Non-current assets		
Intangible assets	18.8	14.0
Tangible fixed assets	3.7	3.0
Long-term financial assets	150.9	162.5
Total non-current assets	**173.4**	**179.5**
Current assets		
Receivables and other assets	42.7	20.5
Cash and cash equivalents	43.4	45.7
Total current assets	**86.1**	**66.2**
Prepaid expenses	1.8	1.4
Total assets	**261.3**	**247.2**
Equity and liabilities		
Equity		
Share capital	20.9	20.8
Treasury shares	−0.3	−0.5
Issued capital	20.6	20.3
Capital reserves	348.8	348.7
Accumulated losses	−130.0	−138.5
Total equity	**239.4**	**230.5**
Liabilities		
Provisions	10.0	9.1
Trade payables and other liabilities	11.8	7.5
Deferred income	0.1	0.1
Total equity and liabilities	**261.3**	**247.2**

Total assets as of December 31, 2021, amounted to EUR 261.3m, an increase of EUR 14.2m compared to the previous year (December 31, 2020: EUR 247.2m). This change was mainly driven by an increase in receivables and other assets, a trend that was partly offset by lower intercompany loan receivables. The change in long-term financial assets reflected repayments of intercompany loans.

Current assets amounted to EUR 86.1m as of the end of 2021 (2020: EUR 66.2m). Receivables from affiliated companies included in the trade receivables and other receivables rose to EUR 39.3m (December 31, 2020: EUR 17.7m). Cash and cash equivalents were only slightly lower than in the previous year, at EUR 43.4m (December 31, 2020: EUR 45.7m).

Intangible assets consisted of both purchased and internally developed software in fiscal year 2021. The net carrying amount increased by EUR 4.8m to EUR 18.8m in 2021 (December 31, 2020: EUR 14.0m). This was due to the capitalization of software development expenses of EUR 8.5m, which were partially offset by amortization of EUR 3.6m and writedowns of EUR 0.1m. Tangible fixed assets increased to EUR 3.7m (December 31, 2020: EUR 3.0m), mainly because of purchases of office equipment.

Investments in subsidiaries hardly changed and amounted to EUR 15.4m in 2021. Loans extended to subsidiaries reported under long-term financial assets decreased by EUR 11.7m to EUR 135.4m. This was primarily due to the repayment of loan and interest receivables of EUR 52.7m, and was partially offset by new loans and interest receivables to affiliates of EUR 41.1m.

The Company's equity as of the balance sheet date increased by EUR 8.9m in 2021, from EUR 230.5m in December 2020 to EUR 239.4m in December 2021. The main driver for this was the profit after tax.

The equity ratio decreased from 93.2% as of December 31, 2020, to 91.6% as of December 31, 2021.

Provisions increased slightly from EUR 9.1m in December 2020 to EUR 10.0m in December 2021.

Liabilities rose from EUR 7.5m as of the end of 2020 to EUR 11.8m as of December 31, 2021. This was mainly due to higher trade payables and VAT liabilities resulting from the expansion of the business during the year.

8.4 Westwing Group AG (now: Westwing Group SE) Employees

Westwing Group AG (now: Westwing Group SE) employed 488 people including interns, temporary staff, and management personnel as of the end of December 2021 (2020: 466). Of these, 275 people worked in administration/IT and 206 in marketing. Software development is performed internally in almost all cases by Westwing Group AG (now: Westwing Group SE)'s Technology department.

At Westwing Group AG (now: Westwing Group SE), 61.5% of employees were female as of at the end of 2021, 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 AG (now: Westwing Group SE)

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

8.6 Outlook for Westwing Group AG (now: Westwing Group SE)

The forecast economic environment and expectations for Westwing Group AG (now: 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 AG (now: Westwing Group SE) is expecting a similar level of revenue in fiscal year 2022 as in the previous year. This reflects more stable business volumes on the part of its operating subsidiaries, in line with Westwing Group AG (now: Westwing Group SE)'s role as the holding company for the Westwing Group. Profit before tax and writedowns should not change significantly compared with fiscal year 2021.

Westwing Group AG (now: Westwing Group SE)'s 2021 revenue rose by 65.8% to EUR 98.1m. This strongly exceeded the projected slight increase and was primarily due to Westwing's strong business performance and to a new license model that was rolled out to all affiliates. Profit before tax and writedowns also strongly exceeded the forecast moderate improvement, particularly due to to higher revenue, which was partially offset by higher costs of materials in particular.

We are convinced that Westwing has the necessary operational and financial resources to achieve our targets in the medium and long term.

9. OTHER DISCLOSURES

9.1 Declaration on Corporate Governance

The declaration on corporate governance pursuant to Section 289f of the German Commercial Code (HGB) and Section 315d of the German Commercial Code (HGB) including the declaration of compliance according to Sec. 161 AktG are permanently and publicly available on the Company's website https://ir.westwing.com/download/companies/westwing/CorporateGovernance/Westwing_Corporate_Governance_Statement_2021.pdf in the section Investor Relations – Corporate Governance. They are also included in the corporate governance statement in the annual report.

9.2 Disclosures Required under Takeover Law

The Management Board of Westwing Group AG (now: Westwing Group SE) (the "Company") has prepared the following explanatory report on the disclosures required by sections 289a and 315a of the German Commercial Code (Handelsgesetzbuch – HGB) pursuant to section 176(1) sentence 1 of the German Stock Corporation Act (Aktiengesetz – AktG):

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

The paid-up share capital amounted to EUR 20,903,968.00 as of December 31, 2021. The share capital is divided into 20,903,968 no-par value bearer shares with a notional interest in the capital of EUR 1.00 per share. The shares are fully paid up. All shares give rise to the same rights and duties. Each no-par value share entitles the holder to one vote.

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

As of December 31, 2021, the Company held shares with a total nominal value of EUR 326,475 as treasury shares; pursuant to section 71b of the AktG, these do not entitle it to any rights.

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

As of December 31, 2021, the following interests in the Company's share capital exceeded the threshold of 10% of the voting rights:

- Zerena GmbH, Grünwald, to which the share in the voting rights held by Rocket Internet SE, Berlin (28.99% of the share capital) is attributed pursuant to section 34 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

- The Capital Group Companies Inc., Los Angeles, USA, to which the share in the voting rights held by Capital Research and Management Company Los Angeles, USA, in the amount of 9.93% of the share capital is attributed pursuant to section 34 of the WpHG, and which also held financial instruments amounting to 0.68% of the share capital pursuant to section 38 of the WpHG as of the reporting date.

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

The Company's shareholders do not have any special rights conveying powers of control.

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

Employees who hold interests in the Company's share capital can exercise their control rights directly themselves.

LEGAL 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 OF THE HGB)

The statutory requirements (sections 84 and 85 of the AktG) apply to the appointment and removal of the members of the Company's Management Board.

The Annual General Meeting has authorized the Company's Supervisory Board to make amendments to the Articles of Association affecting the wording only (section 179(1) sentence 2 of the AktG in conjunction with article 11(4) of the Articles of Association). In particular, the Supervisory Board has been authorized to amend the wording of the Articles of Association following the utilization of authorized capital or following the expiration of the deadline for utilizing authorized capital (see articles 4(3) to 4(8) of the Articles of Association). The same authorization also applies in cases in which conditional capital has been utilized and following the expiration of all option and conversion periods (see article 4(9) of the Articles of Association). In all other cases the statutory requirements (sections 119(1) no. 6, 133, and 179(1) and (2) of the AktG) also apply with respect to amendments to the Company's Articles of Association.

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

AUTHORIZATION TO ACQUIRE TREASURY SHARES

On August 5, 2021, the Company's Extraordinary General Meeting resolved to cancel the authorization to acquire treasury shares that was granted to the Management Board by the Company's General Meeting on September 21, 2018, for a limited period until September 20, 2023, and to authorize the Management Board, with the Supervisory Board's approval, to acquire treasury shares amounting to up to a total of 10% of the Company's share capital at the time of the resolution or – should this amount be lower – of the Company's share capital in existence at the time the authorization is exercised. The authorization expires at the end of August 4, 2026, and acquisitions shall comply with the principle of equal treatment (section 53a of the AktG). At no point may the shares acquired on the basis of this authorization, together with any other treasury shares that the Company has already acquired and continues to hold, or that are attributable to it pursuant to sections 71a et seq. of the AktG, exceed 10% of the Company's share capital.

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

This authorization was not utilized in fiscal year 2021.

The Company sold 214,775 treasury shares to current or former employees or members of governing bodies in the period from January 1, 2021, to December 31, 2021. As a result, a total of 214,775 stock options were exercised in fiscal year 2021. This corresponds to 1.03% of the registered share capital as of December 31, 2021, or EUR 214,775.00 (the amount of share capital attributable to the shares sold). The average exercise price was EUR 1.99. The exercise price in specific individual cases was EUR 1.00, EUR 1.23, EUR 1.71, EUR 4.47, EUR 6.67, EUR 7.66, EUR 9.06, EUR 9.17, EUR 12.16, EUR 12.20, EUR 19.30, and EUR 29.01, depending on the individual contractual agreements with the option holders. The Company generated proceeds of EUR 371,607.11 from this. The proceeds were not used for a specific purpose but instead served the Company's general business operations.

AUTHORIZATION TO ACQUIRE TREASURY SHARES USING EQUITY DERIVATIVES

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

This authorization was not utilized in fiscal year 2021.

EXERCISE OF ACQUISITION RIGHTS RELATING TO THE PURCHASE OF TREASURY SHARES

The Management Board has also been authorized by the Company's Extraordinary General Meeting on September 21, 2018, with the Supervisory Board's approval, in the period up to September 20, 2023, to exercise the call options to acquire treasury shares under existing agreements – and in particular angel agreements and the call option agreements between the Company or its current or former subsidiaries on the one hand and the Company's or its subsidiaries' current and/or former employees, governing body members, (former) consultants (service providers), and/or supporters (or their respective investment vehicles) on the other – and to acquire treasury shares in the total amount of up to 10% of the Company's share capital at the time of the resolution. The treasury shares acquired and held by the Company must be counted towards this 10% limit.

This authorization was not utilized in fiscal year 2021.

AUTHORIZED CAPITAL AS OF DECEMBER 31, 2021

AUTHORIZED CAPITAL 2018/I

The Management Board has been authorized to increase the share capital in the period up to August 6, 2023, with the Supervisory Board's approval, by (following partial utilization) up to a maximum of EUR 30,383.00 (Authorized Capital 2018/I) by issuing, on one or more occasions (following partial utilization) up to a total of 30,383 new no-par value bearer shares against cash contributions and, with the Supervisory Board's approval, to exclude shareholders' subscription rights under certain conditions and within prescribed limits. This authorized capital has been entered in the commercial register as Authorized Capital 2018/I.

AUTHORIZED CAPITAL 2018/II

The Management Board has been authorized to increase the share capital in the period up to August 6, 2023, by (following partial utilization) up to a maximum of EUR 3,088 (Authorized Capital 2018/II) by issuing, on one or more occasions (following partial utilization) up to a total of 3,088 new no-par value bearer shares against cash contributions, and to exclude shareholders' subscription rights under certain conditions and within prescribed limits. This authorized capital has been entered in the commercial register as Authorized Capital 2018/II.

AUTHORIZED CAPITAL 2018/III

The Management Board has been authorized to increase the share capital in the period up to August 6, 2023, with the Supervisory Board's approval, by (following partial utilization) up to a maximum of EUR 57,708 (Authorized Capital 2018/III) by issuing, on one or more occasions (following partial utilization) up to a total of 57,708 new no-par value bearer shares against cash contributions and, with the Supervisory Board's approval, to exclude shareholders' subscription rights under certain conditions and within prescribed limits. This authorized capital has been entered in the commercial register as Authorized Capital 2018/III.

AUTHORIZED CAPITAL 2018/IV

The Management Board has been authorized to increase the share capital in the period up to August 6, 2023, with the Supervisory Board's approval, by (following partial utilization) up to EUR 7,500 (Authorized Capital 2018/IV) by issuing, on one or more occasions (following partial utilization) up to a total of 7,500 new no-par value bearer shares against cash contributions and, with the Supervisory Board's approval, to exclude shareholders' subscription rights under certain conditions and within prescribed limits. This authorized capital has been entered in the commercial register as Authorized Capital 2018/IV.

AUTHORIZED CAPITAL 2018/V

The Management Board has been authorized to increase the share capital in the period up to August 6, 2023, with the Supervisory Board's approval, by up to EUR 4,350,000 (Authorized Capital 2018/IV) by issuing, on one or more occasions up to a total of 4,350,000 new no-par value bearer shares against cash or non-cash contributions and, with the Supervisory Board's approval, to exclude shareholders' subscription rights under certain circumstances and within prescribed limits. This authorized capital has been entered in the commercial register as Authorized Capital 2018/V.

AUTHORIZED CAPITAL 2018/VI

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

CONDITIONAL CAPITAL 2018/I

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

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

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

This authorization to issue bonds has not been utilized to date. This conditional capital has been entered in the commercial register as Conditional Capital 2018/I.

AUTHORIZATION TO INCREASE THE SHARE CAPITAL AFTER CONVERSION INTO A SE

In the context of the conversion into a European Company (Societas Europaea, SE) under the name Westwing Group SE, no new capitals were created. The Authorized Capital 2018/V and the Authorized Capital 2018/VI continue to exist for Westwing Group SE in the amount existing at the conversion date. Furthermore, the Conditional Capital 2018/I continues to exist for Westwing Group SE in the amount existing at the conversion date. The Authorized Capital 2018/I, the Authorized Capital 2018/II, the Authorized Capital 2018/III as well as the Authorized Capital 2018/IV no longer exist in Westwing Group SE and were therefore cancelled with the registration of the SE as of the Conversion Date because the purpose of these authorized capitals has been fulfilled in each case.

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 OF THE HGB)

No material agreements on this subject exist as of December 31, 2021.

COMPENSATION ARRANGEMENTS AGREED BY THE COMPANY WITH THE MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID (SECTION 289A SENTENCE 1 NO. 9 OF THE HGB)

No such agreements currently exist as of December 31, 2021.

Munich, March 28, 2022

Stefan Smalla	**Sebastian Säuberlich**
Chief Executive Officer	Chief Financial Officer
Westwing Group AG	Westwing Group AG
(now: Westwing Group SE)	(now: Westwing Group SE)

INDEPENDENT AUDITOR'S REPORT

To Westwing Group SE, Berlin

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Westwing Group SE (formerly Westwing Group AG), Berlin, which comprise the balance sheet as at December 31, 2021, and the statement of profit or loss for the financial year from January 1 to December 31, 2021, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Westwing Group SE, which is combined with the group management report, for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the non-financial group statement pursuant to § [Article] 315b Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code]..

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German Legally Required Accounting Principles**,** and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the non-financial group statement referred to above .

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 annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the 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 Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company 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 annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the annual 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:

❶ Measurement of shares in affiliated companies as well as loans to and receivables from affiliated companies

❷ Recognition and measurement of internally generated intangible assets for software solutions

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:

❶ **Measurement of shares in affiliated companies as well as loans to and receivables from affiliated companies**

① In the annual financial statements of Westwing Group SE as at December 31, 2021, shares in affiliated companies amounting to EUR 15.4 million (6% of total assets) are reported under the "Financial assets" balance sheet item. In addition, loans to affiliated companies amounting to EUR 135.4 million (52% of total assets) and receivables from those affiliated companies amounting to EUR 39.3 million (15% of total assets) are reported. Shares in affiliated companies, loans to affiliated companies and receivables from affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair values are calculated as the present value of the expected future cash flows according to the planning projections prepared by the executive directors using discounted cash flow models. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the relevant affiliated company. On the basis of the values determined and supplementary documentation, no write-downs were required in the financial year.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used by the Company for the purposes of the valuation of shares in affiliated companies as well as loans to and receivables from affiliated companies, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. Finally, we evaluated whether the values calculated in this way were properly compared against the carrying amount in order to determine any write-downs or reversals of write-downs. In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies as well as loans to and receivables from affiliated companies.

③ The Company's disclosures on the measurement of shares in affiliated companies, loans to and receivables from those affiliated companies are contained in the sections "II: Accounting policies: II. Accounting and valuation methods", "III: III. Balance Sheet Disclosures: Shares in and loans to affiliated companies" and "Receivables and other assets" of the notes to the financial statements.

❷ Recognition and measurement of internally generated intangible assets for software solutions

① In the annual financial statements of Westwing Group SE as at December 31, 2021 internally generated intangible fixed assets for internally developed software solutions amounting to EUR 18.6 million (7% of total assets) are reported under the balance sheet item " internally generated intangible assets ". The internally generated intangible assets relate to software solutions for the purposes of the websites, apps and warehouse management system of Westwing Group SE. For the capitalization of an internally generated intangible fixed asset it is essential that the intended intangible asset is highly probable and that the development costs can be reliably attributed to the intangible asset to be capitalized.. The capitalization of development costs for an internally generated intangible fixed asset already completed requires that the asset be expanded or materially improved, which means substantially enhanced. The amortization of internally generated assets is based on the assumptions made by the executive directors regarding the expected useful lives. Furthermore, disposals are recognized if specific expectations regarding the feasibility of developments projects are not met. The capitalization and measurement of the development costs incurred for these software solutions are based to a large extent on estimates and assumptions made by the Company’s executive directors, which mainly relate to the technical and economic feasibility of the development project and the distinction between substantial enhancement and the maintenance of existing software solutions.

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 accounting treatment and measurement of the development costs incurred in accordance with the requirements of German commercial law. 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. 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 for derecognition of 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 on the recognition and measurement of internally developed intangible assets for software solutions are contained in sections II " II. Accounting and valuation methods: Intangible assets", III "Balance sheet disclosures: Intangible assets" and IV "Statement of profit or loss disclosures: Other own work capitalized" of the notes to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the non-financial group statement pursuant to § 315b Abs. 1 HGB as an unaudited part of the management report.

The other information comprises further the statement on corporate governance pursuant to § 289f HGB und § 315d HGB.

Our audit opinions on the annual financial statements and on the 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 annual financial statements, with the 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 Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this 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 annual financial statements and of the 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.

- 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the 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, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual 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 Annual Financial Statements and the 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 annual financial statements and the management report (hereinafter the “ESEF documents”) contained in the electronic file Westwing_AG_JA_ESEF-2021-12-31.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 annual financial statements and the 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 annual financial statements and the 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 annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2021 contained in the “Report on the Audit of the Annual Financial

Statements and on the 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 annual financial statements and the 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 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 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.

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 annual 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 annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on August 5, 2021. We were engaged by the supervisory board on December 14, 2021. We have been the 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 annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the 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 Dietmar Eglauer.

Munich, March 28, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Dietmar Eglauer Wirtschaftsprüferin (German Public Auditor)	(sgd.) Michael Popp Wirtschaftsprüfer (German Public Auditor)