

WESTWING

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QUARTERLY STATEMENT
JANUARY – MARCH 2024

Westwing at a Glance

Q1 2024 HIGHLIGHTS

- Revenue increased by 6 % year-over-year to EUR 109m in a declining market.
- The number of active customers grew by 2 % compared to the same period of the previous year, for the first time since the end of the pandemic.
- Positive development of gross margin at 51.4 % and contribution margin at 31.8 %, an increase of 1.8 and 3.9 percentage points respectively compared to the first quarter of 2023.
- Adjusted EBITDA increased by EUR 1.2m to EUR 6.3m year-over-year, with an Adjusted EBITDA margin of 5.8 % (Q1 2023: 4.9 %).
- Free cash flow at EUR 4.3m with strong cash balance of EUR 81.9m as at the reporting date.
- Net working capital improved by EUR 13.1m compared to the same period of previous year and was at EUR –18.4m.
- Westwing Collection share increased further by 5 percentage points to 51 % of GMV (Q1 2023: 46 %).

KEY FIGURES (UNAUDITED)

	Q1 2024	Q1 2023	Change
Results of operations			
Revenue (in EURm)	108.6	102.9	5.8
Adjusted EBITDA (in EURm)	6.3	5.1	1.2
Adjusted EBITDA margin (in % of revenue)	5.8 %	4.9 %	0.9pp
Financial position			
Free cash flow (in EURm)	4.3	9.9	–5.5
Cash and cash equivalents (in EURm, as at reporting date)	81.9	80.0	1.9
Performance indicators			
Westwing Collection share (in % of GMV)	51 %	46 %	5pp
GMV (in EURm)	125	118	6 %
Number of orders (in k)	676	694	–3 %
Average basket size (in EUR)	185	169	9 %
Active customers (in k)	1,282	1,262	2 %
Average orders per active customer in the preceding 12 months	2.2	2.3	–6 %
Average GMV per active customer in the preceding 12 months (in EUR)	381	373	2 %
Mobile visit share (in %)	81 %	79 %	2pp
Other			
Full-time equivalent employees (FTE) as at reporting date	1,582	1,657	–75

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REPORT ON ECONOMIC POSITION

1.1 FINANCIAL PERFORMANCE OF THE GROUP¹

The condensed income statement for the first quarter of 2024 showed revenue of EUR 108.6m, an increase by 5.6% compared to the same quarter of the previous year (Q1 2023: EUR 102.9m). GMV was also up by 6% year-over-year from EUR 118m in the first quarter of 2023 to EUR 125m in the same period of 2024. Despite the challenging market conditions, the number of active customers increased by 2% year-over-year, for the first time since the end of the pandemic, and was at 1.3m (Q1 2023: 1.3m).

Both segments, DACH and International, showed positive revenue growth in the first quarter of 2024 with DACH segment of 7.7% and the International segment of 3.2% year-over-year.

Westwing continued to deliver revenue growth despite a declining market. Higher gross and contribution margins, combined with cost discipline, resulted in an improvement in the Adjusted EBITDA margin of 0.9 percentage points to 5.8% in the first quarter of 2024 (Q1 2023: 4.9%). Adjusted EBITDA in absolute terms amounted to EUR 6.3m (Q1 2023: EUR 5.1m).

CONDENSED FIRST QUARTER 2024 CONSOLIDATED INCOME STATEMENT ON ADJUSTED BASIS (UNAUDITED)

EURm	Q1 2024	In % of revenue	Q1 2023	In % of revenue
Revenue	108.6	100.0	102.9	100.0
Cost of sales	-52.9	-48.6	-51.9	-50.5
Gross profit	55.8	51.4	51.0	49.5
Fulfilment expenses	-21.3	-19.6	-22.3	-21.7
Contribution profit	34.5	31.8	28.7	27.9
Marketing expenses	-13.8	-12.7	-9.2	-9.0
General and administrative expenses	-19.8	-18.2	-19.7	-19.2
Other operating expenses	-1.7	-1.6	-0.9	-0.8
Other operating income	1.5	1.4	1.5	1.5
Depreciation, amortisation and impairments	5.6	5.2	4.7	4.6
Adjusted EBITDA	6.3	5.8	5.1	4.9

¹ Figures in this section are presented on an adjusted basis, i.e. excluding (i) share-based compensation and (ii) restructuring expenses. We calculate "Adjusted EBITDA" by adjusting reported EBITDA for these items.

Revenue

In the first quarter of 2024 our revenue increased by 5.6% and amounted to EUR 108.6m (Q1 2023: EUR 102.9m). The Westwing Collection share went up from 46% in the first quarter of 2023 to an all-time high of 51% in the first quarter of 2024.

Contribution Margin

Our gross margin improved by 1.8 percentage points from 49.5% in the first quarter of 2023 to 51.4% in the same period of the current year. The improvement was mainly driven by the continued expansion of the high margin Westwing Collection.

Our fulfilment costs as percentage of revenue decreased by 2.1 percentage point from 21.7% in the first quarter of 2023 to 19.6% in the first quarter of 2024. This was mostly driven by efficiency gains.

As a result, our contribution margin increased by 3.9 percentage points from 27.9% in the first quarter of 2023 to 31.8% in the first quarter of 2024.

Marketing Expenses

Marketing expenses increased to 12.7% of revenue in the first quarter of 2024 compared to 9.0% in the same period of the previous year. In absolute terms, marketing expenses went up by EUR 4.6m from EUR 9.2m in the first quarter of 2023 to EUR 13.8m in the same period of the current year. Following the launch of the new corporate identity in the third quarter of 2023, Westwing continued to leverage the momentum to invest into its brand awareness in Germany.

General and Administrative Expenses

As a percentage of revenue, general and administrative expenses decreased by 0.9 percentage points in the first quarter of 2024 to 18.2% compared to the same period of the previous year (Q1 2023: 19.2% of revenue). This development was primarily driven by cost consciousness. In absolute terms, general and administrative expenses were almost flat at EUR 19.8m in the first quarter of 2024 (Q1 2023: EUR 19.7m).

Adjusted EBITDA²

The Group's Adjusted EBITDA amounted to EUR 6.3m in the first quarter of 2024, compared to EUR 5.1m in the same period of the previous year. This corresponds to an increase in the Adjusted EBITDA margin from 4.9% in the first quarter of 2023 to 5.8% in the same period of 2024.

Next to share based compensation expenses, Westwing adjusted its EBITDA for restructuring expenses of EUR 2.7m in the first quarter of 2024, related to its complexity reduction program. Due to their non-recurring nature, related expenses are excluded from our Adjusted EBITDA.

² Figures in this section are presented on an adjusted basis, i.e. excluding (i) share-based compensation and (ii) restructuring expenses. We calculate "Adjusted EBITDA" by adjusting reported EBITDA for these items.

1.2 SEGMENT INFORMATION

CONSOLIDATED SEGMENT RESULTS (UNAUDITED)

EURm	Q1 2024	Q1 2023	Change
Revenue			
DACH	60.1	55.8	4.3
International	48.5	47.1	1.5
Adjusted EBITDA			
DACH	3.5	5.0	-1.6
International	3.0	0.1	2.8
Headquarter/reconciliation	-0.1	-0.1	0.0
Adjusted EBITDA margin			
DACH	5.8%	9.0%	-3.2pp
International	6.1%	0.3%	5.8pp

The Group's segments are DACH (Germany, Austria and Switzerland) and International (other European markets where Westwing is present).

Segment Revenue

Both segments, DACH and International, showed revenue growth in the first quarter of 2024, with the DACH segment up by 7.7% and the International segment up by 3.2%.

Segment Adjusted EBITDA

In the first quarter of 2024, the Adjusted EBITDA margin in the DACH segment decreased by 3.2 percentage points to 5.8% (Q1 2023: 9.0%), which was driven by the brand awareness investments in Germany. In the International segment, the Adjusted EBITDA margin was at 6.1% in the first quarter of 2024, an increase of 5.8 percentage points compared to the same period of the previous year (Q1 2023: 0.3%).

1.3 FINANCIAL POSITION

Cash Flows (Unaudited)

EURm	Q1 2024	Q1 2023
Cash flows from operating activities	11.0	11.4
Cash flows from investing activities	-6.7	-1.5
Cash flows from financing activities	-4.0	-5.9
Net increase in cash and cash equivalents	0.4	4.0
Effect of exchange rate fluctuations on cash held	-0.0	-0.0
Cash and cash equivalents as at beginning of the period	81.5	76.0
Cash and cash equivalents as at 31 March	81.9	80.0
Free cash flow	4.3	9.9

Cash flows from operating activities were relatively flat compared to the first three months of 2023 and amounted to EUR 11.0m (Q1 2023: EUR 11.4m).

Cash flows from investing activities increased from EUR -1.5m in the first three months of 2023 to EUR -6.7m in the same period of 2024. This primarily resulted from higher cash outflows for property, plant and equipment of EUR 3.3m and rent deposits of EUR 1.5m. Both effects were caused by the change of the rental agreement for one of our biggest warehouses in Poznan, Poland. Because of this, we have recorded assets in property, plant and equipment at the end of the first quarter of 2024 that were previously leased.

As a result of the developments in the operating and investing cash flows described above, the free cash flow for the first quarter of 2024 amounted to EUR 4.3m (Q1 2023: EUR 9.9m).

Cash flows from financing activities were EUR -4.0m in the first three months of 2024 (Q1 2023: EUR -5.9m). This improvement was mostly driven by the lower share buyback volume in the first three months of 2024. Furthermore there was no cash outflow from supplier finance arrangements, since we discontinued the use of this instrument in the fourth quarter of 2023.

Condensed Statement of Financial Position (Unaudited)

	31 March 2024		31 December 2023	
	EURm	In % of Total	EURm	In % of Total
Total assets	212.9	100.0	203.4	100.0
Non-current assets	70.3	33.0	67.0	32.9
Current assets	142.6	67.0	136.4	67.1
Total liabilities + equity	212.9	100.0	203.4	100.0
Equity	72.6	34.1	75.0	36.9
Non-current liabilities	34.9	16.4	36.7	18.1
Current liabilities	105.4	49.5	91.7	45.1

As at 31 March 2024, total assets amounted to EUR 212.9m (31 December 2023: EUR 203.4m).

Non-current assets were up by EUR 3.3m compared to year-end 2023. This was caused primarily by increase in property, plant and equipment of EUR 2.3m and higher trade and other receivables of EUR 1.5m.

The increase in current assets of EUR 6.2m was mainly driven by higher inventories that were up by EUR 8.8m to EUR 36.9m (31 December 2023: EUR 28.1m), and EUR 1.5m higher trade and other financial receivables amounting to EUR 13.6m (31 December 2023: EUR 12.1m). This development was partially offset by EUR 4.9m lower prepayment on inventories.

Equity declined by EUR 2.4m from EUR 75.0m as at 31 December 2023 to EUR 72.6m as at 31 March 2024. This decline was caused by the negative net result and a higher amount of treasury shares which is deducted from equity.

Non-current liabilities were at EUR 34.9m as at 31 March 2024, which is EUR 1.8m below the amount as at 31 December 2023. This was driven by lower lease liabilities and lower liabilities for cash-settled share-based compensation.

Current liabilities were up by EUR 13.7m to EUR 105.4m (31 December 2023: EUR 91.7m), primarily resulting from an increase in trade payables and accruals of EUR 11.9m as well as contract liabilities of EUR 3.9m. This was partially offset by a EUR 1.9m decrease in refund liabilities.

Overall assessment of the Group's economic position

In the first quarter of 2024 Westwing delivered good results with continued revenue growth of 6% compared to the same period of 2023 and positive Adjusted EBITDA at EUR 6.3m despite ongoing challenging market conditions.

The good financial results in a still weak market environment prove the strength and potential of Westwing's commercial model. The Company will continue the transformation to build a less complex platform that enables the business to scale with operating leverage going forward.

1.4 OUTLOOK

We confirm our previously provided guidance for the full year 2024 and expect revenue between EUR 415m and EUR 445m, with a growth rate of -3% to +4%, and an Adjusted EBITDA in a range of EUR 14m to EUR 24m, at a corresponding Adjusted EBITDA margin of 3% to 5%.

1.5 EVENTS AFTER THE BALANCE-SHEET DATE

There were no events after the balance-sheet date that would have a material impact on Westwing's results of operations, net assets or financial position.

Munich, 7 May 2024

Dr Andreas Hoerning
Chief Executive Officer

Sebastian Westrich
Chief Financial Officer

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CONSOLIDATED FINANCIAL STATEMENTS

for the Period Ended 31 March 2024 (Unaudited)

2.1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EURm	Q1 2024	Q1 2023
Revenue	108.6	102.9
Cost of sales	-52.9	-51.9
Gross profit	55.8	51.0
Fulfilment expenses	-22.0	-22.3
Marketing expenses	-13.9	-9.2
General and administrative expenses	-21.2	-18.7
Other operating expenses	-1.7	-0.9
Other operating income	1.5	1.5
Operating result	-1.5	1.4
Finance costs	-0.4	-0.5
Finance income	0.2	0.0
Other financial result	-0.0	-0.0
Financial result	-0.2	-0.5
Result before income tax	-1.7	0.9
Income tax expense	-0.2	-0.0
Result for the period	-1.9	0.9

2.2 RECONCILIATION OF ADJUSTED EBITDA

EURm	Q1 2024	Q1 2023
Operating Result	-1.5	1.4
(+) Share-based compensation income	-0.7	-1.0
(+) Depreciation, amortisation, and impairments	5.8	4.7
(+) Restructuring expenses	2.7	-
Adjusted EBITDA	6.3	5.1

2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURm	31 March 2024	31 December 2023
Assets		
Non-current assets		
Property, plant and equipment	46.9	44.6
Intangible assets	18.9	19.3
Trade and other receivables	3.1	1.6
Deferred tax asset	1.5	1.5
Total non-current assets	70.3	67.0
Current assets		
Inventories	36.9	28.1
Prepayments on inventories	2.2	7.1
Trade and other receivables	13.6	12.1
Other assets	8.2	7.6
Cash and cash equivalents	81.9	81.5
Total current assets	142.6	136.4
Total assets	212.9	203.4

2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURm	31 March 2024	31 December 2023
Equity and liabilities		
Equity		
Share capital	20.9	20.9
Capital reserves	364.7	364.6
Treasury shares	-5.9	-5.3
Other reserves	42.4	42.4
Retained earnings	-350.2	-348.3
Other comprehensive income (OCI) reserve	0.7	0.6
Total equity	72.6	75.0
Non-current liabilities		
Lease liabilities	24.4	25.5
Other financial liabilities	5.3	6.0
Provisions	2.2	2.1
Deferred tax liabilities	3.1	3.1
Total non-current liabilities	34.9	36.7
Current liabilities		
Lease liabilities	11.5	11.2
Trade payables and accruals	47.8	35.9
Contract liabilities	23.2	19.3
Refund liabilities	4.7	6.6
Other non-financial liabilities	15.8	16.3
Tax liabilities	0.8	0.9
Provisions	1.5	1.5
Total current liabilities	105.4	91.7
Total liabilities	140.3	128.4
Total equity and liabilities	212.9	203.4

2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

EURm	Q1 2024	Q1 2023
Result before income tax	-1.7	0.9
Adjustments		
Depreciation and impairment of property, plant and equipment	3.4	3.2
Amortisation and impairment of intangible assets	2.4	1.5
Gain on disposal of property, plant and equipment	0.1	0.0
Share-based compensation income	-0.7	-1.0
Finance income	-0.2	-
Finance costs	0.4	0.5
Changes in other assets	-0.7	0.4
Changes in other liabilities	-0.5	-0.7
Changes in provisions	-1.9	-2.0
Cash effective operating profit/(loss) before changes in working capital	0.6	2.8
Adjustments for changes in working capital:		
Changes in trade and other receivables and prepayments	-1.5	0.2
Changes in inventories and prepayments on inventories	-3.9	1.6
Changes in trade and other payables	15.8	6.9
Cash flows from operations	11.0	11.5
Tax paid	-0.0	-0.2
Net cash flows from operating activities	11.0	11.4
Investing Activities:		
Proceeds from sale of property, plant and equipment	0.0	0.0
Purchase of property, plant and equipment	-3.4	-0.1
Purchase of and investments in intangible assets	-1.9	-1.8
Rent deposits	-1.5	0.5
Interest income	0.2	0.0
Net cash flows from investing activities	-6.7	-1.5
Financing activities		
Proceeds from capital increase/sale of equity instruments	0.0	0.0
Interest and other finance charges paid	-0.4	-0.5
Supplier finance arrangements	-	-0.8
Purchase of treasury shares	-0.6	-1.6
Payments of lease liabilities	-3.0	-2.9
Net cash flows from financing activities	-4.0	-5.9
Net change in cash and cash equivalents	0.4	4.0
Effect of exchange rate fluctuations on cash held	-0.0	-0.0
Cash and cash equivalents at the beginning of the period	81.5	76.0
Cash and cash equivalents as at 31 March	81.9	80.0

FINANCIAL CALENDAR

19 JUNE 2024

Annual General Meeting Fiscal Year 2023

8 AUGUST 2024

Publication of half-year financial report 2024

7 NOVEMBER 2024

Publication of third quarter results 2024

IMPRINT

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CONCEPT, DESIGN UND REALISATION

3st kommunikation,
Mainz

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