Prospectus dated September 27, 2018

WESTWING

Prospectus
for the public offering

of

4,400,000 newly issued bearer shares with no par value (*Stückaktien*)
from a capital increase against contributions in cash to be resolved by
an extraordinary shareholders' meeting of the Company on or about October 1, 2018

and of

660,000 existing bearer shares with no par value (*Stückaktien*)
from the holdings of the Lending Shareholder in connection with a possible over-allotment

and at the same time for the

admission to trading on the regulated market (*regulierter Markt*)
of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

up to 4,400,000 newly issued bearer shares with no par value (*Stückaktien*)
from a capital increase against contributions in cash to be resolved by
an extraordinary shareholders' meeting of the Company on or about October 1, 2018

and

15,542,100 existing bearer shares with no par value (*Stückaktien*) (existing share capital),
each such share with a notional value of €1.00

of

Westwing Group AG

Price Range: €23.00 – €29.00

International Securities Identification Number (ISIN): DE000A2N4H07
German Securities Code (*Wertpapierkennnummer* (*WKN*)): A2N4H0
Ticker Symbol: WEW

Joint Global Coordinators and Joint Bookrunners

Berenberg **Citigroup**

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I. SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as elements (“**Elements**”). These Elements are numbered in Sections A − E (A.1 − E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words “not applicable”.*

A – Introduction and Warnings

A.1	**Warnings.**	This summary should be read as an introduction to this prospectus (the “**Prospectus**”). The investor should base any decision to invest in the subject securities on the review of this Prospectus as a whole. If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area. Westwing Group AG (prior to its change in legal form and name, Westwing Group GmbH), Berlin, Germany (the “**Company**” and, together with its consolidated subsidiaries, the “**Group**”, “**Westwing**”, “**we**”, “**us**”, “**our**” or “**ourselves**”), together with Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany (“**Berenberg**”) and Citigroup Global Markets Limited, London, United Kingdom (“**Citigroup**”, and, together with Berenberg, the “**Joint Global Coordinators**” or the “**Joint Bookrunners**”), assume responsibility for the contents of this summary, including any translations thereof, pursuant to Section 5 para. 2b no. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Those persons who have assumed responsibility for the summary, including any translations thereof, or for its issuance (*von denen der Erlass ausgeht*), can be held liable, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, all necessary key information.
A.2	**Information regarding the subsequent use of the prospectus.**	Not applicable. Consent by the Company regarding the use of this Prospectus for a subsequent resale or placement of shares has not been granted.

B – Issuer

B.1	**Legal and commercial name of the issuer.**	The Company’s legal name is Westwing Group AG. The Company is the parent company of the Group and primarily operates under the commercial name “Westwing”.
B.2	**Domicile, legal form and legislation under which the issuer operates and its country of incorporation.**	The Company has its registered office in Berlin with business address at Moosacher Straße 88, 80809 Munich, Germany, and is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 199007 B. The Company is a stock corporation (*Aktiengesellschaft* or *AG*) incorporated in Germany and governed by the laws of the Federal Republic of Germany.
B.3	**Operations and principal business activities of the issuer and principal markets in which the issuer competes.**	We consider ourselves to be the leader in the inspiration-based home & living eCommerce business in Europe. We aim to inspire our mostly female customer base with a curated selection of home & living products, which include home décor products, home accessories, textiles and furniture. These products are either offered under third-party brands or under our own private label. We benefit from the experience of our founder-led management team, a strong market position and high customer loyalty. In 2017, sales accounting for approximately 85% of the total gross merchandise value (“**GMV**”) of our continuing operations were placed by customers who visited our websites and apps an average of 100 times that year. As of June 30, 2018, in our continuing operations, we had 907,000 active

customers, which we define as customers who have placed at least one valid order during the twelve months prior to the relevant period end (“**Active Customers**”). A valid order is an order for which payment has been processed successfully and which has not been canceled, irrespective of returns. In our continuing operations, these Active Customers placed a total of 2.4 million orders with a GMV of €277 million in the twelve months ended June 30, 2018. Our continuing operations in eleven European countries are grouped in two operating and reportable segments, (i) DACH, which includes our more mature markets Germany, Austria and Switzerland (the “**DACH segment**”), and (ii) International, which includes Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia (the “**International segment**”).

The home & living market is one of the largest consumer markets. In 2017, the aggregate market volume in the eleven European countries in which we currently operate was €117 billion (*Source: Euromonitor*). The home & living market is an established and stable market that largely develops in line with the underlying gross domestic product (GDP). The expected continuation of the offline to online shift in the home & living industry provides, however, further growth potential for our business. Online penetration in the home & living market is currently comparatively low at only 5% on average in 2017 (*Source: Euromonitor*) in the eleven European countries in which we currently operate, but is forecast by Euromonitor to grow significantly in the medium-term. We believe that favorable demographic trends will further accelerate the migration from offline to online, primarily driven by millennials (*i.e.*, people born after the early 1980s) with a high affinity for the internet in general and eCommerce in particular. In addition, older demographics are also increasing their online and eCommerce usage. The home & living market is highly fragmented, with most suppliers reporting sales of less than €10 million per year and few known supplier brands, giving retailers significant bargaining power.

Under our strong “Westwing” brand, we operate an innovative business model that combines the inspirational aspects of a “curated shoppable home & living magazine” through our daily themes offering with the permanent assortment of a typical eCommerce retailer. We acquire most of our customers through our daily themes offering and monetize them through both our daily themes and our permanent assortment. Based on the concept of a “curated shoppable magazine”, we seek to inspire potential and current customers with a mostly theme-based selection of attractively priced products. Our daily themes offering consists typically of six events per day that regularly include a large number of curated products that are available for a limited period of time. The events are presented in a daily newsletter sent to registered users. We leverage our daily themes model to create purchase triggers for new customers and to increase the loyalty of our existing customer base. We provide our suppliers with an opportunity to use our daily themes not only as a powerful sales and growth channel but also as a marketing tool. In addition to our daily themes, our permanent assortment offers customers a curated selection of bestsellers from our daily themes and private label products. The success of our business model is evidenced by the fact that 82% of our orders in the second quarter of 2018 came from repeat customers, which we define as customers who have placed at least two valid orders with us.

Our core business centers around offering our customers a curated product assortment. Based on trend scouting and data collected in the past, we carefully select the products we want to offer and present them embedded in editorial content. We either source our products from third-party suppliers or have the relevant products manufactured according to our specifications and offer them as our own private label offering. By sourcing private label products directly from factories, we are able to offer bestsellers at highly attractive prices and improve our contribution margin. Our logistics ecosystem positions us to smoothly execute customer orders. We operate seven warehouses across Europe, where we pack and prepare the products we sell for shipping. Deliveries are handled by reliable third-party carriers. Our operations are backed by our custom-built technology platform. Our technology, which is based in part on external software, was developed with a view to providing a flexible, agile and modular backbone for our day-to-day operations. Throughout our operations, we collect and analyze data using tools based on standard and proprietary software to help us efficiently develop and expand our operations. In addition, we invest in the development of innovative features to further enhance the competitiveness of our online offering.

Founded in 2011, we focused in the early stage of our corporate development on rapidly growing our business operations in order to quickly reach scale and relevance in our target markets. In 2015, we entered the next phase, during which we focused on moving towards profitability, and achieved a positive Adjusted EBITDA (as defined under "*Additional Key Performance Indicators*" in B.7) in the fourth quarter of 2017 and in the first two quarters of 2018. As we intend to continue focusing, on our operations in Europe where we see stronger growth potential and synergies, we initiated a process to sell our operations in Brazil, Russia and Kazakhstan in the first half of 2018. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified our operations in Brazil, Russia and Kazakhstan as discontinued operations in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

We believe that the development of our business is supported by the following strengths:

- We operate in the massive and highly attractive home & living market, which is at the tipping point of offline to online transition
- We are a leading European home & living brand with strong positioning, brand recognition and customer loyalty
- Our innovative, inspiration-based business model results in high customer lifetime value and engagement
- We benefit from a strong operating platform giving us full control of the value chain
- Our set-up results in a strong financial profile combining scale, growth and profitability

The key elements of our strategy are:

- Use our market power to benefit from structural tailwinds in our industry
- Increase the share of sales attributable to private label products
- Further improve the customer experience
- Continue to employ leading technology and benefit from technology innovations
- Drive growth in our International markets by continuing to implement our full business model from our more mature DACH segment
- Expand our geographic footprint in adjacent European markets in the long-term

B.4a Most significant recent trends affecting the issuer and the industries in which it operates.

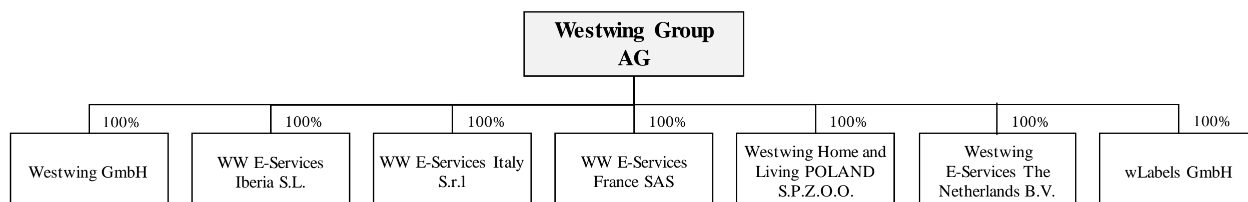
The home & living market is currently impacted by a number of key trends, which together influence the performance of individual home & living retailers such as Westwing, in particular:

- The increasing online engagement of consumers, leading to increasing online penetration in the home & living industry; and
- The aging of millennials (*i.e.*, people born after the early 1980s), leading to a larger share of the population engaging in online purchases.

B.5 The group and the issuer's position within the group.

The Company is the parent company of the Group. The Group's business is conducted by the Company and its various subsidiaries. The Group comprises all companies whose financial and business policy can be controlled by the Company, either directly or indirectly.

The following diagram provides an overview (in simplified form) of the Company's significant subsidiaries as of the date of this Prospectus. The presentation below assumes the effect of a capital increase by the Company pursuant to which the Company intends to acquire a total of 6,730 shares in various of its subsidiaries, which were issued prior to the conversion of the Company into a stock corporation to founders, members of the management, employees as well as supporters of the Company or entities that hold such shares as trustee for employees and/or supporters of the Company, against the issuance of 487,350 new shares in the Company:



B.6	**Persons who, directly or indirectly, have a notifiable interest in the issuer's capital or voting rights.**	The following table sets forth the direct and indirect shareholders of the Company, which, as of the date of this Prospectus, directly or indirectly, have a notifiable interest in the Company's capital and voting rights in the meaning of Sections 33 et seqq. of the German Securities Trading Act (*Wertpapierhandelsgesetz*) prior to the Offering (as defined in C.1) and their expected shareholdings, together with the expected shareholdings of the public float, upon completion of the Offering (as defined in C.1). On April 22, 2016, the Company and certain then-existing shareholders of the Company (i.e., Rocket Internet SE, Jade 1317. GmbH, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Kinnevik Online AB, RI Digital Ventures GmbH, TEC Global Invest IV GmbH, JaToPa GmbH, Holding Italiana Quattordicesima S.p.A., Odey Asset Management LLP acting in its capacity as investment manager for and on behalf of CF Odey Absolute Return Fund, Reti Televisive italiane S.p.A., Fidelity Funds SICAV in respect of Fidelity Funds – European Smaller Companies Pool (F/ESM), Fidelity Funds SICAV in respect of Fidelity Funds – European Smaller Companies Pool Two (F/SCT), SHCO 57 S.à r.l., The Nikamon Fund SPC Limited, Kreos Capital IV (Expert Fund) Limited, Broad Street Principal Investments L.L.C., together the "**Warrant Holders**") entered into a warrant agreement, pursuant to which the Warrant Holders were granted warrant rights enabling them to acquire shares in the Company. On August 7, 2018, the Company and the Warrant Holders entered into another agreement (the "**Warrant Agreement**") amending the warrant agreement from April 22, 2016 in order to allow for the preliminary settlement of the warrant rights by issuing 11,912 new shares in the Company to the Warrant Holders. The final settlement of the warrant rights will be based on a transfer of shares among Warrant Holders and the other shareholders of the Company existing before the IPO in order to realize the percentage of shareholdings as provided for in the original warrant agreement from April 22, 2016, if the valuation of the shares of the Company in the course of the IPO falls below the valuation underlying the preliminary settlement of the warrant rights (i.e. an equity valuation of the Company of €480 million on a non-diluted basis based on 91,702 outstanding shares at the relevant point in time and a share price of €5,229.00 each) or if the IPO process is delayed by no more than four months after the date of the preliminary settlement of the warrant rights. The potential transfer of shares in the course of the final settlement of the warrant rights will lead to changes in the ownership percentages of the Company of less than 1 percentage points per shareholder (based on an equity valuation of the Company ranging from €330 million to €450 million on a non-diluted basis at the relevant point in time). However, no further adjustments among the relevant shareholders are required, if the valuation of the Company will be above the valuation underlying the preliminary settlement. The presentation of the ownership percentages in the following table is based on the assumption that no further share transfers among Warrant Holders and shareholders existing before the IPO are required.

Ultimate Shareholder	Direct Shareholder	Beneficial (Indirect) Ownership of the Company immediately prior to the Offering	upon completion of the Offering (no exercise of Greenshoe Option)	(full exercise of Greenshoe Option)
			(in %)	
Rocket Internet SE[1][2]	Rocket Internet SE/Jade 1317. GmbH/Bambino 53. V V GmbH	30.04	23.41	22.66
Kinnevik AB[2][3]	Kinnevik Online AB	17.64	13.75	13.31
Len Blavatnik[2][4]	AI European Holdings S.à r.l.	9.72	7.58	7.34
Summit Partners Europe, Ltd., Summit Master Company, LLC[2][5]	Summit Partners RKT S.à r.l.	9.66	7.53	7.29
Tengelmann Verwaltungs- und Beteiligungs GmbH[6]	Tengelmann Ventures GmbH	6.59	5.13	4.97
–	Odey Asset Management LLP	4.04	3.15	3.05
Other shareholders[7]		22.12	17.24	16.69
Treasury shares[8]		0.18	0.14	0.14
Public float		–	22.06	24.56
Total		**100.00**	**100.00**	**100.00**

(1) Rocket Internet SE holds 1,004,850 shares in the Company directly and 3,554,400 shares indirectly through Jade 1317. GmbH. In addition, Bambino 53. V V GmbH ("**Bambino**"), a wholly owned subsidiary of Rocket Internet SE, holds 109,800 shares in the Company, predominantly as trustee for various persons. Due to Rocket Internet SE's ownership of all shares in Bambino, these shares in the Company are attributed to the holdings of Rocket Internet SE. However, the voting rights attached to the shares in the Company held by Bambino as trustee are exercised at the direction of the relevant trustor and therefore are also attributable to such trustor.

(2) The voting rights directly or indirectly held by these entities are attributable to each other as they are deemed to be acting in concert within the meaning of Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*).

(3) The voting rights held by Kinnevik Online AB are attributed to Kinnevik AB. Kinnevik AB intends to transfer the shares held by Kinnevik Online AB to Kinnevik Internet Lux S.à r.l. prior to completion of this Offering. The voting rights to be held by Kinnevik Internet Lux S.à r.l. will also be attributed to Kinnevik AB.

(4) The voting rights held by AI European Holdings S.à r.l. are attributed to Len Blavatnik through AI European Holdings LP, AI European Holdings GP, Access Industries Investment Holdings LLC, AI SMS LP, AI International GP Ltd., Access Industries Holdings LLC, Access Industries Holdings (BVI) LP, Access Industries, Inc. and LB Grantor Trust 2002.

(5) Summit Partners Europe, Ltd. and Summit Master Company, LLC are the ultimate controlling shareholders of the Company's direct shareholder Summit Partners RKT S.à r.l.
Summit Partners RKT S.à r.l.'s voting rights are attributed to Summit Partners Europe, Ltd. through Summit Partners Europe, L.P., Summit Partners Europe Private Equity Fund, L.P. and Summit RKT EURO Ltd.
Summit Partners RKT S.à r.l.'s voting rights are attributed to Summit Master Company, LLC through Summit Partners, L.P., Summit Partners PE VII, LLC, Summit Partners PE VII, L.P., Summit Partners Private Equity Fund VII-A, L.P., Summit RKT VII-B Cayman Ltd., Summit RKT VII-B Holdings, L.P., Summit Investors Management, LLC, Summit Investors I, LLC and Summit Investors I (UK), L.P.
All voting rights directly held by Summit Partners RKT S.à r.l. are also attributed to Summit Partners, L.P. in its function as registered investment advisor with regard to all investment decisions including voting and dispositive power with respect to any investment made by Summit Partners RKT S.à r.l.

(6) The voting rights held by Tengelmann Ventures GmbH are attributed to Tengelmann Verwaltungs- und Beteiligungs GmbH through Tengelmann Ventures Management GmbH and Tengelmann Warenhandelsgesellschaft KG.

(7) Includes all shareholders with shareholdings of less than 3% in the Company's share capital immediately prior to the Offering (as defined in C.1), excluding treasury shares. Includes 404,550 shares held by Stefan Smalla, 259,800 shares held by Rocket Internet Capital Partners (Euro) SCS and 451,950 shares held by Rocket Internet Capital Partners SCS.

(8) As of the date of this prospectus, the Company holds 28,650 treasury shares.

Different voting rights of major shareholders of the issuer.	Not applicable. All of the Company's shares confer the same voting rights.
Direct or indirect control.	As of the date of this Prospectus, Rocket Internet SE, directly or indirectly, controls more than 30% of the voting rights in the Company and is, therefore, considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and

Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* ("**WpÜG**")).

Assuming a placement of all Offer Shares (as defined in C.1), full exercise of the Greenshoe Option (as defined in E.3) and no purchase of Offer Shares by Rocket Internet SE, Rocket Internet SE will directly or indirectly control less than 30% of the voting rights of the Company's outstanding shares and, accordingly, not be deemed to control the Company.

On August 7, 2018, AI European Holdings S.à r.l., Kinnevik Online AB (to be replaced by Kinnevik Internet Lux S.à r.l.), Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Rocket Internet SE and Summit Partners RKT S.à r.l. entered into a voting agreement (the "**Voting Agreement**"), pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting with regard to the composition of the Company's supervisory board. Nomination rights under the Voting Agreement cease to apply for the benefit of any party that holds less than 6% of the share capital. Such party remains, however, obliged to vote in favor of representatives of other parties nominated pursuant to the Voting Agreement. The Voting Agreement automatically terminates two years after the closing of the IPO. As a consequence of this Voting Agreement, the respective shareholdings of the parties to the Voting Agreement will be attributed to each other for the purposes of establishing control due to an acting in concert within the meaning of Sections 29 para. 2 and 30 para. 2 of the WpÜG. Accordingly, for the duration of the Voting Agreement, each party to the Voting Agreement will be deemed to hold a controlling interest in the Company pursuant to the WpÜG due to their combined aggregate shareholding of currently more than 48.2% of the voting rights in the Company. Assuming a placement of all Offer Shares (as defined in C.1) and full exercise of the Greenshoe Option (as defined in E.3), the parties to the Voting Agreement will continue to hold approximately 36.3% of the voting rights in the Company. As a result, the parties to the Voting Agreement will continue to hold a controlling interest in the Company pursuant to the WpÜG.

B.7 Selected historical key financial information.

The financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017, the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and the additional requirements of German commercial law pursuant to Section 315a para. 1 of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**")) and Section 315e para. 1 HGB, respectively. The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Munich, Germany, has audited the aforementioned German-language consolidated financial statements of the Company in accordance with Section 317 HGB and German generally accepted standards for financial statement audits, and issued unqualified audit opinions with respect to such consolidated financial statements as of and for the years ended December 31, 2015 and 2016 and an unqualified independent auditor's report with respect to such consolidated financial statements as of and for the year ended December 31, 2017. English-language translations of the aforementioned audited consolidated financial statements of the Company and of the respective audit opinions or of the independent auditor's report thereon as well as the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 are included in this Prospectus.

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but was taken either from the unaudited condensed consolidated interim financial statements mentioned above, or the Company's internal reporting system, or has been calculated based on figures from the aforementioned sources.

All of the financial information presented in the text and tables below is shown in millions of euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to zero.

Our historical results are not necessarily indicative of our future results, and our interim results as of and for the six months ended June 30, 2018 are not necessarily indicative of the results that should be expected for the full year ending December 31, 2018 or any other period.

Selected Consolidated Financial Information of the Company

Historical Financial Statements

Consolidated Income Statement

Unless otherwise noted, the information in the following table is taken from our consolidated income statements as included in our audited consolidated financial statements for the years ended December 31, 2015, 2016 and 2017 and does not reflect the decision we took in the first half of 2018 to initiate a process to sell our operations in Brazil, Russia and Kazakhstan.

	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Revenue	219.2	250.4	265.8	98.9	120.5
Cost of sales	(126.6)	(144.1)	(151.7)	(56.5)	(69.3)
Gross profit	**92.6**	**106.3**	**114.1**	**42.4**	**51.1**
Fulfilment expenses[1]	(56.7)[2]	(53.6)[3]	(57.0)	(21.7)	(24.6)
Marketing expenses	(31.5)	(18.0)	(15.8)	(6.6)	(7.6)
General and administrative expenses[4]	(61.2)[2]	(54.6)[3]	(61.4)	(27.9)	(17.4)
Other operating expenses	(1.5)	(1.6)	(2.0)	(0.4)	(0.3)
Other operating income	1.0	0.9	0.8	0.5	0.3
Operating result	**(57.3)**	**(20.5)**	**(21.3)**	**(13.6)**	**1.6**
Finance costs	(1.9)	(6.1)	(10.0)	(4.6)	(6.7)
Finance income	0.0	0.1	0.1	0.0	–
Other financial result	(2.4)	2.0	0.2	0.3	(0.2)
Financial result	(4.2)	(4.1)	(9.8)	(4.3)	(6.8)
Result before income tax	**(61.5)**	**(24.5)**	**(31.2)**	**(17.9)**	**(5.3)**
Income tax expense	(0.2)	(0.4)	(0.4)	(0.1)	(0.1)
Result for the period from continuing operations	–	–	–	**(18.0)**	**(5.4)**
Result for the period from discontinued operations after taxes	–	–	–	0.4	0.7
Result for the period	**(61.7)**	**(24.9)**	**(31.5)**	**(17.7)**	**(4.7)**
Loss attributable to:					
Owners of the Company	(53.1)	(22.9)	(29.2)	(16.3)	(6.9)
Non-controlling interests	(8.6)	(2.0)	(2.4)	(1.4)	2.3

(1) Fulfilment expenses include share-based compensation income of €0.1 million in 2015 and €0.3 million in 2016 and share-based compensation expenses of €0.8 million in 2017 and of €0.3 million in the six months ended June 30, 2017 and share-based compensation income of €0.9 million in the six months ended June 30, 2018.

(2) Unaudited. Fulfilment expenses were adjusted to reflect the revised classification of expense items that has been used by the Company starting with the audited consolidated financial statements as of and for the year ended December 31, 2017. In the audited consolidated financial statements of the Company as of and for the year ended December 31, 2015, fulfilment expenses for 2015 were reported as €69.6 million and general and administrative expenses for 2015 were reported as €48.3 million.
(3) Taken from the comparative financial information of the audited consolidated financial statements as of and for the year ended December 31, 2017. In the Company's audited consolidated financial statements as of and for the year ended December 31, 2017, expenses of €12.1 million were reclassified from fulfilment expenses to general and administrative expenses in the comparative financial information for the year ended December 31, 2016. In the audited financial statements of the Company as of and for the year ended December 31, 2016, fulfilment expenses for 2016 were reported as €65.7 million and general and administrative expenses for 2016 were reported as €42.4 million.
(4) General and administrative expenses include share-based compensation expenses of €4.7 million in 2015, €4.3 million in 2016 and €10.2 million in 2017 and €3.9 million in the six months ended June 30, 2017 and share-based compensation income of €2.3 million in the six months ended June 30, 2018.

Consolidated Statement of Financial Position

Unless otherwise specified, the following table is taken from our consolidated statement of financial position as of the dates indicated. The information as of December 31, 2015, 2016 and 2017 does not reflect the decision we took in the first half of 2018 to initiate a process to sell our operations in Brazil, Russia and Kazakhstan. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. In the unaudited condensed consolidated interim financial statements as of and for the six months ended as of June 30, 2018, our operations in Brazil, Russia and Kazakhstan are classified as discontinued operations.

	As of December 31,			As of June 30,
	2015[1]	**2016**	**2017**	**2018**
	(audited, unless otherwise specified) (in € million)			**(unaudited) (in € million)**
Assets				
Non-current assets				
Property, plant and equipment	6.1	6.5	6.1	23.0
Intangible assets	2.6	3.6	4.0	5.8
Trade and other receivables	2.5	3.5	3.7	3.4
Total non-current assets	**11.2**	**13.6**	**13.8**	**32.2**
Current assets				
Inventories[2]	13.7	16.8	21.7	20.6
Prepayments on inventories[2]	1.0	2.0	2.4	3.0
Trade and other receivables	5.8	6.9	9.0	7.3
Other assets	2.6	1.8	2.1	3.3
Cash and cash equivalents	18.7	17.9	13.8	7.0
Assets held for sale	–	–	–	8.5
Total current assets	**41.8**	**45.4**	**48.9**	**49.8**
Total assets	**53.0**	**59.0**	**62.7**	**82.0**
Equity and liabilities				
Equity/(deficit)				
Share capital	0.1	0.1	0.1	0.1
Treasury shares	–	(1.0)	(1.0)	(1.0)
Share premium	210.3	210.3	210.3	210.3
Other reserves	17.3	17.8	22.7	35.1
Retained earnings	(216.3)	(240.8)	(269.3)	(276.2)
Other comprehensive income (OCI) reserve	9.1	6.8	7.2	7.5
Equity/(deficit) attributable to the owners of the company	**20.6**	**(6.7)**	**(30.0)**	**(24.1)**
Non-controlling interests	(33.2)	(33.0)	(35.8)	(33.4)
Total equity/(deficit)[3]	**(12.7)**	**(39.7)**	**(65.8)**	**(57.5)**
Non-current liabilities				
Borrowings	–	–	4.4	11.7
Finance lease liabilities[4]	–	–	0.0	15.4
Other financial liabilities	–	27.9[5]	35.5	40.9
Other non-financial liabilities	10.5[6]	9.6[5]	15.7	0.1

	As of December 31,			As of June 30,
	2015[1]	2016	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)
Provisions	0.3	0.3	0.2	0.2
Total non-current liabilities	**10.8**	**37.8**	**55.9**	**68.3**
Current liabilities				
Borrowings	1.7	–	7.1	6.8
Finance lease liabilities[4]	–	–	–	3.6
Trade payables and accruals	34.1	38.7	39.7	27.7
Customer prepayments	9.1	10.4	11.7	9.7
Other financial liabilities	0.9[6]	0.9[5]	1.6	3.1
Other non-financial liabilities	7.5[6]	9.3[5]	9.5	6.9
Provisions	1.5	1.5	2.9	2.9
Liabilities in connection with assets held for sale	–	–	–	10.5
Total current liabilities	**54.8**	**60.8**	**72.6**	**71.2**
Total liabilities	**65.6**	**98.7**	**128.5**	**139.5**
Total equity and liabilities	**53.0**	**59.0**	**62.7**	**82.0**

(1) Taken from the comparative financial information as of December 31, 2015 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of December 31, 2015 was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate.

(2) In the consolidated statement of financial position of the audited consolidated financial statements as of and for the year ended December 31, 2017 inventories and prepayment on inventories are shown separately, while in the audited consolidated financial statements as of and for the year ended December 31, 2016 such a split is only shown in the respective notes.

(3) In the consolidated statement of financial position of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016 labeled as total equity / deficit not covered by equity.

(4) Presented as lease liabilities due to IFRS 16 "Leases" in the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

(5) Taken from the comparative financial information as of December 31, 2016 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. In the consolidated statement of financial position in the audited consolidated financial statements as of and for the year ended December 31, 2017 current and non-current other financial liabilities as well as current and non-current other non-financial liabilities are each shown separately, while in the consolidated statement of financial position in the audited consolidated financial statements as of and for the year ended December 31, 2016, only current and non-current other liabilities are shown.

(6) Unaudited. Adjusted to reflect the separate presentation of current and non-current other financial liabilities as well as current and non-current other non-financial liabilities in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017.

Consolidated Statement of Cash Flows

Unless otherwise noted, the information in the following excerpt from the consolidated statement of cash flows shows the cash flows of our Group for the years ended December 31, 2015, 2016 and 2017 as included in our audited consolidated financial statements for the years ended December 31, 2015, 2016 and 2017. The following table does not reflect our decision taken in the first half of 2018 concerning our intention to sell our operations in Brazil, Russia and Kazakhstan.

	As of and for the year ended December 31,		
	2015[1]	2016[2]	2017
	(audited, unless otherwise specified) (in € million)		
Cash effective operating loss before changes in working capital	(50.0)	(15.2)	(3.5)
Adjustments for changes in working capital:			
Changes in trade and other receivables and prepayments	1.2	0.3	(2.6)
Changes in inventories	(3.1)	(3.3)	(5.7)
Changes in trade and other payables	6.6	4.7	4.6
Cash used in operations	(45.2)	(13.5)	(7.3)
Tax paid	(0.3)	(0.4)	(0.5)
Net cash flows used in operating activities	(45.6)[3]	(13.9)	(7.8)
Net cash flows used in investing activities	(4.8)[3]	(4.5)	(5.5)

	As of and for the year ended December 31,		
	2015[1]	2016[2]	2017
	(audited, unless otherwise specified) (in € million)		
Net cash flows from financing activities	48.5[3]	17.2	9.8
Net change in cash and cash equivalents	(1.9)	(1.1)	(3.5)
Cash and cash equivalents at the end of the period	18.7	17.9	13.8

(1) Taken from the comparative financial information as of and for the year ended December 31, 2015 in the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of and for the year ended December 31, 2015 was adjusted to reflect a reclassification of cash flows from investing activities to cash flows from financing activities. This cash outflow related to the early purchase of leased warehouse equipment. Furthermore, such information was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate.

(2) Taken from the comparative financial information as of and for the year ended December 31, 2016 in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. Such comparative financial information as of and for the year ended December 31, 2016 was adjusted to reflect a reclassification of interest received amounting to €0.1 million from cash flows from operating activities to cash flows from investing activities as well as interest and other finance charges paid amounting to €1.3 million from cash flows from operating activities to cash flows from financing activities.

(3) Unaudited. Adjusted to reflect a reclassification in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017 of interest received from cash flows from operating activities amounting to €10 thousand to cash flows from investing activities and interest and other finance charges paid from cash flows from operating activities amounting to €1.8 million to cash flows from financing activities.

The information in the following excerpt from the consolidated statement of cash flows shows the cash flows of our Group for the six months ended June 30, 2017 and 2018 and has been taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. The following table reflects the decision we took in the first half of 2018 to initiate a process to sell our operations in Brazil, Russia and Kazakhstan.

	As of and for the six months ended June 30,	
	2017	2018
	(unaudited) (in € million)	
Cash effective operating profit/(loss) before changes in working capital	(7.3)	1.9
Adjustments for changes in working capital:		
Changes in trade and other receivables and prepayments	0.3	(2.1)
Changes in inventories	(4.1)	(2.9)
Changes in trade and other payables	0.6	(4.3)
Cash used in operations	(10.6)	(7.4)
Tax paid	(0.1)	(0.1)
Net cash flows used in operating activities – continuing operations	(10.6)	(7.6)
Net cash flows generated/(used) in operating activities –discontinued operations	(0.7)	0.5
Net cash flows used in investing activities – continuing operations	(2.8)	(3.1)
Net cash flows used in investing activities – discontinued operations	(0.1)	(0.2)
Net cash flows from financing activities – continuing operations	10.8	5.1
Net cash flows from financing activities – discontinued operations	(0.6)	(0.6)
Net change in cash and cash equivalents	(4.0)	(5.8)
Cash and cash equivalents at June 30	13.7	7.7
Thereof discontinued operations	0.9	0.6
Thereof continuing operations	12.8	7.0

Additional Key Performance Indicators

We use Adjusted EBITDA as a key performance indicator in order to assess the success of our business. In addition, we believe that our contribution profit (together with Adjusted EBITDA, the "**Key Performance Indicators**") will be helpful for investors when assessing our performance and financial position.

The Key Performance Indicators and other financial and non-financial key performance indicators included in this Prospectus are not recognized as measures under IFRS, should not be considered as substitutes for an analysis of our operating results prepared in accordance with IFRS and may not be comparable to similarly titled information published by other companies. Our Key Performance Indicators and other financial and non-financial key

performance indicators included in this Prospectus may not be suitable for an analysis of our business and operations and may not be indicative of future results.

Adjusted EBITDA

We define EBITDA as the sum of (i) operating result (EBIT) and (ii) depreciation, amortization and impairments. We calculate Adjusted EBITDA by adjusting EBITDA for (i) share-based compensation (income) / expenses, (ii) IPO costs recognized in profit or loss (for periods after January 1, 2018) and (iii) central costs allocated to discontinued operations.

The following table shows the calculation of our Adjusted EBITDA for the periods indicated:

	For the year ended December 31,		
	2015	2016	2017
	(audited and in € million, unless otherwise specified)		
Operating result (EBIT)	**(57.3)**	**(20.5)**	**(21.3)**
Depreciation, amortization and impairments	2.7	2.7	5.4
Share-based compensation (income) / expenses	4.6	4.0	11.0
IPO costs recognized in profit or loss	–	–	–
Adjusted EBITDA[(1)]	**(49.9)**	**(13.8)**	**(4.9)**
Adjusted EBITDA margin[(2)]	*(22.8)%*	*(5.5)%*	*(1.9)%*

(1) Unaudited.
(2) Unaudited. Adjusted EBITDA as a percentage of revenue.

Restated Financial Information to Reflect the Split in Continuing and Discontinued Operations

As indicated above, in the first half of 2018, we decided to initiate a process to sell our operations in Brazil, Russia and Kazakhstan. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified our operations in Brazil, Russia and Kazakhstan as discontinued operations, applying IFRS 5 "Non-current assets held for sale and discontinued operations" in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. According to IFRS, in the audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 these operations are not classified as discontinued operations. However, to allow investors to understand the impact of the sale of our operations in Brazil, Russia and Kazakhstan and therefore the historical development of our continuing operations, we have prepared the following additional information for the years ended December 31, 2015, 2016 and 2017, which shows the development of our operations in Germany, Austria, Switzerland, Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia (the "**continuing operations**"), *i.e.*, excluding external income and external expenses related to our operations in Brazil, Russia and Kazakhstan, in the line items starting "Revenue" and ending "Result for the period from continuing operations" and the development of the external income and external expenses related to our operations in Brazil, Russia and Kazakhstan (the "**discontinued operations**") separately in the line item "Result for the period from discontinued operations". Such result for operations from discontinued operations for the years ended December 31, 2015, 2016 and 2017 is not prepared applying IFRS 5 "Non-current assets held for sale and discontinued operations", but applying the same accounting policies as those used for continuing operations. Thus, this line item shown in the Prospectus and the line item "Result for the period" below, for the years ended December 31, 2015, 2016 and 2017 are not comparable to the corresponding line items for the six months ended June 30, 2017 and June 30, 2018 taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. As a result, the information for the years ended December 31, 2015, 2016 and 2017 presenting continuing operations as well as discontinued operations is not in line with IFRS. Information on continuing and discontinued operations for the years ended December 31, 2015, 2016 and 2017 has been derived from the historical consolidated income statement and the Company's internal reporting system, applying for comparability purposes the accounting policies concerning the allocation of expense and income items to continuing and discontinued operations as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and is unaudited. The information for the six months ended June 30, 2017 and 2018 has been taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018, in which external income and external expenses related to our operations in Brazil, Russia and Kazakhstan were required to be separately presented in discontinued operations applying IFRS 5 "Non-current assets held for sale and discontinued operations".

Consolidated Income Statement

Restated Financial Information to Reflect the Split in Continuing and Discontinued Operations	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
		(unaudited) (in € million)		(unaudited) (in € million)	
Revenue	173.6	205.3	219.6	98.9	120.5
Cost of sales	(103.4)	(120.1)	(127.3)	(56.5)	(69.3)
Gross profit	**70.2**	**85.2**	**92.3**	**42.4**	**51.1**
Fulfilment expenses[1]	(45.4)	(43.5)	(46.7)	(21.7)	(24.6)
Marketing expenses	(25.5)	(15.9)	(13.9)	(6.6)	(7.6)
General and administrative expenses[2]	(53.1)	(48.2)	(55.1)	(27.9)	(17.4)
Other operating expenses	(1.0)	(1.3)	(1.4)	(0.4)	(0.3)
Other operating income	0.9	0.9	0.7	0.5	0.3
Operating result	**(53.8)**	**(22.8)**	**(24.0)**	**(13.6)**	**1.6**
Finance costs	(0.8)	(5.0)	(8.9)	(4.6)	(6.7)
Finance income	0.0	0.0	0.0	0.0	–
Other financial result	(0.4)	0.1	0.4	0.3	(0.2)
Financial result	(1.2)	(4.9)	(8.5)	(4.3)	(6.8)
Result before income tax	**(55.0)**	**(27.7)**	**(32.5)**	**(17.9)**	**(5.3)**
Income tax expense	(0.2)	(0.3)	(0.2)	(0.1)	(0.1)
Result for the period from continuing operations	**(55.2)**	**(28.0)**	**(32.6)**	**(18.0)**	**(5.4)**
Result for the period from discontinued operations after taxes	(6.5)	3.1	1.1	0.4	0.7
Result for the period	**(61.7)**	**(24.9)**	**(31.5)**	**(17.7)**	**(4.7)**

(1) Fulfilment expenses include share-based compensation income of €0.1 million in 2015, €0.3 million in 2016, share-based compensation expenses of €0.8 million in 2017 and of €0.3 million in the six months ended June 30, 2017 and share-based compensation income of €0.9 million in the six months ended June 30, 2018.

(2) General and administrative expenses include share-based compensation expenses of €3.6 million in 2015, €4.1 million in 2016, €10.0 million in 2017 and €3.9 million in the six months ended June 30, 2017 and share-based compensation income of €2.3 million in the six months ended June 30, 2018.

Segment Information

We steer our business based on two operating segments that also form our reportable segments, DACH and International. The DACH segment comprises our business in Germany, Austria and Switzerland. The International segment comprises our operations in Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia. Such segment information is presented for the first time in the unaudited condensed consolidated interim financial statements for the six months ended and as of June 30, 2018. Our operations in Brazil, which we have agreed to sell, and our operations in Russia and Kazakhstan, which we intend to sell, have been classified as discontinued operations in the unaudited condensed consolidated interim financial statements for the six months ended and as of June 30, 2018 and, therefore, are not included in our operating segments in any period presented below. Segment information is not presented in our audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017. Segment information for these years is derived from the corresponding financial statements and the Company’s internal reporting system, applying for comparability purposes the accounting policies for segment reporting as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and is not in line with IFRS and unaudited.

The following table shows revenue from continuing operations and Adjusted EBITDA from continuing operations for our segments DACH and International as well as for Headquarter/Reconciliation representing income and expenses not allocated to the segments as well as the elimination of the effects of inter–company transactions and for our Group for the periods presented:

Restated Financial Information to Reflect the Split in Continuing and Discontinued Operations	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
	(unaudited) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
DACH					
Revenue	61.7	79.3	97.6	40.4	59.8
Adjusted EBITDA	(12.7)	(3.2)	1.3	(0.9)	2.9
Adjusted EBITDA margin	*(20.6)%*	*(4.0)%*	*1.3%*	*(2.2)%*	*4.8%*
International					
Revenue	111.9	126.0	122.0	58.5	60.7
Adjusted EBITDA	(29.0)	(9.0)	(5.1)	(3.9)	0.1
Adjusted EBITDA margin	*(25.9)%*	*(7.1)%*	*(4.2)%*	*(6.6)%*	*0.1%*
Headquarter/Reconciliation					
Revenue	–	–	–	–	–
Adjusted EBITDA	(0.5)	(0.2)	(0.3)	(0.2)	(0.1)
Group					
Revenue	173.6	205.3	219.6	98.9	120.5
Adjusted EBITDA[1]	(42.2)	(12.3)	(4.0)	(5.0)	2.8

(1) We define EBITDA as the sum of (i) operating result (EBIT) and (ii) depreciation, amortization and impairments ("**EBITDA**"). We calculate adjusted EBITDA by adjusting EBITDA for (i) share-based compensation (income) / expenses, (ii) IPO costs recognized in profit or loss (for periods after January 1, 2018) and (iii) central costs allocated to discontinued operations ("**Adjusted EBITDA**").

Additional Key Performance Indicators

The following table provides an overview of our Key Performance Indicators as well as certain other financial and non-financial key performance indicators for our continuing operations for the dates and periods presented:

Continuing Operations	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2015	2016	2017	2017	2018
	(unaudited) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	173.6	205.3	219.6	98.9	120.5
Adjusted EBITDA	(42.2)	(12.3)	(4.0)	(5.0)	2.8
Adjusted EBITDA margin[1]	*(24.3)%*	*(6.0)%*	*(1.8)%*	*(5.1)%*	*2.3%*
Contribution profit	24.7	41.5	46.5	21.1	25.7
Contribution margin[2]	*14.2%*	*20.2%*	*21.2%*	*21.3%*	*21.3%*
Active Customers (in thousand)[3]	725	813	838	788	907
Share of orders from repeat customers	76%	79%	82%	83%	81%
Total orders (in thousand)[4]	1,890	2,138	2,220	1,001	1,166
Average basket size (in €)[5]	103	108	114	111	116
Gross merchandise value (GMV)[6]	194	230	252	115	139
Average orders per active customer in the preceding 12 months (number of orders)[7]	2.6	2.6	2.7	2.7	2.6
Average GMV per active customer in the preceding 12 months (in €)[8]	268	283	301	293	305
Private label share[9]	5%	5%	10%	8%	14%

(1) Adjusted EBITDA as a percentage of revenue.
(2) Contribution profit as a percentage of revenue.
(3) Defined as customers who have placed at least one valid order, *i.e.*, an order for which payment has been processed successfully and which has not been canceled, during the twelve months prior to the relevant period end, irrespective of returns.
(4) Defined as total number of valid orders, *i.e.*, orders for which payment has been processed successfully and which have not been canceled, during the twelve months prior to the relevant period end, irrespective of returns.
(5) Defined as GMV for the relevant period divided by the total number of orders for the same period.
(6) Defined for the relevant period as the product value of all valid orders excluding failed and canceled orders and less future projected cancellations. Future projected cancellations are estimated based on historical patterns.

(7) Defined as total number of orders in the last 12 months from the relevant period end date divided by Active Customers as of the end date of the relevant period.
(8) Defined as GMV in the last 12 months from the relevant period end date divided by Active Customers as of the end date of the relevant period.
(9) Share of private label GMV as percentage of total GMV.

Adjusted EBITDA

The following table shows the calculation of our Adjusted EBITDA from continuing operations for the periods indicated.

Continuing Operations	For the year ended December 31, 2015	2016	2017	For the six months ended June 30, 2017	2018
	(unaudited) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Operating result (EBIT)	**(53.8)**	**(22.8)**	**(24.0)**	**(13.6)**	**1.6**
Depreciation, amortization and impairments	2.4	2.4	5.1	2.0	3.2
Share-based compensation (income) / expenses	3.5	3.8	10.8	4.2	(3.2)
IPO costs recognized in profit or loss	–	–	–	–	0.1
Central costs allocated to discontinued operations	5.7	4.2	4.0	2.4	1.2
Adjusted EBITDA	**(42.2)**	**(12.3)**	**(4.0)**	**(5.0)**	**2.8**
Adjusted EBITDA margin[1]	*(24.3)%*	*(6.0)%*	*(1.8)%*	*(5.1)%*	*2.3%*

(1) Adjusted EBITDA from continuing operations as a percentage of revenue from continuing operations.

Contribution Profit, Contribution Margin

We define contribution profit as revenue less cost of sales and fulfilment expenses net of share-based compensation (income) / expenses. The contribution margin corresponds to the ratio of contribution profit to revenue.

The following table shows the calculation of our contribution profit from continuing operations and contribution margin from continuing operations for the periods indicated.

Continuing Operations	For the year ended December 31, 2015	2016	2017	For the six months ended June 30, 2017	2018
	(unaudited) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	173.6	205.3	219.6	98.9	120.5
Cost of sales	(103.4)	(120.1)	(127.3)	(56.5)	(69.3)
Gross profit	**70.2**	**85.2**	**92.3**	**42.4**	**51.1**
Fulfilment expenses	(45.4)	(43.5)	(46.7)	(21.7)	(24.6)
Share-based compensation (income) / expenses included in fulfilment expenses	(0.1)	(0.3)	0.8	0.3	(0.9)
Contribution profit	**24.7**	**41.5**	**46.5**	**21.1**	**25.7**
Contribution margin[1]	*14.2%*	*20.2%*	*21.2%*	*21.3%*	*21.3%*

(1) Contribution profit from continuing operations as a percentage of revenue from continuing operations.

Significant changes to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.

The following significant changes in Westwing's financial condition and operating results occurred in the years ended December 31, 2015, 2016 and 2017, the six months ended June 30, 2017 and June 30, 2018 as well as in the subsequent period:

Six Months Ended June 30, 2017 and June 30, 2018

Revenue from continuing operations increased by 21.8% from €98.9 million in the six months ended June 30, 2017 to €120.5 million in the six months ended June 30, 2018. This increase was driven by a higher number of Active Customers, which led to an increase in the number of total orders and an increase in the average basket size.

Our operating result from continuing operations improved significantly from a loss of €13.6 million in the six months ended June 30, 2017 to a profit of €1.6 million in the six

months ended June 30, 2018. Adjusted EBITDA from continuing operations improved significantly from a loss of €5.0 million in the six months ended June 30, 2017 to a profit of €2.8 million in the six months ended June 30, 2018. Expressed as a percentage of revenue from continuing operations, Adjusted EBITDA from continuing operations changed from negative 5.1% in the six months ended June 30, 2017 to positive 2.3% in the six months ended June 30, 2018. This development was primarily due to a strong decrease in general and administrative expenses as a result of higher operating leverage. In addition, as from January 1, 2018 with the first–time application of IFRS 16 most leasing and rent expenses are no longer shown within general and administrative expenses, but are reported as interest expenses and depreciation and accordingly are not included in Adjusted EBITDA. This change in accounting had a significant positive effect on our Adjusted EBITDA, although we would have been slightly Adjusted EBITDA positive in the six months ended June 30, 2018 also without the application of IFRS 16.

Total equity/deficit improved from a deficit of €65.8 million as of December 31, 2017 to a deficit of €57.5 million as of June 30, 2018. This deficit decrease was primarily the result of an increase in other reserves related to equity settled options. An increase in negative retained earnings due to a loss for the period from January 1, 2018 to June 30, 2018 of €4.7 million had a partially offsetting effect.

Years ended December 31, 2016 and December 31, 2017

Revenue

Historical Financial Information

Revenue increased by 6.2% from €250.4 million in 2016 to €265.8 million in 2017, primarily due to higher contributions from our operations in Germany. Our operations in Brazil, Russia and Kazakhstan accounted for revenue of €45.1 million in 2016 and €46.2 million in 2017. The increase in revenue was driven by an increase in orders and a higher average basket size due to our market positioning in existing markets, customer loyalty and the successful acquisition of new customers. While we benefited in 2017 as in prior periods from the ongoing offline to online migration, the increase in revenue in 2017 compared to 2016 was less pronounced than in 2016 compared to 2015, as we prioritized reaching break-even on an adjusted EBITDA basis and continued to implement the shift from a focus on paid marketing channels to a focus on mostly organic marketing channels.

Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, revenue from continuing operations increased by 7.0% from €205.3 million in 2016 to €219.6 million in 2017.

Operating Result

Historical Financial Information

Our operating result decreased slightly from a loss of €20.5 million in 2016 to a loss of €21.3 million in 2017. Adjusted EBITDA improved significantly from a loss of €13.8 million in 2016 to a loss of €4.9 million in 2017. Expressed as a percentage of revenue, Adjusted EBITDA increased from negative 5.5% in 2016 to negative 1.9% in 2017. This development was due to an increase in gross profit and a decrease in marketing expenses.

Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, our operating result from continuing operations decreased slightly from a loss of €22.8 million in 2016 to a loss of €24.0 million in 2017. Adjusted EBITDA from continuing operations improved significantly from a loss of €12.3 million in 2016 to a loss of €4.0 million in 2017. Expressed as a percentage of revenue from continuing operations, Adjusted EBITDA from continuing operations increased from negative 6.0% in 2016 to negative 1.8% in 2017. This development was due to a slight improvement of our contribution margin, decreasing marketing expenses due to a reduction of paid marketing activities in our International segment and largely stable general and administrative expenses.

Equity

Total equity/deficit changed from a deficit of €39.7 million as of December 31, 2016 to a

deficit of €65.8 million as of December 31, 2017. This change primarily stemmed from our result for the period, which amounted to a loss of €31.5 million in 2017 and was only partially offset by an increase in other reserves related to equity-settled options.

Years ended December 31, 2016 and December 31, 2015

Revenue

Historical Financial Information

Revenue increased by 14.2% from €219.2 million in 2015 to €250.4 million in 2016, driven by the ongoing offline to online migration and the impact of organic marketing initiatives. On a geographic basis, contributions from our operations in Germany increased significantly. Our operations in Brazil, Russia and Kazakhstan accounted for revenue of €45.6 million in 2015 and €45.1 million in 2016.

Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, revenue from continuing operations increased by 18.3% from €173.6 million in 2015 to €205.3 million in 2016.

Operating Result

Historical Financial Information

Our operating result improved significantly from a loss of €57.3 million in 2015 to a loss of €20.5 million in 2016, due to a significant increase in gross profit and significant decreases in marketing expenses, general and administrative expenses and fulfilment expenses. Adjusted EBITDA improved significantly from a loss of €49.9 million in 2015 to a loss of €13.8 million in 2016. Expressed as a percentage of revenue, Adjusted EBITDA increased from negative 22.8% in 2015 to negative 5.5% in 2016. This improvement was due to a strongly improved contribution margin and a significant decrease in marketing expenses. A decrease in general and administrative expenses also contributed to the improvement in Adjusted EBITDA.

Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, our operating result from continuing operations improved from a loss of €53.8 million in 2015 to a loss of €22.8 million in 2016. Adjusted EBITDA from continuing operations improved significantly from a loss of €42.2 million in 2015 to a loss of €12.3 million in 2016. Expressed as a percentage of revenue from continuing operations, Adjusted EBITDA from continuing operations increased from negative 24.3% in 2015 to negative 6.0% in 2016. This improvement was due to a strongly improved contribution margin and a significant decrease in marketing expenses. A decrease in general and administrative expenses also contributed to the improvement in Adjusted EBITDA.

Equity

Total equity/deficit changed from a deficit of €12.7 million as of December 31, 2015 to a deficit of €39.7 million as of December 31, 2016. This change primarily stemmed from our result for the period, which amounted to a loss of €24.9 million in 2016. In 2016, the Company repurchased shares with a fair value of €1.0 million shown as treasury shares within equity. The negative amount of the treasury shares gives effect to the fact that repurchasing shares is the opposite of issuing shares and as such reduces the total equity.

Recent Developments

On April 22, 2016, the Company and the Warrant Holders entered into a warrant agreement, pursuant to which the Warrant Holders were granted warrant rights enabling them to acquire shares in the Company. On August 7, 2018, the Company and the Warrant Holders entered into the Warrant Agreement amending the warrant agreement from April 22, 2016 in order to allow for the preliminary settlement of the warrant rights by issuing 11,912 new shares in the Company to the Warrant Holders. In the course of the settlement provided for in the Warrant Agreement, the warrant rights were preliminarily settled in a first step through the issuance of 11,912 new shares in the Company to the Warrant Holders, based on a time-based discount and a fixed discount at a maximum conversion price of €5,229.00

(all numbers before capital increase from own resources). The Management Board and active management received additional 2,296 options to be compensated for the dilution from the settlement of the warrant rights. The final settlement of the warrant rights will be based on a transfer of shares among Warrant Holders and the other shareholders of the Company existing before the IPO in order to realize the percentage of shareholdings as provided for in the original warrant agreement from April 22, 2016, if the valuation of the shares of the Company in the course of the IPO falls below the valuation underlying the preliminary settlement of the warrant rights or if the IPO process is delayed by no more than four months after the date of the preliminary settlement of the warrant rights. However, no further adjustments among the relevant shareholders are required, if the valuation of the Company will be above the valuation underlying the preliminary settlement. No additional new shares will be issued by the Company as part of the final settlement of the warrant rights.

On August 22, 2018, we entered into an agreement to sell Westwing Comércio Varejista Ltda., the holding company of our operations in Brazil, to a Brazilian private equity investor. We decided to sell our Brazilian operations due to a number of factors, including the challenging macroeconomic environment in Brazil, a historic tendency towards devaluation, difficulty in repatriating cash from Brazil, the lack of synergies with our operations in the rest of the world and our intention to focus on our operations in Europe where we see stronger growth potential and synergies. The agreed purchase price amounts to a total of 61.2 million Brazilian real (corresponding to approximately €12.9 million as of the date of this Prospectus). Closing of the transaction is subject to regulatory approvals from the Brazilian antitrust authorities and customary conditions precedent. If regulatory approvals are not obtained or if any of the conditions precedents is not fulfilled or waived by the relevant party within 90 days from the date on which the parties submit the terms of the sale and purchase agreement to the Brazilian antitrust authorities, either party may terminate the sale and purchase agreement. The sale and purchase agreement contains indemnification provisions. Our indemnification obligations are generally capped at 25% of the purchase price adjusted by the Brazilian Central Bank's overnight rate, with certain exceptions, such as breaches of fundamental representations or fraud and wilful misconduct, in which case a cap of 115% applies.

We are in negotiations with a potential buyer concerning the sale of our business in Russia and Kazakhstan. If these negotiations lead to an agreement, we will sell our business in Russia and Kazakhstan for an amount that is not material.

By resolution of the Company's shareholders' meeting held on August 23, 2018, the Company's share capital was increased from the Company's own resources by €15,438,486.00 from €103,614.00 to €15,542,100.00. This capital increase was registered with the commercial register on September 3, 2018.

Current trading in July and August 2018 was in line with our expectation that revenue will increase by 15-20% in 2018. Overall, in the first eight months of 2018, revenue from continuing operations increased by 21% compared to the first eight months of 2017. While revenue from continuing operations increased by 18% in the two months ended August 31, 2018 compared to the two months ended August 31, 2017, growth for the third quarter 2018 as a whole is expected to be slightly below the lower end of our full year guidance for 2018 of 15-20%. This development in the three months ending September 30, 2018 is largely in line with the seasonal trends we see in our business, which were particularly pronounced in the summer of 2018 because of the warm and sunny summer months. Deceleration in our International segment also contributed to this development.

Except as described above, there have been no significant changes to our financial position, financial performance, cash flows or trading position between June 30, 2018 and the date of this Prospectus.

B.8	**Selected key pro forma financial information.**	Not applicable. The Company has not prepared any pro forma financial information.

B.9	**Profit forecast or estimate.**	Taking into account the developments shown in the Company's unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2018, we currently expect Adjusted EBITDA for the Financial Year 2018 to be in the range of €2 million to €5 million.
B.10	**Qualifications in the audit report on the historical financial information.**	Not applicable. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Munich, Germany, has audited the Company's German-language unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the HGB as of and for the year ended December 31, 2017 and the Company's German-language consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017, in accordance with Section 317 HGB and German generally accepted standards for financial statement audits, and issued unqualified audit opinions with respect to such consolidated financial statements as of and for the years ended December 31, 2015 and 2016 and unqualified independent auditor's reports with respect to such unconsolidated financial statements as of and for the year ended December 31, 2017 and such consolidated financial statements as of and for the year ended December 31, 2017. English-language translations of the aforementioned audited unconsolidated financial statements and audited consolidated financial statements of the Company and the respective audit opinions as well as the independent auditor's reports thereon are included in this Prospectus.
B.11	**Insufficiency of the issuer's working capital.**	Not applicable. The Company is of the opinion that the Group is in a position to meet at least those payment obligations that become due within the next twelve months following the approval of this Prospectus.

C – Securities

C.1	**Type and class of the securities being offered and admitted to trading.**	This initial public offering ("**IPO**") relates to the offering of 5,060,000 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2018 (the "**Offering**"), consisting of: • 4,400,000 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against contributions in cash (the "**IPO Capital Increase**") expected to be resolved by an extraordinary shareholders' meeting of the Company on or about October 1, 2018 (the "**New Shares**"); and • 660,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of Rocket Internet SE (the **"Lending Shareholder"**) in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the New Shares, the "**Offer Shares**"). For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to up to 4,400,000 New Shares and 15,542,100 existing bearer shares with no par value (*Stückaktien*) of the Company, each such share representing a notional value of €1.00.
	Security identification number.	International Securities Identification Number (ISIN): DE000A2N4H07 German Securities Code (*Wertpapierkennnummer* (*WKN*)): A2N4H0 Ticker Symbol: WEW
C.2	**Currency of the securities issue.**	Euro.
C.3	**Number of shares issued and fully paid and par value per share.**	As of the date of this Prospectus, the share capital of the Company amounts to €15,542,100.00 and is divided into 15,542,100 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. As of the date of this Prospectus, the Company holds 28,650 treasury shares.

C.4	**Rights attached to the securities.**	Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.
C.5	**Restrictions on the free transferability of the securities.**	Not applicable. The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth in E.5, there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.
C.6	**Application for admission to trading on a regulated market and identity of all the regulated markets where the securities are to be traded.**	The Company expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about September 28, 2018. The listing approval (admission decision) for the Company's shares is expected to be granted on October 10, 2018. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on October 11, 2018.
C.7	**Dividend policy.**	We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends in the foreseeable future. Any future decision to pay dividends will be made in accordance with applicable laws and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements. Our ability to pay dividends may also be limited by the terms of our financial liabilities or preferred securities should the Company decide to issue such preferred securities in the future.

D – Risks

An investment in the Company's shares is subject to risks. In addition to the other information contained in this Prospectus, investors should carefully consider the following risks when deciding whether to invest in the Company's shares. The market price of the Company's shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.

The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to our business, financial condition, cash flows, results of operations and prospects. The risks mentioned herein may materialize individually or cumulatively.

D.1	**Key risks that are specific to the issuer or its industry.**	**Market and Business related Risks** • We have incurred significant losses since inception and there is no guarantee that we will ever be profitable at the net income level or remain profitable at the Adjusted EBITDA level. • Future growth poses various risks and challenges to our business and we may not be able to manage future growth efficiently. • Any deterioration of economic conditions in the markets in which we operate may adversely affect our business and results of operations. • Acceptance of our online home & living product offering may decrease or fail to improve, which may materially adversely affect our business and results of operations. • We may fail to accurately anticipate and promptly respond to new trends and consumer demand for our curated selection of home & living offering or to not respond in a timely and effective manner. • Our geographic footprint exposes us to political, economic, legal and other risks and uncertainties. • We face intense competition from traditional brick-and-mortar retailers as well as other

online retailers, which may intensify even further.

- Any failure to maintain, protect and enhance our reputation and brand may adversely affect our business.
- Our significant investments in marketing may fail to yield the desired results.
- If our websites and apps do not achieve a high ranking in organic search results, this could reduce traffic to our websites and apps.
- We may be unable to effectively communicate with our customers through email and other messages as well as social media, which could impair our marketing efforts.
- We may be subject to negative publicity, including inaccurate adverse information, which may result in declining demand for our products.
- We rely on third-party suppliers and may not be able to maintain and expand our product offering to meet the evolving demands of our customers due to sourcing constraints.
- Any failure to offer products at attractive prices may reduce the popularity of our platform.
- We may be unable to maintain and expand our relationships with suppliers or to find additional suppliers, which may materially adversely affect our business and results of operations.
- Product defects and product recalls could adversely affect our business and reputation.
- Our sourcing and logistics costs are subject to movements in the prices for raw materials and fuel, and we may not be able to pass on price increases to our customers.
- We may be unable to efficiently manage our inventory levels, which may materially adversely affect our business and results of operations.
- We may fail to efficiently operate and expand our warehouses and logistics capabilities.
- We depend on third-party carriers for the delivery of our products, which may result in limited control over deliveries and the security of our products while being transported.
- We rely on complex payment systems, which could fail to function properly.
- We may be subject to credit card fraud or other fraudulent behavior, which may materially adversely affect our business and results of operations.
- Dissatisfaction with our customer service could prevent us from retaining our customers.
- We may experience significant returns.
- We depend on our personnel to grow and operate our business and may not be able to retain and replace existing personnel or to attract new personnel.
- Investments in our IT-platform and IT-infrastructure may not yield the desired results.
- We may experience malfunctions or disruptions of our IT-systems.
- We may experience security breaches, loss of customer or supplier data and disruptions due to hacking, viruses, fraud and malicious attacks, other criminal activities or inadvertent or unintentional actions.
- We may require additional capital which might not be available on economically acceptable terms, or at all.
- Our profit forecast for the financial year 2018 could differ materially from our actual results of operations and we may not achieve our long-term strategic goal.
- The sale of or any failure to sell our operations in Brazil, Russia and Kazakhstan may have a significant negative impact on our business or reported results.

Regulatory, Legal and Tax Risks

- We are subject to numerous, complex and sometimes conflicting legal and regulatory regimes.
- We may be adversely affected by changes in the regulations applicable to the use of the internet and the eCommerce sector.

- Our risk management and compliance structure may prove inadequate.
- We may be accused of infringing on the intellectual property of third parties.
- We may be unable to acquire, utilize and maintain our domains and trademarks.
- We may be involved in litigation or other proceedings that could adversely affect our business.
- Our business is subject to the general tax environment in the jurisdictions in which we operate and any changes to this tax environment may increase our tax burden.

D.3 Key risks specific to the securities.

Risks related to the Company's Shareholder Structure, its Shares and the Offering

- The Company's shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for these shares will develop.
- The Company's share price could fluctuate significantly, and investors could lose part or all of their investment in the Company's shares.
- Following this Offering, the Company's existing shareholders will retain a significant interest in the Company and their interests may conflict with those of the Company and its other shareholders.
- The Company does not expect to pay any dividends in the foreseeable future.
- We may fail to comply with the additional requirements, which will be applicable to us following the listing of the Company's shares.
- Future offerings of debt or equity securities by the Company could adversely affect the market price of the Company's shares, and future issuances of shares could lead to a substantial dilution of the Company's shareholders (*i.e.*, a reduction in the value of existing shareholders' interests in the Company).
- Future sales by major shareholders could materially adversely affect the price of the Company's shares.

E – Offer

E.1 Total net proceeds.

The Company will receive the proceeds from the Offering resulting from the sale of the New Shares. In addition, the Company will receive the proceeds from the exercise of the Greenshoe Option (as defined in E.3), if any.

Assuming a placement of all New Shares (*i.e.*, 4,400,000 shares) and no exercise of the Greenshoe Option (as defined in E.3), the Company estimates that at the low end (€23.00 per Offer Share), mid-point (€26.00 per Offer Share) and high end (€29.00 per Offer Share) of the price range (the "**Price Range**") set for the Offering of the Offer Shares, gross proceeds to the Company would amount to approximately €101.2 million, €114.4 million and €127.6 million, respectively, and net proceeds to approximately €95.2 million, €108.0 million and €120.8 million, respectively.

Assuming a placement of all Offer Shares (*i.e.*, 5,060,000 shares) and full exercise of the Greenshoe Option (as defined in E.3) (*i.e.*, 660,000 shares), the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds to the Company would amount to approximately €116.4 million, €131.6 million and €146.7 million, respectively, and net proceeds to approximately €109.9 million, €124.6 million and €139.3 million, respectively.

Estimate of the total expenses of the issue/offer.

The costs of the Company related to the Offering of the Offer Shares and listing of the Company's entire share capital (including the listing of shares issued under the Greenshoe Option (as defined in E.3), if any) are expected to total approximately €6.9 million at the mid-point of the Price Range assuming full exercise of the Greenshoe Option (as defined in E.3) and including underwriting and placement commissions payable to the Joint Bookrunners and will be borne by the Company.

Assuming a price of the Company's shares in the Offering (the "**Offer Price**") at the low end, mid-point and high end of the Price Range and that the maximum number of Offer Shares is placed (*i.e.*, that the Greenshoe Option (as defined in E.3) is fully exercised) and assuming further payment in full of the discretionary fee of up to €1.7 million, €2.0 million and €2.2 million, at the low end, mid-point and high end of the Price Range, respectively, the commission payable to the Joint Bookrunners by the Company will amount to €3.5

		million, €3.9 million and €4.4 million, respectively. Based on the assumptions described in the preceding paragraph, the total expenses of the Offering and listing to be borne by the Company are expected to amount to €6.5 million, €6.9 million and €7.4 million, respectively, resulting in net proceeds from the Offering of €109.9 million, €124.6 million and €139.3 million, respectively.
	Estimated expenses charged to the investor.	Not applicable. Investors will not be charged expenses by the Company, the Lending Shareholder or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.
E.2a	**Reasons for the offering.**	The Company intends to pursue the Offering and list its shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the Offering and to gain access to the capital markets.
	Use of proceeds.	The Company currently intends to use the net proceeds from the Offering in the following priority: (i) between €20 and €50 million for investments in the technology platform and customer experience (*e.g.*, IT-platform, logistics enhancement), enhancement of the product offering and private label; (ii) up to €20 million for investments in strategic flexibility to drive current international market growth (*e.g.*, marketing and customer acquisition initiatives); (iii) between €20 and €25 million for the repayment of debt, of which approximately €15 million will be used for the repayment of a loan granted by GGC EUR S.à r.l. with an interest rate of 10.75%, approximately €6 million will be used for the repayment of a loan granted by an affiliate of Citigroup with an interest rate of currently 5.00% and up to €4 million will be used for the repayment of various working capital facilities on the level of our local entities with interest rates between 2.75% and 8.75%; and (iv) the remainder of the net proceeds from the Offering, if any, for general corporate purposes.
	Estimated net amount of the proceeds.	Assuming that the maximum number of Offer Shares (5,060,000 shares) is placed and assuming full exercise of the Greenshoe Option (as defined in E.3), the Company estimates that at the low end, mid-point and high end of the Price Range set for the Offering of the Offer Shares, gross proceeds to the Company would amount to approximately €116.4 million, €131.6 million and €146.7 million, respectively, and net proceeds to approximately €109.9 million, €124.6 million and €139.3 million, respectively.
E.3	**Terms and conditions of the offer.**	The Offering consists of an IPO in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will only be offered and sold to qualified institutional buyers as defined in, and in reliance on, Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S under the Securities Act.
	Price Range.	The Price Range for the Offering within which purchase orders may be placed is €23.00 to €29.00 per Offer Share.
	Offer Period.	The period during which investors may submit purchase orders for the Offer Shares is expected to commence on September 28, 2018, and to expire on October 10, 2018 (the "**Offer Period**").
	Offer Price.	The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company after consultation with the Joint Bookrunners and are expected to be published on or about October 10, 2018. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Joint Bookrunners reserve the right to reject orders, or to only accept them in part.
	Delivery and Settlement.	Delivery of the Offer Shares against payment of the Offer Price is expected to take place on October 15, 2018. The Offer Shares will be made available to investors as co-ownership interests in the global share certificates.
	Stabilization	In connection with the placement of the Offer Shares, Berenberg, acting for the account of

	Measures, Over-Allotments and Greenshoe Option.	the Joint Bookrunners, will act as the stabilization manager (the **"Stabilization Manager"**) and may, as Stabilization Manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended, in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Company's shares, thus alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares. In connection with these stabilization measures, investors may, in addition to the New Shares, be allocated up to 660,000 Over-Allotment Shares as part of the allocation of the Offer Shares (the "**Over-Allotment**"). For the purpose of such potential Over-Allotments, Berenberg, acting for the account of the Joint Bookrunners, will be provided with up to 660,000 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners an option to acquire up to 660,000 additional shares of the Company at the Offer Price, less the agreed commissions (the "**Greenshoe Option**") for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the stabilization period, *i.e.*, the period which commences on the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and ends no later than 30 calendar days thereafter. The Stabilization Manager is entitled to exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by Stabilization Manager on the date when the Greenshoe Option is exercised, if such shares were acquired by Stabilization Manager in the context of stabilization measures.
E.4	**Interests material to the issue/offer.**	In connection with the Offering and the admission to trading of the Company's shares, the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder. The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms. Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company. The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with Westwing and its shareholders, including lending activities, or may perform services for Westwing or its shareholders in the ordinary course of business. For example, in September 2018, Citicorp North America Inc., an affiliate of Citigroup, entered into a term loan and revolving facilities agreement with the Company, under which Citicorp North America Inc. is acting as lender under a €6 million term loan facility and a €6 million revolving loan facility. As of the date of this prospectus, €8 million were outstanding under these facilities. The Company intends to use part of the net proceeds of the Offering to repay its outstanding financial indebtedness under this loan. The Company as borrower and GGC EUR S.à r.l., an affiliate of the Lending Shareholder, as lender entered into a term loan facility agreement amounting to €15.0 million (the "**GGC Loan**"). As of the date of this Prospectus, an aggregate amount of €15.0 million has been

drawn under the GGC Loan. The maturity date for the GGC Loan is 36 months following the closing date (*i.e.*, March 23, 2021). In the case of an exit event, which, however, does not include the Offering, GGC EUR S.à r.l. is entitled to terminate its funding commitment under the GGC Loan and to request early repayment of the principal amount outstanding and any interest accrued. In addition, the Company, certain then existing shareholders of the Company and GGC EUR S.à r.l. entered into a warrant agreement in the context of this term loan facility pursuant to which GGC EUR S.à r.l. was granted warrant rights enabling GGC EUR S.à r.l. to acquire a certain number of new shares in the Company against contribution in cash. The maximum number of warrant shares to be issued to GGC EUR S.à r.l. and the subscription price to be paid by GGC EUR S.à r.l. are calculated according to a formula based on a certain warrant amount and the value of the shares of the Company. The warrant agreement with GGC EUR S.à r.l. has a term until the earlier of (i) the tenth annual anniversary of the execution date, or (ii) the acceptance by the Company's shareholders of an offer for a share deal. As of the date of this Prospectus, GGC EUR S.à r.l. has not exercised its rights under the warrant agreement to purchase shares in the Company. The subscription price per share currently amounts to €17.43 and is subject to customary anti-dilution adjustments. Based on the aforementioned subscription price, the full exercise of all conversion rights could result in the issuance of up to approximately 93,822 shares in the Company and would thereby increase the Company's current share capital (*i.e.*, 15,542,100 shares as of the date of this Prospectus) by up to approximately 0.6%. GGC EUR S.à r.l. may therefore have an interest in the Offering.

The Company will receive the proceeds from the sale of the New Shares and, if and to the extent the Greenshoe Option is exercised, from the exercise of the Greenshoe Option (after deduction of fees and commissions) and will gain access to the equity capital markets.

	Conflicting interests.	Not applicable. There are no conflicting interests with respect to the Offering or the listing of the Company's shares.
E.5	**Name of the person or entity offering to sell the security and lock-up agreements**	The Offer Shares are being offered for sale by the Joint Bookrunners.

In the underwriting agreement entered into between the Company, the Lending Shareholder and the Joint Bookrunners on September 27, 2018, the Company agreed with the Joint Bookrunners that, for a period of 180 days after the Company's Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on October 11, 2018), without the prior written consent of the Joint Bookrunners, which consent may not be unreasonably withheld or delayed, the Company will not:

- announce or effect an increase of the share capital of the Company from authorized capital, except for purposes of settling the conversion rights granted to Kreos Capital V (Expert Fund) L.P., Kreos Capital IV (Expert Fund) Limited and GGC EUR S.à r.l. under the respective warrant agreements;
- propose to its shareholders' meeting an increase of the share capital; or
- announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company or economically similar transactions.

The Company may, however, (i) issue or sell any shares or other securities under management participation plans to current and former employees, supporters (*e.g.* persons who are or were acting for the Company or its affiliated companies or supporting the Company or its affiliated companies in any other way), current and former members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles, (ii) issue new shares to certain minority shareholders currently existing within subsidiaries of the Company and (iii) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding or resolution upon, the entering into any joint venture or the acquisition of any companies, provided that the parties to the joint venture or acquiring entity to which such shares will be issued agree towards the Joint Bookrunners to be bound by the same lock-up undertaking as the existing shareholders. The foregoing shall not apply to any capital increase in connection with the IPO.

In addition, the existing shareholders and the members of the management board of the company (the "**Management Board**") undertook in writing that they will not, without the

prior written consent of the Joint Bookrunners, either directly or indirectly, (i) offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or indirectly, any shares or other securities of the Company, (ii) cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of shares, (iii) propose, directly or indirectly, any increase in the share capital of the Company to any meeting of the shareholders for resolution, or vote in favor of such a proposed increase, (iv) cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into shares of the Company, or (v) enter into or perform any economically equivalent transaction, until the end of a period of 180 days in case of the shareholders and 24 months in case of the members of the Management Board, after the Company's Shares are first traded on the Frankfurt Stock Exchange. The foregoing shall not apply to (i) transfers of shares to affiliates of such shareholder and any other shareholders of the Company immediately prior to the IPO (provided that the number of shares transferred does not exceed 10% of the shareholdings of the transferring shareholder unless otherwise agreed by the Joint Bookrunners), (ii) future pledges granted to one or more of the Joint Bookrunners or their affiliates having been agreed by the Joint Bookrunners and (iii) any transfers of shares to one or more of the Joint Bookrunners or their affiliates pursuant to enforcement of any pledge entered into in accordance with (ii), provided in each case that such transferee(s) agree(s) towards the Joint Bookrunners to be bound by the same lock-up undertaking.

In addition, the existing shareholders may purchase Shares offered in the IPO and such shares are not subject to any lock-up restriction.

The Joint Bookrunners may, in their sole discretion, jointly waive the lock-up undertaking in full or in part.

In addition to the undertaking described above, AI European Holdings S.à r.l., Jade 1317. GmbH, Kinnevik Online AB (to be replaced by Kinnevik Internet Lux S.à r.l.), Rocket Internet SE, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Summit Partners RKT S.à r.l. and Tengelmann Ventures GmbH entered into a sell down consultation agreement, dated as of September 27, 2018. Pursuant to this agreement, each party undertook to inform the other parties of an intended sale of any of shares in the Company during the 180 days lock–up period in a manner that would require a waiver from the Joint Bookrunners under the relevant lock–up undertaking. The parties further undertook that the parties interested in participating in such sell down transaction will cooperate in obtaining a waiver from the Joint Bookrunners and will use its or their reasonable best efforts to ensure that such waiver applies to all parties that are willing and able to participate in the relevant sell down transaction on a pro rata basis.

E.6 Amount and percentage of immediate dilution resulting from the offer.

As of June 30, 2018, the net book value of the Company amounted to negative €24.1 million. The net book value as of June 30, 2018 corresponds to total assets of €82.0 million less total non-current liabilities of €68.3 million and total current liabilities of €71.2 million less non-controlling interests of negative €33.4 million, each as shown in the unaudited condensed consolidated interim financial statements of the Company as of June 30, 2018.

The net book value prior to the Offering is adjusted for the issuance of 11,912 new shares to the holders of warrants in exchange for payment of €11,912.00 and the settlement of the warrants, which were valued at €40.9 million as of June 30, 2018, to the Company. Accordingly, assuming the above-mentioned issuance of the new Shares as well as the settlement had taken place on June 30, 2018, €40.9 million were added to the net book value of the Company as of June 30, 2018. The adjusted net book value as of June 30, 2018 would be €16.8 million. The net book value per share, which corresponds to the net book value divided by the number of outstanding Company's shares immediately prior to the Offering, as of June 30, 2018 would amount to €1.08 per Company's share based on 15,542,100 outstanding Company's shares immediately prior to the Offering.

The dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price exceeds the net book value per share attributable to owners of the Company after completion of the Offering assuming the Offering had taken place on June 30, 2018. In this respect, the net book value attributable to owners of the Company as of

June 30, 2018 is adjusted for the effects of the Offering, assuming (i) the execution of the IPO Capital Increase in the maximum number of offered New Shares and exercise of the Greenshoe Option in full and (ii) an increase in the net book value attributable to shareholders by €109.9 million, €124.6 million and €139.3 million at the low end, mid-point and high end of the Price Range. The assumed increase is based on the expected net proceeds not considering any tax effects. The adjusted net book value attributable to owners of the Company is expressed as a per share figure, assuming 20,602,100 outstanding shares of the Company upon completion of the Offering (this per share figure being referred to as the "**Post-IPO Equity**").

	As of June 30, 2018		
	Low end	**Mid-point**	**High end**
		(unaudited) **(in €, unless otherwise specified)**	
Net book value per share[(1)]	1.08	1.08	1.08
Gross proceeds from the Offering (in € million)	116.4	131.6	146.7
Estimated total costs of the Offering (in € million)[(2)]	(6.5)	(6.9)	(7.4)
Net proceeds from the Offering (in € million)	109.9	124.6	139.3
Post-IPO Equity (in € million)	126.7	141.4	156.1
Post-IPO Equity per share	6.15	6.86	7.58
Amount by which the Offer Price exceeds the Post-IPO Equity per share (immediate dilution of new shareholders of the Company)	16.85	19.14	21.42
Percentage by which the Offer Price exceeds the Post-IPO Equity per share	*274.0%*	*279.0%*	*282.6%*
Amount by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	5.07	5.78	6.50
Percentage by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering	*469.4%*	*535.2%*	*601.9%*

(1) Based on 15,542,100 outstanding shares of the Company immediately prior to the Offering and a net book value of the Group in an amount of negative €24.1 million as of June 30, 2018, shown as deficit attributable to the owners of the parent company in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 adjusted for the issuance of 11,912 new shares to the holders of warrants in exchange for payment of €11,912 and the settlement of the warrants, which were valued at €40.9 million as of June 30, 2018, to the Company. The table does not reflect the expected implementation of a capital increase by the Company in the course of which the Company intends to acquire a total of 6,730 shares in various of its subsidiaries against the issuance of 487,350 new shares in the Company. This capital increase, if implemented as contemplated, will lead to a reduction of the net book value per share as most of the equity attributable to non-controlling interests, which amounted to negative €33.4 million as of June 30, 2018, will be included in net book value.

(2) Including underwriting and placement commissions payable to the Joint Bookrunners and assuming payment of the discretionary fee in full.

Each of the New Shares and any shares issued under the Greenshoe Option will have the same voting rights as the Company's existing shares.

Upon completion of the Offering (assuming placement of all Offer Shares and exercise of the Greenshoe Option in full), the aggregate shares held by the Company's existing shareholders (including the Lending Shareholder) would amount to 75.3% of the Company's total shares.

E.7 Estimated expenses charged to the investor by the issuer or offeror.

Not applicable. Investors will not be charged expenses by the Company, the Lending Shareholder or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

II. ZUSAMMENFASSUNG DES PROSPEKTS

*Zusammenfassungen bestehen aus geforderten Angaben, die als Punkte („**Punkte**") bezeichnet werden. Diese Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art von Wertpapier und Emittentin in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und der Emittentin in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In solchen Fällen enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis „Entfällt".*

A – Einleitung und Warnhinweise

A.1	**Warnhinweise.**	Diese Zusammenfassung sollte als Einführung zu diesem Prospekt (der „**Prospekt**") verstanden werden. Der Anleger sollte jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedstaaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die Westwing Group AG (vor der Änderung ihrer Rechtsform und Firma, Westwing Group GmbH), Berlin, Deutschland (die „**Gesellschaft**" und zusammen mit ihren konsolidierten Tochtergesellschaften „**Westwing**", die „**Gruppe**", „**wir**", „**uns**", „**unsere**" oder „**uns selbst**"), zusammen mit Joh. Berenberg, Gossler & Co. KG, Hamburg, Deutschland („**Berenberg**") und Citigroup Global Markets Limited, London, Vereinigtes Königreich („**Citigroup**", und zusammen mit Berenberg die „**Joint Global Coordinators**" oder die „**Joint Bookrunner**"), haben nach § 5 Abs. 2b Nr. 4 des Wertpapierprospektgesetzes die Verantwortung für den Inhalt dieser Zusammenfassung, einschließlich etwaiger Übersetzungen hiervon, übernommen. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Angaben über eine spätere Verwendung des Prospekts.**	Entfällt. Eine Zustimmung der Gesellschaft zur Verwendung dieses Prospekts für eine spätere Weiterveräußerung oder Platzierung von Aktien wurde nicht erteilt.

B – Emittent

B.1	**Gesetzliche und kommerzielle Bezeichnung des Emittenten.**	Die Firma der Gesellschaft lautet Westwing Group AG. Die Gesellschaft ist die Muttergesellschaft der Gruppe und betreibt ihr Geschäft unter dem Handelsnamen „Westwing".
B.2	**Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft.**	Die Gesellschaft hat ihren satzungsmäßigen Sitz in Berlin. Die Geschäftsanschrift lautet Moosacher Straße 88, 80809 München, Deutschland, und ist im Handelsregister des Amtsgerichts Charlottenburg, Deutschland, unter der Registernummer HRB 199007 B eingetragen. Die Gesellschaft ist eine Aktiengesellschaft, die in Deutschland gegründet wurde und dem Recht der Bundesrepublik Deutschland unterliegt.

B.3	**Geschäfts-tätigkeit und Haupttätig-keiten des Emittenten samt der hierfür wesentlichen Faktoren.**	Wir verstehen uns als das führende Unternehmen im auf Inspiration basierenden Home & Living eCommerce-Geschäft in Europa. Wir wollen unseren überwiegend weiblichen Kundenstamm mit einer kuratierten Auswahl an Home & Living Produkten, unter anderem Wohndekor-Produkte, Wohnaccessoires, Textilien und Möbel, inspirieren. Diese Produkte werden entweder unter Drittmarken oder unserer Eigenmarke angeboten. Wir profitieren von der Erfahrung unseres von unseren Gründern geführten Management Teams, einer starken Marktposition sowie einer hohen Kundenbindung. Im Jahr 2017 betrug der Umsatzanteil von Kunden, die unsere Websites und Apps im Durchschnitt 100 Mal im Jahr besuchten, rund 85% des gesamten Bruttowarenvolumens („**GMV**“) in unseren fortgeführten Geschäftsbereichen. In unseren fortgeführten Geschäftsbereichen hatten wir zum 30. Juni 2018 907.000 aktive Kunden, welche wir als Kunden definieren, die im entsprechenden Zeitraum von zwölf Monaten mindestens einen gültigen Auftrag erteilt haben („**Aktive Kunden**“). Ein gültiger Auftrag ist ein Auftrag aus unseren fortgeführten Geschäftsbereichen, für den die Zahlung erfolgreich abgewickelt wurde und der nicht storniert wurde, unabhängig von Retouren. Diese Aktive Kunden haben in unseren fortgeführten Geschäftsbereichen insgesamt 2,4 Mio. Bestellungen mit einem GMV von €277 Mio. innerhalb der zwölf Monate bis zum 30. Juni 2018 getätigt. Unsere fortgeführten Geschäftsbereiche in elf europäischen Ländern sind in zwei operative, berichtspflichtige Segmente eingeteilt, (i) DACH, welches unsere reiferen Märkte Deutschland, Österreich und Schweiz beinhaltet (das „**DACH Segment**“) und (ii) International, welches Belgien, die Tschechische Republik, Frankreich, Italien, die Niederlande, Polen, Spanien und die Slowakei beinhaltet („**Internationales Segment**“). Der Home & Living Markt ist einer der größten Verbrauchermärkte. Im Jahr 2017 betrug das gesamte Marktvolumen in den elf europäischen Ländern, in denen wir derzeit tätig sind, €117 Milliarden (*Quelle: Euromonitor*). Der Home & Living Markt ist ein etablierter und stabiler Markt, der sich weitgehend entsprechend dem zugrundeliegenden Bruttoinlandsprodukt (BIP) entwickelt. Die erwartete Fortsetzung der Offline-zu-Online Verschiebung in der Home & Living Branche bietet dennoch weiteres Wachstumspotenzial für unser Geschäft. Die Online-Penetration im Home & Living Markt ist in den elf europäischen Ländern, in denen wir derzeit tätig sind, derzeit mit durchschnittlich nur 5% im Jahr 2017 (*Quelle: Euromonitor*) vergleichsweise gering, wird aber nach der Einschätzung von Euromonitor mittelfristig signifikant wachsen. Wir gehen davon aus, dass die günstige demografische Entwicklung die Verlagerung von Offline zu Online weiter beschleunigen wird, vor allem getrieben durch Millennials (d.h. Menschen, die nach dem Beginn der 1980er Jahre geboren wurden), die im Allgemeinen eine hohe Affinität zum Internet und insbesondere zum eCommerce aufweisen. Darüber hinaus nimmt auch bei älteren Bevölkerungsschichten die Nutzung von Internet und eCommerce zu. Der Home & Living Markt ist stark fragmentiert, da die meisten Lieferanten weniger als €10 Mio. Umsatz im Jahr verzeichnen und es nur wenige bekannte Lieferantenmarken gibt, was den Einzelhändlern eine starke Verhandlungsposition verleiht. Unter unserer starken Marke “Westwing”, betreiben wir ein innovatives Geschäftsmodell, das die inspirierenden Aspekte eines „kuratierten home & living Einkaufsmagazins“ durch unser tägliches Themenangebot mit dem dauerhaften Sortiment eines typischen eCommerce-Händlers kombiniert. Wir gewinnen die meisten unserer Kunden durch unser tägliches Themenangebot und verdienen an diesen sowohl durch unser tägliches Themenangebot als auch unser dauerhaftes Sortiment. Basierend auf dem Konzept eines „kuratierten Shoppingmagazins“ wollen wir potenzielle und aktuelle Kunden mit einer auf Themen basierenden Auswahl an preislich attraktiven Produkten inspirieren. Unser tägliches Themenangebot besteht üblicherweise aus bis zu sechs Events pro Tag, die in der Regel eine große Zahl von kuratierten Produkten enthalten, die nur für einen begrenzten Zeitraum verfügbar sind. Die Events werden in einem täglichen Newsletter präsentiert, der an registrierte Nutzer verschickt wird. Wir nutzen unser tägliches Themenangebot um Kaufanreize für neue Kunden zu schaffen und die Loyalität unserer bestehenden Kundenbasis zu steigern. Wir bieten unseren Lieferanten die Möglichkeit, unser tägliches Themenangebot nicht nur als starken Vertriebs- und Wachstumskanal, sondern auch als Marketinginstrument zu nutzen. Zusätzlich zu unserem täglichen Themenangebot bietet unser dauerhaftes Sortiment unseren Kunden eine kuratierte Auswahl an Bestsellern aus unserem täglichen Themenangebot sowie unseren Eigenmarkenprodukten. Der Erfolg unseres Geschäftsmodells zeigt sich darin, dass 82% unserer Aufträge im zweiten Quartal

2018 von Bestandskunden kamen, welche wir als Kunden definieren, die uns mindestens zwei gültige Aufträge erteilt haben.

Unser Kerngeschäft zielt darauf ab, unseren Kunden ein kuratiertes Produktsortiment anzubieten. Basierend auf Trendscouting und den in der Vergangenheit gesammelten Daten wählen wir die Produkte, die wir anbieten wollen, sorgfältig aus und präsentieren sie eingebettet in redaktionelle Inhalte. Wir beziehen unsere Produkte entweder von Lieferanten oder lassen die entsprechenden Produkte nach unseren Vorgaben fertigen und bieten sie im Rahmen unseres Eigenmarken-Angebots an. Durch den direkten Bezug der Eigenmarkenprodukte von Fabriken sind wir in der Lage, Verkaufsschlager zu sehr attraktiven Preisen anzubieten und unsere Ergebnisbeitragsmarge zu verbessern. Unsere Logistikinfrastruktur versetzt uns in die Lage, Kundenaufträge reibungslos abzuwickeln. Wir betreiben sieben Warenlager in Europa, in denen wir die Produkte, die wird zum Verkauf anbieten, verpacken und für den Versand vorbereiten. Die Lieferungen werden von zuverlässigen Drittanbietern abgewickelt. Unsere Geschäftsbereiche werden durch unsere maßgeschneiderte Technologieplattform unterstützt. Unsere Technologie, die zum Teil auf externer Software basiert, wurde entwickelt, um eine flexible, agile und modulare Basis für unseren täglichen Betrieb zu schaffen. In all unseren betrieblichen Aktivitäten sammeln und analysieren wir Daten mit Hilfe von Softwaretools, die auf Standard- sowie proprietärer Software basieren, welche uns bei der effizienten Weiterentwicklung und Erweiterung unserer Geschäftstätigkeit unterstützen. Darüber hinaus investieren wir in die Entwicklung innovativer Funktionen, um die Wettbewerbsfähigkeit unseres Online-Angebots weiter zu steigern.

Nach unserer Gründung im Jahr 2011, haben wir uns in der früheren Phase unserer Unternehmensentwicklung auf ein schnelles Wachstum unserer Geschäftstätigkeit konzentriert, um in unseren Zielmärkten schnell Größe und Relevanz zu erreichen. Im Jahr 2015 traten wir in die nächste Phase ein, in der wir uns darauf konzentrierten, Profitabilität zu erreichen, und erzielten im vierten Quartal 2017 sowie in den ersten beiden Quartalen 2018 ein positives Bereinigtes EBITDA (wie unter „*Zusätzliche Leistungsindikatoren*" in B.7 definiert). Da wir uns weiterhin auf unsere Geschäftsbereiche in Europa konzentrieren wollen, wo wir stärkere Wachstumspotenziale und Synergien sehen, haben wir im ersten Halbjahr 2018 ein Verfahren zum Verkauf unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan eingeleitet. Am 22. August 2018 haben wir einen Vertrag über den Verkauf unseres Geschäftsbereiches in Brasilien abgeschlossen. Der Vollzug ist an mehrere Bedingungen geknüpft, einschließlich der Zustimmung der brasilianischen Kartellbehörden. In unserem ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum haben wir unsere Geschäftsbereiche in Brasilien, Russland und Kasachstan als nicht fortgeführte Geschäftsbereiche ausgewiesen.

Wir glauben, dass unsere folgenden Stärken die Entwicklung unseres Geschäfts begünstigen werden:

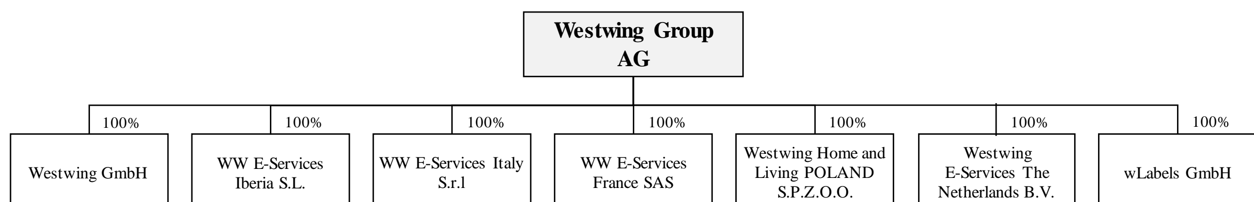
- Wir agieren im großen und hochattraktiven Home & Living Markt, der sich am Wendepunkt der Offline- zu Online-Migration befindet
- Wir sind eine führende europäische Home & Living Marke mit starker Positionierung, Markenbekanntheit und Kundenbindung
- Unser innovatives, auf Inspiration basierendes Geschäftsmodell führt zu hohem Kundenlebenszeitwert und Engagement
- Wir profitieren von einer starken operativen Plattform, die uns die volle Kontrolle über die Wertschöpfungskette gibt
- Unser Aufbau führt zu einem starken Finanzprofil, das Größe, Wachstum und Rentabilität vereint

Die Kernelemente unserer Strategie sind:

- Unsere Marktmacht zu nutzen, um von dem strukturellen Rückenwind in unserer Branche zu profitieren
- Erhöhung der Umsatzerlöse von Eigenmarkenprodukten
- Weitere Verbesserung des Kundenerlebnisses
- Weiterhin führende Technologie anzuwenden und von technologischen

- Innovationen zu profitieren
- Wachstumsförderung in unseren internationalen Märkten durch die weitere Umsetzung unseres vollständigen Geschäftsmodells aus unserem reiferen DACH-Segment
- Langfristige Erweiterung unserer geografischen Präsenz in angrenzenden europäischen Märkten

B.4a Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.	Der Home & Living Markt wird derzeit von einer Reihe von wesentlichen Trends beeinflusst, die zusammen Auswirkungen auf die Leistung einzelner Home & Living Händler wie Westwing haben. Diese Trends sind insbesondere: • das zunehmende Online-Engagement der Verbraucher, was zu einer zunehmenden Online-Penetration im Bereich Home & Living führt; und • das Altern von Millennials (d.h. Menschen, die nach dem Beginn der 1980er Jahre geboren wurden), was dazu führt, dass ein größerer Anteil der Bevölkerung online einkauft.
B.5 Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe.	Die Gesellschaft ist die Muttergesellschaft der Gruppe. Das Geschäft der Gruppe wird durch die Gesellschaft sowie deren diverse Tochtergesellschaften betrieben. Die Gruppe umfasst alle Gesellschaften, deren Finanz- und Geschäftspolitik die Gesellschaft direkt oder indirekt kontrollieren kann. In dem folgenden Schaubild ist eine Zusammenfassung (in vereinfachter Form) der wesentlichen Tochtergesellschaften der Gesellschaft (zum Datum dieses Prospektes) dargestellt. Die Darstellung unten erfolgt unter der Annahme der Auswirkungen einer Kapitalerhöhung der Gesellschaft, gemäß welcher die Gesellschaft beabsichtigt, insgesamt 6.730 Anteile an verschiedenen ihrer Tochtergesellschaften, die vor der Umwandlung der Gesellschaft in eine Aktiengesellschaft an Gründer, Mitglieder der Geschäftsführung, Mitarbeiter sowie Unterstützer der Gesellschaft oder Unternehmen, die solche Anteile als Treuhänder für Mitarbeiter und/oder Unterstützer der Gesellschaft halten, ausgegeben wurden, gegen Ausgabe von 487.350 neuen Aktien der Gesellschaft zu erwerben.



B.6 Name jeder Person, die eine meldepflichtige direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder einen Teil der Stimmrechte hält.	Die nachfolgende Tabelle zeigt die unmittelbar vor dem Angebot (wie in C.1 definiert) direkt oder indirekt an der Gesellschaft beteiligten Aktionäre, die, zum Datum dieses Prospektes, unmittelbar oder mittelbar, eine meldepflichtige Beteiligung am Grundkapital und den Stimmrechten der Gesellschaft im Sinne der §§ 33 ff. Wertpapierhandelsgesetz halten, und deren erwarteten Beteiligungen, zusammen mit der erwarteten Beteiligung des Streubesitzes, nach Vollzugs des Angebots (wie in C.1 definiert). Am 22. April 2016, haben die Gesellschaft und bestimmte damalige bestehende Aktionäre der Gesellschaft (i.e., Rocket Internet SE, Jade 1317. GmbH, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Kinnevik Online AB, RI Digital Ventures GmbH, TEC Global Invest IV GmbH, JaToPa GmbH, Holding Italiana Quattordicesima S.p.A., Odey Asset Management LLP handelnd in ihrer Eigenschaft als Investmentmanager für und im Namen von CF Odey Absolute Return Fund, Reti Televisive italiane S.p.A., Fidelity Funds SICAV hinsichtlich von Fidelity Funds – European Smaller Companies Pool (F/ESM), Fidelity Funds SICAV hinsichtlich von Fidelity Funds – European Smaller Companies Pool Two (F/SCT), SHCO 57 S.à r.l., The Nikamon Fund SPC Limited, Kreos Capital IV (Expert Fund) Limited und Broad Street Principal Investments L.L.C., zusammen die „**Optionsscheininhaber**") eine Optionsscheinvereinbarung abgeschlossen, wonach den Optionsscheininhabern

Optionsscheine zum Erwerb von Aktien der Gesellschaft eingeräumt wurden. Am 7. August 2018 haben die Gesellschaft und die Optionsscheininhaber eine weitere Vereinbarung (die „**Optionsscheinvereinbarung**“) zur Änderung der Optionsscheinvereinbarung vom 22. April 2016 abgeschlossen, um eine vorläufige Erfüllung der Optionsscheine durch Ausgabe von 11.912 neuen Aktien an der Gesellschaft an die Optionsscheininhaber zu ermöglichen. Die endgültige Erfüllung der Optionsscheine wird auf einer Übertragung von Aktien zwischen Optionsscheininhabern und den anderen, vor dem IPO der Gesellschaft bestehenden Aktionären basieren, um die prozentualen Beteiligungsverhältnisse herzustellen, wie sie in der ursprünglichen Optionsscheinvereinbarung vom 22. April 2016 vorgesehen sind, wenn die Bewertung der Aktien der Gesellschaft im Rahmen des IPO unter die der vorläufigen Erfüllung der Optionsscheine zugrunde liegende Bewertung fällt (d. h. unter eine Bewertung des Eigenkapitals der Gesellschaft von €480 Mio. auf unverwässerter Basis basierend auf 91.702 ausstehenden Aktien zum maßgeblichen Zeitpunkt und einem Aktienpreis von jeweils €5.229,00) oder sich der IPO um nicht mehr als vier Monate nach der vorläufigen Erfüllung der Optionsscheine verzögert. Die mögliche Übertragung von Aktien im Rahmen der endgültigen Erfüllung der Optionsscheine führt zu Änderungen in den Beteiligungsverhältnissen an der Gesellschaft von weniger als einem Prozentpunkt pro Aktionär (basierend auf einer Bewertung des Eigenkapitals der Gesellschaft von €330 Mio. bis €450 Mio. auf unverwässerter Basis zum maßgeblichen Zeitpunkt). Es sind jedoch keine weiteren Anpassungen erforderlich, wenn die Bewertung der Gesellschaft über der der vorläufigen Erfüllung zugrundeliegenden Bewertung liegt. Die Darstellung der Beteiligungsverhältnisse in dieser Tabelle basiert auf der Annahme, dass keine weiteren Anpassungen zwischen Optionsscheininhabern und vor dem IPO bestehenden Aktionären erforderlich sind.

		Wirtschaftliche (indirekte) Beteiligung an der Gesellschaft		
			nach Vollzug des Angebots	
Ultimativer Aktionär	**Direkter Aktionär**	**unmittelbar vor dem Angebot**	**(keine Ausübung der Greenshoe-Option)**	**(vollständige Ausübung der Greenshoe-Option)**
			(in %)	
Rocket Internet SE[1][2]	Rocket Internet SE/Jade 1317. GmbH/Bambino 53. V V GmbH	30,04	23,41	22,66
Kinnevik AB[2][4]	Kinnevik Online AB	17,64	13,75	13,31
Len Blavatnik[2][4]	AI European Holdings S.à r.l.	9,72	7,58	7,34
Summit Partners Europe, Ltd., Summit Master Company, LLC[2][5]	Summit Partners RKT S.à r.l.	9,66	7,53	7,29
Tengelmann Verwaltungs- und Beteiligungs GmbH[6]	Tengelmann Ventures GmbH	6,59	5,13	4,97
–	Odey Asset Management LLP	4,04	3,15	3,05
Andere Aktionäre[7]		22,12	17,24	16,69
Eigene Aktien[8]		0,18	0,14	0,14
Streubesitz		–	22,06	24,56
Total		**100,00**	**100,00**	**100,00**

(1) Rocket Internet SE hält direkt 1.004.850 Aktien der Gesellschaft sowie indirekt 3.554.400 Aktien durch Jade 1317. GmbH. Zudem hält die 53. V V GmbH („**Bambino**“), eine hundertprozentige Tochtergesellschaft von Rocket Internet SE, 109.800 Aktien der Gesellschaft, überwiegend als Treuhänderin für verschiedene Personen. Aufgrund ihrer Inhaberschaft von sämtlichen Anteilen an der Bambino sind diese Aktien der Gesellschaft der Beteiligung der Rocket Internet SE zuzurechnen. Die Stimmrechte aus den Aktien der Gesellschaft, die von der Bambino als Treuhänderin gehalten werden, werden nach Weisung des jeweiligen Treugebers ausgeübt und daher diesem Treugeber ebenfalls zuzurechnen.

(2) Die von diesen Personen direkt oder indirekt gehaltenen Stimmrechte sind diesen jeweils gegenseitig zuzurechnen, da von diesen Personen angenommen wird, dass ihr Verhalten im Sinne des § 34 Abs. 2 des Wertpapierhandelsgesetzes miteinander abgestimmt ist.

(3) Die von Kinnevik Online AB gehaltenen Stimmrechte werden Kinnevik AB zugerechnet. Kinnevik AB beabsichtigt vor Abschluss des Angebots die von Kinnevik Online AB gehaltenen Aktien an Kinnevik Internet Lux S.à r.l. zu übertragen. Die von Kinnevik Internet Lux S.à r.l. dann gehaltenen Stimmrechte werden ebenfalls Kinnevik AB zugerechnet.

(4) Die von AI European Holdings S.à r.l. gehaltenen Stimmrechte werden Len Blavatnik über AI European Holdings LP, AI European Holdings GP, Access Industries Investment Holdings LLC, AI SMS LP, AI International GP Ltd, Access Industries Holdings LLC, Access Industries Holdings (BVI) LP, Access Industries, Inc. und LB Grantor Trust 2002.
(5) Summit Partners Europe, Ltd. und Summit Master Company, LLC sind die ultimativen kontrollierenden Aktionäre des direkten Aktionärs der Gesellschaft Summit Partners RKT S.à r.l.
Die Stimmrechte der Summit Partners RKT S.à r.l. werden der Summit Partners Europe, Ltd. über Summit Partners Europe, L.P., Summit Partners Europe Private Equity Fund, L.P. und Summit RKT EURO Ltd. zugerechnet.
Die Stimmrechte der Summit Partners RKT S.à r.l. werden der Summit Master Company, LLC über Summit Partners, L.P., Summit Partners PE VII, LLC, Summit Partners PE VII, L.P., Summit Partners Private Equity Fund VII-A, L.P., Summit RKT VII-B Cayman Ltd., Summit RKT VII-B Holdings, L.P., Summit Investors Management, LLC, Summit Investors I, LLC und Summit Investors I (UK), L.P. zugerechnet.
Alle Stimmrechte, die von Summit Partners RKT S.à r.l. direkt gehalten werden, werden auch Summit Partners, L.P. in ihrer Funktion als eingetragener Investmentberater in Bezug auf alle Investitionsentscheidungen einschließlich der Stimm- und Verfügungsgewalt über alle von Summit Partners RKT S.à r.l. getätigten Investitionen zugerechnet.
(6) Die von Tengelmann Ventures GmbH gehaltenen Stimmrechte werden der Tengelmann Verwaltungs- und Beteiligungs GmbH über Tengelmann Ventures Management GmbH und Tengelmann Warenhandelsgesellschaft KG zugerechnet.
(7) Umfasst alle Aktionäre mit einem Anteil von weniger als 3% am Grundkapital der Gesellschaft unmittelbar vor dem Angebot (wie in C.1 definiert) ohne Berücksichtigung von eigenen Aktien. Einschließlich 404.550 Aktien im Besitz von Stefan Smalla, 259.800 Aktien im Besitz von Rocket Internet Capital Partners (Euro) SCS und 451.950 Aktien im Besitz von Rocket Internet Capital Partners SCS.
(8) Zum Datum dieses Prospekts hält die Gesellschaft 28.650 eigene Aktien.

Unter-schiedliche Stimmrechte der Haupt-anteilseigner.	Entfällt. Alle Aktien der Gesellschaft gewähren die gleichen Stimmrechte.
Unmittelbare oder mittelbare Beteiligungen oder Beherr-schungs-verhältnisse.	Zum Datum dieses Prospekts kontrolliert Rocket Internet SE, direkt oder indirekt, mehr als 30% der Stimmrechte an der Gesellschaft und gilt daher als Inhaberin einer Kontrollbeteiligung im Sinne des deutschen Wertpapiererwerbs- und Übernahmegesetzes („**WpÜG**“). Unter der Annahme der Platzierung aller Angebotsaktien (wie in C.1 definiert), der vollständigen Ausübung der Greenshoe Option (wie in E.3 definiert) und keines Erwerbs von Angebotsaktien durch Rocket Internet SE, wird Rocket Internet SE direkt oder indirekt weniger als 30% der Stimmrechte der ausstehenden Aktien der Gesellschaft kontrollieren und daher nicht als die Gesellschaft kontrollierend angesehen werden. Am 7. August 2018 haben AI European Holdings S.à r.l., Kinnevik Online AB (wird ersetzt durch Kinnevik Internet Lux S.à r.l.), Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Rocket Internet SE und Summit Partners RKT S.à r.l. eine Stimmbindungsvereinbarung („**Stimmbindungsvereinbarung**“) abgeschlossen, der zufolge sie vereinbart haben, ihre Stimmrechte in der Hauptversammlung der Gesellschaft im Hinblick auf die Zusammensetzung des Aufsichtsrats der Gesellschaft einheitlich auszuüben. Nominierungsrechte unter der Stimmbindungsvereinbarung entfallen für Vertragsparteien, die weniger als 6% der Aktien halten. Diese Vertragsparteien bleiben jedoch verpflichtet, für die von anderen Vertragsparteien nominierten Vertreter zu stimmen. Die Stimmbindungsvereinbarung endet automatisch zwei Jahre nach Vollzug des IPO. Als Folge dieser Stimmbindungsvereinbarung werden die jeweiligen Beteiligungen der Parteien der Stimmbindungsvereinbarung zum Zweck der Begründung der Kontrolle aufgrund eines abgestimmten Verhaltens im Sinne der §§ 29 Abs. 2 und 30 Abs. 2 WpÜG wechselseitig zugerechnet. Danach wird für die Dauer der Stimmbindungsvereinbarung jede Partei der Stimmbindungsvereinbarung als Person mit einer Kontrollbeteiligung an der Gesellschaft im Sinne des WpÜG aufgrund ihrer gemeinsamen Beteiligung von derzeit mehr als 48,2% der Stimmrechte an der Gesellschaft angesehen. Unter der Annahme einer Platzierung aller Angebotsaktien (wie in C.1 definiert) und der vollständigen Ausübung der Greenshoe-Option (wie in E.3 definiert) werden die Parteien der Stimmbindungsvereinbarung weiterhin ca. 36,3% der Stimmrechte der Gesellschaft halten. Daher werden die Parteien der Stimmbindungsvereinbarung weiterhin gemeinsam eine Kontrollbeteiligung im Sinne des WpÜG an der Gesellschaft halten.

B.7	**Ausgewählte wesentliche historische Finanzinformationen.**	Die in den nachfolgenden Tabellen enthaltenen Finanzinformationen wurden den geprüften Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre, dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 30. Juni 2018 endenden Sechsmonatszeitraum sowie dem internen Berichtswesen der Gesellschaft entnommen oder aus diesen abgeleitet. Die geprüften Konzernabschlüsse wurden in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind („**IFRS**“), und den ergänzend nach § 315a Abs. 1 des Handelsgesetzbuchs („**HGB**“) bzw. § 315e Abs. 1 HGB anzuwendenden handelsrechtlichen Vorschriften erstellt. Der ungeprüfte verkürzte Konzernzwischenabschluss wurde in Übereinstimmung mit IFRS für Zwischenberichterstattung (IAS 34) erstellt. Die Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Niederlassung München, Deutschland, hat die vorgenannten deutschsprachigen Konzernabschlüsse der Gesellschaft gemäß § 317 HGB sowie unter Beachtung der deutschen Grundsätze ordnungsmäßiger Abschlussprüfung geprüft und in Bezug auf diese Konzernabschlüsse der Gesellschaft für die zum 31. Dezember 2015 und 2016 endenden Geschäftsjahre uneingeschränkte Bestätigungsvermerke sowie in Bezug auf den Konzernabschluss der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr einen uneingeschränkten Bestätigungsvermerk des unabhängigen Abschlussprüfers erteilt. Englischsprachige Übersetzungen der vorgenannten geprüften Konzernabschlüsse der Gesellschaft, der entsprechenden Bestätigungsvermerke bzw. des diesbezüglichen Bestätigungsvermerks des unabhängigen Abschlussprüfers sowie der ungeprüfte verkürzte Konzernzwischenabschluss der Gesellschaft für den zum 30. Juni 2018 endenden Sechsmonatszeitraum sind in diesem Prospekt enthalten. Soweit Finanzinformationen in den folgenden Tabellen als „geprüft“ gekennzeichnet sind, bedeutet dies, dass sie den oben erwähnten geprüften Konzernabschlüssen entnommen wurden. Mit der Kennzeichnung „ungeprüft“ werden in den folgenden Tabellen Finanzinformationen gekennzeichnet, die nicht den oben erwähnten geprüften Konzernabschlüssen entnommen wurden, sondern entweder dem oben erwähnten ungeprüften verkürzten Konzernzwischenabschluss oder dem internen Berichtswesen der Gesellschaft entnommen wurden oder auf Grundlage von Zahlen aus den zuvor genannten Quellen berechnet wurden. Die in den untenstehenden Tabellen sowie in der nachfolgenden Diskussion dargestellten Finanzinformationen werden in Millionen euro (€ Mio.) gezeigt, soweit nicht anders angegeben. Bestimmte Finanzinformationen, einschließlich von Prozentsätzen, wurden auf eine Dezimalstelle hinter dem Komma kaufmännisch gerundet. Veränderungen und prozentuale Veränderungen werden auf der Grundlage der in diesem Prospekt dargestellten gerundeten Zahlen berechnet und kaufmännisch auf eine Nachkommastelle gerundet. Daher entsprechen die Gesamtwerte (Summen oder Zwischensummen oder Differenzen oder Zahlen, die in Bezug zueinander stehen) möglicherweise nicht in allen Fällen den Gesamtwerten der zugrundeliegenden (ungerundeten) Zahlen, die an anderer Stelle in diesem Prospekt erscheinen. Zudem kann die Addition dieser gerundeten Zahlen von den in den Tabellen enthaltenen Summen in diesem Prospekt abweichen. Bei in Klammern angegebenen Finanzinformationen handelt es sich um den negativen Wert der gezeigten Zahl. In Bezug auf den Ausweis von Finanzinformationen in diesem Prospekt bedeutet ein Gedankenstrich („–“), dass die jeweilige Zahl nicht verfügbar ist, während eine Null („0,0“) bedeutet, dass die jeweilige Zahl zwar verfügbar ist, sie aber auf Null gerundet wurde. Unsere historischen Ergebnisse sind nicht notwendigerweise indikativ für unsere zukünftigen Ergebnisse, und unsere Zwischenergebnisse für den zum 30. Juni 2018 endenden Sechsmonatszeitraum sind nicht notwendigerweise indikativ für die Ergebnisse, die für das gesamte zum 31. Dezember 2018 endende Geschäftsjahr oder andere Perioden erwartet werden sollten.

Ausgewählte Konzern-Finanzinformationen der Gesellschaft

Historische Jahresabschlüsse

Konzern-Gewinn- und Verlustrechnung

Sofern nicht anders vermerkt, wurden die Angaben in der nachstehenden Tabelle aus unserer Konzern-Gewinn- und Verlustrechnung, wie sie in unseren geprüften Konzernabschlüssen für die am 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre enthalten ist, entnommen und spiegeln nicht die im ersten Halbjahr 2018 getroffene Entscheidung wider, ein Verfahren zum Verkauf unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan einzuleiten.

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 30. Juni endenden Sechsmonatszeitraum	
	2015	**2016**	**2017**	**2017**	**2018**
	(geprüft, sofern nicht anderweitig ausgewiesen) (in € Mio.)			(ungeprüft) (in € Mio.)	
Umsatzerlöse	219,2	250,4	265,8	98,9	120,5
Umsatzkosten	(126,6)	(144,1)	(151,7)	(56,5)	(69,3)
Bruttoergebnis	**92,6**	**106,3**	**114,1**	**42,4**	**51,1**
Fulfillmentkosten[1]	(56,7)[2]	(53,6)[3]	(57,0)	(21,7)	(24,6)
Marketingkosten	(31,5)	(18,0)	(15,8)	(6,6)	(7,6)
Allgemeine Verwaltungskosten[4]	(61,2)[2]	(54,6)[3]	(61,4)	(27,9)	(17,4)
Sonstige betriebliche Aufwendungen	(1,5)	(1,6)	(2,0)	(0,4)	(0,3)
Sonstige betriebliche Erträge	1,0	0,9	0,8	0,5	0,3
Betriebliches Ergebnis	**(57,3)**	**(20,5)**	**(21,3)**	**(13,6)**	**1,6**
Finanzaufwendungen	(1,9)	(6,1)	(10,0)	(4,6)	(6,7)
Finanzerträge	0,0	0,1	0,1	0,0	–
Sonstiges Finanzergebnis	(2,4)	2,0	0,2	0,3	(0,2)
Finanzergebnis	(4,2)	(4,1)	(9,8)	(4,3)	(6,8)
Ergebnis vor Ertragssteuern	**(61,5)**	**(24,5)**	**(31,2)**	**(17,9)**	**(5,3)**
Ertragssteueraufwand	(0,2)	(0,4)	(0,4)	(0,1)	(0,1)
Periodenergebnis der fortgeführten Geschäftsbereiche	–	–	–	**(18,0)**	**(5,4)**
Periodenergebnis der nicht fortgeführten Geschäftsbereiche nach Steuern	–	–	–	0,4	0,7
Periodenergebnis	**(61,7)**	**(24,9)**	**(31,5)**	**(17,7)**	**(4,7)**
Davon entfallen auf:					
Anteilseigner des Mutterunternehmens	(53,1)	(22,9)	(29,2)	(16,3)	(6,9)
Nicht beherrschende Anteile	(8,6)	(2,0)	(2,4)	(1,4)	2,3

(1) Die Fulfillmentkosten beinhalten Erträge aus aktienbasierten Vergütungen in Höhe von €0,1 Mio. im Jahr 2015 und €0,3 Mio. im Jahr 2016 und Aufwendungen aus aktienbasierten Vergütungen in Höhe von €0,8 Mio. im Jahr 2017 und €0,3 Mio. in dem zum 30. Juni 2017 endenden Sechsmonatszeitraum und Erträge aus aktienbasierten Vergütungen in Höhe von €0,9 Mio. in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum.

(2) Ungeprüft. Die Fulfillmentkosten wurden an die geänderte Zuordnung der Aufwandspositionen, die von der Gesellschaft ab dem geprüften Konzernabschluss für das zum 31. Dezember 2017 endende Geschäftsjahr verwendet wird, angepasst. Im geprüften Konzernabschluss der Gesellschaft für das zum 31. Dezember 2015 endende Geschäftsjahr wurden für das Jahr 2015 Fulfillmentkosten in Höhe von €69,6 Mio. und für das Jahr 2015 allgemeine Verwaltungskosten in Höhe von €48,3 Mio. ausgewiesen.

(3) Aus den Vergleichsinformationen des geprüften Konzernabschlusses für das zum 31. Dezember 2017 endende Geschäftsjahr entnommen. Im geprüften Konzernabschluss der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr wurden in den Vergleichsinformationen für das zum 31. Dezember 2016 endende Geschäftsjahr Aufwendungen in Höhe von €12,1 Mio. von den Fulfillmentkosten in die allgemeinen Verwaltungskosten umgegliedert. Im geprüften Jahresabschluss der Gesellschaft für das zum 31. Dezember 2016 endende Geschäftsjahr wurden Fulfillmentkosten für 2016 in Höhe von €65,7 Mio. und allgemeine Verwaltungskosten für 2016 in Höhe von €42,4 Mio. ausgewiesen.

(4) In den allgemeinen Verwaltungskosten sind Aufwendungen für aktienbasierte Vergütungen in Höhe von €4,7 Mio. im Jahr 2015, €4,3 Mio. im Jahr 2016 und €10,2 Mio. im Jahr 2017 und €3,9 Mio. in dem zum 30. Juni 2017 endenden Sechsmonatszeitraum sowie Erträge aus aktienbasierten Vergütungen in Höhe von €2,3 Mio. in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum enthalten.

Konzernbilanz

Sofern nicht anders vermerkt, wurde die nachstehende Tabelle unserer Konzernbilanz zu den angegebenen Zeitpunkten entnommen. Die Angaben zum 31. Dezember 2015, 2016 und 2017 spiegeln nicht die im ersten Halbjahr 2018 getroffene Entscheidung wider, ein Verfahren zum Verkauf unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan einzuleiten. Am 22. August 2018 haben wir einen Vertrag über den Verkauf unseres Geschäftsbereiches in Brasilien abgeschlossen. Der Vollzug ist an mehrere Bedingungen geknüpft, einschließlich der Zustimmung der brasilianischen Kartellbehörden. Im ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum werden unsere Geschäftsbereiche in Brasilien, Russland und Kasachstan als nicht fortgeführte Geschäftsbereiche ausgewiesen.

	Zum 31. Dezember			**Zum 30. Juni**
	2015[1]	**2016**	**2017**	**2018**
	(geprüft, sofern nicht anderweitig ausgewiesen) (in € Mio.)			**(ungeprüft) (in € Mio.)**
Aktiva				
Langfristige Vermögenswerte				
Sachanlagen	6,1	6,5	6,1	23,0
Immaterielle Vermögenswerte	2,6	3,6	4,0	5,8
Forderungen aus Lieferungen und Leistungen und sonstige Forderungen	2,5	3,5	3,7	3,4
Summe langfristige Vermögenswerte	**11,2**	**13,6**	**13,8**	**32,2**
Kurzfristige Vermögenswerte				
Vorräte[2]	13,7	16,8	21,7	20,6
Anzahlungen auf Vorräte[2]	1,0	2,0	2,4	3,0
Forderungen aus Lieferungen und Leistungen und sonstige Forderungen	5,8	6,9	9,0	7,3
Sonstige Vermögenswerte	2,6	1,8	2,1	3,3
Zahlungsmittel und Zahlungsmitteläquivalente	18,7	17,9	13,8	7,0
Zur Veräußerung gehaltene Vermögenswerte	–	–	–	8,5
Summe kurzfristige Vermögenswerte	**41,8**	**45,4**	**48,9**	**49,8**
Bilanzsumme	**53,0**	**59,0**	**62,7**	**82,0**
Passiva				
Eigenkapital/(Fehlbetrag)				
Stammkapital	0,1	0,1	0,1	0,1
Eigene Anteile	–	(1,0)	(1,0)	(1,0)
Kapitalrücklage	210,3	210,3	210,3	210,3
Sonstige Rücklagen	17,3	17,8	22,7	35,1
Gewinnrücklagen	(216,3)	(240,8)	(269,3)	(276,2)
Rücklage sonstiges Ergebnis	9,1	6,8	7,2	7,5
Auf die Anteilseigner des Mutterunternehmens entfallendes/(entfallender) Eigenkapital/(Fehlbetrag)	**20,6**	**(6,7)**	**(30,0)**	**(24,1)**
Nicht beherrschende Anteile	(33,2)	(33,0)	(35,8)	(33,4)
Summe Eigenkapital/(Fehlbetrag)[3]	**(12,7)**	**(39,7)**	**(65,8)**	**(57,5)**
Langfristige Verbindlichkeiten				
Darlehen	–	–	4,4	11,7
Verbindlichkeiten aus Finanzierungsleasing[4]	–	–	0,0	15,4
Sonstige finanzielle Verbindlichkeiten	–	27,9[5]	35,5	40,9
Sonstige nicht finanzielle Verbindlichkeiten	10,5[6]	9,6[5]	15,7	0,1
Rückstellungen	0,3	0,3	0,2	0,2
Summe langfristige Verbindlichkeiten	**10,8**	**37,8**	**55,9**	**68,3**
Kurzfristige Verbindlichkeiten				
Darlehen	1,7	–	7,1	6,8
Verbindlichkeiten aus Finanzierungsleasing[4]	–	–	–	3,6
Verbindlichkeiten und abgegrenzte Schulden aus Lieferungen und Leistungen	34,1	38,7	39,7	27,7
Vorauszahlungen von Kunden	9,1	10,4	11,7	9,7
Sonstige finanzielle Verbindlichkeiten	0,9[6]	0,9[5]	1,6	3,1

	Zum 31. Dezember			Zum 30. Juni
	2015[(1)]	2016	2017	2018
	(geprüft, sofern nicht anderweitig ausgewiesen) (in € Mio.)			(ungeprüft) (in € Mio.)
Sonstige nicht finanzielle Verbindlichkeiten	7,5[(6)]	9,3[(5)]	9,5	6,9
Rückstellungen	1,5	1,5	2,9	2,9
Schulden im Zusammenhang mit zur Veräußerung gehaltenen Vermögenswerten	–	–	–	10,5
Summe kurzfristige Verbindlichkeiten	**54,8**	**60,8**	**72,6**	**71,2**
Summe Verbindlichkeiten	**65,6**	**98,7**	**128,5**	**139,5**
Bilanzsumme	**53,0**	**59,0**	**62,7**	**82,0**

(1) Aus den Vergleichsinformationen zum 31. Dezember 2015 des geprüften Konzernabschlusses der Gesellschaft für das zum 31. Dezember 2016 endende Geschäftsjahr entnommen. Diese Vergleichsinformationen zum 31. Dezember 2015 wurden angepasst, um die fehlerhafte Erfassung bestimmter Umsätze, Vorräte und Verbindlichkeiten durch eine lokale Tochtergesellschaft zu korrigieren.

(2) In der Konzernbilanz des geprüften Konzernabschlusses für das zum 31. Dezember 2017 endende Geschäftsjahr werden Vorräte und geleistete Anzahlungen auf Vorräte gesondert ausgewiesen, während im geprüften Konzernabschluss für das zum 31. Dezember 2016 endende Geschäftsjahr diese Aufgliederung nur in den jeweiligen Erläuterungen aufgeführt wird.

(3) In der Konzernbilanz des geprüften Konzernabschlusses der Gesellschaft für das zum 31. Dezember 2016 endende Geschäftsjahr als Summe Eigenkapital / (nicht durch Eigenkapital gedeckter Fehlbetrag) ausgewiesen.

(4) Im ungeprüften verkürzten Konzernzwischenabschluss für dem zum 30. Juni 2018 endenden Sechsmonatszeitraum als Leasingverbindlichkeiten gemäß IFRS 16 „Leasingverhältnisse“ ausgewiesen.

(5) Aus den Vergleichsinformationen zum 31. Dezember 2016 des geprüften Konzernabschlusses der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr. In der Konzernbilanz des geprüften Konzernabschlusses für das zum 31. Dezember 2017 endende Geschäftsjahr werden die kurz- und langfristigen sonstigen finanziellen Verbindlichkeiten sowie die kurz- und langfristigen sonstigen nicht-finanziellen Verbindlichkeiten jeweils getrennt ausgewiesen, während in der Konzernbilanz des geprüften Konzernabschlusses für das zum 31. Dezember 2016 endende Geschäftsjahr nur kurz- und langfristige sonstige Verbindlichkeiten ausgewiesen werden.

(6) Ungeprüft. Angepasst an die getrennte Darstellung der kurz- und langfristigen sonstigen finanziellen Verbindlichkeiten sowie der kurz- und langfristigen sonstigen nicht finanziellen Verbindlichkeiten im geprüften Konzernabschluss der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr.

Konzern-Kapitalflussrechnung

Sofern nicht anders vermerkt, zeigen die Angaben im folgenden Auszug aus der Konzern-Kapitalflussrechnung die Zahlungsströme unserer Gruppe für die zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre, wie in unseren geprüften Konzernabschlüssen für die zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre ausgewiesen. Die nachstehende Tabelle spiegelt nicht unsere im ersten Halbjahr 2018 getroffene Entscheidung betreffend unsere Absicht zur Veräußerung unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan wider.

	Für das zum 31. Dezember endende Geschäftsjahr		
	2015[1]	2016[2]	2017
	(geprüft, sofern nicht anderweitig ausgewiesen) (in € Mio.)		
Zahlungswirksames Betriebsergebnis vor Veränderungen des Nettoumlaufvermögens	(50,0)	(15,2)	(3,5)
Anpassungen aus Veränderungen des Nettoumlaufvermögens:			
Veränderungen der Forderungen und geleisteten Anzahlungen	1,2	0,3	(2,6)
Veränderungen der Vorräte	(3,1)	(3,3)	(5,7)
Veränderungen der Verbindlichkeiten	6,6	4,7	4,6
Mittelabfluss aus betrieblicher Geschäftstätigkeit	(45,2)	(13,5)	(7,3)
Gezahlte Steuern	(0,3)	(0,4)	(0,5)
Nettomittelabfluss aus betrieblicher Geschäftstätigkeit	(45,6)[3]	(13,9)	(7,8)
Nettomittelabfluss aus Investitionstätigkeit	(4,8)[3]	(4,5)	(5,5)
Nettomittelzufluss aus Finanzierungstätigkeit	48,5[3]	17,2	9,8
Veränderung von Zahlungsmitteln und Zahlungsmitteläquivalenten	(1,9)	(1,1)	(3,5)
Zahlungsmittel und Zahlungsmitteläquivalente zum Periodenende	18,7	17,9	13,8

(1) Aus den Vergleichsinformationen für das zum 31. Dezember 2015 endende Geschäftsjahr im geprüften Konzernabschluss der Gesellschaft für das zum 31. Dezember 2016 endende Geschäftsjahr entnommen. Diese Vergleichsinformationen für das zum 31. Dezember 2015 endende Geschäftsjahr wurden angepasst, um eine Umgliederung des Nettomittelabflusses aus Investitionstätigkeit in den Nettomittelzufluss aus Finanzierungstätigkeit widerzuspiegeln. Dieser Mittelabfluss betraf den früheren Kauf von geleasten Lagereinrichtungen. Darüber hinaus wurden diese Informationen angepasst, um die fehlerhafte Erfassung bestimmter Umsätze, Bestände und Verbindlichkeiten durch eine lokale Tochtergesellschaft zu korrigieren.

(2) Aus den Vergleichsinformationen für das zum 31. Dezember 2016 endende Geschäftsjahr im geprüften Konzernabschluss der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr entnommen. Diese Vergleichsinformationen für das zum 31. Dezember 2016 endende Geschäftsjahr wurden angepasst, um eine Umgliederung der erhaltenen Zinsen in Höhe von €0,1 Mio. aus dem Nettomittelabfluss aus betrieblicher Geschäftstätigkeit in den Nettomittelabflusses aus Investitionstätigkeit sowie der gezahlten Zinsen und sonstigen Finanzierungskosten in Höhe von €1,3 Mio. aus dem Nettomittelabfluss aus betrieblicher Geschäftstätigkeit in den Nettomittelzufluss aus Finanzierungstätigkeit zu berücksichtigen.

(3) Ungeprüft. Angepasst, um die im geprüften Konzernabschluss der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr vorgenomme Umgliederung von erhaltenen Zinsen aus dem Nettomittelabfluss aus betrieblicher Geschäftstätigkeit in Höhe von €10 Tausend in den Nettomittelabfluss aus Investitionstätigkeit oder von gezahlten Zinsen und sonstigen Finanzierungskosten aus dem Nettomittelabfluss aus betrieblicher Geschäftstätigkeit in Höhe von €1,8 Mio. in den Nettomittelzufluss aus Finanzierungstätigkeit widerzuspiegeln.

Die Angaben im folgenden Auszug aus der Konzern-Kapitalflussrechnung zeigen die Zahlungsströme unserer Gruppe in den zum 30. Juni 2017 und 2018 endenden Sechsmonatszeiträumen und wurden unserem ungeprüften Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum entnommen. Die nachstehende Tabelle spiegelt die im ersten Halbjahr 2018 getroffene Entscheidung wider, ein Verfahren zum Verkauf unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan einzuleiten.

	Für den zum 30. Juni endenden Sechsmonatszeitraum	
	2017	**2018**
	(ungeprüft) (in € Mio.)	
Zahlungswirksames Betriebsergebnis vor Veränderungen des Nettoumlaufvermögens	(7,3)	1,9
Anpassungen aus Veränderungen des Nettoumlaufvermögens:		
Veränderungen der Forderungen und geleisteten Anzahlungen	0,3	(2,1)
Veränderungen der Vorräte	(4,1)	(2,9)
Veränderungen der Verbindlichkeiten	0,6	(4,3)
Mittelabfluss aus betrieblicher Geschäftstätigkeit	(10,6)	(7,4)
Gezahlte Steuern	(0,1)	(0,1)
Nettomittelabfluss aus betrieblicher Geschäftstätigkeit – fortgeführte Geschäftsbereiche	(10,6)	(7,6)
Nettomittelzufluss/(-abfluss) aus betrieblicher Geschäftstätigkeit – nicht fortgeführte Geschäftsbereiche	(0,7)	0,5
Nettomittelabfluss aus Investitionstätigkeit – fortgeführte Geschäftsbereiche	(2,8)	(3,1)
Nettomittelabfluss aus Investitionstätigkeit – nicht fortgeführte Geschäftsbereiche	(0,1)	(0,2)
Nettomittelzufluss aus Finanzierungstätigkeit – fortgeführte Geschäftsbereiche	10,8	5,1
Nettomittelzufluss aus Finanzierungstätigkeit – nicht fortgeführte Geschäftsbereiche	(0,6)	(0,6)
Veränderung von Zahlungsmitteln und Zahlungsmitteläquivalenten	(4,0)	(5,8)
Zahlungsmittel und Zahlungsmitteläquivalente zum 30. Juni	13,7	7,7
Davon nicht-fortgeführte Geschäftsbereiche	0,9	0,6
Davon fortgeführte Geschäftsbereiche	12,8	7,0

Zusätzliche wesentliche Leistungsindikatoren

Wir verwenden das Bereinigte EBITDA als wesentlichen Leistungsindikator, um den Erfolg unseres Geschäfts zu bewerten. Darüber hinaus sind wir der Ansicht, dass unser Ergebnisbeitrag (zusammen mit dem Bereinigten EBITDA die „**Wesentlichen Leistungsindikatoren**") für Anleger bei der Beurteilung unserer Ertrags- und Finanzlage hilfreich sein wird.

Die Wesentlichen Leistungsindikatoren sowie bestimmte andere finanzielle und nicht finanzielle Leistungsindikatoren, die in diesem Prospekt enthalten sind, sind nicht als Kennzahlen nach IFRS anerkannt, sollten nicht als Ersatz für eine Analyse unserer nach IFRS erstellten Betriebsergebnisse betrachtet werden und sind möglicherweise nicht mit ähnlich bezeichneten Informationen vergleichbar, die von anderen Unternehmen veröffentlicht werden. Unsere Wesentlichen Leistungsindikatoren sowie andere in diesem Prospekt enthaltene finanzielle und nicht finanzielle Leistungsindikatoren sind möglicherweise nicht für eine Analyse unseres Geschäfts und unserer Geschäftstätigkeit geeignet und sind möglicherweise auch nicht indikativ für zukünftige Ergebnisse.

Bereinigtes EBITDA

Wir definieren das EBITDA als die Summe aus (i) dem Betriebsergebnis (EBIT) und (ii) Abschreibungen und Wertminderungen. Wir berechnen das Bereinigte EBITDA durch Bereinigung des EBITDA um (i) (Erträge) / Aufwendungen für aktienbasierte Vergütungen, (ii) erfolgswirksam erfasste IPO-Kosten (für Perioden nach dem 1. Januar 2018) und (iii) zentrale Kosten, die den nicht fortgeführten Geschäftsbereiche zugeordnet sind.

Die nachstehende Tabelle enthält eine Berechnung unseres Bereinigten EBITDA für die dargestellten Zeiträume:

	Für das zum 31. Dezember endende Geschäftsjahr		
	2015	2016	2017
	(geprüft und in € Mio., sofern nicht anderweitig ausgewiesen)		
Betriebliches Ergebnis (EBIT)	**(57,3)**	**(20,5)**	**(21,3)**
Abschreibungen und Wertminderungen	2,7	2,7	5,4
(Erträge) / Aufwendungen für aktienbasierte Vergütungen	4,6	4,0	11,0
Erfolgswirksam erfasste IPO-Kosten	-	-	-
Bereinigtes EBITDA[(1)]	**(49,9)**	**(13,8)**	**(4,9)**
Bereinigte EBITDA Marge[(2)]	*(22,8)%*	*(5,5)%*	*(1,9)%*

(1) Ungeprüft.
(2) Ungeprüft. Bereinigtes EBITDA ausgedrückt als Prozentsatz von Umsatzerlösen.

Angepasste Finanzinformation betreffend die Aufgliederung in fortgeführte und nicht fortgeführte Geschäftsbereiche

Wie oben erwähnt, haben wir im ersten Halbjahr 2018 beschlossen, ein Verfahren zum Verkauf unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan einzuleiten. Am 22. August 2018 haben wir einen Vertrag über den Verkauf unseres Geschäftsbereiches in Brasilien abgeschlossen. Der Vollzug ist an mehrere Bedingungen geknüpft, einschließlich der Zustimmung der brasilianischen Kartellbehörden. In unserem ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum haben wir unsere Geschäftsbereiche in Brasilien, Russland und Kasachstan unter Anwendung von IFRS 5 „Zur Veräußerung gehaltene langfristige Vermögenswerte und nicht fortgeführte Geschäftsbereiche" als nicht fortgeführte Geschäftsbereiche ausgewiesen. In den geprüften Konzernabschlüssen für die am 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre werden diese Geschäftsbereiche nach IFRS nicht als nicht fortgeführte Geschäftsbereiche ausgewiesen. Um den Investoren jedoch die Auswirkungen des Verkaufs unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan und damit die historische Entwicklung unserer fortgeführten Geschäftsbereiche verständlich zu machen, haben wir die folgenden Informationen für die zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre aufbereitet, welche die Entwicklung unserer Geschäftsbereiche in Deutschland, Österreich, Schweiz, Belgien, der Tschechische Republik, Frankreich, Italien, den Niederlanden, Polen, Spanien und der Slowakei (die „**fortgeführten Geschäftsbereiche**"), d.h. ohne die externen Erträge und externen Aufwendungen im Zusammenhang mit unseren Geschäftsbereichen in Brasilien, Russland und Kasachstan in den Positionen beginnend mit „Umsatzerlöse" und endend mit „Periodenergebnis der fortgeführten Geschäftsbereiche nach Steuern" sowie die Entwicklung der externen Erträge und externen Aufwendungen im Zusammenhang mit unseren Geschäftsbereichen in Brasilien, Russland und Kasachstan (die „**nicht fortgeführten Geschäftsbereiche**") separat in der Position „Periodenergebnis der nicht fortgeführten Geschäftsbereichen" zeigen. Das Periodenergebnis der nicht fortgeführten Geschäftsbereiche nach Steuern zum 31. Dezember 2015, 2016 und 2017 wird nicht nach IFRS 5 „Zur Veräußerung gehaltene langfristige Vermögenswerte und nicht fortgeführte Geschäftsbereiche" erstellt, sondern nach den gleichen Bilanzierungs- und Bewertungsmethoden wie für die fortgeführten Geschäftsbereiche. Daher ist diese im Prospekt ausgewiesene Position und die nachfolgende Position „Periodenergebnis" für die zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre nicht mit den entsprechenden Positionen für die zum 30. Juni 2017 und 30. Juni 2018 endenden Sechsmonatszeiträume aus unserem ungeprüften verkürzten Konzernzwischenabschluss zum 30. Juni 2018 vergleichbar. Daher entsprechen die Angaben für die zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre, die sowohl die fortgeführten als auch die nicht fortgeführten Geschäftsbereiche darstellen, nicht den IFRS. Die Informationen zu den fortgeführten und nicht fortgeführten Geschäftsbereichen für die zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre wurden aus der historischen Konzern-Gewinn- und Verlustrechnung und dem internen Berichtswesen der Gesellschaft abgeleitet, wobei dabei zur Vergleichbarkeit die im ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum angewandten Bilanzierungs- und Bewertungsmethoden bezüglich der Zuordnung von Aufwands– und Ertragsposten zu den fortgeführten und nicht fortgeführten Geschäftsbereichen herangezogen wurden, und sind ungeprüft. Die Informationen für die zum 30. Juni 2017 und 2018 endenden Sechsmonatszeiträume sind unserem ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum, in

welchem die externen Erträge und externen Aufwendungen im Zusammenhang mit unseren Geschäftsbereichen in Brasilien, Russland und Kasachstan unter Anwendung von IFRS 5 „Zur Veräußerung gehaltene langfristige Vermögenswerte und nicht fortgeführte Geschäftsbereiche" separat ausgewiesen werden mussten, entnommen.

Konzern-Gewinn- und Verlustrechnung

Angepasste Finanzinformation betreffend die Aufgliederung in fortgeführte und nicht fortgeführte Geschäftsbereiche	**Für das zum 31. Dezember endende Geschäftsjahr**			**Für den zum 30. Juni endenden Sechsmonatszeitraum**	
	2015	**2016**	**2017**	**2017**	**2018**
		(ungeprüft)		**(ungeprüft)**	
		(in € Mio.)		**(in € Mio.)**	
Umsatzerlöse	173,6	205,3	219,6	98,9	120,5
Umsatzkosten	(103,4)	(120,1)	(127,3)	(56,5)	(69,3)
Bruttoergebnis	**70,2**	**85,2**	**92,3**	**42,4**	**51,1**
Fulfillmentkosten[(1)]	(45,4)	(43,5)	(46,7)	(21,7)	(24,6)
Marketingkosten	(25,5)	(15,9)	(13,9)	(6,6)	(7,6)
Allgemeine Verwaltungskosten[(2)]	(53,1)	(48,2)	(55,1)	(27,9)	(17,4)
Sonstige betriebliche Aufwendungen	(1,0)	(1,3)	(1,4)	(0,4)	(0,3)
Sonstige betriebliche Erträge	0,9	0,9	0,7	0,5	0,3
Betriebliches Ergebnis	**(53,8)**	**(22,8)**	**(24,0)**	**(13,6)**	**1,6**
Finanzaufwendungen	(0,8)	(5,0)	(8,9)	(4,6)	(6,7)
Finanzerträge	0,0	0,0	0,0	0,0	–
Sonstiges Finanzergebnis	(0,4)	0,1	0,4	0,3	(0,2)
Finanzergebnis	(1,2)	(4,9)	(8,5)	(4,3)	(6,8)
Ergebnis vor Ertragssteuern	**(55,0)**	**(27,7)**	**(32,5)**	**(17,9)**	**(5,3)**
Ertragssteueraufwand	(0,2)	(0,3)	(0,2)	(0,1)	(0,1)
Periodenergebnis der fortgeführten Geschäftsbereiche	**(55,2)**	**(28,0)**	**(32,6)**	**(18,0)**	**(5,4)**
Periodenergebnis der nicht fortgeführten Geschäftsbereiche nach Steuern	(6,5)	3,1	1,1	0,4	0,7
Periodenergebnis	**(61,7)**	**(24,9)**	**(31,5)**	**(17,7)**	**(4,7)**

(1) Die Fulfillmentkosten beinhalten Erträge aus aktienbasierten Vergütungen in Höhe von €0,1 Mio. im Jahr 2015, €0,3 Mio. im Jahr 2016, Aufwendungen für aktienbasierte Vergütungen in Höhe von €0,8 Mio. im Jahr 2017 und €0,3 Mio. in dem zum 30. Juni 2017 endenden Sechsmonatszeitraum und Erträge aus aktienbasierten Vergütungen in Höhe von €0,9 Mio. in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum.

(2) In den allgemeinen Verwaltungskosten sind Aufwendungen für aktienbasierte Vergütungen in Höhe von €3,6 Mio. im Jahr 2015, €4,1 Mio. im Jahr 2016 und €10,0 Mio. im Jahr 2017, €3,9 Mio. in dem zum 30. Juni 2017 endenden Sechsmonatszeitraum sowie Erträge aus aktienbasierten Vergütungen in Höhe von €2,3 Mio. in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum enthalten.

Segmentberichterstattung

Wir betreiben unser Geschäft auf Basis von zwei operativen Segmenten, die auch unsere berichtspflichtigen Segmente DACH und International bilden. Das DACH Segment umfasst unser Geschäft in Deutschland, Österreich und der Schweiz. Das International Segment umfasst unsere Tätigkeiten in Belgien, der Tschechischen Republik, Frankreich, Italien, den Niederlanden, Polen, Spanien und der Slowakei. Diese Segmentinformationen werden erstmals im ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum dargestellt. Unsere Geschäftsbereiche in Brasilien, die wir vereinbart haben zu verkaufen, und unsere Geschäftsbereiche in Russland und Kasachstan, die wir verkaufen wollen, wurden im ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum als nicht fortgeführte Geschäftsbereiche ausgewiesen und sind daher in keinem der unten dargestellten Zeiträume in unseren operativen Segmenten enthalten. Die Segmentinformationen werden in unseren geprüften Konzernabschlüssen für die zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre nicht dargestellt. Die Segmentinformationen für diese Jahre werden aus den entsprechenden Abschlüssen und dem internen Berichtswesen der Gesellschaft abgeleitet, wobei zur Vergleichbarkeit die im ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum angewandten Bilanzierungs- und Bewertungsmethoden für die Segmentberichterstattung angewendet werden, und entsprechen insoweit nicht den IFRS und sind ungeprüft.

Die nachstehende Tabelle zeigt die Umsatzerlöse aus fortgeführten Geschäftsbereichen und das Bereinigte EBITDA aus fortgeführten Geschäftsbereichen für unsere Segmente DACH und International sowie für die Zentrale/Überleitung, die die nicht den Segmenten zugeordneten Erträge und Aufwendungen sowie die Eliminierung der Auswirkungen konzerninterner Transaktionen darstellen, und unserer Gruppe für die dargestellten Zeiträume.

Angepasste Finanzinformation betreffend die Aufgliederung in fortgeführte und nicht fortgeführte Geschäftsbereiche	**Für das zum 31. Dezember endende Geschäftsjahr**			**Für den zum 30. Juni endenden Sechsmonatszeitraum**	
	2015	**2016**	**2017**	**2017**	**2018**
	(ungeprüft) (in € Mio., sofern nicht anderweitig ausgewiesen)			**(ungeprüft) (in € Mio., sofern nicht anderweitig ausgewiesen)**	
DACH					
Umsatzerlöse	61,7	79,3	97,6	40,4	59,8
Bereinigtes EBITDA	(12,7)	(3,2)	1,3	(0,9)	2,9
Bereinigte EBITDA Marge	*(20,6)%*	*(4,0)%*	*1,3%*	*(2,2)%*	*4,8%*
International					
Umsatzerlöse	111,9	126,0	122,0	58,5	60,7
Bereinigtes EBITDA	(29,0)	(9,0)	(5,1)	(3,9)	0,1
Bereinigte EBITDA Marge	*(25,9)%*	*(7,1)%*	*(4,2)%*	*(6,6)%*	*0,1%*
Zentrale/Überleitung					
Umsatzerlöse	–	–	–	–	–
Bereinigtes EBITDA	(0,5)	(0,2)	(0,3)	(0,2)	(0,1)
Konzern					
Umsatzerlöse	173,6	205,3	219,6	98,9	120,5
Bereinigtes EBITDA[(1)]	(42,2)	(12,3)	(4,0)	(5,0)	2,8

(1) Wir definieren das EBITDA als die Summe aus (i) dem Betriebsergebnis (EBIT) und (ii) Abschreibungen und Wertminderungen („**EBITDA**"). Wir berechnen das bereinigte EBITDA durch Bereinigung des EBITDA um (i) (Erträge) / Aufwendungen für aktienbasierte Vergütungen, (ii) erfolgswirksam erfasste IPO-Kosten (für Perioden nach dem 1. Januar 2018) und (iii) zentrale Kosten, die den nicht fortgeführten Geschäftsbereiche zugeordnet sind („**Bereinigtes EBITDA**").

Zusätzliche wesentliche Leistungsindikatoren

Die nachstehende Tabelle gibt einen Überblick über unsere Wesentlichen Leistungsindikatoren sowie bestimmte andere finanzielle und nicht finanzielle Leistungsindikatoren für unsere fortgeführten Geschäftsbereiche für die dargestellten Zeiträume und Stichtage:

Fortgeführte Geschäftsbereiche	**Für das zum 31. Dezember endende Geschäftsjahr**			**Für den zum 30. Juni endenden Sechsmonatszeitraum**	
	2015	**2016**	**2017**	**2017**	**2018**
	(ungeprüft) (in € Mio., sofern nicht anderweitig ausgewiesen)			**(ungeprüft) (in € Mio., sofern nicht anderweitig ausgewiesen)**	
Umsatzerlöse	173,6	205,3	219,6	98,9	120,5
Bereinigtes EBITDA	(42,2)	(12,3)	(4,0)	(5,0)	2,8
Bereinigte EBITDA Marge[(1)]	*(24,3)%*	*(6,0)%*	*(1,8)%*	*(5,1)%*	*2,3%*
Ergebnisbeitrag	24,7	41,5	46,5	21,1	25,7
Ergebnisbeitragsmarge[(2)]	*14,2%*	*20,2%*	*21,2%*	*21,3%*	*21,3%*
Aktive Kunden (in Tausend)[(3)]	725	813	838	788	907
Anteil der Aufträge von Stammkunden	76%	79%	82%	83%	81%
Aufträge Gesamt (in Tausend)[(4)]	1.890	2.138	2.220	1.001	1.166
Durchschnittlicher Warenkorbwert (in €)[(5)]	103	108	114	111	116
Bruttowarenvolumens (GMV)[(6)]	194	230	252	115	139
Durchschnittliche Aufträge pro Aktivem Kunden in den letzten 12 Monaten (Anzahl der Aufträge)[(7)]	2,6	2,6	2,7	2,7	2,6
Durchschnittlicher GMV pro Aktivem Kunden in den letzten 12 Monaten (in €)[(8)]	268	283	301	293	305
Eigenmarken-Anteil[(9)]	5%	5%	10%	8%	14%

(1) Bereinigtes EBITDA ausgedrückt als Prozentsatz der Umsatzerlöse.
(2) Ergebnisbeitrag ausgedrückt als Prozentsatz der Umsatzerlöse.

(3) Definiert als Kunden, die im entsprechenden Zeitraum von zwölf Monaten mindestens einen gültigen Auftrag erteilt haben, d.h. einen Auftrag, für den die Zahlung erfolgreich abgewickelt wurde und der nicht storniert wurde, unabhängig von Retouren.
(4) Definiert als die Gesamtzahl der gültigen Aufträge, d.h. Aufträge, für die die Zahlung erfolgreich abgewickelt wurde und die nicht storniert wurden, in den zwölf Monaten vor dem jeweiligen Periodenende, unabhängig von Retouren.
(5) Definiert als GMV für den betreffenden Zeitraum geteilt durch die Gesamtzahl der Aufträge für den gleichen Zeitraum.
(6) Definiert für den betreffenden Zeitraum als Produktwert aller gültigen Aufträge ohne ausgefallene und stornierte Aufträge und abzüglich zukünftig erwarteter Stornierungen. Zukünftig erwartete Stornierungen werden auf der Grundlage historischer Muster geschätzt.
(7) Definiert als Gesamtzahl der Aufträge in den letzten zwölf Monaten ab dem jeweiligen Periodenende geteilt durch Aktive Kunden zum Enddatum der jeweiligen Periode.
(8) Definiert als GMV in den letzten zwölf Monaten ab dem jeweiligen Periodenende geteilt durch Aktive Kunden zum Enddatum der jeweiligen Periode.
(9) Anteil des Eigenmarken GMV am gesamten GMV.

Bereinigtes EBITDA

Die nachstehende Tabelle enthält eine Berechnung unseres Bereinigten EBITDA für unsere fortgeführten Geschäftsbereiche für die dargestellten Zeiträume:

Fortgeführte Geschäftsbereiche	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 30. Juni endenden Sechsmonatszeitraum	
	2015	**2016**	**2017**	**2017**	**2018**
	(ungeprüft) (in € Mio., sofern nicht anderweitig ausgewiesen)			(ungeprüft) (in € Mio., sofern nicht anderweitig ausgewiesen)	
Betriebliches Ergebnis (EBIT)	**(53,8)**	**(22,8)**	**(24,0)**	**(13,6)**	**1,6**
Abschreibungen und Wertminderungen	2,4	2,4	5,1	2,0	3,2
(Erträge) / Aufwendungen für aktienbasierte Vergütungen	3,5	3,8	10,8	4,2	(3,2)
Erfolgswirksam erfasste IPO Kosten	–	–	–	–	0,1
Zentrale Kosten, die den nicht fortgeführten Geschäftsbereichen zugeordnet sind	5,7	4,2	4,0	2,4	1,2
Bereinigtes EBITDA	**(42,2)**	**(12,3)**	**(4,0)**	**(5,0)**	**2,8**
Bereinigte EBITDA Marge[(1)]	*(24,3)%*	*(6,0)%*	*(1,8)%*	*(5,1)%*	*2,3%*

(1) Bereinigtes EBITDA aus fortgeführten Geschäftsbereichen ausgedrückt als Prozentsatz von Umsatzerlösen aus fortgeführten Geschäftsbereichen.

Ergebnisbeitrag, Ergebnisbeitragsmarge

Wir definieren unseren Ergebnisbeitrag als Umsatzerlöse abzüglich Umsatzkosten und Fulfillmentkosten ohne (Erträge) / Aufwendungen aus aktienbasierten Vergütungen. Die Ergebnisbeitragsmarge entspricht dem Verhältnis von Ergebnisbeitrag zu Umsatzerlösen.

Die nachstehende Tabelle enthält eine Berechnung unseres Ergebnisbeitrages für unsere fortgeführten Geschäftsbereiche sowie unserer Ergebnisbeitragsmarge für unsere fortgeführten Geschäftsbereiche für die dargestellten Zeiträume:

Fortgeführte Geschäftsbereiche	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 30. Juni endenden Sechsmonatszeitraum	
	2015	**2016**	**2017**	**2017**	**2018**
	(ungeprüft) (in € Mio., sofern nicht anderweitig ausgewiesen)			(ungeprüft) (in € Mio., sofern nicht anderweitig ausgewiesen)	
Umsatzerlöse	173,6	205,3	219,6	98,9	120,5
Umsatzkosten	(103,4)	(120,1)	(127,3)	(56,5)	(69,3)
Bruttoergebnis	**70,2**	**85,2**	**92,3**	**42,4**	**51,1**
Fulfillmentkosten	(45,4)	(43,5)	(46,7)	(21,7)	(24,6)
(Erträge) / Aufwendungen aus aktienbasierten Vergütungen enthalten in Fulfillmentkosten	(0,1)	(0,3)	0,8	(0,3)	(0,9)
Ergebnisbeitrag	**24,7**	**41,5**	**46,5**	**21,1**	**25,7**
Ergebnisbeitragsmarge[(1)]	*14,2%*	*20,2%*	*21,2%*	*21,3%*	*21,3%*

(1) Ergebnisbeitragsmarge aus fortgeführten Geschäftsbereichen ausgedrückt als Prozentsatz der Umsatzerlöse aus fortgeführten Geschäftsbereichen.

Wesentliche Änderungen der Finanzlage und des Betriebsergebnisses des Emittenten in oder nach dem von den historischen Finanzinformationen abgedeckten Zeitraum.	Die folgenden wesentlichen Änderungen in der Finanzlage und dem Betriebsergebnis von Westwing traten in den zum 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahren, in den zum 30. Juni 2017 und 30. Juni 2018 endenden Sechsmonatszeiträumen sowie in der Folgeperiode auf:

Zum 30. Juni 2017 und 30. Juni 2018 endende Sechsmonatszeiträume

Die Umsatzerlöse aus fortgeführten Geschäftsbereichen stiegen um 21,8% von €98,9 Mio. in dem zum 30. Juni 2017 endenden Sechsmonatszeitraum auf €120,5 Mio. in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum. Dieser Anstieg ist auf eine höhere Anzahl Aktiver Kunden zurückzuführen, was zu einem Anstieg der Gesamtzahl der Aufträge und einem Anstieg des durchschnittlichen Warenkorbwerts führte.

Unser betriebliches Ergebnis aus fortgeführten Geschäftsbereichen verbesserte sich deutlich von einem Verlust von €13,6 Mio. in dem zum 30. Juni 2017 endenden Sechsmonatszeitraum auf einen Gewinn von €1,6 Mio. in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum. Das Bereinigte EBITDA aus fortgeführten Geschäftsbereichen verbesserte sich deutlich von einem Verlust von €5,0 Mio. in dem zum 30. Juni 2017 endenden Sechsmonatszeitraum auf einen Gewinn von €2,8 Mio. in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum. Ausgedrückt in Prozent der Umsatzerlöse aus fortgeführten Geschäftsbereichen veränderte sich das Bereinigte EBITDA aus fortgeführten Geschäftsbereichen von minus 5,1% in dem zum 30. Juni 2017 endenden Sechsmonatszeitraum auf plus 2,3% in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum. Diese Entwicklung ist vor allem auf einen starken Rückgang der allgemeinen Verwaltungskosten infolge des höheren operativen Hebels zurückzuführen. Darüber hinaus werden ab dem 1. Januar 2018 mit der erstmaligen Anwendung von IFRS 16 die meisten Leasing– und Mietaufwendungen nicht mehr in den allgemeinen Verwaltungskosten ausgewiesen, sondern als Zinsaufwendungen und Abschreibungen ausgewiesen und sind daher nicht im Bereinigten EBITDA enthalten. Diese geänderte Bilanzierung hatte einen erheblichen positiven Effekt auf unser Bereinigtes EBITDA, obwohl wir in dem zum 30. Juni 2018 endenden Sechsmonatszeitraum auch ohne die Anwendung von IFRS 16 ein leicht positives Bereinigtes EBITDA gehabt hätten.

Die Summe Eigenkapital/(Fehlbetrag) verbesserte sich von einem Fehlbetrag von €65,8 Mio. zum 31. Dezember 2017 auf einen Fehlbetrag von €57,5 Mio. zum 30. Juni 2018. Dieser Rückgang des Fehlbetrags war in erster Linie auf eine Erhöhung der sonstigen Rücklagen im Zusammenhang mit aktienbasierten Optionen zurückzuführen. Ein Anstieg der negativen Gewinnrücklagen durch einen Verlust für den Zeitraum vom 1. Januar 2018 bis 30. Juni 2018 in Höhe von €4,7 Mio. wirkte sich teilweise gegenläufig aus.

Zum 31. Dezember 2016 und 31. Dezember 2017 endende Geschäftsjahre

Umsatzerlöse

Historische Finanzinformationen

Die Umsatzerlöse stiegen um 6,2 % von €250,4 Mio. im Jahr 2016 auf €265,8 Mio. im Jahr 2017, was vor allem auf höhere Beiträge unseres Geschäftsbereiches in Deutschland zurückzuführen ist. Unsere Geschäftsbereiche in Brasilien, Russland und Kasachstan erzielten im Jahr 2016 Umsatzerlöse in Höhe von €45,1 Mio. und im Jahr 2017 in Höhe von €46,2 Mio.

Der Anstieg der Umsatzerlöse wurde durch einen Anstieg der Aufträge und einen höheren durchschnittlichen Warenkorbwert, aufgrund unserer Marktpositionierung in bestehenden Märkten, die Kundenbindung und die erfolgreiche Neukundengewinnung, angetrieben. Während wir 2017 wie in den Vorperioden von der voranschreitenden Offline–zu–Online–Migration profitierten, war der Anstieg der Umsatzerlöse im Jahr 2017 im Vergleich zu 2016 weniger stark als im Jahr 2016 im Vergleich zu 2015, da wir das Erreichen von Break-even auf Bereinigter EBITDA Basis priorisiert und die Verlagerung von einem Fokus auf bezahlte Vertriebskanäle zu einem Fokus auf hauptsächlich organische Vertriebskanäle

weiter vorangetrieben haben.

Fortgeführte Geschäftsbereiche

Exklusive unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan, stiegen die Umsatzerlöse aus fortgeführten Geschäftsbereichen um 7,0% von €205,3 Mio. im Jahr 2016 auf €219,6 Mio. im Jahr 2017.

Betriebliches Ergebnis

Historische Finanzinformationen

Unser betriebliches Ergebnis verschlechterte sich leicht von minus €20,5 Mio. im Jahr 2016 auf minus €21,3 Mio. im Jahr 2017. Das Bereinigte EBITDA verbesserte sich signifikant von einem Verlust von €13,8 Mio. im Jahr 2016 auf einen Verlust von €4,9 Mio. im Jahr 2017. Ausgedrückt in Prozent der Umsatzerlöse stieg das Bereinigte EBITDA von minus 5,5% im Jahr 2016 auf minus 1,9% im Jahr 2017. Diese Entwicklung basierte auf einem Anstieg des Bruttoergebnisses und einem Rückgang der Marketingaufwendungen.

Fortgeführte Geschäftsbereiche

Exklusive unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan, verschlechterte sich unser betriebliches Ergebnis aus fortgeführten Geschäftsbereichen leicht von minus €22,8 Mio. im Jahr 2016 auf minus €24,0 Mio. im Jahr 2017. Das Bereinigte EBITDA aus fortgeführten Geschäftsbereichen verbesserte sich deutlich von minus €12,3 Mio. im Jahr 2016 auf minus €4,0 Mio. im Jahr 2017. Ausgedrückt in Prozent der Umsatzerlöse aus fortgeführten Geschäftsbereichen stieg das Bereinigte EBITDA aus fortgeführten Geschäftsbereichen von minus 6,0% im Jahr 2016 auf minus 1,8% im Jahr 2017. Diese Entwicklung ist auf eine leichte Verbesserung des Ergebnisbeitrages, sinkende Marketingkosten aufgrund der Reduzierung von bezahlten Marketingaktivitäten im International Segment und weitgehend stabile allgemeine Verwaltungskosten zurückzuführen.

Eigenkapital

Die Summe Eigenkapital/(Fehlbetrag) veränderte sich von einem Fehlbetrag von €39,7 Mio. zum 31. Dezember 2016 auf einen Fehlbetrag von €65,8 Mio. zum 31. Dezember 2017. Diese Veränderung resultierte im Wesentlichen aus unserem Periodenergebnis, das im Jahr 2017 einen Verlust in Höhe von €31,5 Mio. ausmachte und nur teilweise durch eine Erhöhung der sonstigen Rücklagen im Zusammenhang mit aktienbasierten Optionen ausgeglichen wurde.

Zum 31. Dezember 2015 und 31. Dezember 2016 endende Geschäftsjahre

Umsatzerlöse

Historische Finanzinformationen

Die Umsatzerlöse stiegen um 14,2 % von €219,2 Mio. im Jahr 2015 auf €250,4 Mio. im Jahr 2016, was in erster Linie auf eine andauernde Migration von Offline zu Online und den Einfluss organischer Marketingaktivitäten zurückzuführen ist. Auf geographischer Ebene stiegen die Beiträge unseres Geschäftsbereiches in Deutschland signifikant. Unsere Geschäftsbereiche in Brasilien, Russland und Kasachstan erzielten im Jahr 2015 Umsatzerlöse in Höhe von €45,6 Mio. und im Jahr 2016 von €45,1 Mio.

Fortgeführte Geschäftsbereiche

Exklusive unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan, stiegen die Umsatzerlöse aus fortgeführten Geschäftsbereichen um 18,3% von €173,6 Mio. im Jahr 2015 auf €205,3 Mio. im Jahr 2016.

Betriebliches Ergebnis

Historische Finanzinformationen

Unser betriebliches Ergebnis verbesserte sich deutlich von einem Verlust von €57,3 Mio. im Jahr 2015 auf einen Verlust von €20,5 Mio. im Jahr 2016, bedingt durch einen deutlichen Anstieg des Bruttoergebnisses und einen deutlichen Rückgang der Marketing–, allgemeinen

Verwaltungs– und Fulfillmentkosten. Das Bereinigte EBITDA verbesserte sich signifikant von einem Verlust von €49,9 Mio. im Jahr 2015 auf einen Verlust von €13,8 Mio. im Jahr 2016. Ausgedrückt in Prozent der Umsatzerlöse stieg das Bereinigte EBITDA von minus 22,8% im Jahr 2015 auf minus 5,5% im Jahr 2016. Diese Entwicklung basierte auf einer stark verbesserten Ergebnisbeitragsmarge und einem signifikanten Rückgang der Marketingaufwendungen. Ein Rückgang der allgemeinen Verwaltungskosten trug ebenso zur Verbesserung des Bereinigten EBITDA bei.

Fortgeführte Geschäftsbereiche

Exklusive unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan, verbesserte sich unser betriebliches Ergebnis aus fortgeführten Geschäftsbereichen von einem Verlust von €53,8 Mio. im Jahr 2015 auf einen Verlust von €22,8 Mio. im Jahr 2016. Das Bereinigte EBITDA aus fortgeführten Geschäftsbereichen verbesserte sich deutlich von minus €42,2 Mio. im Jahr 2015 auf minus €12,3 Mio. im Jahr 2016. Ausgedrückt in Prozent der Umsatzerlöse aus fortgeführten Geschäftsbereichen stieg das Bereinigte EBITDA aus fortgeführten Geschäftsbereichen von minus 24,3% im Jahr 2015 auf minus 6,0% im Jahr 2016. Diese Verbesserung ist auf einen stark verbesserten Ergebnisbeitrag und einen deutlichen Rückgang der Marketingkosten zurückzuführen. Ein Rückgang der allgemeinen Verwaltungskosten trug ebenfalls zur Verbesserung des Bereinigten EBITDA bei.

Eigenkapital

Die Summe Eigenkapital/(Fehlbetrag) veränderte sich von einem Fehlbetrag von €12,7 Mio. zum 31. Dezember 2015 auf einen Fehlbetrag von €39,7 Mio. zum 31. Dezember 2016. Diese Veränderung ist im Wesentlichen auf unser Periodenergebnis zurückzuführen, das im Jahr 2016 einen Verlust von €24,9 Mio. ausmachte. Im Jahr 2016 hat die Gesellschaft Aktien zu einem Marktwert von €1,0 Mio. zurückgekauft, die als eigene Anteile im Eigenkapital ausgewiesen werden. Der negative Betrag der eigenen Anteile bewirkt, dass der Rückkauf von Aktien im Gegensatz zur Ausgabe von Aktien steht und somit die Summe Eigenkapital reduziert.

Jüngste Entwicklungen

Am 22. April 2016 haben die Gesellschaft und die Optionsscheininhaber eine Optionsscheinvereinbarung abgeschlossen, wonach den Optionsscheininhabern Optionsscheine zum Erwerb von Aktien der Gesellschaft eingeräumt wurden. Am 7. August 2018 haben die Gesellschaft und die Optionsscheininhaber eine weitere Optionsscheinvereinbarung zur Änderung der Optionsscheinvereinbarung vom 22. April 2016 abgeschlossen, um eine vorläufige Erfüllung der Optionsscheine durch Ausgabe von 11.912 neuen Aktien an der Gesellschaft an die Optionsscheininhaber zu ermöglichen. Im Rahmen der in der Optionsscheinvereinbarung vorgesehenen vorläufigen Erfüllung wurden die Optionsscheine in einem ersten Schritt durch die Ausgabe von 11.912 neuen Aktien an der Gesellschaft an die Optionsscheininhaber auf der Grundlage eines zeit-basierten Abschlags und eines fixen Abschlags zu einem maximalen Wandlungspreis von €5.229,00 (alle Zahlen vor der Durchführung der Kapitalerhöhung aus Gesellschaftsmitteln) vorläufig erfüllt. Der Vorstand und das aktive Management erhielten weitere 2.296 Optionen, um für die Verwässerung aus der Erfüllung der Optionsscheine kompensiert zu werden. Die endgültige Erfüllung der Optionsscheine wird auf Basis eines Transfers von Aktien zwischen den Optionsscheininhaber und den anderen vor dem IPO der Gesellschaft bestehenden Aktionären der Gesellschaft erfolgen, um den in der ursprünglichen Optionsscheinvereinbarung vom 22. April 2016 vorgesehenen Anteilsbesitz zu realisieren, wenn die Bewertung der Aktien der Gesellschaft im Zuge des IPO unter die der vorläufigen Erfüllung der Optionsscheine zugrunde liegende Bewertung fällt oder wenn sich der IPO um nicht mehr als vier Monate nach der vorläufigen Erfüllung der Optionsscheine verzögert. Es sind jedoch keine weiteren Anpassungen zwischen den relevanten Aktionären erforderlich, wenn die Bewertung der Gesellschaft über der der vorläufigen Erfüllung zugrunde liegenden Bewertung liegt. Es werden keine weiteren Anteile der Gesellschaft im Rahmen der endgültigen Erfüllung der Optionsscheine ausgegeben.

Am 22. August 2018 haben wir einen Vertrag über den Verkauf der Westwing Comércio Varejista Ltda., die Holdinggesellschaft unserer Geschäftsbereiche in Brasilien, an einen brasilianischen Private Equity Investor abgeschlossen. Wir haben uns aus verschiedenen

Gründen entschieden, unseren brasilianischen Geschäftsbereich zu veräußern, unter anderem aufgrund des schwierigen makroökonomischen Umfelds in Brasilien, einer historischen Tendenz zur Abwertung, der Schwierigkeit, Barmittel aus Brasilien zurückzuführen, begrenzter oder fehlender Synergien mit unseren Geschäftsbereichen im Rest der Welt und unserer Absicht, uns auf unsere Geschäftsbereiche in Europa zu konzentrieren, wo wir stärkere Wachstumspotenziale und Synergien sehen. Der vereinbarte Kaufpreis beträgt insgesamt 61,2 Mio. Brasilianische Real (entspricht zum Datum dieses Prospekts rund €12,9 Mio.). Der Vollzug der Transaktion steht unter dem Vorbehalt der Zustimmung der brasilianischen Kartellbehörden und ist an weitere übliche aufschiebende Bedingungen geknüpft. Werden die behördlichen Genehmigungen nicht erteilt oder wird eine der aufschiebenden Bedingungen nicht innerhalb von 90 Tagen ab dem Datum, an dem die Parteien die Bedingungen des Kaufvertrags bei den brasilianischen Kartellbehörden einreichen, erfüllt oder darauf verzichtet, kann jede Partei den Kaufvertrag kündigen. Der Kaufvertrag enthält Regelungen über die Entschädigung der Parteien. Unsere Freistellungsverpflichtungen sind allgemein auf 25% des um den Tagesgeldsatz der brasilianischen Zentralbank bereinigten Kaufpreises begrenzt, mit bestimmten Ausnahmen, wie z.B. Verstöße gegen wesentliche Zusicherungen oder Betrug und vorsätzliches Fehlverhalten, wobei für diese Fälle eine Obergrenze von 115% gilt.

Wir befinden uns in Verhandlungen mit einem potentiellen Käufer über den Verkauf unseres Geschäfts in Russland und Kasachstan. Fall diese Verhandlungen zu einer Einigung führen, werden wir unser Geschäft in Russland und Kasachstan für einen nicht wesentlichen Betrag verkaufen.

Durch Beschluss der Hauptversammlung der Gesellschaft vom 23. August 2018 wurde das Grundkapital der Gesellschaft aus Gesellschaftsmitteln um €15.438.486,00 von €103.614,00 auf €15.542.100,00 erhöht. Diese Kapitalerhöhung wurde am 3. September 2018 in das Handelsregister eingetragen.

Der aktuelle Geschäftsverlauf im Juli und August 2018 entsprach unserer Erwartung, dass die Umsatzerlöse in 2018 um 15-20 % steigen werden. Insgesamt stiegen die Umsatzerlöse aus fortgeführten Geschäftsbereichen in den ersten acht Monaten in 2018 im Vergleich zu den ersten acht Monaten in 2017 um 21%. Während die Umsatzerlöse aus fortgeführten Geschäftsbereichen in den beiden zum 31. August 2018 endenden Monaten gegenüber den beiden zum 31. August 2017 endenden Monaten um 18% gestiegen sind, wird für das dritte Quartal 2018 insgesamt ein Wachstum leicht unter dem unteren Ende unserer Jahresprognose für 2018 von 15-20% erwartet. Unser Wachstum in dem zum 30. September 2018 endenden Dreimonatszeitraum steht größtenteils im Einklang mit den saisonalen Trends, die wir in unserem Geschäft sehen und die im Sommer 2018 aufgrund der warmen und sonnigen Sommermonate besonders ausgeprägt waren. Auch die Verlangsamung in unserem International Segment trug zu dieser Entwicklung bei.

Außer den oben dargestellten Änderungen haben sich zwischen dem 30. Juni 2018 und dem Datum dieses Prospekts keine wesentlichen Änderungen unserer Vermögens-, Finanz- und Ertragslage ergeben.

B.8	**Ausgewählte wesentliche Pro-forma-Finanz-informationen.**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen erstellt.
B.9	**Gewinn-prognose oder -schätzung.**	Unter Berücksichtigung der im ungeprüften Konzernzwischenabschluss für den zum 30. Juni 2018 endenden Sechsmonatszeitraum dargelegten Entwicklungen, erwarten wir für das Geschäftsjahr 2018 ein Bereinigtes EBITDA in der Größenordnung von €2 bis €5 Mio.
B.10	**Beschränkungen im Bestätigungs-vermerk zu den historischen Finanz-informationen.**	Entfällt. Die Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Niederlassung München, Deutschland, hat den deutschsprachigen Jahresabschluss der Gesellschaft für das am 31. Dezember 2017 endende Geschäftsjahr in Übereinstimmung mit den in Deutschland allgemein anerkannten Rechnungslegungsgrundsätzen des HGB erstellt, sowie die deutschsprachigen Konzernabschlüsse der Gesellschaft für die am 31. Dezember 2015, 2016 und 2017 endenden Geschäftsjahre gemäß § 317 HGB und unter Beachtung der deutschen Grundsätze ordnungsmäßiger Abschlussprüfung geprüft und hinsichtlich der Konzernabschlüsse der Gesellschaft für die am 31. Dezember 2015 und 2016 endenden Geschäftsjahre uneingeschränkte Bestätigungsvermerke und hinsichtlich des

		Jahresabschlusses der Gesellschaft für das am 31. Dezember 2017 endende Geschäftsjahr sowie des Konzernabschlusses der Gesellschaft für das zum 31. Dezember 2017 endende Geschäftsjahr uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers erteilt. Englischsprachige Übersetzungen des vorgenannten geprüften Jahresabschlusses sowie der vorgenannten geprüften Konzernabschlüsse der Gesellschaft und der jeweiligen Bestätigungsvermerke bzw. der Bestätigungsvermerke des unabhängigen Abschlussprüfers sind in diesem Prospekt enthalten.
B.11	**Nicht Ausreichen des Geschäfts-kapitals des Emittenten.**	Entfällt. Die Gesellschaft ist der Ansicht, dass die Gruppe in der Lage ist, zumindest diejenigen Zahlungsverpflichtungen zu erfüllen, die in den nächsten zwölf Monaten nach der Billigung dieses Prospekts fällig werden.
C – Wertpapiere		
C.1	**Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere.**	Dieses erstmalige öffentliche Angebot (der „**IPO**") bezieht sich auf das Angebot von 5.060.000 auf den Inhaber lautenden Stückaktien der Gesellschaft, jeweils mit einem rechnerischen Anteil am Grundkapital von €1,00 und mit voller Gewinnanteilberechtigung ab dem 1. Januar 2018 (das „**Angebot**"), bestehend aus: • 4.400.000 neu ausgegebenen, auf den Inhaber lautenden Stückaktien aus einer Kapitalerhöhung gegen Bareinlagen (die „**IPO Kapitalerhöhung**"), die von einer außerordentlichen Hauptversammlung der Gesellschaft am oder um den 1. Oktober 2018 beschlossen werden soll (die „**Neuen Aktien**"); und • 660.000 bestehenden, auf den Inhaber lautenden Stückaktien aus dem Bestand der Rocket Internet SE (die „**Verleihende Aktionärin**") in Verbindung mit einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**" und zusammen mit den Neuen Aktien die „**Angebotsaktien**"). Für Zwecke der Zulassung zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse bezieht sich dieser Prospekt auf bis zu 4.400.000 Neue Aktien sowie 15.542.100 bestehende auf den Inhaber lautende Stückaktien der Gesellschaft, jeweils mit einem rechnerischen Anteil am Grundkapital von €1,00.
	Wertpapier-kennung.	International Securities Identification Number (ISIN): DE000A2N4H07 Wertpapierkennnummer (WKN): A2N4H0 Ticker Symbol: WEW
C.2	**Währung der Wertpapier-emission.**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien sowie Nennwert pro Aktie.**	Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft €15.542.100,00 und ist eingeteilt in 15.542.100 auf den Inhaber lautende Stückaktien, jeweils mit einem rechnerischen Anteil am Grundkapital von €1,00. Das Grundkapital ist vollständig eingezahlt. Zum Datum dieses Prospekts hält die Gesellschaft 28.650 eigene Aktien.
C.4	**Mit den Wertpapieren verbundene Rechte.**	Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Alle Aktien der Gesellschaft verleihen die gleichen Stimmrechte. Es bestehen keine Stimmrechtsbeschränkungen.
C.5	**Beschränkungen für die freie Über-tragbarkeit der Wertpapiere.**	Entfällt. Die Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Bestimmungen für auf den Inhaber lautende Stückaktien frei übertragbar. Außer den in E.5 angeführten Beschränkungen bestehen keine Verbote oder Beschränkungen hinsichtlich der Übertragbarkeit der Aktien der Gesellschaft.

C.6 Antrag für die Zulassung zum Handel an einem geregelten Markt.	Die Gesellschaft erwartet, dass sie die Zulassung ihrer Aktien zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse am oder um den 28. September 2018 beantragen wird. Der Zulassungsbeschluss für die Aktien der Gesellschaft wird voraussichtlich am 10. Oktober 2018 erteilt werden. Der Handel mit den Aktien der Gesellschaft an der Frankfurter Wertpapierbörse wird voraussichtlich am 11. Oktober 2018 beginnen.
C.7 Dividenden-politik.	Wir beabsichtigen derzeit, alle verfügbaren Mittel und zukünftigen Erträge einzubehalten, um das Wachstum und die Entwicklung unseres Geschäfts zu finanzieren. Daher beabsichtigen wir derzeit nicht, in absehbarer Zeit Dividenden auszuschütten. Etwaige zukünftige Entscheidungen, Dividenden auszuschütten, werden gemäß anwendbarem Recht getroffen und hängen unter anderem von unseren Geschäftsergebnissen, der finanziellen Lage, den vertraglichen Beschränkungen und dem Kapitalbedarf ab. Unsere Fähigkeit, Dividenden auszuschütten, kann ferner durch die Bedingungen unserer finanziellen Verbindlichkeiten oder Vorzugsaktien beschränkt sein, sofern die Gesellschaft in der Zukunft Vorzugsaktien ausgeben sollte.

D – Risiken

Eine Investition in Aktien der Gesellschaft ist mit Risiken verbunden. Zusätzlich zu den anderen in diesem Prospekt enthaltenen Informationen sollten Anleger vor der Entscheidung über eine Investition in Aktien der Gesellschaft die nachfolgend beschriebenen Risiken sorgfältig bedenken. Der Marktpreis der Aktien der Gesellschaft könnte sinken, wenn sich einzelne oder alle diese Risiken verwirklichen sollten. In diesem Fall könnten die Anleger ihre Investition ganz oder teilweise verlieren.

Die folgenden Risiken könnten alleine oder zusammen mit weiteren Risiken und Unwägbarkeiten, die der Gesellschaft derzeit nicht bekannt sind oder welche die Gesellschaft derzeit als unwesentlich erachtet, unser Geschäft, unsere Finanzlage, unsere Cashflows, unsere Erträge sowie unsere Aussichten erheblich beeinträchtigen. Die Reihenfolge, in der die Risiken dargestellt sind, stellt weder eine Indikation für die Wahrscheinlichkeit der tatsächlichen Verwirklichung dieser Risiken, noch der Signifikanz oder des Grads der Risiken oder des Ausmaßes des potentiellen Schadens für unser Geschäft, unsere Finanzlage, unsere Cashflows, unsere Erträge sowie unsere Aussichten dar. Die Risiken, die hier erwähnt werden, könnten einzeln oder kumulativ eintreten.

D.1 Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind.

Markt- und geschäftsbezogene Risiken

- Wir haben seit Beginn erhebliche Verluste erlitten und es gibt keine Garantie dafür, dass wir jemals auf der Ebene des Periodenergebnisses profitabel sein werden oder auf der Ebene des Bereinigten EBITDA profitabel bleiben werden.
- Zukünftiges Wachstum birgt verschiedene Risiken und Herausforderungen für unser Geschäft und wir sind möglicherweise nicht in der Lage, zukünftiges Wachstum effizient zu steuern.
- Jede Verschlechterung der wirtschaftlichen Bedingungen in den Märkten, in denen wir tätig sind, kann sich nachteilig auf unser Geschäft und unser operatives Ergebnis auswirken.
- Die Akzeptanz unseres Onlineangebotes an Home & Living Produkten könnte abnehmen oder sich nicht verbessern, und dies könnte erhebliche nachteilige Auswirkungen auf unser Geschäft und unser operatives Ergebnis haben.
- Wir sind möglicherweise nicht in der Lage neue Trends und die Nachfrage der Verbraucher nach unserer kuratierten Auswahl an Home & Living Produkten korrekt zu antizipieren oder darauf rechtzeitig und effektiv zu reagieren.
- Unsere geografische Präsenz setzt uns politischen, wirtschaftlichen, rechtlichen und anderen Risiken und Unsicherheiten aus.
- Wir stehen in intensivem Wettbewerb mit dem klassischen stationären Handel sowie anderen Onlinehändlern, der sich noch weiter verstärken könnte.
- Wenn wir es nicht schaffen, unsere Reputation und unsere Marke zu erhalten, zu

schützen und zu verbessern, könnte dies unser Geschäft beeinträchtigen.

- Unsere erheblichen Marketinginvestitionen bringen möglicherweise nicht die gewünschten Resultate.
- Wenn unsere Webseiten und Apps keine hohe Positionierung bei organischen Suchergebnissen erreichen, könnte dies die Nutzung unserer Websites und Apps reduzieren.
- Wir sind möglicherweise nicht in der Lage, effektiv mit unseren Kunden über Emails und andere Nachrichtendienste sowie soziale Medien zu kommunizieren, was unsere Marketingaktivitäten beeinträchtigen könnte.
- Wir könnten negativer Berichterstattung ausgesetzt sein, einschließlich falscher negativer Informationen, die zu einer sinkenden Nachfrage nach unseren Produkten führen könnte.
- Wir verlassen uns auf Lieferanten und sind möglicherweise aufgrund diverser Beschränkungen bei der Beschaffung von Produkten nicht in der Lage, unser Produktangebot zu erhalten und zu erweitern, um die sich verändernde Nachfrage unserer Kunden zu erfüllen.
- Wir sind möglicherweise nicht in der Lage, Produkte zu attraktiven Preisen anzubieten, wodurch sich die Popularität unserer Plattform verringern kann.
- Wir sind möglicherweise nicht in der Lage, unsere Beziehungen zu Lieferanten zu pflegen und auszubauen oder zusätzliche Lieferanten zu finden, und dies könnte erhebliche nachteilige Auswirkungen auf unser Geschäft und unser operatives Ergebnis haben.
- Produktmängel und -rückrufe könnten unser Geschäft und unsere Reputation beeinträchtigen.
- Unsere Beschaffungs- und Logistikkosten unterliegen Preisschwankungen in Bezug auf Roh- und Brennstoffe und wir sind möglicherweise nicht in der Lage, Preiserhöhungen an unsere Kunden weitergeben.
- Wir sind möglicherweise nicht in der Lage, unsere Lagerbestände effizient zu verwalten, und dies könnte erhebliche nachteilige Auswirkungen auf unser Geschäft und unser operatives Ergebnis haben.
- Wir sind möglicherweise nicht in der Lage, unsere Lagerhäuser und Logistikkapazitäten effizient zu betreiben und zu erweitern.
- Für die Lieferung unserer Produkte sind wir auf Drittanbieter angewiesen, was zu einer eingeschränkten Kontrolle über Lieferungen und der Sicherheit unserer Produkte während des Transports führen kann.
- Wir setzen auf komplexe Zahlungssysteme, die nicht richtig funktionieren könnten.
- Wir könnten Kreditkartenbetrug oder anderem betrügerischem Verhalten ausgesetzt sein und dies könnte erhebliche nachteilige Auswirkungen auf unser Geschäft und unser operatives Ergebnis haben.
- Unzufriedenheit mit unserem Kundenservice könnte uns daran hindern, unsere Kunden zu halten.
- Wir könnten einer hohen Anzahl von Rücksendungen ausgesetzt sein.
- Wir sind auf unser Personal angewiesen, um unser Geschäft zu entwickeln und zu betreiben und sind möglicherweise nicht in der Lage, bestehendes Personal zu halten und zu ersetzen oder neues Personal zu gewinnen.
- Investitionen in unsere IT-Plattform und IT-Infrastruktur führen möglicherweise nicht zu den gewünschten Ergebnissen.
- Wir könnten Fehlfunktionen oder Störungen unserer IT-Systeme ausgesetzt sein.
- Wir könnten Sicherheitsverstöße, den Verlust von Kunden- oder Lieferantendaten und Störungen aufgrund von Hacking, Viren, Betrug, anderen kriminellen Angriffen oder versehentlichen oder unbeabsichtigten Handlungen erleiden.

- Wir könnten zusätzliches Kapital benötigen, das möglicherweise nur zu wirtschaftlich unakzeptablen Bedingungen oder überhaupt nicht verfügbar ist.
- Unsere Gewinnprognose für das Geschäftsjahr 2018 kann erheblich von unserer tatsächlichen Ertragslage abweichen und wir könnten unser langfristiges strategisches Ziel nicht erreichen.
- Der Verkauf sowie auch ein fehlgeschlagener Verkauf unserer Geschäftsbereiche in Brasilien, Russland und Kasachstan kann einen erheblichen negativen Einfluss auf unser Geschäft oder unsere Ergebnisse haben.

Regulatorische, rechtliche und steuerliche Risiken

- Wir unterliegen zahlreichen, komplexen und manchmal widersprüchlichen rechtlichen und regulatorischen Regelungen.
- Wir könnten durch Änderungen der für die Nutzung des Internets und des elektronischen Handels geltenden Vorschriften beeinträchtigt werden.
- Unsere Risikomanagement- und Compliancestruktur könnte sich als unzureichend erweisen.
- Uns könnte vorgeworfen werden, das geistige Eigentum Dritter zu verletzen.
- Wir sind möglicherweise nicht in der Lage, unsere Domains und Marken zu erwerben, zu nutzen und zu pflegen.
- Wir könnten in Rechtsstreitigkeiten oder andere Prozesse verwickelt sein, die unser Geschäft beeinträchtigen könnten.
- Unser Geschäft unterliegt dem generellen Steuerumfeld in den Ländern, in denen wir tätig sind, und Änderungen dieses Steuerumfelds könnten unsere Steuerlast erhöhen.

D.3 Zentrale Risiken, die den Wertpapieren eigen sind.

Risiken im Zusammenhang mit der Aktionärsstruktur der Gesellschaft, den Aktien und dem Angebot

- Die Aktien der Gesellschaft wurden nie zuvor an einer Börse gehandelt und es ist nicht sicher, dass sich ein aktiver und liquider Markt für diese Aktien entwickeln wird.
- Der Aktienkurs der Gesellschaft könnte erheblich schwanken und Anleger könnten ihre Anlage in Aktien der Gesellschaft ganz oder teilweise verlieren.
- Nach dem Angebot werden die existierenden Aktionäre der Gesellschaft weiterhin eine wesentliche Beteiligung an der Gesellschaft halten und deren Interessen könnten den Interessen der Gesellschaft und denen der anderen Aktionäre widersprechen.
- Die Gesellschaft erwartet nicht, dass sie in absehbarer Zukunft Dividenden zahlen wird.
- Wir sind möglicherweise nicht in der Lage, die zusätzlichen Anforderungen, die nach der Börsennotierung der Aktien der Gesellschaft für uns gelten, zu erfüllen.
- Zukünftige Angebote von Fremd- oder Eigenkapitalinstrumenten durch die Gesellschaft könnten den Aktienkurs der Gesellschaft beeinträchtigen und zukünftige Ausgaben von Aktien könnten zu einer erheblichen Verwässerung der Aktionäre der Gesellschaft führen (d.h. den Wert der Beteiligung der bestehenden Aktionäre an der Gesellschaft vermindern).
- Zukünftige Verkäufe durch wesentliche Aktionäre der Gesellschaft könnten den Aktienkurs der Gesellschaft erheblich beeinträchtigen.

E – Angebot

E.1 Gesamtnetto-erlöse.

Die Gesellschaft wird die Erlöse, die aus der Veräußerung der Neuen Aktien im Rahmen des Angebots erzielt werden, erhalten. Zudem wird die Gesellschaft etwaige Erlöse aus der Ausübung der Greenshoe-Option (wie in E.3 definiert) erhalten.

		Unter der Annahme, dass sämtliche Neuen Aktien (d.h. 4.400.000 Aktien) platziert werden und die Greenshoe Option (wie in E.3 definiert) nicht ausgeübt wird, rechnet die Gesellschaft zum Mindest- (€23,00 je Angebotsaktie), Mittel- (€26,00 je Angebotsaktie) und Höchstwert (€29,00 je Angebotsaktie) der für das Angebot der Angebotsaktien festgelegten Preisspanne (die „**Preisspanne**") mit Bruttoerlösen für die Gesellschaft in Höhe von jeweils ungefähr €101,2 Mio., €114,4 Mio. und €127,6 Mio. und Nettoerlösen von jeweils ungefähr €95,2 Mio., €108,0 Mio. und €120,8 Mio. Unter der Annahme, dass sämtliche Angebotsaktien (d.h. 5.060.000 Aktien) platziert werden und die Greenshoe Option (wie unten in E.3 definiert) vollumfänglich ausgeübt wird (d.h. 660.000 Aktien), rechnet die Gesellschaft damit, dass zum Mindest-, Mittel- und Höchstwert der Preisspanne die Bruttoerlöse für die Gesellschaft jeweils ungefähr €116,4 Mio., €131,6 Mio. und €146,7 Mio. und die Nettoerlöse jeweils ungefähr €109,9 Mio., €124,6 Mio. und €139,3 Mio. betragen werden.
	Geschätzte Gesamtkosten der Emission/ des Angebots.	Die der Gesellschaft durch das Angebot der Angebotsaktien und der Börsennotierung sämtlicher Aktien der Gesellschaft (einschließlich der Börsennotierung von allenfalls unter der Greenshoe Option (wie in E.3 definiert) ausgegebenen Aktien) entstehenden Kosten werden sich voraussichtlich auf insgesamt €6,9 Mio. zum Mittelwert der Preisspanne unter der Annahme einer vollständigen Ausübung der Greenshoe Option (wie in E.3 definiert) und inklusive Konsortial- und Platzierungsprovisionen, die an die Joint Bookrunner gezahlt werden, belaufen und von der Gesellschaft getragen werden. Unter der Annahme eines Angebotspreises für die Aktien, die dem Angebot unterliegen (der „**Angebotspreis**") zum Mindest-, Mittel-, und Höchstwert der Preisspanne, der Platzierung der maximalen Anzahl der Angebotsaktien (d.h. samt der vollständigen Ausübung der Greenshoe Option (wie in E.3 definiert)) sowie unter der Annahme der vollständigen Zahlung der Ermessensgebühr von jeweils bis zu €1,7 Mio., €2,0 Mio. und €2,2 Mio. zum Mindest-, Mittel- und Höchstwert der Preisspanne wird sich die von der Gesellschaft an die Joint Bookrunner zu zahlende Provision auf jeweils €3,5 Mio., €3,9 Mio. und €4,4 Mio. belaufen. Basierend auf den Annahmen in dem vorhergehenden Absatz belaufen sich die Gesamtkosten für das Angebot und die Börsennotierung, die von der Gesellschaft getragen werden, auf €6,5 Mio., €6,9 Mio. und €7,4 Mio., woraus sich Nettoemissionserlöse von €109,9 Mio., €124,6 Mio. und €139,3 Mio. ergeben.
	Geschätzte Kosten, die dem Anleger in Rechnung gestellt werden.	Entfällt. Anlegern werden von der Gesellschaft, der Verleihenden Aktionärin oder den Joint Bookrunnern keine Kosten in Rechnung gestellt. Anleger müssen für die üblichen Transaktions- und Bearbeitungsgebühren aufkommen, die von ihren Brokern oder anderen Finanzinstituten, durch die sie ihre Aktien halten, erhoben werden.
E.2a	**Gründe für das Angebot.**	Die Gesellschaft beabsichtigt, das Angebot durchzuführen und ihre Aktien am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) der Frankfurter Wertpapierbörse zuzulassen, um die Nettoerlöse aus dem Angebot zu erhalten und Zugang zum Kapitalmarkt zu erlangen.
	Zweck-bestimmung der Erlöse.	Die Gesellschaft beabsichtigt derzeit, die Nettoerlöse aus dem Angebot in der folgenden Priorität zu verwenden: (i) zwischen €20 Mio. und €50 Mio. für Investitionen in die Technologieplattform und das Kundenerlebnis (z.B. IT-Plattform, Verbesserung der Logistik) sowie Erweiterung des Produktangebots und des Eigenmarken-Angebotes; (ii) bis zu €20 Mio. für Investitionen in die strategische Flexibilität zur Förderung des aktuellen internationalen Marktwachstums (z.B. Marketing- und Kundengewinnungsinitiativen); (iii) zwischen €20 Mio. und €25 Mio. zur Rückzahlung von Fremdkapital, wovon rund €15 Mio. für die Rückzahlung eines von GGC EUR S.à r.l. gewährten Darlehens mit einem Zinssatz von 10.75%, rund €6 Mio. für die Rückzahlung eines von einem verbundenen Unternehmen der Citigroup gewährten Darlehens mit einem Zinssatz von derzeit 5,00% sowie bis zu €4 Mio. für die Rückzahlung verschiedener Betriebsmittelkredite auf Ebene unser lokalen Gesellschaften mit Zinssätzen zwischen 2,75% und 8,75% verwendet werden, sowie (iv) etwaige sonstige Nettoerlöse aus dem Angebot für allgemeine Gesellschaftszwecke.

	Geschätzte Nettoerlöse.	Unter der Annahme, dass die maximale Anzahl an Angebotsaktien (5.060.000 Aktien) platziert und unter der Annahme, dass die Greenshoe Option (wie in E.3 definiert) vollumfänglich ausgeübt wird, rechnet die Gesellschaft damit, dass zum Mindest-, Mittel- und Höchstwert der für das Angebot bestimmten Preisspanne der Angebotsaktien, die Bruttoerlöse der Gesellschaft jeweils ungefähr €116,4 Mio., €131,6 Mio. und €146,7 Mio. und die Nettoerlöse jeweils ungefähr €109,9 Mio., €124,6 Mio. und €139,3 Mio. betragen werden.
E.3	**Angebots-konditionen.**	Das Angebot besteht aus einem IPO in Deutschland sowie Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands. In den Vereinigten Staaten werden die Angebotsaktien nur qualifizierten institutionellen Anlegern entsprechend und in Übereinstimmung mit sowie unter Berufung auf Rule 144A nach dem U.S. Securities Act von 1933 in der jeweils gültigen Fassung (der „**Securities Act**") oder gemäß einer anderen anwendbaren Ausnahme von den Registrierungsanforderungen des Securities Act bzw. in Transaktionen, die diesen Registrierungsanforderungen nicht unterfallen, angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen in Übereinstimmung mit Regulation S des Securities Act angeboten und verkauft.
	Preisspanne.	Die Preisspanne für das Angebot, innerhalb derer Kaufangebote platziert werden können, beträgt €23,00 bis €29,00 je Angebotsaktie.
	Angebotsfrist.	Der Zeitraum, in dem Anleger Kaufangebote für die Angebotsaktien abgeben können, beginnt voraussichtlich am 28. September 2018 und endet voraussichtlich am 10. Oktober 2018 (der „**Angebotszeitraum**").
	Angebotspreis.	Der Angebotspreis und die endgültige Anzahl an Angebotsaktien, die im Rahmen des Angebots platziert werden, werden am Ende des Bookbuilding-Verfahrens nach Beratung mit den Joint Bookrunnern von der Gesellschaft festgesetzt und es wird erwartet, dass sie am oder um den 10. Oktober 2018 veröffentlicht werden. Sollte sich herausstellen, dass das Platzierungsvolumen nicht ausreicht, um alle Aufträge, die zum Angebotspreis platziert wurden, zu befriedigen, behalten sich die Joint Bookrunner das Recht vor, Aufträge abzulehnen oder nur teilweise anzunehmen.
	Lieferung und Abwicklung.	Die Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises wird voraussichtlich am 15. Oktober 2018 erfolgen. Die Angebotsaktien werden den Aktionären als Miteigentumsanteile an den Globalurkunden zur Verfügung gestellt werden.
	Stabilisierungs-maßnahmen, Mehrzuteilung und Greenshoe Option.	Im Zusammenhang mit der Platzierung der Angebotsaktien wird Berenberg, für Rechnung der Joint Bookrunner, als Stabilisierungsmanager (der „**Stabilisierungsmanager**") agieren und kann als solcher und in Übereinstimmung mit Artikel 5 Absatz 4 und 5 der Verordnung (EU) Nr. 596/2014 des Europäischen Parlaments und des Rates vom 16. April 2014 über Marktmissbrauch, in der jeweils gültigen Fassung, in Verbindung mit Artikel 5 bis 8 der Delegierten Verordnung (EU) 2016/1052 der Kommission vom 8. März 2016, Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien der Gesellschaft zu stützen und so den durch kurzfristig orientierte Anleger erzeugten Verkaufsdruck zu verringern und einen ordentlichen Markt für die Aktien der Gesellschaft zu erhalten. Im Zusammenhang mit solchen Stabilisierungsmaßnahmen werden Anlegern zusätzlich zu den Neuen Aktien möglicherweise bis zu 660.000 Mehrzuteilungsaktien als Teil der Zuteilung der Angebotsaktien zugeteilt (die „**Mehrzuteilung**"). Zu diesem Zweck wird Berenberg, für Rechnung der Joint Bookrunner, bis zu 660.000 Mehrzuteilungsaktien aus dem Bestand der Verleihenden Aktionärin in Form eines Wertpapierdarlehens zur Verfügung gestellt. Im Zusammenhang mit potentiellen Mehrzuteilungen hat die Gesellschaft den Joint Bookrunnern eine Option zum Erwerb von bis zu 660.000 zusätzlichen Aktien der Gesellschaft zum Angebotspreis abzüglich der vereinbarten Provisionen eingeräumt (die „**Greenshoe-Option**"). Diese hat den ausschließlichen Zweck, dem Stabilisierungsmanager die Erfüllung seiner Rückgabeverpflichtung aus dem Wertpapierdarlehen der Verleihenden Aktionärin zu ermöglichen. Die Greenshoe-Option darf nur während des Stabilisierungszeitraums, d.h. der Zeitraum, der mit der Aufnahme des Handels der Aktien der Gesellschaft im regulierten Markt der Frankfurter Wertpapierbörse beginnt und spätestens 30 Kalendertage nach der Beendigung des Angebots endet, ausgeübt

werden.

Der Stabilisierungsmanager ist berechtigt, die Greenshoe-Option in dem Umfang auszuüben, in dem Anlegern Mehrzuteilungsaktien im Rahmen des Angebots zugeteilt wurden. Die Anzahl der Mehrzuteilungsaktien, die im Rahmen der Greenshoe-Option erworben werden, wird um die Anzahl der Aktien Gesellschaft reduziert, die am Tag der Ausübung der Greenshoe-Option vom Stabilisierungsmanager gehalten werden, sofern diese Aktien vom Stabilisierungsmanager im Rahmen von Stabilisierungsmaßnahmen erworben wurden.

E.4 Für die Emission/das Angebot wesentliche Interessen.

Im Zusammenhang mit dem Angebot und der Börsennotierung der Aktien der Gesellschaft sind die Joint Bookrunner eine vertragliche Beziehung mit der Gesellschaft und der Verleihenden Aktionärin eingegangen.

Die Joint Bookrunner handeln bei dem Angebot für die Gesellschaft und koordinieren die Strukturierung und Durchführung des Angebots. Nach erfolgreicher Durchführung des Angebots werden die Joint Bookrunner eine Provision erhalten. Dementsprechend haben die Joint Bookrunner ein finanzielles Interesse am Erfolg des Angebots zu den bestmöglichen Bedingungen.

Zudem sind die Joint Bookrunner und die mit ihnen verbundenen Unternehmen berechtigt, als Anleger für eigene Rechnung handelnd Aktien im Rahmen des Angebots zu erwerben und könnten in dieser Position auf eigene Rechnung solche Aktien oder verwandte Investitionen halten, erwerben oder veräußern und könnten solche Aktien oder verwandten Investitionen außerhalb des Angebots anbieten oder veräußern. Darüber hinaus können die Joint Bookrunner sowie die mit ihnen verbundenen Unternehmen mit Anlegern Finanzierungsvereinbarungen, einschließlich von Swap und Differenzkontrakten abschließen und in diesem Zusammenhang könnten der jeweilige Joint Bookrunner oder dessen jeweilige verbundene Unternehmen von Zeit zu Zeit, Aktien der Gesellschaft erwerben, halten oder veräußern.

Die Joint Bookrunner oder ihre jeweiligen verbundenen Unternehmen unterhalten Geschäftsbeziehungen zu Westwing und deren Aktionären und könnten dies von Zeit zu Zeit in Zukunft erneut tun, einschließlich von Finanzierungstätigkeiten, oder sie könnten Dienstleistungen für Westwing oder deren Aktionäre im Rahmen des gewöhnlichen Geschäftsbetriebs erbringen. Zum Beispiel hat Citicorp North America Inc., ein mit Citigroup verbundenes Unternehmen, im September 2018 mit der Gesellschaft eine Vereinbarung über ein Termindarlehen und eine revolvierende Darlehensfazilität abgeschlossen, unter welcher Citicorp North America Inc. als Darlehensgeber für ein €6 Mio. Termindarlehen und eine €6 Mio. Darlehensfazilität fungiert. Zum Datum dieses Prospekts waren unter diesen Fazilitäten €8 Mio. ausstehend. Die Gesellschaft beabsichtigt, einen Teil der Nettoerlöse des Angebots zur Rückzahlung ihrer ausstehenden Finanzverbindlichkeiten aus diesem Darlehen zu verwenden.

Die Gesellschaft als Darlehensnehmerin und GGC EUR S.à r.l., ein mit der Verleihenden Aktionärin verbundenes Unternehmen, als Darlehensgeberin haben eine Vereinbarung über eine befristete Darlehensfazilität in Höhe von €15,0 Millionen (die „**GGC Darlehensfazilität**") abgeschlossen. Zum Datum dieses Prospektes wurde der Gesamtbetrag in Höhe von €15,0 Millionen unter der GGC Darlehensfazilität in Anspruch genommen. Das Fälligkeitsdatum der GGC Darlehensfazilität liegt 36 Monate nach dem Vollzugsdatum (d.h. 23. März 2021). Im Falle eines Exit-Ereignisses, wovon jedoch dieses Angebot nicht umfasst ist, ist die GGC EUR S.à r.l. berechtigt, ihre Finanzierungszusage aus der GGC Darlehensfazilität zu kündigen und die vorzeitige Rückzahlung des ausstehenden Kapitalbetrags und der aufgelaufenen Zinsen zu verlangen. Darüber hinaus haben die Gesellschaft, bestimmte damalige Aktionäre der Gesellschaft und GGC EUR S.à r.l. im Zusammenhang mit dieser Darlehensfazilität eine Optionsscheinsvereinbarung abgeschlossen, gemäß welcher GGC EUR S.à r.l. Optionsscheine gewährt wurden, die es GGC EUR S.à r.l. ermöglichen, eine bestimmte Anzahl neuer Aktien an der Gesellschaft gegen Bareinlage zu erwerben. Die maximale Anzahl der an GGC EUR S.à r.l. auszugebenden Aktien und der von der GGC EUR S.à r.l. zu zahlende Bezugspreis werden nach einer Formel berechnet, die auf einem bestimmten Optionsbetrag und dem Wert der Aktien der Gesellschaft basiert. Die Optionsscheinsvereinbarung mit der GGC EUR S.à r.l. hat eine Laufzeit bis zum (i) zehnten Jahrestag des Unterzeichnungsdatums oder (ii) bis zur

Annahme eines Kaufangebots betreffend den Erwerb von Aktien durch die Aktionäre der Gesellschaft, je nachdem was früher eintritt. Zum Datum dieses Prospektes hat die GGC EUR S.à r.l. ihre Rechte aus der Optionsscheinsvereinbarung zum Erwerb von Aktien der Gesellschaft nicht ausgeübt. Der Bezugspreis pro Aktie beträgt derzeit €17,43 und unterliegt den üblichen Verwässerungsschutzbestimmungen. Auf der Grundlage des vorgenannten Bezugspreises könnte die vollständige Ausübung aller Wandlungsrechte zur Ausgabe von bis zu rund 93.822 Aktien der Gesellschaft führen und damit das derzeitige Grundkapital der Gesellschaft (d.h. 15.542.100 Aktien zum Datum dieses Prospektes) um bis zu rund 0,6% erhöhen. GGC EUR S.à r.l. hat daher möglicherweise ein Interesse an der Durchführung des Angebots.

Die Gesellschaft wird die Erlöse aus dem Verkauf der Neuen Aktien und, falls und soweit die Greenshoe-Option ausgeübt wird, aus der Ausübung der Greenshoe-Option (nach Abzug von Gebühren und Provisionen) sowie Zugang zu den Aktienmärkten erhalten.

Interessen-konflikte.

Entfällt. Es bestehen keine Interessenkonflikte im Hinblick auf das Angebot oder die Börsennotierung der Aktien der Gesellschaft.

E.5 Name der Person/des Unternehmens, die/ das das Wertpapier zum Verkauf anbietet sowie Lock-up-Verein-barungen.

Die Angebotsaktien werden von den Joint Bookrunnern zum Verkauf angeboten.

In dem Konsortialvertrag, den die Gesellschaft, die Verleihende Aktionärin und die Joint Bookrunner am 27. September 2018 abgeschlossen haben, hat die Gesellschaft mit den Joint Bookrunnern vereinbart, dass sie ohne die vorherige schriftliche Zustimmung der Joint Bookrunner, die nicht unbillig verweigert oder verzögert werden darf, innerhalb eines Zeitraums von 180 Tagen nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse (derzeit für den 11. Oktober 2018 erwartet), folgendes nicht tun wird:

- eine Erhöhung des Grundkapitals der Gesellschaft aus genehmigtem Kapital anzukündigen oder zu bewirken, mit Ausnahme zur Erfüllung der Kreos Capital V (Expert Fund) L.P., Kreos Capital IV (Expert Fund) Limited und GGC EUR S.à r.l. gewährten Wandlungsrechte aus den jeweiligen Optionsscheinsvereinbarungen;
- ihrer Hauptversammlung eine Erhöhung des Grundkapitals vorzuschlagen; oder
- eine Ausgabe von Wertpapieren mit Wandel- oder Optionsrechten auf Aktien der Gesellschaft oder Transaktionen mit einem vergleichbaren wirtschaftlichen Effekt anzukündigen, zu bewirken oder vorzuschlagen.

Allerdings kann die Gesellschaft (i) im Rahmen von Managementbeteiligungsplänen Aktien oder andere Wertpapiere unter Managementbeteiligungsplänen an bestehende oder ehemalige Angestellte, Unterstützer (z.B. Personen, die für die Gesellschaft oder mit ihr verbundene Unternehmen tätig sind oder waren oder die die Gesellschaft oder mit ihr verbundene Unternehmen auf andere Weise unterstützen oder unterstützten), bestehende oder ehemalige Mitglieder von Leitungsorganen, Dienstleister und Geschäftspartner der Gesellschaft oder ihrer Tochtergesellschaften oder deren jeweilige Investitionsvehikel ausgeben oder verkaufen, (ii) neue Aktien an bestimmte Gesellschafter, die derzeit Minderheitsanteile an Tochtergesellschaften der Gesellschaft halten ausgeben und (iii) unternehmerische Maßnahmen verfolgen, welche die Gesellschaft zum Zwecke des Abschlusses eines Vertrags oder der Fassung eines Beschlusses im Hinblick auf das Eingehen eines Joint Ventures oder den Erwerb von Gesellschaften vornimmt, sofern die Parteien des Joint Ventures oder der erworbenen Gesellschaft, an die solche Aktien ausgegeben werden, sich gegenüber den Joint Bookrunners verpflichten, an die gleiche Lock-up-Vereinbarung wie die bestehenden Aktionäre gebunden zu sein. Die vorstehenden Limitierungen finden keine Anwendung auf Kapitalerhöhungen im Zusammenhang mit dem Angebot.

Darüber hinaus haben sich die existierenden Aktionäre der Gesellschaft sowie die Mitglieder des Vorstands (der „**Vorstand**") schriftlich dazu verpflichtet, dass sie, ohne die vorherige schriftliche Zustimmung der Joint Bookrunner, die nicht unbillig verweigert werden darf, innerhalb eines Zeitraums von 180 Tagen im Falle der existierenden Aktionäre und 24 Monaten im Falle der Mitglieder des Vorstands nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse, weder, direkt noch indirekt, (i) Aktien oder andere Wertpapiere der Gesellschaft zum Kauf anbieten, verpfänden, zuteilen,

vertreiben, verkaufen, sich zum Verkauf von Aktien oder anderen Wertpapieren der Gesellschaft verpflichten bzw. eine Option verkaufen, Aktien oder andere Wertpapiere der Gesellschaft kaufen oder eine Option zum Verkauf erwerben, eine Option, ein Recht oder eine Garantie zum Kauf, zur Übertragung oder anderweitigen, direkten oder indirekten, Verfügung über Aktien oder andere Wertpapiere der Gesellschaft gewähren, (ii) die Ankündigung, Umsetzung oder Durchführung einer Erhöhung des Grundkapitals der Gesellschaft oder eine direkte oder indirekte Platzierung von Aktien veranlassen oder genehmigen, (iii) der Hauptversammlung, direkt oder indirekt, eine Beschlussfassung über eine Erhöhung des Grundkapital der Gesellschaft vorschlagen bzw. für eine solche Erhöhung der Grundkapitals stimmen, (iv) direkt oder indirekt die Ankündigung, Umsetzung oder den Vorschlag einer Ausgabe von Finanzinstrumenten, die in Aktien der Gesellschaft wandelbare Optionen oder Optionsscheine darstellen, veranlassen oder genehmigen, noch (v) eine wirtschaftlich gleichwertige Transaktion einzugehen oder durchzuführen.

Die vorstehenden Bestimmungen finden keine Anwendung auf (i) Übertragungen von Aktien eines Aktionärs der Gesellschaft auf ein mit ihm verbundenes Unternehmen oder andere Aktionäre der Gesellschaft unmittelbar vor dem IPO (sofern die Anzahl der übertragenen Aktien 10 % des Aktienbestands des übertragenden Aktionärs nicht übersteigt, soweit die Joint Bookrunners nicht etwas anderes vereinbart haben), (ii) zukünftige Verpfändungen zugunsten eines oder mehrerer Joint Bookrunner oder zugunsten eines mit diesen verbundenen Unternehmen mit Zustimmung der anderen Joint Bookrunner, und (iii) eine Übertragung von Aktien auf einen oder mehrere Joint Bookrunner oder eines mit diesen verbundenen Unternehmen aufgrund der Vollstreckung eines in Übereinstimmung mit (ii) bestellten Pfandrecht, vorausgesetzt, dass der/die Begünstigte(n) sich gegenüber den Joint Bookrunner verpflichtet(n), an die gleiche Lock-Up Verpflichtung gebunden zu sein.

Zudem können existierende Aktionäre Aktien, die im Rahmen des IPO angeboten werden, erwerben und sind diesbezüglich nicht an Lock-Up Vereinbarungen gebunden.

Die Joint Bookrunners können nach eigenem Ermessen ganz oder teilweise auf die Lock-up-Verpflichtung gemeinsam verzichten.

Zusätzlich zu den oben beschriebenen Bestimmungen haben die AI European Holdings S.à r.l., Jade 1317. GmbH, Kinnevik Online AB (wird ersetzt durch Kinnevik Internet Lux S.à r.l.), Rocket Internet SE, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Summit Partners RKT S.à r.l. und Tengelmann Ventures GmbH am 27. September 2018 eine Verkaufsinformationsabrede geschlossen. Gemäß dieser Vereinbarung hat sich jede Partei dazu verpflichtet, die anderen Parteien über einen beabsichtigten Verkauf von Aktien der Gesellschaft während der 180-tägigen Sperrfrist, welcher einen Verzicht der Joint Bookrunner im Rahmen der jeweiligen Sperrverpflichtung erfordern würde, zu informieren. Die Parteien verpflichteten sich ferner, dass die an einer solchen Verkaufstransaktion interessierten Parteien im Hinblick auf die Erlangung eines Verzichts von den Joint Bookrunner zusammenarbeiten und alle zumutbaren Anstrengungen zu unternehmen, um sicherzustellen, dass dieser Verzicht für alle Parteien gilt, die bereit und in der Lage sind, an der betreffenden Verkaufstransaktion anteilig teilzunehmen.

E.6 Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.

Zum 30. Juni 2018 betrug der Nettobuchwert der Gesellschaft minus €24,1 Mio. Der Nettobuchwert zum 30. Juni 2018 entspricht der Bilanzsumme Aktiva von €82,0 Mio. abzüglich der Summe langfristiger Schulden von €68,3 Mio. und der Summe kurzfristiger Schulden von €71,2 Mio. abzüglich nicht beherrschende Anteile von minus €33,4 Mio., jeweils wie im ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft zum 30. Juni 2018 ausgewiesen.

Der Nettobuchwert vor dem Angebot wird um die Ausgabe von 11.912 neuen Aktien an die Inhaber von Optionsrechten gegen die Zahlung von €11.912,00 und die Liquidation der Optionsrechte, die zum 30. Juni 2018 mit €40,9 Mio. bewertet wurden, in die Gesellschaft, bereinigt. Dementsprechend, unter der Annahme, dass die oben angeführte Ausgabe der neuen Aktien sowie die Liquidation am 30. Juni 2018 stattgefunden hätten, würde der Nettobuchwert der Gesellschaft zum 30. Juni 2018 um €40,9 Mio. erhöht. Der bereinigte Nettobuchwert zum 30. Juni 2018 würde €16,8 Mio. betragen. Der Nettobuchwert je Aktie, der dem Wert des Nettobuchwerts geteilt durch die Anzahl der ausstehenden Aktien der

Gesellschaft unmittelbar vor dem Angebot entspricht, würde am 30. Juni 2018 €1,08 je Aktie der Gesellschaft basierend auf 15.542.100 unmittelbar vor dem Angebot ausstehenden Aktien der Gesellschaft betragen.

Die verwässernde Wirkung des Angebots ist in der untenstehenden Tabelle dargestellt, die den Betrag veranschaulicht, um den der Angebotspreis den auf die Anteilseigner des Gesellschaft entfallenden Nettobuchwert je Aktie nach Abschluss des Angebots übersteigt, angenommen die unten beschriebenen Schritte des Angebots wären am 30. Juni 2018 vorgenommen worden. In dieser Hinsicht wurde der auf die Anteilseigner der Gesellschaft am 30. Juni 2018 entfallende Nettobuchwert um die Auswirkungen aus dem Angebot unter der Annahme angepasst, dass (i) die IPO Kapitalerhöhung zur Höchstzahl der angebotenen Neuen Aktien durchgeführt und die Greenshoe-Option vollumfänglich ausgeübt wird und (ii) sich der auf die Anteilseigner des Gesellschaft entfallende Nettobuchwert zum Mindest-, Mittel- und Höchstwert der Preisspanne um €109,9 Mio., €124,6 Mio. und €139,3 Mio. erhöht. Die angenommene Erhöhung beruht auf dem erwarteten Nettoerlös ohne Berücksichtigung von Steuereffekten. Der bereinigte, auf die Anteilseigner des Gesellschaft entfallende, Nettobuchwert ist als eine Kennzahl je Aktie unter der Annahme von 20.602.100 ausstehenden Aktien der Gesellschaft nach Abschluss des Angebots dargestellt (diese Kennzahl je Aktie wird als „**Eigenkapital nach dem IPO**“ bezeichnet):

	Zum 30. Juni 2018		
	Mindestwert	**Mittelwert**	**Höchstwert**
		(ungeprüft) **(in €, soweit nicht anders angegeben)**	
Nettobuchwert je Aktie[1]	1,08	1,08	1,08
Bruttoerlös aus dem Angebot (in € Mio.)	116,4	131,6	146,7
Geschätzte Gesamtkosten des Angebots (in € Mio.)[2]	(6,5)	(6,9)	(7,4)
Nettoerlöse aus dem Angebot (in € Mio.)	109,9	124,6	139,3
Eigenkapital nach dem IPO (in € Mio.)	126,7	141,4	156,1
Eigenkapital nach dem IPO je Aktie	6,15	6,86	7,58
Betrag, um den der Angebotspreis das Eigenkapital nach dem IPO je Aktie übersteigt (unmittelbare Verwässerung der neuen Aktionäre der Gesellschaft)	16,85	19,14	21,42
Prozentsatz, um den der Angebotspreis das Eigenkapital nach dem IPO je Aktie übersteigt	*274,0%*	*279,0%*	*282,6%*
Betrag, um den das Eigenkapital nach dem IPO je Aktie den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt (unmittelbarer Wertzuwachs der bestehenden Aktionäre der Gesellschaft)	5,07	5,78	6,50
Prozentsatz, um den das Eigenkapital nach dem IPO je Aktie den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt	*469,4%*	*535,2%*	*601,9%*

(1) Basierend auf 15.542.100 ausstehenden Aktien der Gesellschaft unmittelbar vor dem Angebot und einem Nettobuchwert der Gruppe in Höhe von minus €24,1 Mio. zum 30. Juni 2018, der im ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 30. Juni 2018 endenden Sechsmonatszeitraum als auf die Anteilseigner des Mutterunternehmens entfallender Fehlbetrag ausgewiesen wird, bereinigt um die Ausgabe von 11.912 neuen Aktien an die Inhaber von Optionsrechten gegen die Zahlung von €11.912,00 und die Liquidation der Optionsrechte, die zum 30. Juni 2018 mit €40,9 Mio. bewertet wurden, an die Gesellschaft. Die Tabelle spiegelt nicht die Auswirkungen einer geplanten Kapitalerhöhung der Gesellschaft wider, gemäß welcher die Gesellschaft beabsichtigt, insgesamt 6.730 Anteile an verschiedenen ihrer Tochtergesellschaften gegen Ausgabe von 487.350 neuen Aktien der Gesellschaft zu erwerben. Sofern diese Kapitalerhöhung wie geplant durchgeführt wird, wird diese Kapitalerhöhung zu einer Reduzierung des Nettobuchwerts je Aktie führen, da dann ein Großteil des auf nicht beherrschende Anteile entfallenden Eigenkapitals von minus €33,4 Mio. zum 30. Juni 2018, dem Nettobuchwert zuzurechnen ist.

(2) Inklusive Banken- und Platzierungsprovisionen, die an die Joint Bookrunner zu zahlen sind sowie vollständiger Zahlung der Ermessensgebühr.

Jede der Neuen Aktien und alle im Rahmen der Greenshoe-Option ausgegebenen Aktien haben die gleichen Stimmrechte wie die bestehenden Aktien der Gesellschaft.

Nach Abschluss des Angebots (unter der Annahme der vollständigen Ausübung der Greenshoe-Option) würde sich die Gesamtzahl der von den bestehenden Aktionären der Gesellschaft (einschließlich der Verleihenden Aktionärin) gehaltenen Aktien auf 75,3% der Gesamtzahl der Aktien der Gesellschaft belaufen.

E.7	**Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.**	Entfällt. Anlegern werden von der Gesellschaft oder den Joint Bookrunnern keine Kosten in Rechnung gestellt. Anleger müssen für die üblichen Transaktions- und Bearbeitungsgebühren aufkommen, die von ihren Brokern oder anderen Finanzinstituten, durch die sie ihre Aktien halten, erhoben werden.

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1. RISK FACTORS

*An investment in the shares of Westwing Group AG, Berlin, Germany (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**", "**Westwing**", "**we**", "**us**", "**our**" or "**ourselves**") is subject to risks. In addition to the other information contained in this prospectus (the "**Prospectus**"), investors should carefully consider the following risks when deciding whether to invest in the Company's shares. The market price of the Company's shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.*

The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to our business, financial condition, cash flows, results of operations and prospects. The risks mentioned herein may materialize individually or cumulatively.

1.1 Risks Related to Our Business, Operations and Financial Position

1.1.1 We have incurred significant losses since inception, there is no guarantee that we will ever be profitable at the net income level or remain profitable at the adjusted EBITDA level.

We consider ourselves to be the leader in the inspiration-based home & living eCommerce business in Europe. We aim to inspire our mostly female customer base with a curated selection of home & living products, which include home décor products, home accessories, textiles and furniture. These products are either offered under third-party brands or under our own private label. Based on our innovative business model, we attract customers through our daily themes and seek to monetize them through both our daily themes and our permanent assortment. Our continuing operations in eleven European countries are grouped in two operating and reportable segments, (i) the DACH segment, which includes our more mature markets Germany, Austria and Switzerland, and (ii) the International segment, which includes Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia.

Due to our focus on expanding our operations and constantly investing in our platform, we have never been profitable on a net income level. We incurred a loss for the period from continuing operations for the year ended December 31, 2017 of €32.6 million and for the six months ended June 30, 2018 of €5.4 million, respectively. In the fourth quarter of 2017 and in the first six months of 2018, however, we generated, based on our continuing operations, positive adjusted earnings before interest, taxes, depreciation, amortization and impairments (defined as operating result (EBIT) adjusted for depreciation, amortization and impairments and (i) share-based compensation (income) / expenses, (ii) initial public offering ("**IPO**") costs recognized in profit or loss (for the periods after January 1, 2018) and (iii) central costs allocated to discontinued operations ("**Adjusted EBITDA**")). This result was due to a slight improvement of our contribution margin, decreasing marketing expenses and largely stable general and administrative expenses. There is, however, no guarantee that we will achieve profitability on the net income level. On a quarterly basis, our Adjusted EBITDA will be negative in some quarters and there can be no assurance that in the future we will sustain profitability on an Adjusted EBITDA level for the last twelve months from the relevant reporting date. A number of factors, such as adverse economic developments, an inability to compile an attractive product offering and to provide a superior shopping experience as well as superior offerings by competitors with greater financial resources, some of which may be outside our control, may prevent us from further expanding our business and becoming and remaining profitable. Further, our DACH segment is more mature and has historically achieved a higher Adjusted EBITDA than our International segment. Accordingly, we seek to roll out our DACH business model in the markets in our International segment. There is, however, no guarantee that we will be able to successfully implement this roll-out.

As we continue to develop our business, we anticipate that we will, from time to time, make significant investments, including investments aimed at further enhancing recognition and perception of our brand, improving our customer experience and further developing our IT platform and fulfilment infrastructure to increase efficiency and benefit from economies of scale. However, there is no guarantee that such investments will yield the desired results and that they may prove to be even more expensive than initially anticipated. In addition, external developments (*e.g.*, adverse economic developments), which may be unforeseeable or beyond our control, could increase our cost base and offset any positive effects from efficiency improvements we actually achieve. We may not be able to recover higher costs by charging increased prices to our customers. Consequently, there is no guarantee that we will achieve profitability on the net income level. On a quarterly

basis, our Adjusted EBITDA will be negative in some quarters and there can be no assurance that in the future we will sustain profitability on an Adjusted EBITDA level for the last twelve months from the relevant reporting date.

If we fail to achieve profitability on the net income level or fail to sustain profitability on an Adjusted EBITDA level for the last twelve months from the relevant reporting date, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.2 Future growth poses various risks and challenges to our business and we may not be able to manage future growth efficiently.

Our strategy is to grow our business by benefiting from the expected continuation of the offline to online shift in the home & living industry and by entering into adjacent geographic markets. If we experience significant growth, our current platform may prove insufficient for our business. Continued growth of our business may require us to onboard additional suppliers and expand and improve our platform, IT-systems, fulfilment infrastructure, customer service, financial, accounting, compliance processes as well as management controls and reporting systems, which may not be possible in a timely and cost-effective manner. If we are unable to successfully handle future growth, we may be required to take steps to slow down our growth, which may adversely affect our business and competitive position. In addition, our historical revenue growth or operating expansion may not be indicative of future performance for a variety of reasons, including increased competition and the maturation of our business, and we can provide no assurance that our revenue will continue to grow or will not decline.

The anticipated growth may place significant demands on our management and key employees. Our existing teams may not be adequately staffed to handle an increase in the workload or our workforce management may prove insufficient for our expanding business and growth plans. Our ability to hire a sufficient number of new employees, in particular IT-experts, to manage our expanding operations in a timely manner depends on the overall availability of qualified employees and our ability to offer them sufficiently attractive employment terms compared to other employers. There is no guarantee that we will be able to hire the required number of employees in a timely manner and on acceptable terms.

An expansion of our platform, including our IT-infrastructure, an increase in the number of suppliers and a growing workforce will make our operations more complex and challenging. There is no guarantee that we will be able to meet such challenges and the risk of disruptions and compliance violations may increase.

An inability to manage future growth efficiently could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.3 Any deterioration of economic conditions in the markets in which we operate may adversely affect our business and results of operations.

Our growth and the margins we can achieve depend in part on global and regional economic conditions in the markets in which we operate and their impact on consumer spending, which is likely to decline during periods of economic uncertainty and recession. Given that large furniture items, which are part of our product offering, require our customers to make higher investments compared to purchases in other retail markets such as consumer electronics, traditional toys and games, consumer appliances and apparel, they may be even more reluctant to make such investments in periods of economic downturns. We also offer a large number of smaller furniture items, textiles and accessories, the purchase of which is largely discretionary in nature. Our customers could decide to no longer purchase such products during economically challenging times. As a result, our industry may be more adversely affected by such developments than other industries. In addition, beyond typical seasonal patterns, our revenue can also be impacted by other factors that have an impact on consumer spending, such as weather conditions. Sunny and warm weather typically leads to lower orders, as our consumers spend their time outside and not in front of their computers or mobile devices browsing our offers. For example, the warm and sunny weather in Europe in the summer of 2018, which led to reduced consumer spending, has had an adverse impact on our growth.

Adverse economic developments and economic uncertainty may stem from a number of factors such as uncertainty about the future development of interest and currency exchange rates, the United Kingdom's initiated exit procedure from the European Union, the recent rise of populist parties and candidates, the implementation of trade tariffs, terrorist activities in Europe as well as around the globe and political tensions, in particular concerning the Korean peninsula or the Middle East. Even countries with currently stable economies,

including Germany, could experience downturns in the future. A decline in consumer spending and purchasing power could lead to customers ordering less, or selecting only cheaper products, or not ordering online at all. For example, in addition to our continuing operations in eleven European countries, we also operated in Brazil, Russia and Kazakhstan. However, in light of our continued focus on our European operations for which we see stronger growth potential and synergies and the recent performance of our operations in Brazil, Russia and Kazakhstan, which was negatively impacted by the economic uncertainty and political tensions in these countries, we decided in the first half of 2018 to initiate a process to sell our operations in these markets. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified our operations in Brazil, Russia and Kazakhstan as discontinued operations in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

In addition, small businesses that do not have substantial resources, including a significant number of our suppliers, tend to be adversely affected to a greater extent by poor economic conditions than large businesses. If a significant number of our suppliers were to cease their operations due to an economic downturn, our own business could be adversely affected.

Any deterioration of economic conditions could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.4 Acceptance of our online home & living product offering may decrease or fail to improve, which may materially adversely affect our business and results of operations.

The online market for home & living products is less developed than the online market for a number of other goods and services, with online penetration amounting to just 5% in 2017 in the eleven European countries in which we currently operate, which is significantly lower than the share in many other consumer industries (*Source: Euromonitor*). If the acceptance of our online home & living product offering decreases or fails to improve, our business may be adversely affected.

Our success will largely depend on our ability to retain existing customers, which generate the majority of revenue, as well as attract new consumers who have historically purchased home & living products through traditional brick-and-mortar retailers. A number of factors may deter them from purchasing such products online, including:

- actual or perceived gaps in our product offering;
- an inability to offer our products at competitive prices;
- actual or perceived poor quality of products;
- concerns about buying products, in particular larger products, without a physical storefront or face-to-face interaction with sales personnel and the ability to physically examine these products;
- an actual or perceived lack of security of online transactions and concerns regarding the privacy of personal information;
- delivery times associated with online orders;
- delayed shipments or shipments of incorrect or damaged products;
- environmental concerns relating to our packaging, product materials or sourcing;
- any inconvenience associated with returning or exchanging items purchased online; and
- a lack of usability, functionality and features of our websites and apps.

If our shopping experience fails to meet the expectations of existing or future customers, if access to our daily themes website is considered restrictive or if new features and initiatives do not yield the desired results, demand for our products could decrease and our business could be adversely affected.

A lack of acceptance for our online offering of home & living products could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.5 We may fail to accurately anticipate and promptly respond to new trends and consumer demand for our curated selection of home & living offering or to not respond in a timely and effective manner.

While we believe that the home & living industry is less subject to short-term fashion trends than other retail industries, like the clothing industry, customer tastes and preferences do change over the medium-term. Our growth and financial performance therefore depend on our ability to identify, originate and define relevant trends and anticipate, gauge and react to changes in consumer demand, both of which may develop and change quickly, may be difficult to predict, and may vary from one geographic market to the other.

Any failure to identify or respond to changing trends and consumer preferences, including those relating to sustainability of product sources, and spending patterns in a timely and effective manner may negatively affect our relationship with our customers, leading them to reduce their visits to our websites and the amount they spend. This would adversely affect the demand for our products and services and our market share. If we are not successful at predicting trends and consumer preferences and adjusting our offering accordingly, we may also have excess inventory, which could result in markdowns and reduce our operating performance.

If we fail to respond to trends in the home & living industry in a timely and effective manner, we may not find purchasers for the products we offer, may not convert visitors to our websites into active customers and may lose existing active customers.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.6 Our geographic footprint exposes us to political, economic, legal and other risks and uncertainties.

We source our products from suppliers across the globe and sell such products in eleven countries in Europe, including our home market in Germany. As a result of our operations in these diverse markets, we are exposed to a number of risks, including:

- different manufacturing standards and practices;
- differences in the way manufacturers and other suppliers store, ship and handle the quality control with respect to their products;
- domestic and foreign customs, tariffs, quotas, import or export licensing requirements and other trade barriers with respect to our products or the raw materials required to manufacture such products;
- the need to adapt our product offering as well as our logistics, payment, fulfilment and customer service to local tastes and practices;
- the need to adjust our customer targeting to local markets, including the offering of country specific websites and apps in local languages;
- differences in the way customers purchase, pay for and return products and provide us with feedback;
- differences in infrastructure in general and internet and IT infrastructure in particular;
- an inability to adapt the existing infrastructure in such local markets to new technological advances in a timely manner;
- unfamiliar business practices;
- government intervention or intervention from corrupt officials to favor certain competitors;
- political instability, civil unrest, including strikes, and urban violence;
- regulations restricting or limiting foreign ownership of companies and assets;
- diverse and complex legal and tax environments and customs regimes;
- opaque or unfamiliar legal systems and license requirements, which may contain conflicting regulatory requirements and are often subject to arbitrary enforcement by authorities; and
- limitations on the remittance of dividends and other cross-border payments or on the recovery of amounts withheld due to withholding taxes.

If we expand our geographic footprint these risks may increase and there is no guarantee that we can manage them effectively, or at all.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.7 We face intense competition from traditional brick-and-mortar retailers as well as other online retailers, which may intensify even further.

The market for online home & living products is highly competitive, fragmented and rapidly changing. We face intense competition from a diversified group of competitors operating under various brands. The business models of these competitors may differ substantially from our business model and a number of these competitors are also active in industries other than home & living. The competitors we face differ between our geographic markets as well as different categories and include:

- traditional home & living retail chains (*e.g.*, XXXL/BUT, Höffner, porta, Conforama and SEGMÜLLER), including their respective online offerings;
- retail chains with a focus on certain product categories such as mattresses and bedroom furnishings (*e.g.*, Dänisches Bettenlager), including their respective online offerings;
- young living retail chains (*e.g.*, IKEA);
- home & living discounters (*e.g.*, mömax, POCO and ROLLER), including their respective online offerings;
- individual furniture stores, including stores relating to individual furniture brands;
- multi-category online retailers (*e.g.*, Amazon, OTTO);
- multi-category online marketplaces (*e.g.*, eBay);
- pure-play online home & living retailers (*e.g.*, Wayfair, home24 and MADE.COM);
- multi-channel home & living retailers (*e.g.*, Maisons du Monde, Bolia);
- multi-channel home & living retailers for certain product categories such as bedding, home fragrances, tableware and other home accessories (*e.g.*, Zara Home);
- pure-play online retailers for certain product categories such as bedroom furnishings (*e.g.*, Schlafwelt and Emma Matratzen);
- retailers for the premium segment (*e.g.*, AmbienteDirect.com, connox); and
- home & living price comparison websites (*e.g.*, moebel.de).

Many of our competitors may have longer operating histories, greater brand recognition, larger fulfilment infrastructures, greater technical capabilities, faster and less costly shipping networks, significantly greater financial, marketing and other resources and a larger customer base compared to us. These advantages may allow our competitors to derive higher revenue and profits from their existing customer base, acquire customers at lower costs or respond faster to new or emerging technologies and changes in consumer habits. Our competitors may undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may adversely impact our competitive position. In addition, many of the traditional home & living retail chains are increasingly investing in their online offerings, leading to growing competition in the online home & living industry. New competitors may emerge, or home & living retailers that currently operate in other countries may choose to enter, or expand into, our markets. Given the significant fragmentation of the home & living industry and a trend towards consolidation of our industry, some of our competitors may decide to merge or enter into business combinations, further increasing their size and market reach.

Competitive pressure from our current or future competitors or an inability to adapt effectively and quickly to a changing competitive landscape could adversely affect demand for our products, force us to cut prices and thereby adversely affect our growth and our margins. We compete for customers mainly on the basis of the breadth and quality of our product offering, the attractiveness of our prices, the strength of our brand and the quality of our services, including our customer service, the convenience and functionality of our IT platform as well as the speed of our deliveries. If we fail to compete effectively in any one of these areas, we may lose existing consumers and fail to attract new customers.

Intense competition from other home & living retailers could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.8 Any failure to maintain, protect and enhance our reputation and brand may adversely affect our business.

The recognition and reputation of our brand, "Westwing", among existing and potential customers and suppliers are critical for the growth and continued success of our business as well as for our competitiveness in our target markets. Maintaining a leading brand is key in the online home & living industry as eCommerce markets typically favor the market participants with the strongest brands. While less established brands may also be able to operate profitably, the market participant with the strongest brand typically captures a very large market share. Therefore, any developments that harm our brand could materially adversely affect our business.

As competition in our markets intensifies, we anticipate that maintaining and enhancing our brand may become increasingly difficult and expensive, and investments to increase the value of our brand may not be successful. Many factors, some of which are partially beyond our control, are important for maintaining and enhancing our brand, including our ability to:

- compile an attractive home & living product offering at attractive prices;
- attractively present and market these products as part of an inspiring and convenient shopping experience, including products marketed under our own private label;
- maintain and improve the popularity, attractiveness, diversity, quality and value of our product offering;
- increase brand awareness through marketing and brand promotion activities;
- preserve our reputation;
- maintain and improve customer loyalty and repeat purchases;
- maintain and improve customer satisfaction through customer service (*e.g.*, after sales services);
- perform adequate due diligence on our current and potential future suppliers;
- maintain, monitor and improve our relationships with suppliers;
- manage new and existing technologies and sales channels, including our apps; and
- maintain and improve the efficiency, reliability and quality of our delivery and fulfilment processes to ensure comparably short delivery times.

Any failure to offer high quality products and excellent customer service could damage our reputation and brand and result in the loss of customers. Since all of our products are supplied by third-party suppliers or sourced directly from manufacturers, we may also receive negative publicity in case of any failure to properly select or monitor our suppliers or inappropriate actions of our suppliers (*e.g.*, violations of product safety regulation, environmental standards, labor laws or a use of child and slave labor). In addition, we rely on third parties for information, including product characteristics and availability of products we offer, which may be inaccurate. While we delist any products or suppliers who fail to meet our contractually agreed performance standards (see "*1.1.15 We may be unable to maintain and expand our relationships with suppliers or to find additional suppliers, which may materially adversely affect our business and results of operations.*"), there is no guarantee that we will be able to address any such concerns in a timely manner, or at all.

We rely on social media (*e.g.*, Facebook, Instagram and Pinterest) for the promotion of our brand and marketing efforts, and any negative publicity may be accelerated through social media due to its immediacy and accessibility as a means of communication. Such negative publicity, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new or retain existing customers. Given the rapid nature of social media, we may be unable to react to such negative publicity in a timely manner (see "*1.1.12 We may be subject to negative publicity, including inaccurate adverse information,* which may result in declining demand for our products.").

Our founder, Delia Fischer, regularly supports brands not affiliated with us and promotes their products. Due to these involvements, events that tarnish the reputation of these brands may potentially also negatively affect our brand image.

Any failure to maintain, protect and enhance our reputation and brand could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.9 Our significant investments in marketing may fail to yield the desired results.

We have made, and may continue to incur, substantial marketing expenses. We historically focused on paid marketing channels to build our brand and gain relevant size and scale. We then shifted our marketing efforts primarily towards organic marketing channels such as Instagram or Facebook and focused on our mobile and social media activities. There can, however, be no assurance that our organic marketing channels will work in our less established markets, including most of the markets in the International segment or markets into which we may expand in the future. Any failure or delay in shifting towards organic marketing could lead to higher than expected marketing expenses. In our more established markets, a number of factors, including deteriorating customer loyalty, any tarnishing of our brand or increased competition may require us to reduce our focus on organic marketing channels and significantly increase our investments in paid marketing channels in the future.

For purposes of planning our future marketing efforts, including deciding on the mix of marketing channels and setting our marketing budget, we rely on data regarding the effectiveness of marketing measures and channels collected in the past. Any inability to accurately measure the effectiveness of our marketing measures and channels, for example due to the time lag between the first customer contact and the placement of an order as well as the time of the order and revenue realization, may lead to our marketing efforts not having the desired effect, which may negatively affect our growth and business. Furthermore, there can be no assurance that our assumptions regarding required customer acquisition costs and resulting revenue, including those relating to the effectiveness of our marketing investments, will prove to be correct.

We cannot guarantee that our current marketing channels will continue to be effective, permissible and generally available to us in the future. Our online partners might be unable to deliver the anticipated number of customer visits, or visitors that are attracted to our websites by such campaigns might not make the anticipated purchases. New regulation may adversely affect certain marketing channels and the ways in which we may use data collected in the past, in particular regulation aimed at controlling and censoring social media and increasingly stringent and complex data protection regulation. If we are unable to attract sufficient traffic to our websites, translate a sufficient number of website visits into purchasers with sufficiently large order values, build and maintain a loyal customer base, increase the purchase frequency of these customers, or do any of the foregoing on a cost-effective basis, this could adversely affect our business.

If we are unable to successfully market our home & living product offering, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.10 If our websites and apps do not achieve a high ranking in organic search results, this could reduce traffic to our websites and apps.

A material number of our customers access our websites and apps by clicking on a link contained in organic search results generated by search engines such as Google and Bing. We endeavor to increase such relevant traffic by increasing the ranking of our websites and apps in organic searches, a process known as search engine optimization. However, the algorithms and ranking criteria of such search engines are confidential. Consequently, we do not have complete information on such algorithms and ranking criteria, making our efforts at search engine optimization considerably more difficult. Furthermore, search engines frequently modify their algorithms and ranking criteria to prevent their organic search results from being manipulated, which could impair our search engine optimization efforts. If we are unable to quickly recognize and adapt our techniques to such modifications in search engine algorithms or if our search engine optimization efforts prove otherwise ineffective, we may need to increase our spending on other forms of marketing or may potentially suffer a significant decrease in traffic to our websites and apps.

In addition, search engines may consider our search engine optimization efforts manipulative or deceptive and therefore see them as a violation of their terms of services. This may result in our websites and apps being excluded from organic search results. The same may occur if search engines modify their terms of service to prohibit our search engine optimization efforts. Any exclusion of our websites and apps from organic search results could significantly reduce our ability to attract relevant traffic to our websites and materially adversely affect our business.

An inability to achieve a high ranking for our websites and apps in organic search engine results could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.11 We may be unable to effectively communicate with our customers through email and other messages as well as social media, which could impair our marketing efforts.

We use daily and weekly newsletters in the form of emails and other messaging services to promote our websites and inform customers of our home & living product offering, in particular our events from our daily themes offering. Changes in how webmail services organize and prioritize emails could reduce the number of customers opening our emails. For example, Google Inc.'s Gmail service provides a feature that organizes incoming emails into categories (*e.g.*, primary, social and promotions). Such tools and features could result in our emails and other messages being shown as "spam" or as lower priority to our customers, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on, or charge for the delivery of, emails and other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements on our ability to conduct email marketing or send other messages, could impair our ability to communicate with our customers. If we are unable to send emails or other messages to our customers, if such messages are delayed, or if customers do not receive or decline to open them, we can no longer use this unpaid marketing channel. This could impair our marketing efforts or make them more expensive if we have to increase spending on paid marketing channels to compensate and as a result, our business could be adversely affected.

Malfunctions of our email and messaging services could result in erroneous messages being sent and customers no longer wanting to receive any messages from us. Furthermore, our process to obtain consent from visitors to our websites to receive newsletters and other messages from us and to allow us to use their data may be insufficient or invalid. As a result, such individuals or third parties may accuse us of sending unsolicited advertisements and other messages. In addition, our use of email and other messaging services could result in claims being brought against us (see "*1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.*").

Since we also rely on social media to communicate with our customers, changes to the terms and conditions of the relevant providers could limit our ability to communicate through social media. These services may change their algorithms or interfaces without notifying us, which may reduce our visibility. In addition, there could be a decline in the use of such social media by our customers, in which case we may be required to find other, potentially more expensive communication channels.

An inability to communicate through emails and other messages as well as social media could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.12 We may be subject to negative publicity, including inaccurate adverse information, which may result in declining demand for our products.

Customers value readily available information concerning online retailers and often act on such information without further investigation or authentication or regard to its accuracy. Social media and websites immediately publish posts from users, often without filters or checks on the accuracy of the content posted. Allegations against us may be posted on social media, in internet chat rooms or on blogs or websites by anyone on an anonymous basis. We may be the target of harassment or other detrimental conduct by third parties, including from our competitors. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or demeaning statements about our business, even if these allegations or statements are unfounded and we may be required to spend significant time and money to address such allegations. Inaccurate adverse information may harm our business and we may not be able to redress or correct inaccurate posts in a timely manner, or at all.

Our business may become the subject of negative media coverage and public attention, which may develop strong dynamics and adversely affect our business. In addition, third parties may communicate complaints to regulatory agencies and we may be subject to government or regulatory investigation as a result of such complaints. There is no assurance that we will be able to conclusively refute such allegations in a timely manner, or at all.

Negative publicity and complaints could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.13 We rely on third-party suppliers and may not be able to maintain and expand our product offering to meet the evolving demands of our customers due to sourcing constraints.

Our entire product offering is supplied by third-party suppliers or directly sourced from manufacturers as we do not operate any manufacturing facilities ourselves. In the future, we intend to introduce new products and product categories to our offering. Therefore, we rely on our third-party suppliers and cannot guarantee that we will at all times be able to source and successfully introduce attractive products in the desired quantity and/or at suitable prices for our product offering. For products marketed under third-party brands, competitors may obtain exclusive marketing rights, preventing us from including relevant products in our product offering. For our own private label offering, we depend on our ability to negotiate the manufacture of the desired products at attractive prices and in sufficient volumes with individual manufacturers and other suppliers and such suppliers may not be willing to provide these products on the terms we seek. There is no guarantee that we will be able to maintain a supplier network that is sufficiently broad to meet varying demand in our markets. If we are unable to source products for our diverse markets from the same suppliers this may limit our ability to benefit from economies of scale and negotiate discounts.

While we believe that the home & living industry is less subject to short-term fashion trends than other retail industries, like the clothing industry, customer tastes and preferences (*e.g.*, regarding price, quality and design of home & living products) do change over the medium-term, requiring us to quickly adapt our product offering to meet such evolving customer demands. However, there is no guarantee that we will be able to source and successfully introduce new and innovative products in time. Should our competitors be able to introduce particularly attractive products for which they hold exclusive marketing rights, we may not be able to provide our customers with a comparable offering.

An inability to maintain and expand our product offering could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.14 Any failure to offer products at attractive prices may reduce the popularity of our platform.

The popularity and success of our daily themes offering depend in part on our ability to offer products at attractive prices. We operate in an intensely competitive sector and consumers are increasingly tech-savvy and able to compare prices on various sites. If we are unable to provide attractive prices to consumers, it may be more difficult for us to acquire customers and to grow our customer base. In addition, customers may not purchase our products and may not return to the website of our daily themes offering if the prices for the products are not perceived as appealing, in which case customer engagement and sales may decline, our reputation may suffer and we may become a less attractive partner for brand partners and suppliers.

We may be unable to offer attractively priced products for a variety of reasons, some of which may be beyond our control, including general supply and demand dynamics in a particular market, increases in brand partners' cost of sales or operating costs, or changes in brand partners' preferences regarding the channels they use to distribute inventory.

Any inability to continue to offer attractively priced products could have a material adverse effect on the Group's business, financial condition and results of operations.

1.1.15 We may be unable to maintain and expand our relationships with suppliers or to find additional suppliers, which may materially adversely affect our business and results of operations.

While our global supplier network consists of around 5,000 suppliers, we primarily source our products from Western and Southern Europe as well as Eastern Asia. If we fail to maintain and expand our existing relationships and to build new relationships with suppliers on acceptable commercial terms, we will not be able to maintain and expand our broad product offering, which could adversely affect our business.

In order to maintain and expand our relationships with our current suppliers and to attract additional quality suppliers, we will, *inter alia*, need to:

- demonstrate our ability to help our suppliers sell significant volumes of their products at attractive prices;
- attractively present our products, in particular branded products, to ensure that such presentation meets the relevant supplier's standards;

- offer suppliers a high quality, cost-effective fulfilment process;
- continue to provide suppliers with a dynamic and real-time view of our demand and inventory via data and analytics capabilities; and
- hire and retain necessary talent to maintain relationships with existing suppliers and source additional suppliers.

If we fail to find and select quality suppliers of attractive products, if such suppliers refuse to work with us, if we are not able to negotiate advantageous terms with them or if we do not manage these relationships efficiently, we may not be able to grow as anticipated or future growth may lead to supply shortages, which could adversely affect our business. Our competitors may seek to enter into exclusivity agreements with our suppliers and thereby prevent us from sourcing products from the respective suppliers.

To enforce our performance standards, we delist any products or suppliers who fail to meet those standards (*e.g.*, with respect to product quality, environmental compliance and labor standards and relations). Suppliers may however also decide to no longer cooperate with us, cease their operations or face financial distress or other business disruptions. As a result, we may not be able to source all products for our product offering in time and at acceptable prices and consequently lose customers to competitors with a broader product offering and our remaining suppliers may prefer to sell their products through other home & living retailers with a larger customer base.

An inability to find and engage the right suppliers for our products could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.16 A lack of credit insurance at acceptable terms may lead our suppliers to seek to reduce their credit exposure to us.

Many suppliers in our industry take out credit insurance to protect their receivables against the risk of bad debt, insolvency or protracted default. The credit levels available to them when selling products to us remain dependent on the general economic environment and our financial position. If there is a decrease in the availability of credit insurance to our suppliers, if such insurance becomes more expensive, no additional insurance is available despite our continued growth or if credit insurance is withdrawn in its entirety, suppliers may be unwilling to assume credit risk themselves and decide to reduce their credit exposure to us (*e.g.*, by changing the terms of doing business with us or refusing to do business with us at all).

A lack of credit insurance at acceptable terms could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.17 Product defects and product recalls could adversely affect our business and reputation.

As our products are manufactured by third-party suppliers, including suppliers from emerging markets, we have only limited control over the quality of these products. As a result, we may inadvertently sell defective products, which could cause death, disease or injury to our customers or damage their property, forcing us to recall such products or resulting in product liability claims and/or administrative fines or criminal charges against us. There is no guarantee that we will be adequately insured against such risks or will be able to take recourse against the suppliers from who we sourced these products, in particular if these are located in foreign countries such as China or India or do not have sufficient capital to indemnify us. In addition, any negative publicity resulting from product recalls or the assertion that we sold defective products could damage our brand and reputation.

The sale of defective products could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.18 Our sourcing and logistics costs are subject to movements in the prices for raw materials and fuel, and we may not be able to pass on price increases to our customers.

Our sourcing and logistics costs are typically influenced by a variety of factors, many of which are beyond our control, including raw material and fuel prices, labor costs, rent levels, import tariffs and fluctuations in foreign exchange rates, the capacity and utilization rates of our suppliers and carriers, which in turn depend on general demand, as well as the quantities of products we demand and our specifications, in particular with respect to our own private label offering. As a result, our sourcing costs may vary considerably in the short-term and increase significantly if there are shortages at certain suppliers. There is no guarantee that

we will be able to pass on an increase in sourcing and logistics costs to our customers through price increases. To the extent we seek to increase our prices, such price increases could adversely affect demand for our products. If competitors are able to offer lower prices as they benefit from decreasing raw materials or fuel prices, customers may demand that we also lower our prices irrespective of the actual development of our sourcing costs.

Movements in sourcing and logistics prices and an inability to pass on price increases to our customers could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.19 We may be unable to efficiently manage our inventory levels, which may materially adversely affect our business and results of operations.

While a substantial share of our products, in particular products marketed under third-party brands, are shipped directly from our suppliers to our customers (drop-shipping) or remain only briefly in our warehouses (cross-docking), we also maintain a supply of our top sellers marketed under our own private label as well as particularly popular third-party products in stock. Customer preferences regarding price, quality and design of home & living products may change rapidly, making it difficult to accurately forecast future demand.

If we fail to correctly anticipate the demand for our products, including changes resulting from shifting customer preferences, or if we do not accurately anticipate the time it will take to obtain new inventory, we may not be able to avoid overstocking or understocking of certain products. If we underestimate demand, this may result in a loss of customers who are unsatisfied with our delivery times. However, if we overestimate demand, we may experience excess inventories, incur higher costs for maintaining such inventories and ultimately be forced to record losses for write offs on our inventories. In order to sell excess inventories, we may choose to offer products at significant discounts, which may adversely affect our profit margins and the level of prices we can demand for other products.

An inability to efficiently manage our inventory levels could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.20 We may fail to efficiently operate and expand our warehouses and logistics capabilities.

The successful operation and expansion of our warehouses and our other logistics capabilities are crucial to our business and continued growth. Our warehouses handle the inbound receipt of most of our products, storage, packaging, outbound freight and the receipt, screening, and handling of returns. These processes are complex and depend on sophisticated know-how and technological infrastructure. Any failure or disruption of our warehouses (*e.g.*, due to software malfunctions, fires, natural disasters, acts of terrorism, vandalism or sabotage) could adversely affect our ability deliver our products in a timely manner, cause our logistics costs to increase and harm our reputation.

If we decide to add fulfilment capabilities or new businesses or product categories with different logistical requirements or change the composition of our product offering, our logistics infrastructure may require greater logistical processing capacity and logistical requirements will become increasingly complex. Any expansion or difficulties we encounter in our operations may force us to change the current set-up and organization of our logistics network, including by relocating or outsourcing certain capabilities. However, there is no guarantee that the associated transition will be smooth and we may be unable to react to such challenges in a cost-effective and timely manner.

Delivery times for our products vary due to a variety of factors (*e.g.*, the relevant products, stock levels, the location of the warehouses from which they are shipped, the speed of our suppliers, the number of products included in the relevant order, the country in which customers are located and the speed of the third party carrier). Customers may expect faster delivery times and more convenient deliveries than we can provide. If we are unable to meet customer expectations, or if our competitors are able to deliver products faster or more conveniently, our reputation and competitiveness may suffer and we could lose customers, which could adversely affect our revenue.

In addition, our current logistics capacities may prove insufficient for our continued growth. There is no guarantee that we will be able to open additional warehouses in an efficient and timely manner, lease additional suitable warehouses on acceptable terms, expand other areas of our fulfilment process to the extent necessary and recruit qualified personnel required to operate our warehouses and manage such expansion. If we

fail to expand our logistics capacities to meet the demands of our continued growth, this could hamper our growth and ultimately prevent us from growing our business.

An inability to efficiently operate and expand our warehouses and logistics capabilities could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.21 We depend on third-party carriers for the delivery of our products, which may result in limited control over deliveries and the security of our products while being transported.

We depend on the services of third-party carriers for the delivery of our products to our warehouses (*i.e.*, inbound logistics) and subsequently to the distribution centers of third-party carriers and from there to our customers (*i.e.*, outbound logistics). Even where products do not enter our warehouses, these products are handled by third-party carriers who directly receive them from the relevant suppliers (drop-shipping). Last-mile deliveries are generally handled by third-party carriers such as DHL and DPD (parcel delivery) or, in case of bulky or heavy items, by specialized carriers such as Rhenus (two-man handling service). In the future, we may decide to set-up and invest in our own last-mile delivery services in certain densely populated areas.

Consequently, we have only limited control over the timing of deliveries and the security of our products while they are being transported. We may experience shipping delays (*e.g.*, due to inclement weather, natural disasters, strikes or terrorism) and our products may be damaged or lost in transit (*e.g.*, in the course of shipping from overseas). If our products are not delivered in a timely manner or damaged or lost in transit, or if we are not able to provide adequate customer support, our customers could become dissatisfied and cease buying our products. In addition, if we decide to set-up and invest in our own last-mile delivery services, there is no guarantee that such investments will yield the desired results and that they do not turn out to be even more expensive than anticipated. If investments do not yield the desired result, we may decide to abandon any plans to offer our own last-mile delivery services, which may result in significant write-downs or additional expenses.

Furthermore, a number of our products are heavy, bulky and therefore difficult to ship, limiting our choice of third-party carriers. If we have to replace any of our current carriers (*e.g.*, due to an insolvency of one of our carriers), we may find that difficult due to a lack of alternative offerings at comparable prices and/or service quality. Given that online penetration in the retail segment continues to increase in general and in particular in the home & living industry, third-party carriers are in increasing demand and accordingly have only limited capacities at the moment. As a result, competition for delivery capacities may intensify even further. In addition, our carriers may increase their prices, which would adversely affect our profitability. As we continue to grow, our existing carriers may be unable to keep up with such growth and we may have to contract additional carriers. There is no guarantee that their services and prices will be satisfactory to us or our customers. An inability to maintain and expand a network of high quality third-party carriers at limited costs could adversely affect our business.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.22 We rely on complex payment systems, which could fail to function properly.

We offer a broad range of payment options, in particular credit card payments (*e.g.*, VISA and MasterCard), PayPal, invoicing and advance payments, tailored to our respective local markets. Due to the variety and complexity of these payment methods, we may experience failures in our checkout process, which could adversely affect our conversion rate (*i.e.*, the share of potential customers visiting our websites and apps who actually place an order) and business.

We rely on third parties to provide payment processing services and on third-party payment processors and encryption and authentication technology licensed from third parties that is designed to effect secure transmission of personal information of our customers. If these companies become unwilling or unable to provide these services or increase their fees (*e.g.*, bank and intermediary fees for credit card payments), our operations may be disrupted and our operating costs could increase. In addition, we are subject to a number of risks related to credit card payments, including that we pay interchange and other fees, which may increase over time and could require us to either increase the prices we charge for our products or absorb an increase in our costs and expenses. As part of the payment processing process, our customers' credit card or other payment method information is transmitted to our third-party payment processors. We may in the future become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of such information if the security of our third-party payment processors are breached.

We and our third-party payment processors are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we or our third-party credit card payment processors fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit card or other payment methods from our customers in addition to the consequences that could arise from such action or inaction violating applicable privacy, data protection, data security and other laws as outlined above. If any of these risks were to materialize, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

Furthermore, our invoice and billing systems may malfunction due to the implementation of new payment methods and technology, errors in existing codes or other IT issues, which may impair our ability to create correct invoices, avoid the recording of duplicate invoices or payments and collect payments in a timely manner, or at all.

Malfunctions of our payment systems could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.23 We may be subject to credit card fraud or other fraudulent behavior, which may materially adversely affect our business and results of operations.

Under current credit card practices, we may be liable for fraudulent credit card transactions. We do not currently carry insurance against this risk. The risk of significant losses associated to credit card fraud increases as our net sales increase and as we continue to expand internationally.

As certain of our payment methods require us to take on certain credit risks, we use the services of third-party providers to reduce such risks. Historically, we have only experienced very few instances in which customers defaulted on their payment obligations as most of our orders are already paid prior to delivery. We rely on the respective credit card providers to provide us with an assessment of the respective customer's credit worthiness. However, there is no guarantee that these systems will function properly at all times or that there are no gaps or errors in these systems, which may result in unauthorized purchases. Consequently, we may fail to correctly assess the creditworthiness of our customers.

If purchases or payments are not properly authorized or payment confirmations are transmitted in error, the relevant customers may turn out to have insufficient funds or be able to defraud us, which could adversely affect our operations and result in increased legal expenses and fees. High levels of fraud could result in us having to comply with additional requirements or pay higher payment processing fees or fines. Furthermore, permitting new and innovative online payment options may increase the risk of fraud.

Fraudulent behavior could damage our reputation and brand and could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.24 Dissatisfaction with our customer service could prevent us from retaining our customers.

As an eCommerce company, we do not have the direct face-to-face contact with our customers and customers may become frustrated when they cannot find a representative to talk to. To provide customer service, we pursue a multi-channel support approach, responding by email, through our hotlines and via social media. The satisfaction of our customers depends in particular on the effectiveness of our customer service, in particular our ability to deal with complaints (*e.g.*, with respect to products, return policies, technical problems, payment and shipping, product defects, invoicing and returns) in a timely and satisfying manner. In addition, as we continue to grow, we may need to add customer service capabilities and may not be able to do so in a timely manner, or at all. Any unsatisfactory response or lack of responsiveness (*e.g.*, due to interruptions of our hotlines) by our customer service team could adversely affect customer satisfaction and loyalty.

Dissatisfaction with our customer service could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.25 We may experience significant returns.

We allow our customers to return products, depending on the local market, within a period of up to 100 days from delivery, providing our customers with the certainty that they will only keep those products that they actually want to keep. A number of our products are heavy and bulky and require special handling and delivery, making returns particularly challenging and expensive.

If we experience a significant increase of returns (*e.g.*, due to consumers being dissatisfied with our products or customer service), there is no guarantee that we can utilize return goods in a cost-efficient manner (*e.g.*, by reselling them on our websites, selling them at third-party outlets or returning them to our suppliers). Continued growth is likely to increase the absolute number of returns, which may force us to allocate additional resources to the handling of such returns and may further complicate our operations. Even products that have not passed through our warehouses, but are delivered via drop-shipping are initially returned to us, which may require us to store such products for a considerable time. Furthermore, if we modify our return policies, this may result in customer dissatisfaction or an increase in the number of returns, which could adversely affect our business.

Significant returns could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.26 We depend on our personnel to grow and operate our business and may not be able to retain and replace existing personnel or to attract new personnel.

We are a founder-led business and depend heavily on the continued input of our founder and Chief Executive Officer, Stefan Smalla, and our founder and Creative Director, Delia Fischer. We also depend upon the continued services and performance of our other officers and other key personnel, in particular the other member of our management board and the managing directors of our local operating entities. The unexpected departure or loss of any of them could have a material adverse effect on our business, financial condition and results of operations, and there can be no assurance that we will be able to attract or retain suitable replacements for such personnel in a timely manner or at all. We may also incur significant additional costs in recruiting and retaining suitable replacements. In addition, from time to time, there may be changes in our management team that may be disruptive to our business.

Our success and growth strategy also depends on our ability to expand our business by identifying, attracting, recruiting, training, integrating, managing and motivating new and talented personnel, which may require significant time, investments, and management attention. Competition for talent is intense, particularly for creative functions, IT-experts and other qualified personnel in the eCommerce sector. In addition, new employment and immigration regulations may adversely affect our ability to find the required personnel.

An inability to retain and replace existing personnel or to attract new personnel could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.27 Investments in our IT-platform and IT-infrastructure may not yield the desired results.

We have developed proprietary software to facilitate our business operations, data gathering analysis and online marketing capabilities and have invested significant capital and man hours into building and updating our IT-platform and IT-infrastructure. In order to remain competitive, we expect to continue to make significant investments in our IT. However, there is no guarantee that the resources we have invested in or will invest in in the future will allow us to develop suitable IT-solutions and maintain and expand our IT-platform and IT-infrastructure as intended, which may adversely affect our ability to compete or require us to purchase expensive software solutions from third-party developers.

If our investments in our IT-platform and IT-infrastructure do not yield the desired results, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.28 We may fail to operate, maintain, integrate and upgrade our IT-infrastructure, or to adopt and apply technological advances.

Our success depends on our websites and apps being accessible to potential and existing customers at all times. It may become increasingly difficult to maintain and improve the availability of our websites and apps, especially during peak usage times and as our product offering becomes more complex and the number of visitors increases. We have experienced disruptions in the past (*e.g.*, temporary downtimes of our websites) and may experience disruptions, outages, or other issues in the future (*e.g.*, due to changes in our IT-infrastructure, human or software errors or overwhelming traffic). If we fail to effectively address capacity constraints, respond adequately to disruptions or upgrade our IT infrastructure our mobile apps or websites could become unavailable or fail to load quickly and customers may decide to shop elsewhere, and may not return, which would adversely affect our business.

Given that the internet and mobile devices are characterized by rapid technological advances, our future success will depend on our ability to adapt our websites, apps and other parts of our IT-platform to such advances (*e.g.*, advances in the field of machine learning, artificial intelligence, augmented reality and potentially virtual reality) and to sustain their interoperability with relevant operating systems. In particular, purchases from mobile devices have increased rapidly since we introduced our apps. However, the variety of technical and other configurations across mobile devices and platforms (*e.g.*, screen resolutions, functionality, features and memory) makes it more difficult to develop websites and apps that are suitable for multiple channels. In addition, any changes in popular operating systems (*e.g.*, iOS or Android) may reduce the functionality of our websites and apps or give preferential treatment to competitors. Any failure to adapt to technological advances in a timely manner and to integrate our offerings through our websites and apps could decrease the attractiveness of our apps and websites and adversely affect our business.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.29 We may experience malfunctions or disruptions of our IT-systems.

We rely on a complex IT-platform and IT-systems to operate our websites and apps. While we analyze our IT-systems regularly, we may not be able to correctly assess how prone to errors or viruses they are. Any failure of or disruptions to our IT-systems may lead to significant malfunctions and downtimes of our websites and apps, as has occurred in the past. Should algorithms suffer from programing failures or our IT-systems experience disruptions, this may cause us to order excess inventories, leave us unable to deliver products on time and may result in a misallocation of products, all of which could adversely affect our business. In addition, our management of malfunctions may be inadequate. If we cannot fix any malfunctions ourselves, we might have to pay third parties to either fix the malfunctions or to license functioning software, which might prove costly.

We depend on certain third-party service providers to maintain our IT-systems. If such service providers were to increase their prices, this could adversely affect our margins. In addition, if we were forced to switch service providers (*e.g.*, because their software is no longer fully compatible with our IT platform), there is no guarantee that alternative service providers will be available to us or that we can manage the transition successfully.

As we continue to grow our business, we may be required to further scale our IT-platform and IT-systems, including by adding new systems and proprietary software, replacing outdated hardware and increasing the integration of our IT-systems. Such changes may, however, be delayed or fail due to malfunctions or an inability to integrate new software and functions with our existing IT-platform, resulting in disruptions to our operations and insufficient scale to support our future growth.

Any malfunctions and disruptions of our IT-systems could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.30 We may experience security breaches, loss of customer or supplier data and disruptions due to hacking, viruses, fraud and malicious attacks, other criminal activities or inadvertent or unintentional actions.

We operate websites, apps and other IT-systems through which we collect, maintain, transmit and store sensitive information about our customers, suppliers and other third parties (*e.g.*, email addresses, credit card information, personal information and supplier details) as well as proprietary information and business secrets. We also employ third-party service providers that store, process and transmit such information on our behalf, in particular payment details. Furthermore, we rely on encryption and authentication technology licensed from third parties to securely transmit sensitive and confidential information. While we take steps to protect the security, integrity and confidentiality of sensitive and confidential information (*e.g.*, password policies and firewalls), our security practices may be insufficient and third parties may access our IT-systems without authorization (*e.g.*, through Trojans, spyware, ransomware or other malware attacks), which may result in unauthorized use or disclosure of such information. Such attacks might lead to blackmailing attempts, forcing us to pay substantial amounts to release our captured data or resulting in the unauthorized release of such data. Given that techniques used in these attacks change frequently and often are not recognized until launched against a target, it may be impossible to properly secure our IT-systems. In addition, technical advances or a continued expansion and increased complexity of our IT-platform could increase the likelihood of security breaches.

Security breaches may also occur as a result of non-technical issues, including intentional or inadvertent breaches or mistakes by our employees or third-party service providers. Insufficient security practices, such as inadequate policies to enforce password complexity, the saving of username and password combinations on local browsers, the use of default credentials or their reuse coupled with the use of cloud services, the use of unauthorized and unprotected software as well as inadequate physical protection against unauthorized access may make our IT-systems vulnerable and lead to unauthorized disclosure of sensitive information.

Any leakage of sensitive information could lead to a misuse of data (*e.g.*, unsolicited emails or other messages based on spam lists fed with such data). Inefficient management of administrator and user accounts may increase the risk of fraud and malfunctions. In addition, any such breach could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, negative publicity and adversely affect our business and reputation. In addition, we may need to devote significant resources to protect ourselves against security breaches or to address such breaches and there is no guarantee that our resources will be sufficient to do so. Furthermore, we provide certain information to third-party service providers who help us assess the performance of our business (*e.g.*, Google Analytics). Consequently, we only have limited control over the protection of such information by the relevant third-party service providers and may be adversely affected by breaches and disruptions of their respective IT systems.

Security breaches and disruptions could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.31 We may require additional capital which might not be available on economically acceptable terms, or at all.

We may require additional capital to finance our future growth or further scale our platform. If we are not able to raise the required capital on economically acceptable terms, or at all, we may be forced to limit or even scale back our operations, which may adversely affect our growth, business and market share. In addition, we may fail to accurately project and anticipate our capital needs.

If we chose to raise capital through hybrid instruments, these instruments may have to be valued at fair value, which is based on a valuation of our Company. Changes in the fair value may have a significant impact on our comprehensive income.

If we chose to raise capital by issuing new shares, our ability to place such shares at attractive prices, or at all, depends on the condition of equity capital markets in general and the share price of the Company in particular, and such share price may be subject to considerable fluctuations (see "*1.3.2 The Company's share price could fluctuate significantly, and investors could lose part or all of their investment in the Company's shares.*").

If we chose to raise capital through debt financing, such financing may require us to post collateral in favor of the relevant lenders or impose other restrictions on our business and financial position (*e.g.*, in the form of covenants). Such restrictions may adversely affect our operations and ability to grow our business as intended. A breach of the relevant covenants or other contractual obligations contained in our external financing agreements may trigger immediate prepayment obligations or may lead the relevant lenders to seize collateral posted by us, all of which may adversely affect our business. In addition, if we raise capital through debt financing on unfavorable terms, this could adversely affect our operational flexibility and profitability.

An inability to obtain capital on economically acceptable terms, or at all, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.32 We are subject to various risks for which we may not be adequately insured.

While we have purchased what we consider to be market standard insurance coverage customary in our industry (*e.g.*, property and loss of earnings insurance, business liability insurance, including insurance for product liability, transport insurance and environmental liability insurance), such insurance does not cover all risks associated with our business. Accidents and other events, including interruptions or security breaches of our IT platform, could potentially lead to interruptions of our operations or cause us to incur significant costs, all of which may not be fully covered by our insurance policies. In addition, our insurance coverage is subject to various limitations and exclusions, retentions amounts and limits. Furthermore, if any of our insurance providers becomes insolvent, we may not be able to successfully claim payment from such insurance provider. In the

future, we may not be able to obtain coverage at current levels, or at all, and premiums for our insurance may increase significantly.

A lack of adequate insurance coverage could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.33 Our activities expose us to a variety of financial risks such as market risk (including currency risk and interest rate risk), credit risk and liquidity risk, which may adversely affect our business and results of operations.

Our activities expose us to a variety of financial risks such as market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Market risks arise from open positions in foreign currencies (currency risk), and interest bearing assets and liabilities (interest rate risk), which are sensitive to general and specific market movements. While our management monitors such risks on an ongoing basis to ensure that exposure stays within certain limits, there is no guarantee that we will not incur losses in the event of significant market movements.

Furthermore, we are exposed to credit risks as a result of the sale of products on credit terms and other transactions with counterparties giving rise to financial assets. Credit exposure to customers is recorded systematically, analyzed and managed in the respective subsidiaries, using both internal and external sources of information. There is, however, no guarantee that our exposure to credit risk will stay within our internal limits and that we will not incur any losses as a result thereof.

In addition, we are subject to liquidity risks as we may encounter difficulty in meeting obligations associated with financial liabilities without affecting our daily operations or financial condition. Our objective is to maintain a stable balance between continuity of funding and flexibility through the use of capital increases and loans. We are, however, exposed to daily calls on available cash resources and there is no guarantee that we will have sufficient cash to meet our operational needs.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.34 Exchange rate fluctuations may adversely affect our results.

We are subject to fluctuations in foreign exchange rates between the Euro, our reporting currency, and other currencies of countries where we source our products, in particular the U.S. Dollar. Such fluctuations may result in significant increases or decreases in our reported operating results as expressed in Euro, and in the reported value of our cash flows. Furthermore, currency fluctuations may adversely affect payables, forecast transactions and other instruments denominated in foreign currencies. In addition, given that we have entered into an agreement to sell our operations in Brazil and currently intend to sell our operations in Russia and Kazakhstan, currency fluctuations may also have an impact on the proceeds from such sales. The timing and extent of currency fluctuations may be difficult to predict. Furthermore, depending on the movements of particular exchange rates, we may be adversely affected at a time when the same currency movements benefit some of our competitors.

Exchange rate fluctuations could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.35 We have no prior experience as a public company, which may adversely affect our business.

We have no prior experience operating as a public company, interacting with public investors and complying with the increasingly complex laws pertaining to public companies (*e.g.*, reporting obligations, public disclosure requirements, corporate governance and accounting standards). New obligations applicable to us will require substantial attention from our senior management and could divert their attention away from the day to day management of our business. There is no guarantee that we will be able to achieve a smooth and efficient transition to being a public company and fully comply with all new requirements. Such requirements will increase our costs (*e.g.*, when hiring new employees or outside consultants to help us comply with these requirements) and such increased costs may turn out higher than currently anticipated, and additional requirements may make certain activities more difficult and time consuming.

The consequences of being a public company could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.36 We may not be able to adapt our internal controls as well as our reporting and risk management procedures to the requirements of a public company.

We are in the process of adapting our internal controls as well as our reporting and risk management procedures to the requirements of a publicly listed company, but there is no guarantee that we will be able to implement adequate procedures in a timely manner, or at all. Consequently, we may be unable to detect and react to risks arising in the course of our business. In addition, any failure to establish or maintain an effective system of internal controls over financial reporting could limit our ability to report our financial results accurately and in a timely manner or to detect and prevent fraud.

An inability to adapt our internal controls as well as our reporting and risk management procedures to the requirements of a public company could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.37 If we are unable to accurately assess our performance through certain key performance indicators, this may adversely affect our ability to determine and implement appropriate strategies.

We assess the success of our business through a set of key performance indicators ("**Key Performance Indicators**"), Adjusted EBITDA, our contribution margin as well as certain other financial and non-financial key performance indicators such as the number of our active customers (*i.e.*, the number of customers who have placed at least one valid order, *i.e.*, an order in our continuing operations for which payment has been processed successfully and which has not been canceled, during the last twelve months from the relevant period end, irrespective of returns). Our Key Performance Indicators may not be comparable to similarly named indicators used by our competitors.

Capturing accurate data to calculate our Key Performance Indicators may be difficult, in particular due to our limited operating history. Furthermore, we obtain certain information from third-party service providers who help us assess the performance of our business (*e.g.*, Google Analytics). Consequently, the relevant third-party service providers may not fully disclose the methods of how they compile such information and we cannot guarantee that such information is correct.

There is no guarantee that the information we have collected thus far is accurate or reliable. In addition, accurately tracking cross device journeys is particularly difficult and we therefore currently cannot fully trace customer journeys and connect them to our own marketing efforts. As a result, our Key Performance Indicators may not reflect our actual operating or financial performance and are not reliable indicators of our current or future revenue or profitability. Potential investors should therefore not place undue reliance on these Key Performance Indicators in connection with an investment in the Company's shares. The management of our business depends on our Key Performance Indicators and other indicators derived from them, and if these are inaccurate, we may end up making bad business and strategic decisions. Furthermore, if we report Key Performance Indicators that are significantly wrong, investors may lose confidence in the accuracy and reliability of information we report.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.38 Our profit forecast for the financial year 2018 could differ materially from our actual results of operations and we may not achieve our long-term strategic goals.

On the basis of developments in the six months ended June 30, 2018, we currently expect Adjusted EBITDA for 2018 to be in the range of €2 million to €5 million (together with the respective explanatory notes, the "**Profit Forecast**"). In addition, our strategic goal is to reach an Adjusted EBITDA margin of more than 10% in the long-term.

Our management board has based the Profit Forecast and our strategic goals on a number of assumptions, which are beyond our control, relating to market and online penetration, trends and customer preferences or offering, macro-economic developments, regulatory and legal environment, and the absence of unforeseen events. In addition, our management board has based the Profit Forecast and our strategic goals on various assumptions, which may be influenced by us, such as portfolio changes, marketing, active customer base, gross merchandize volume (GMV) per active customer, return rate, private label products, investments in business structure and proceeds from this initial public offering. Such assumptions are inherently subject to significant business, operational, economic and other risks and many of which are outside of our control.

Accordingly, such assumptions may change or may not materialize at all. Should one or more of the assumptions underlying the Profit Forecast or our strategic goal prove to be incorrect, our actual results of operations for the year ending December 31, 2018 could differ materially from such forecast and projections. As a result, investors should not place undue reliance on the Profit Forecast and our strategic goals contained in this Prospectus.

1.1.39 Our business is subject to seasonal fluctuations which may have a material impact on our results.

Our business is seasonal and our revenue tends to fluctuate from month to month and from quarter to quarter. For example, we consider the fourth quarter and the first quarter as especially important for generating revenue. In addition, certain special events, in particular Black Friday, result in peak demand for our products. In the future, such seasonality may become even more pronounced (*e.g.*, if customers focus more strongly on certain special events).

In combination with this seasonality, any factor that adversely affects demand for our products (*e.g.*, unfavorable economic conditions at the relevant time, supply problems or logistics and other fulfilment constraints resulting in higher delivery times, malfunctions of our websites, special offers from our competitors, adverse weather conditions such as unusually warm and sunny spring and summer days) as well as the overall product mix within any particular period (*e.g.*, larger products typically have longer delivery times) may have a disproportionate effect on our performance. Given seasonality and other fluctuation in our business, we may incur lower revenue and have a weaker operating performance and lower cash flows from time to time, including in respect of periods in which we typically experience high demand. In addition, any negative effects of weak overall demand during those periods are likely to be exacerbated by industry wide price reductions designed to clear out excess merchandise. Seasonality also makes it difficult for us to accurately forecast demand for our products and source sufficient volumes of these products. If we fail to anticipate high demand for our products and meet such demand, we may lose out on customers and revenue and not be able to grow our business.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.40 The sale of or any failure to sell our operations in Brazil, Russia and Kazakhstan may have a significant negative impact on our business or reported results.

On August 22, 2018, we entered into an agreement to sell our operations in Brazil and intend to sell our operations in Russia and Kazakhstan. Accordingly, we reclassified these operations as discontinued operations in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. There is, however, no guarantee that the sale of our operations in Brazil, which is subject to certain conditions, including approvals by the Brazilian antitrust authorities, will be consummated or that we will be able to sell our operations in Russia and Kazakhstan at acceptable terms or at all. For example, we agreed to sell our operations in Brazil at what we consider to be a low price. The price reflects a number of factors, including the challenging macroeconomic environment in Brazil, a historic tendency towards devaluation, difficulty in repatriating cash from Brazil, the lack of synergies with our operations in the rest of the world and our intention to focus on our operations in Europe where we see stronger growth potential and synergies. Given the challenges in Russia and Kazakhstan are not dissimilar from those faced in Brazil, we may only be able to sell our operations in Russia and Kazakhstan at what we believe to be less than their fair value or only for a nominal amount.

Furthermore, the sale of our operations in Brazil, Russia and Kazakhstan involves numerous risks, including: (i) potential disruption of our ongoing business and distraction of management; (ii) difficulty segregating assets and operations to be disposed of; (iii) exposure to unknown, tax or other liabilities, including litigation arising in connection with the disposition of our operations, and (iv) exposure to currency fluctuations, which may have an impact on the proceeds from such sales and our financial result from continuing operations.

If we face unexpected difficulties in selling our operations in Brazil, Russia and Kazakhstan, we may decide to change our plan and may ultimately close these operations. In addition, if we are not able to consummate a sale of our operations in Brazil, Russia and Kazakhstan within a period of twelve months, we may have to change this reclassification, which may lead to significant catch-up charges.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2 Regulatory, Legal and Tax Risks

1.2.1 We are subject to numerous, complex and sometimes conflicting legal and regulatory regimes.

As of the date of this Prospectus, we have continuing operations in eleven countries in Europe. As a result, our business is already subject to numerous laws in different countries, including laws applicable to the eCommerce sector such as laws with respect to privacy, data protection and data security, online content as well as telecommunications and laws applicable to public companies in general, in particular laws with respect to intellectual property protection, corporate, local employment, tax, finance, money laundering, online payment, consumer protection, product liability and the labeling of our products, competition, anti-corruption and international sanctions. Operating in foreign jurisdictions entails an inherent risk of misinterpreting and wrongly implementing local laws and regulations. In addition, numerous laws and regulations apply to our products (*e.g.*, Regulation (EC) no. 1907/2006 of the European Parliament and of the Council of December 18, 2006 concerning the registration, evaluation, authorization and restriction of chemicals (REACH), as amended). Since we do not manufacture these products ourselves (see "*1.1.17 Product defects and product recalls could adversely affect our business and reputation.*"), our ability to ensure that such products comply with all applicable regulations is limited.

While we are not aware of any material breaches of applicable laws and regulations, we cannot guarantee that we have always been in full compliance with them in the past and will be able to fully comply with them in the future (see "*1.2.3 Our risk management and compliance structure may prove inadequate.*"). The violation of any of the laws and regulations applicable to us may result in litigation, damage claims from our customers, business partners and/or competitors as well as extensive investigations by governmental authorities and substantial fines being imposed on us. Even unfounded allegations of noncompliance may adversely affect our reputation and business.

Any changes in the legal framework applicable to our business could adversely affect our operations and profitability. If we continue to expand our business, we become subject to a legal framework that is even more complex. In the future, we may further expand our geographic footprint, including by entering into adjacent geographic markets. The laws and regulations of various jurisdictions in which we operate or may operate in the future are evolving. Consequently, such laws and regulations may change and sometimes even conflict with each other, making it even harder to observe them.

At any time, authorities in the countries where we operate may require us to obtain additional, or extend existing, licenses, permits and approvals. However, there is no guarantee that we will be able to obtain these in a timely and cost-effective manner. In addition, authorities may revoke existing licenses and we may not be aware of, or able to appeal, any such revocations in a timely manner, or at all.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.2 We may be adversely affected by changes in the regulations applicable to the use of the internet and the eCommerce sector.

As the internet continues to revolutionize commercial relationships on a global scale and online penetration increases, new laws and regulations relating to the use of the internet in general and the eCommerce sector in particular may be adopted. These laws and regulations may govern the collection, use and protection of data, online payments, pricing, anti-bribery, tax, country-specific prices and website contents and other aspects relevant to our business. For example, Directive (EU) 2015/2366 of the European Parliament and of the Council of November 25, 2015 on payment services in the internal market, which became effective in January 2016 and covers, *inter alia*, online-based payment services, provides for a uniform regulation of payments via internet and mobile phones and increased customer protection and requirements for user authentication. The adoption or modification of such laws or regulations relating to our operations could adversely affect our business by increasing compliance costs, including as a result of confidentiality or security breaches in case of non-compliance, and administrative burdens. In Germany a new law covering packaging will enter into force on January 1, 2019. This law aims at increasing the recycling share and at reducing waste overall. Companies that use packages for consumer goods have to register and have to bear a pro rata share of the recycling system costs. The law may negatively affect our operating expenses from 2019 onwards.

In particular, privacy-related regulation could interfere with our strategy to collect and use personal information as part of our data-driven approach along the value chain. We must comply with such regulations to

the extent they are applicable to us and any noncompliance could lead to fines and other sanctions. For instance, Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**Data Protection Regulation**") entered into effect in May 2018 and imposes stricter limitations on the processing, use and transmission of personal data. In case of a violation of the provisions of the Data Protection Regulation, we may be fined for a maximum amount that corresponds to the higher of €20.0 million and 4% of our annual global turnover for the last year. In addition, local authorities may construe new regulations in a way that is even more restrictive and there is no guarantee that we will be able to comply with such restrictive approaches.

Changes to the regulation applicable to the use of the internet and the eCommerce sector could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.3 Our risk management and compliance structure may prove inadequate.

We have adopted a group-wide risk management and compliance program that is aimed at preventing corruption, fraud and other criminal or other forms of non-compliance by our management, employees, consultants, agents and suppliers. Although our risk management and compliance organization continuously seeks to improve the effectiveness and efficiency of this program, given the broad scope of our operations and, in particular, the fact that corruption and extortion are common in some countries in which we operated or operate as well as in some of our sourcing countries (*e.g.*, in parts of Asia and Eastern Europe), such controls may prove to be insufficient to prevent or detect non-compliant conduct. Consequently, certain employees, consultants, agents or suppliers may still engage in illegal practices or corruption to win business or to conspire in order to circumvent our compliance controls. Similarly, our risk management function may fail to identify, mitigate or manage relevant risk exposures.

Non-compliance with applicable laws and regulations may harm our reputation and ability to compete and result in legal action, criminal and civil sanctions, or administrative fines and penalties (*e.g.*, a loss of business licenses or permits) against us, members of our governing bodies and our employees. They may also result in damage claims by third parties or other adverse effects (*e.g.*, class action lawsuits and enforcement actions by national and international regulators resulting in limitations to our business).

Any failure of our compliance structure to prevent or detect non-compliant behavior could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.4 We may not be able to adequately protect our intellectual property against infringements from third parties.

We believe that our intellectual property (*e.g.*, customer data, copyrights, brands, trademarks, trade secrets and proprietary technology) is critical to our success. We have developed, and will continue to develop, a substantial number of proprietary software, processes and other know-how, including assortment-related know-how, that are of key importance to our operations. However, we may not be able to obtain effective protection for such intellectual property or other proprietary know-how in all relevant countries. If the laws and regulations applicable to our intellectual property change, this may make it even more difficult to protect such intellectual property effectively.

In addition, we may be required to spend significant funds on monitoring and protecting our intellectual property and there is no guarantee that we can successfully discover all infringements, misappropriations or other violations of our intellectual property and pursue them successfully. We provide certain information to third-party service providers who help us assess the performance of our business (*e.g.*, Google Analytics). Consequently, we only have limited control to ensure that such information is not misused by the relevant third-party service providers or passed on to other third parties, including our competitors.

If we initiate litigation against infringements of our intellectual property, such litigation may prove costly and there is no guarantee that it will ultimately be successful and that the rulings we obtain will adequately remedy the damage we have suffered. Where we rely on contractual agreements to protect our intellectual property, such agreements may be found to be invalid or unenforceable. Furthermore, some of our intellectual property could be challenged or found invalid through administrative processes or litigation, and third parties may independently develop or otherwise acquire equivalent intellectual property.

An inability to adequately protect our intellectual property could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.5 We may be accused of infringing on the intellectual property of third parties.

As we utilize a variety of intellectual property for our business, customers, regulatory authorities or other third parties may allege that intellectual property we use infringes on their intellectual property, and we may therefore become subject to allegations and litigation (see "*1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.*"). Even unfounded allegations of infringement may adversely affect our reputation and business and may require significant resources to defend against. If we try to obtain licenses from such third parties to settle any disputes, there is no guarantee that such licenses will be available to us on acceptable terms, or at all, in which case we may be required to alter our brands and change the way we operate.

In addition, we may not be able to continue to market certain products in case our suppliers manufacture these products without regard for intellectual property rights of third parties. Furthermore, some of the agreements we entered into with third parties may contain clauses regarding the protection of their intellectual property licensed to us. A violation of these clauses, such as the unauthorized sub licensing or disclosure of a confidential source code, may require us to pay significant penalties, prevent us from utilizing such intellectual property in the future and may result in litigation against us (see "*1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.*").

Any infringements on the intellectual property of third parties could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.6 We may be unable to acquire, utilize and maintain our domains and trademarks.

We have registered various word and figurative trademarks as well as internet domains and expect to register additional similar rights in the future, in particular in connection with our own private label offering. These rights are regulated by the relevant regulatory bodies and subject to trademark laws and other related laws in the jurisdictions in which we have registered them.

If we cannot obtain or maintain our existing or future word and figurative trademarks as well as internet domains on reasonable terms, we may be forced to incur significant additional expenses or be unable to operate our business as intended. Furthermore, the regulations governing domain names and laws protecting trademarks and similar proprietary rights could change (*e.g.*, through the establishment of additional generic or country code top level domains or changes in registration processes), which may prevent us from using these rights as intended. In addition, we may not be able to prevent third parties from registering utilizing domains and trademarks that interfere with those that we have registered.

An inability to maintain our domains and trademarks could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.

In the ordinary course of our business activities, we are regularly exposed to various litigation, particularly in the areas of product warranty, delays of payments or deliveries, competition law, intellectual property disputes, labor disputes and tax matters. Such litigation is subject to inherent uncertainties, and unfavorable rulings could require us to pay monetary damages or provide for an injunction prohibiting us from performing a critical activity (*e.g.*, marketing certain products). Even if legal claims brought against us are without merit, defending such claims could be time-consuming and expensive, could divert management's attention from other business concerns and we may decide to settle such claims, which prove expensive to us.

If we become involved in litigation or other proceedings, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.8 We use standardized documents, contracts and terms and conditions, which increases the impact if any clause is held to be void.

We maintain legal relationships with a large number of suppliers and customers. In this context, we also use standardized documents, contracts as well as terms and conditions. If such documents, contracts or terms and conditions are found to contain provisions which are interpreted in a manner disadvantageous to us, or

if any clauses are held to be void and thus replaced by statutory provisions which are disadvantageous to us, a large number of our contractual relationships could be affected.

In addition, standardized terms and conditions have to comply with the statutory laws on general terms and conditions (*allgemeine Geschäftsbedingungen*) in the different jurisdictions in which we operate, which means that in many jurisdictions they are subject to intense scrutiny by the courts. In the European Union, the standard is even stricter if such terms and conditions are used *vis-à-vis* consumers. As a general rule, standardized terms and conditions are invalid if they are not transparent, not clearly worded, unbalanced or discriminate against the respective other party. In addition, there have been constant changes regarding the legal framework applicable to such terms and conditions as well as the interpretation thereof by the courts. As a result, we cannot guarantee that all standardized terms and conditions we use currently comply and will continue to comply with these strict requirements. Even if terms and conditions are prepared with legal advice, it is impossible for us to guarantee that they are valid, given that changes may continue to occur in the laws applicable to such terms and conditions and/or their interpretation by the courts.

If clauses in our standardized documents, contracts or terms of conditions are found to be void, this could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.9 We may not be able to comply with customs and foreign trade regulations applicable to the import and export of our products.

We import and export a large number of products as part of our day to day business and such imports and exports may be subject to customs or foreign trade regulations and there is no guarantee that we will be able to comply with all of these regulations. In addition, we rely on third parties, in particular our suppliers, to make certain import, export or customs declarations and we therefore only have limited control over such declarations. Any non-compliance with customs or foreign trade regulations could lead to the imposition of fines or result in our products being seized, in which case delivery of our products may be delayed or fail entirely. In the future, applicable regulations may change, which might make compliance therewith even more difficult or cause us to incur additional costs.

An inability to comply with customs and foreign trade regulations could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.10 Our business is subject to the general tax environment in the jurisdictions in which we operate and any changes to this tax environment may increase our tax burden.

Our business is subject to the general tax environment in the jurisdictions in which we operate. Our ability to use tax loss carryforwards and other favorable tax provisions depends on national tax laws and their interpretation in these countries. Changes in tax legislation, administrative practices or case law could increase our tax burden and such changes might even occur retroactively. Furthermore, tax laws may be interpreted differently by the competent tax authorities and courts, and their interpretation may change at any time, which could lead to an increase of our tax burden. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty.

Tax authorities in various jurisdictions are currently reviewing the appropriate treatment of eCommerce activities. Due to the global nature of our eCommerce business, various jurisdictions might attempt to levy additional sales, income or other taxes relating to our activities. Such new tax regulation may subject us or our customers to additional taxes, which would increase our tax burden and may reduce the attractiveness of our online offering. New taxes could also result in additional costs necessary to collect the data required to assess these taxes and to remit them to the relevant tax authorities.

In Germany, a tax audit of the Company is currently ongoing with respect to all periods up to and including the year ended December 31, 2014. Taxes actually assessed as a result of this currently ongoing audit or in future tax audits for periods not yet covered by this ongoing tax audit may exceed the taxes already paid by us. As a result, we may be required to make significant additional tax payments with respect to previous periods. Furthermore, the competent tax authorities could revise their original tax assessments (*e.g.*, with respect to the recognition of invoiced value added taxes). Any tax assessments that deviate from our expectations could lead to an increase in our tax burden. In addition, we may be required to pay interest on these additional taxes as well as late filing penalties.

As of December 31, 2017, our unused tax loss carryforwards for which no deferred tax asset was recognized in our consolidated balance sheet were €211 million. While such tax loss carryforwards can generally be carried forward indefinitely in Germany and certain other countries, there are time limitations in a number of countries in which we operate, such as Poland and the Netherlands. As of December 31, 2017, tax losses of €11 million relating to Poland expire 2018 to 2022 and €20 million relating to the Netherlands expire 2020 to 2026. To the extent that the utilization of tax loss carryforwards is restricted or tax loss carryforwards are forfeited, in whole or in part, such tax loss carryforwards cannot be set off against future taxable profits which may negatively impact our financial results and result in significant additional charges.

Changes in the tax environment and future tax audits could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3 Risks Related to the Company's Shareholder Structure, its Shares and the Offering

1.3.1 The Company's shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for these shares will develop.

Prior to this initial public offering (the "**Offering**"), there was no public market for the Company's shares. The offer price for the shares offered in this Offering (the "**Offer Price**") will be determined by way of a bookbuilding process. There is no guarantee that this Offer Price will correspond to the price at which the Company's shares will be traded on the stock exchange after this Offering.

In addition, the Offer Price may fail to accurately reflect our value. In the course of past financing rounds we received investments for shares in the Company based on valuations of our business by individual investors at the relevant time. Such individual valuations were not confirmed by independent experts (*e.g.*, accounting firms or investment banks) and reflect the personal valuation criteria of the relevant investor as well as the specific circumstances under which these investments were made. Consequently, these valuations may have exceeded the valuations at which other parties would have been willing to invest in the Company. Potential investors should therefore not place undue reliance on past valuations.

There is no guarantee that following the listing, an active and liquid market for the Company's shares will develop and persist. If such liquid market fails to develop, this could adversely affect the market price of the Company's shares and such market price could even decline below the Offer Price.

Consequently, investors may not be in a position to sell their shares in the Company at or above the Offer Price in a timely manner, or at all.

1.3.2 The Company's share price could fluctuate significantly, and investors could lose part or all of their investment in the Company's shares.

Following this Offering, the price of the Company's shares will be affected by the supply and demand for the Company's shares, which may be influenced by numerous factors, many of which are beyond the Company's control or can only be partly controlled by the Company, including:

- fluctuations in actual or projected results of operations;
- changes in projected earnings or failure to meet securities analysts' earnings expectations;
- the absence of analyst coverage on the Group;
- negative analyst recommendations;
- changes in trading volumes in the Company's shares;
- changes in the Company's shareholder structure;
- changes in macroeconomic conditions;
- the activities of competitors and suppliers;
- changes in the market valuations of comparable companies;
- changes in investor and analyst perception with respect to the Group or the home & living industry in general; and
- changes in the statutory framework applicable to the Group's business.

As a result, the Company's share price may be subject to substantial fluctuations.

In addition, general market conditions and fluctuations of share prices and trading volumes could lead to pressure on the Company's share price, even though there may not be a reason for this based on our business performance or earnings outlook. Furthermore, investors in the secondary market may view our business more critically than investors in the Offering, which could adversely affect the Company's share price in the secondary market. In addition, prices for eCommerce or technology companies such as Westwing have traditionally been more volatile compared to share prices for companies from other industries.

If the Company's share price declines as a result of the realization of any of these risks, investors could lose part or all of their investment in the Company's shares.

1.3.3 Following this Offering, the Company's existing shareholders will retain a significant interest in the Company and their interests may conflict with those of the Company and its other shareholders.

Following the successful completion of this Offering, the Company's existing shareholders will continue to own approximately 75.3% of the Company's total share capital (assuming full placement of all new shares and full exercise of the greenshoe option granted in the course of this Offering) and therefore retain a majority of the votes in the Company's shareholders' meeting. Further, on August 7, 2018, AI European Holdings S.à r.l., Kinnevik Online AB (to be replaced by Kinnevik Internet Lux S.à r.l.), Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Rocket Internet SE and Summit Partners RKT S.à r.l. entered into a voting agreement (the "**Voting Agreement**"), pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting with regard to the composition of the Company's supervisory board. The Voting Agreement automatically terminates two years after the closing of the IPO. As a consequence of this Voting Agreement, the respective shareholdings of the parties to the Voting Agreement will be attributed to each other. Accordingly, each party to the Voting Agreement will be deemed to hold a controlling interest in the Company pursuant to the WpÜG due to their combined aggregate shareholding of currently more than 48.2% of the voting rights in the Company. The interests of the Company's existing shareholders may deviate from the Company's interests or those of other shareholders. Certain measures and transactions as well as dividend payments may be impossible to implement without the support of the Company's existing shareholders. In addition, some of the Company's existing shareholders hold various interests in a number of companies, including companies active in the home & living industry, and conflicts of interests may arise between these investments and the interests of the Group.

Conflicts between the interests of the Company's existing shareholders and those of the Company or its other shareholders may have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3.4 The Company does not expect to pay any dividends in the foreseeable future.

The Company has not yet paid any dividends and currently does not intend to pay dividends for the foreseeable future. Under German corporate law, dividends may only be distributed from the net retained profit (*Bilanzgewinn*) of the Company. The net retained profit is calculated based on the Company's unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Such accounting principles differ from International Financial Reporting Standards, as adopted by the European Union, in material respects.

The Company's ability to pay dividends therefore depends upon the availability of sufficient net retained profits. In addition, the Company's current financing arrangements contain, and the Company's future financing arrangements may contain, covenants which impose restrictions on its business and on its ability to pay dividends under certain circumstances.

Any determination to pay dividends in the future will be at the discretion of the Company's management board and will depend upon the Company's results of operations, financial condition, contractual restrictions, including restrictions imposed by existing or future financing agreements, restrictions imposed by applicable laws and other factors management deems relevant.

Consequently, the Company may not be able to pay dividends in the foreseeable future, or at all.

1.3.5 We may fail to comply with the additional requirements, which will be applicable to us following the listing of the Company's shares.

Following the listing of the Company's shares, the Company will for the first time be subject to the legal requirements of a company listed on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the sub-segment of the regulated market with additional post admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). We will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards, notification requirements (*e.g.*, with respect to the timely publication of financial results and ad-hoc notifications) and securities and investor relations issues, which will divert management attention and may prove costly. In addition, our management will have to evaluate the internal control system independently with new thresholds of materiality, and to implement necessary changes to our internal control system. There can be no guarantee that we will be able to respond to these additional requirements without difficulties or inefficiencies and compliance violations could cause us to incur significant additional costs and expose us to regulatory or civil litigation or penalties.

Failure to efficiently comply with the additional requirements applicable to us following the listing of the Company's shares could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3.6 Future offerings of debt or equity securities by the Company could adversely affect the market price of the Company's shares, and future issuances of shares could lead to a substantial dilution of the Company's shareholders (i.e., a reduction in the value of existing shareholders' interests in the Company).

We may require additional capital in the future to finance our business operations and growth (see "*1.1.31 We may require additional capital which might not be available on economically acceptable terms, or at all.*"). The Company may seek to raise such capital through the issuance of additional shares or debt securities with conversion rights (*e.g.*, convertible bonds and option rights). An issuance of additional shares or debt securities with conversion rights could potentially reduce the market price of the Company's shares and the Company currently cannot predict the amounts and terms of such future offerings.

If such offerings of equity or debt securities with conversion rights are made without granting subscription rights to the Company's existing shareholders, these offerings would dilute the economic and voting rights of the Company's existing shareholders. In addition, such dilution may arise from the acquisition or investments in companies in exchange, fully or in part, for newly issued shares of the Company, options granted to our business partners as well as from the exercise of stock options by our employees in the context of existing or future stock option programs or the issuance of shares to employees in the context of existing or future employee participation programs.

Any future issuance of shares of the Company could reduce the market price of the Company's shares and dilute the holdings of existing shareholders.

1.3.7 Future sales by major shareholders could materially adversely affect the price of the Company's shares.

For various reasons, shareholders may sell all or some of their shares in the Company, including in order to diversify their investments. If one or more of the Company's major shareholders were to sell a substantial number of the Company's shares, or if market participants believe that such sales are about to occur, the market price of the Company's shares as well as our ability to raise new equity financing could be adversely affected.

1.3.8 The Company may invest or spend the proceeds from this Offering in ways that shareholders may not agree with or in ways that may not yield a return or benefit the price of the Company's shares.

The Company currently intends to use the net proceeds from the Offering in the following priority: (i) between €20 and €50 million for investments in the technology platform and customer experience (*e.g.*, IT-platform, logistics enhancement), enhancement of the product offering and private label; (ii) up to €20 million for investments in strategic flexibility to drive current international market growth (*e.g.*, marketing and customer acquisition initiatives); (iii) between €20 and €25 million for the repayment of debt, of which

approximately €15 million will be used for the repayment of a loan granted by GGC EUR S.à r.l. with an interest rate of 10.75%, approximately €6 million will be used for the repayment of a loan granted by an affiliate of Citi with an interest rate of currently 5.00% and up to €4 million will be used for the repayment of various working capital facilities on the level of our local entities with interest rates between 2.75% and 8.75%; and (iv) the remainder of the net proceeds from the Offering, if any, for general corporate purposes.

However, the Company may decide to use the net proceeds from this Offering differently from its intentions as of the date of this Prospectus. The Company's management will have considerable discretion in the application of such net/proceeds, and shareholders may not be able to assess whether the proceeds are being used appropriately.

Any failure to effectively utilize the net proceeds from this Offering could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3.9 An investment in the Company's shares by an investor whose principal currency is not the euro may be affected by exchange rate fluctuations.

The Company's shares are, and any dividends to be paid in respect of them will be, denominated in Euros. An investment in the Company's shares by an investor whose principal currency is not the euro will expose such investor to exchange rate risks. Any depreciation of the euro in relation to the principal currency of the respective investor will reduce the value of the investment in the Company's shares or any dividends in relation to such currency.

2. GENERAL INFORMATION

2.1 Responsibility Statement

Westwing Group AG (prior to its change in legal form and name, Westwing Group GmbH), with its registered office in Berlin and business address at Moosacher Straße 88, 80809 Munich, Germany, registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 199007 B (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**", "**Westwing**", "**we**", "**us**", "**our**" or "**ourselves**"), together with Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**") and Citigroup Global Markets Limited, London, United Kingdom ("**Citigroup**", and, together with Berenberg, the "**Joint Global Coordinators**" or the "**Joint Bookrunners**"), assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Section 5 para. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz* ("**WpPG**")) and declare that the information contained in this Prospectus is, to the best of their knowledge, correct and contains no material omissions.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

The information contained in this Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in this Prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of this Prospectus, but before the completion of the public offering or admission of the securities to trading, whichever is later. These updates must be disclosed in a prospectus supplement in accordance with Section 16 para. 1 sentence 1 WpPG.

2.2 Purpose of this Prospectus

This Prospectus relates to the offering of 5,060,000 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2018 (the "**Offering**"), consisting of:

- 4,400,000 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against contributions in cash (the "**IPO Capital Increase**") expected to be resolved by an extraordinary shareholders' meeting of the Company on or about October 1, 2018 (the "**New Shares**"); and

- 660,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of Rocket Internet SE (the "**Lending Shareholder**") in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the New Shares, the "**Offer Shares**").

For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to up to 4,400,000 New Shares and 15,542,100 existing bearer shares with no par value (*Stückaktien*) of the Company, each such share representing a notional value of €1.00.

The Offering consists of an initial public offering ("**IPO**") in the Federal Republic of Germany ("**Germany**") and private placements in certain jurisdictions outside Germany. In the United States of America (the "**United States**"), the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**").

This Prospectus has been approved solely by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")). BaFin has approved this Prospectus after having performed an assessment of the coherence, completeness and comprehensibility of the information presented in this Prospectus.

2.3 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on our future earnings capacity, plans and expectations regarding our business growth and profitability, and the general economic conditions to which we are exposed. Statements made using words such as "predicts", "forecasts", "projects", "plans", "intends", "endeavors", "expects" or "targets" indicate forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause our actual results, including our financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found in the sections "*1. Risk Factors*", "*10.2 Key Factors Affecting our Results of Operations, Financial Condition and Cash Flows*", "*11 Profit Forecast*", "*12. Markets and Competition*", "*13. Business*", "*24. Recent Developments and Trend Information*" and wherever information is contained in this Prospectus regarding our plans, intentions, beliefs, or current expectations relating to our future financial condition and results of operations (including our profit forecast for the year ending December 31, 2018), plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand for our products as well as the economic and regulatory environment which we are subject to.

Future events mentioned in this Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate (for further information on the third-party sources used in this Prospectus, see "*2.4 Sources of Market Data*"). Actual results, performance or events may turn out to be better or worse compared to the results, performance and events described in the forward-looking statements, in particular due to:

- changes in general economic conditions in the markets in which we operate, including political changes, changes in the unemployment rate, the level of consumer prices and wage levels;
- the further development of the home & living markets in Europe, in particular the penetration levels of online shopping;
- user behavior on mobile devices and our ability to attract mobile internet traffic and convert such traffic into orders for our products;
- changes in user tastes and/or preferences with respect to online home & living offerings;
- our ability to offer our customers an inspirational and attractive online experience;
- the stability of our global supplier base and our ability to manage the timely and efficient delivery of our products;
- changes in prices when sourcing our products and the resulting increase or decrease of our gross profit margin;
- our ability to manage our continued growth and to expand our capabilities to meet the growing demands and challenges associated therewith;
- our ability to realize economies of scale and increase our profitability by expanding our market position;
- demographic changes in Europe, in particular the aging of millennials (*i.e.*, people born after the early 1980s);

- fluctuations in interest and currency exchange rates for currencies in which we source and/or sell our products;
- changes in the competitive environment and in the level of competition;
- our ability to comply with applicable laws and regulations, in particular if such laws and regulations change, are abolished and/or new laws and regulations are introduced;
- our ability to maintain and enhance our reputation and brands;
- our ability to operate our IT systems free from interruptions;
- the occurrence of accidents, natural disasters, fires, environmental damages or systemic delivery failures; and
- our ability to attract and retain qualified personnel.

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor the Joint Bookrunners assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

The section "*1. Risk Factors*" contains a detailed description of various risks applicable to our business, operations and financial position, our regulatory, legal and tax environment, the Company's shareholder structure, its shares and the Offering and the factors that could adversely affect the actual outcome of the matters described in the Company's forward-looking statements.

2.4 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which we operate are based on the Company's and the Joint Bookrunners' assessments. These assessments, in turn, are based in part on internal observations of the markets and on various market studies.

The following sources were used in the preparation of this Prospectus:

- Euromonitor International Ltd., database data extracted in June 2018, www.euromonitor.com ("**Euromonitor**");
- Statistical Office of the European Union, internet purchases by individuals, data extracted on February 13, 2018, last updated on June 28, 2018, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ec_ibuy&lang=en%20 ("**Eurostat**"); and
- PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, market study, "The German furniture industry – structure, trends and challenges (*Die Deutsche Möbelbranche – Struktur, Trends und Herausforderungen*)", November 2017 ("**PwC**").

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, to the extent it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party studies has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action whatsoever with respect to, shares in the Company.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Joint Bookrunners (see "*2.1 Responsibility Statement*"), neither the Company nor the Joint Bookrunners have independently verified the figures, market data or other information on which third parties have based their

studies. Accordingly, the Company and the Joint Bookrunners make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.5 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available for inspection during regular business hours at the Company's offices at Westwing Group AG, Moosacher Straße 88, 80809 Munich, Germany (telephone: +49 89550544323):

- the Company's articles of association (the "**Articles of Association**");
- the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), on interim financial reporting (IAS 34) as of and for the six months ended June 30, 2018;
- the audited consolidated financial statements of the Company prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**")) as of and for the year ended December 31, 2017;
- the audited consolidated financial statements of the Company (prior to its change in legal form and name, Westwing Group GmbH) prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a para. 1 HGB as of and for the year ended December 31, 2016;
- the audited consolidated financial statements of the Company (prior to its change in legal form and name, Westwing Group GmbH) prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a para. 1 HGB as of and for the year ended December 31, 2015; and
- the audited unconsolidated financial statements of the Company (prior to its change in legal form and name, Westwing Group GmbH) prepared in accordance with German generally accepted accounting principles of the HGB as of and for the year ended December 31, 2017.

The aforementioned documents and this Prospectus are also available on the Company's website at www.westwing.com under the "Investor Relations" section. The Company's future consolidated financial statements, unconsolidated financial statements and unaudited condensed consolidated interim financial statements will be available from the Company on its website and the paying agent designated in this Prospectus (see "*16.8 Announcements and Paying Agent*"). The Company's consolidated and unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website www.westwing.com and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus.

2.6 Currency Presentation

In this Prospectus, "**euro**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany.

2.7 Presentation of Financial Information

Where financial information in the tables included this Prospectus is labelled "audited", this means that it has been taken from the audited financial statements mentioned in section "*2.5 Documents Available for Inspection*". The label "unaudited" is used in the tables included in this Prospectus to indicate financial information that has not been taken from the audited financial statements mentioned above but was taken either from the unaudited condensed consolidated interim financial statements mentioned in section "*2.5 Documents Available for Inspection*" or the Company's internal reporting system, or is based on calculations of figures from the aforementioned sources.

All of the financial information presented in the text and tables in this Prospectus is shown in millions of euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to zero.

2.7.1 Comparability

The financial information regarding the statement of financial position in this Prospectus as of December 31, 2015 has generally been taken from our audited consolidated financial statements as of and for the year ended December 31, 2016, for the following reason. In 2016, it became apparent that in certain instances the recording of certain sales, inventory and liabilities in a local affiliate was incorrect and not fully complete in our audited consolidated financial statements as of and for the year ended December 31, 2014. As a result, the opening balance of related accounts and comparable figures of the year 2015, as disclosed in our audited consolidated financial statements as of and for the year ended December 31, 2015 were not correct. The corrected numbers are contained in the comparative financial information as of December 31, 2015 set forth in our audited consolidated financial statements as of and for the year ended December 31, 2016.

The financial information regarding cash flows as of and for the year December 31, 2015 in this Prospectus has been generally taken from the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of and for the year December 31, 2015 was adjusted in the Company's audited consolidated financial statements as of and for the year ended December 31, 2016 to reflect a re-classification of a cash outflow from cash flows from investing activities to cash flows from financing activities. This cash outflow related to the early purchase of leased warehouse equipment. Furthermore, comparative financial information regarding cash flows as of and for the year December 31, 2015 was adjusted in the Company's audited consolidated financial statements as of and for the year ended December 31, 2016 to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate.

The financial information regarding cash flows as of and for the year December 31, 2016 in this Prospectus has been generally taken from the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. Such comparative financial information as of and for the year ended December 31, 2016 was restated in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017 to reflect a re-classification of interest received from cash flows from operating activities to cash flows from investing activities as well as interest and other finance charges paid from cash flows from operating activities to cash flows from financing activities. The financial information regarding cash flows as of and for the year December 31, 2016 in this Prospectus was not adjusted.

In 2017, we decided to show all expenses of buying and personnel expenses related to management functions for logistics in general and administrative expenses instead of fulfilment expenses from January 1, 2017 onwards, to better align our financial statements with industry practice as these expenses are not directly linked to order fulfilment. Regarding the comparative financial information for the year ended December 31, 2016 included in our consolidated financial statements as of and for the year ended December 31, 2017, €12.1 million were reclassified from fulfilment expenses to general and administrative expenses. In order to facilitate inter-period comparisons, we present fulfilment expenses and general and administrative expenses for 2015 on the basis of the new methodology as shown in our consolidated financial statements as of and for the year ended December 31, 2017. Regarding the corresponding financial information for the year ended December 31, 2015, €12.9 million were reclassified from fulfilment expenses to general and administrative expenses.

2.7.2 Continuing Operations

In the first half of 2018, we decided to initiate a process to sell our operations in Brazil, Russia and Kazakhstan. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified our

operations in Brazil, Russia and Kazakhstan as discontinued operations in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. According to IFRS, in the audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 these operations are not classified as discontinued operations. In addition, in order to facilitate comparison of all periods presented in this Prospectus, for the years ended December 31, 2015, 2016 and 2017 we show the development of our operations in Germany, Austria, Switzerland, Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia (the "**continuing operations**"), *i.e.*, excluding external income and external expenses related to our operations in Brazil, Russia and Kazakhstan, in the line items starting "Revenue" and ending "Result for the period from continuing operations" and the development of the external income and external expenses related to our operations in Brazil, Russia and Kazakhstan (the "discontinued operations") separately in the line item "Result for the period from discontinued operations". Such result for operations from discontinued operations for the years ended December 31, 2015, 2016 and 2017 is not prepared applying IFRS 5 "Non-current assets held for sale and discontinued operations", but applying the same accounting policies as those used for continuing operations. Thus, this line item shown in the Prospectus and the line item "Result for the period" below, for the years ended December 31, 2015, 2016 and 2017 are not comparable to the corresponding line items for the six months ended June 30, 2017 and June 30, 2018 taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. As a result, the information for the years ended December 31, 2015, 2016 and 2017 presenting continuing operations as well as discontinued operations is not in line with IFRS. Information on continuing and discontinued operations for the years ended December 31, 2015, 2016 and 2017 has been derived from our consolidated financial statements and the Company's internal reporting system, applying for comparability purposes the accounting policies concerning the allocation of expense and income items to continuing and discontinued operations as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and, therefore, is unaudited. The information for the six months ended June 30, 2017 and 2018 has been taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018, in which external income and external expenses related to our operations in Brazil, Russia and Kazakhstan were required to be separately presented in discontinued operations applying IFRS 5 "Non-current assets held for sale and discontinued operations".

2.7.3 Segment Reporting

We steer our business based on two operating segments that also form our reportable segments, DACH and International. DACH comprises our business in Germany, Austria and Switzerland. International comprises our operations in Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia. Such segment information is presented for the first time in the unaudited condensed consolidated interim financial statements for the six months ended and as of June 30, 2018. Our operations in Brazil, which we have agreed to sell, and our operations in Russia and Kazakhstan, which we intend to sell, have been classified as discontinued operations in the unaudited condensed consolidated interim financial statements for the six months ended and as of June 30, 2018 and, therefore, are not included in our operating segments. Segment information is not presented in our audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017. Segment information for these years is derived from the corresponding financial statements and the Company's internal reporting system, applying for comparability purposes the accounting policies for segment reporting as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and is not in line with IFRS and unaudited.

2.8 Non-IFRS Financial Information

This Prospectus contains non-IFRS financial information such as Adjusted EBITDA, contribution profit, contribution margin, net working capital and capital expenditures that is not required by, or prepared in accordance with, IFRS. These measures are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**").

Our Adjusted EBITDA and our contribution margin are relevant for the assessment of the performance of our business as:

- Adjusted EBITDA shows our operating result (EBIT) as adjusted for depreciation, amortization and impairments as well as share-based compensation (income) / expenses, IPO costs recognized in profit or loss and central costs as allocated by management to discontinued operations, and is the measure we use to assess the performance of our business as a whole and our segments; and

- the contribution margin allows us to monitor the development of our unit economics costs, in particular our fulfilment costs (*i.e.*, distribution, handling and packaging expenses, warehouse employee benefit expenses, warehouse freelancer expenses, payment expenses and bad debt expense) excluding share-based compensation (income) / expenses and the benefits we can derive from a growing number of orders.

Likewise, Adjusted EBITDA helps our investors monitor whether we are able to improve the performance of our underlying operations. In addition, the contribution margin helps our investors when assessing whether we can maintain our unit economics and our lean and efficient processes.

We present non-IFRS financial information because we use such information in monitoring our business and because we believe that it is frequently used by analysts, investors and other interested parties in evaluating companies in our industry and it may contribute to a more comprehensive understanding of our business. However, such non-IFRS financial information may not be comparable to similarly titled information published by other companies, may not be suitable for an analysis of our business and operations, and should not be considered as a substitute for an analysis of our operating results prepared in accordance with IFRS. We believe that the presentation of non-IFRS financial information included in this Prospectus complies with the ESMA Guidelines.

The following table shows the calculation of our Adjusted EBITDA for the periods indicated. We define EBITDA as the sum of (i) operating result (EBIT) and (ii) depreciation, amortization and impairments. We calculate Adjusted EBITDA by adjusting EBITDA for (i) share-based compensation (income) / expenses, (ii) IPO costs recognized in profit or loss (for periods after January 1, 2018) and (iii) central costs allocated to discontinued operations.

	For the year ended December 31,		
	2015	**2016**	**2017**
	(audited and in € million, unless otherwise specified)		
Operating result (EBIT)	**(57.3)**	**(20.5)**	**(21.3)**
Depreciation, amortization and impairments	2.7	2.7	5.4
Share-based compensation (income) / expenses	4.6	4.0	11.0
IPO costs recognized in profit or loss	–	–	–
Adjusted EBITDA[(1)]	**(49.9)**	**(13.8)**	**(4.9)**
Adjusted EBITDA margin[(2)]	*(22.8)%*	*(5.5)%*	*(1.9)%*

(1) Unaudited.
(2) Unaudited. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue.

The following table shows the calculation of our contribution profit and contribution margin for the periods indicated. We define contribution profit as revenue less cost of sales and fulfilment expenses net of share-based compensation (income) / expenses. The contribution margin corresponds to the ratio of contribution profit to revenue.

	For the year ended December 31,		
	2015	2016	2017
	(audited and in € million, unless otherwise specified)		
Revenue	219.2	250.4	265.8
Cost of sales	(126.6)	(144.1)	(151.7)
Gross profit	**92.6**	**106.3**	**114.1**
Fulfilment expenses	(56.7)[(1)]	(53.6)[(2)]	(57.0)
Share-based compensation (income) / expenses included in fulfilment expenses[(3)]	(0.1)	(0.3)	0.8
Contribution profit[(3)]	**35.8**	**52.5**	**58.0**
Contribution margin[(4)]	*16.3%*	*21.0%*	*21.8%*

(1) Unaudited. Fulfilment expenses were adjusted to reflect the revised classification of fulfilment expenses to general and administrative expenses that has been used by the Company starting with the audited consolidated financial statements as of and for the year ended December 31, 2017. In the audited consolidated financial statements of the Company as of and for the year ended December 31, 2015, fulfilment expenses for 2015 were reported as €69.6 million.

(2) Taken from the comparative financial information of the audited consolidated financial statements as of and for the year ended December 31, 2017. In the Company's audited consolidated financial statements as of and for the year ended December 31, 2017, the comparative financial information for the year ended December 31, 2016 were adjusted by reclassifying €12.1 million fulfilment expenses (before reclassification: €65.7 million) to general and administrative expenses.

(3) Unaudited.

(4) Unaudited. Contribution margin is defined as contribution profit dividend by revenue.

The following table shows the calculation of our Adjusted EBITDA from continuing operations for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
Continuing Operations	(unaudited) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Operating result (EBIT)	**(53.8)**	**(22.8)**	**(24.0)**	**(13.6)**	**1.6**
Depreciation, amortization and impairments	2.4	2.4	5.1	2.0	3.2
Share-based compensation (income) / expenses	3.5	3.8	10.8	4.2	(3.2)
IPO costs recognized in profit or loss	–	–	–	–	0.1
Central costs allocated to discontinued operations	5.7	4.2	4.0	2.4	1.2
Adjusted EBITDA	**(42.2)**	**(12.3)**	**(4.0)**	**(5.0)**	**2.8**
Adjusted EBITDA margin[(1)]	*(24.3)%*	*(6.0)%*	*(1.8)%*	*(5.1)%*	*2.3%*

(1) Adjusted EBITDA from continuing operations as a percentage of revenue from continuing operations.

The following table shows the calculation of our contribution profit from continuing operations and contribution margin from continuing operations for the periods indicated.

Continuing Operations	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
	(unaudited) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	173.6	205.3	219.6	98.9	120.5
Cost of sales	(103.4)	(120.1)	(127.3)	(56.5)	(69.3)
Gross profit	**70.2**	**85.2**	**92.3**	**42.4**	**51.1**
Fulfilment expenses	(45.4)	(43.5)	(46.7)	(21.7)	(24.6)
Share-based compensation (income) / expenses included in fulfilment expenses	(0.1)	(0.3)	0.8	0.3	(0.9)
Contribution profit	**24.7**	**41.5**	**46.5**	**21.1**	**25.7**
Contribution margin[(1)]	*14.2%*	*20.2%*	*21.2%*	*21.3%*	*21.3%*

(1) Contribution profit from continuing operations as a percentage of revenue from continuing operations.

In addition to the financial information prepared in accordance with IFRS and the non-IFRS financial information contained in this Prospectus, we also present certain unaudited operating and non-financial information (*e.g.*, the number of active customers, the total number of orders and the average basket size) in this Prospectus. However, such operating and non-financial information may not be comparable to similarly titled information published by other companies, may not be suitable for an analysis of our business and operations, and should not be considered as a substitute for an analysis of our operating results prepared in accordance with IFRS.

Furthermore, we use certain illustrative non-IFRS financial information (*i.e.*, customer lifetime value and customer acquisition cost) in order to evaluate the efficiency of our marketing efforts and our ability to convert visits to our websites and apps into orders (see "*10.2.6 Marketing*"). Such non-IFRS financial information is for illustrative purposes only, unaudited and based on management's estimates, judgments and experience. While these indicators should not be considered as a substitute for an analysis of our operating results prepared in accordance with IFRS, we nevertheless believe that such data assists us in evaluating the efficiency of our marketing efforts.

2.9 Enforcement of Civil Liabilities

The Company is a German stock corporation (*Aktiengesellschaft*) governed by German law and its assets are located outside the United States. In addition, the members of the management board (*Vorstand* (the "**Management Board**")) and the supervisory board (*Aufsichtsrat* (the "**Supervisory Board**")) are not residents of the United States and all or most of their assets are located outside the United States. Therefore, it may not be possible for investors to effect service of process within the United States upon the Company or such persons, or to enforce against them or the Company judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof.

The United States and Germany do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon United States federal securities laws, may not be enforceable, either in whole or in part, in Germany. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the relevant German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or the aforementioned persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates, and a German court may choose to hear the dispute again. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Germany.

3. THE OFFERING

3.1 Subject Matter of the Offering

This Prospectus relates to the Offering of 5,060,000 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2018, consisting of:

- 4,400,000 New Shares; and
- 660,000 Over-Allotment Shares.

The Lending Shareholder will provide Berenberg, acting for the account of the Joint Bookrunners as stabilization manager (the "**Stabilization Manager**"), with up to 660,000 Over-Allotment Shares, as part of the allocation of the Offer Shares (the "**Over-Allotment**"), in the form of a securities loan to cover potential Over-Allotments.

In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners an option to acquire up to 660,000 additional shares of the Company at the price of the Company's shares in the Offering (the "**Offer Price**"), less the agreed commissions (the "**Greenshoe Option**"), from a capital increase from the Company's Authorized Capital 2018/VI (see "*17.3.6 Authorized Capital 2018/VI*") for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the stabilization period, *i.e.*, the period which commences on the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and ends no later than 30 calendar days thereafter (the "**Stabilization Period**").

The Offering consists of an IPO in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will only be offered and sold to QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S.

Immediately prior to the Offering, 99.8% of the Company's share capital is held by the Company's existing shareholders (see "*15. Shareholder Information*"), while the Company holds 28,650 treasury shares (*i.e.*, approximately 0.2% of the Company's share capital). Following completion of the Offering, the Company's existing shareholders will continue to hold at least 75.3% of the Company's share capital (assuming placement of all Offer Shares and full exercise of the Greenshoe Option (see "*3.8 Stabilization Measures, Over-Allotments and Greenshoe Option*")).

The IPO Capital Increase for the issuance of the New Shares, which is expected to be resolved by an extraordinary shareholders' meeting of the Company on or about October 1, 2018, and is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, on October 10, 2018, would result in an increase of the Company's share capital by up to €4,400,000.00. The share capital of the Company represented by the Offer Shares that are the subject of this Offering, including the Over-Allotment Shares, amounts to €5,060,000.00. Thus, approximately 25.4% of the Company's outstanding share capital (following the registration of the IPO Capital Increase for the maximum number of New Shares and assuming that the Greenshoe Option is not exercised; 24.6% assuming that the Greenshoe Option is exercised) is being offered as part of this Offering (approximately 22.1% without the Over-Allotment Shares).

Berenberg and Citigroup are acting as Joint Global Coordinators and Joint Bookrunners.

3.2 Price Range, Offer Period, Offer Price and Allotment

The price range for the Offering within which purchase orders may be placed is €23.00 to €29.00 per Offer Share (the "**Price Range**").

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on September 28, 2018, and to expire on October 10, 2018 (the "**Offer Period**"). Offers to purchase Offer Shares may be submitted (i) until 12:00 p.m. (noon) (Central European Summer Time) by private

investors and (ii) until 2:00 p.m. (Central European Summer Time) by institutional investors on the last day of the Offer Period. Multiple purchase orders are permitted.

Subject to the publication of a supplement to this Prospectus, if required, the Company, the Lending Shareholder and the Joint Bookrunners reserve the right to reduce the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Reductions in the number of Offer Shares, changes to the Price Range or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to this Prospectus, investors who submitted purchase orders prior to the publication of the supplement have the right to withdraw these offers to purchase within two business days following the publication of such supplement (Section 16 para. 3 WpPG). Instead of withdrawing their offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days following the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media such as Reuters or Bloomberg and, if required by Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended ("**MAR**"), the WpPG, or the German Securities Trading Act (*Wertpapierhandelsgesetz* ("**WpHG**")) as an ad-hoc release via an electronic information dissemination system, on the Company's website www.westwing.com under the "Investor Relations" section and as a supplement to this Prospectus. Investors who have submitted purchase orders will not be notified individually. Under certain conditions, the Joint Bookrunners may terminate the underwriting agreement, entered into between the Company, the Lending Shareholder and the Joint Bookrunners on September 27, 2018 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see "*20.4 Termination; Indemnification*"). Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company after consultation with the Joint Bookrunners. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the number of Offer Shares that will be placed at the Offer Price is, in principle, aimed at achieving the highest Offer Price. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate a steady performance in the secondary market given the demand for the Company's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors interested in purchasing shares at a particular price, but also to the composition of the Company's shareholder structure that would result at a given price, and expected investor behavior. The Company and the Lending Shareholder will not specifically charge any expenses and taxes related to the Offering to investors.

The Offer Price and the final number of Offer Shares placed in the Offering (*i.e.*, the results of the Offering) are expected to be set on October 10, 2018. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the purchase orders then available. The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on or about October 10, 2018 by means of an ad-hoc release on an electronic information dissemination system and on the Company's website www.westwing.com under the "Investor Relations" section. Investors who have placed orders to purchase Offer Shares with one of the Joint Bookrunners can obtain information from that Joint Bookrunner about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of trading. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Joint Bookrunners reserve the right to reject orders, or to only accept them in part.

3.3 Expected Timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

September 27, 2018	Approval of the Prospectus by BaFin
	Publication of the approved Prospectus on the Company's website www.westwing.com under the "Investor Relations" section
September 28, 2018	Commencement of the Offer Period
	Application for admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
October 10, 2018	Expiration of the Offer Period
	Determination of the Offer Price and final number of Offer Shares to be allocated, including the final number of New Shares
	Publication of the results of the Offering in the form of an ad-hoc release on an electronic information dissemination system and on the Company's website www.westwing.com under the "Investor Relations" section
October 10, 2018	Registration of the consummation of the IPO Capital Increase in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, and creation of the New Shares to be delivered at closing
October 11, 2018	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
October 15, 2018	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

This Prospectus will be published on the Company's website at www.westwing.com under the "Investor Relations" section. Printed copies of this Prospectus are available from the Company free of charge during normal business hours at the following address: Westwing Group AG, Moosacher Straße 88, 80809 Munich, Germany.

3.4 Information on the Shares

3.4.1 Share Capital of the Company

As of the date of this Prospectus, the share capital of the Company amounts to €15,542,100.00 and is divided into 15,542,100 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

In connection with and for the purpose of the Offering, it is expected that the Company will issue up to 4,400,000 New Shares pursuant to the IPO Capital Increase. Upon registration of the IPO Capital Increase, the Company's share capital will be increased from €15,542,100.00 by up to €4,400,000.00 to up to €19,942,100.00. The consummation of the IPO Capital Increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on or about October 10, 2018.

Assuming full exercise of the Greenshoe Option, the Company will issue up to an additional 660,000 bearer shares with no par value (*Stückaktien*) from the Authorized Capital 2018/VI. In such event, the Company's outstanding share capital will amount to up to €20,602,100.00 and be divided into up to 20,602,100 bearer shares with no par value (*Stückaktien*).

3.4.2 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

3.4.3 Dividend and Liquidation Rights

Each share in the Company carries full dividend rights from January 1, 2018.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

3.4.4 Form, Certification of the Shares and Currency of the Securities Issue

As of the date of this Prospectus, all of the Company's shares are bearer shares with no par value (*Stückaktien*). The Company's shares will be represented by one or more global share certificates (the "**Global Share Certificate(s)**"), which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"). The Global Share Certificate for the New Shares is expected to be delivered to Clearstream on October 10, 2018.

The Company's shares are denominated in euros.

3.4.5 Delivery and Settlement

Delivery of the Offer Shares against payment of the Offer Price is expected to take place on October 15, 2018. The Offer Shares will be made available to investors as co-ownership interests in the Global Share Certificates.

The Offer Shares purchased in the Offering will be credited to a securities deposit account maintained by a German bank with Clearstream.

3.4.6 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN) DE000A2N4H07

German Securities Code (*Wertpapierkennnummer* (*WKN*))... A2N4H0

Ticker Symbol .... WEW

3.4.7 Identification of Target Market

Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to, the Offer Shares.

3.5 Transferability of the Shares; Lock-Up

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth in section "*3.9 Lock-Up Agreements and Limitations on Disposal*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

3.6 Information on the Company's Existing Shareholders

It is expected that the Company's existing shareholders will continue to hold approximately 75.3% of the Company's share capital upon completion of the Offering (assuming full exercise of the Greenshoe Option). For further information on the Company's existing shareholders, see "*15. Shareholder Information*".

3.7 Allotment Criteria

The allotment of Offer Shares to private investors and institutional investors will be decided by the Company after consultation with the Joint Bookrunners. The decision ultimately rests with the Company. Allotments will be made on the basis of the quality of individual investors (*e.g.*, the expected investment horizon and trading behavior) as well as individual orders and other important allotment criteria to be determined by the Company after consultation with the Joint Bookrunners.

The existing shareholders may purchase shares offered in the IPO and such shares are not subject to any lock-up restriction.

3.8 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, Berenberg, acting for the account of the Joint Bookrunners, will act as the Stabilization Manager and may, as Stabilization Manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 MAR in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Company's shares, thus alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter.

Stabilization measures are intended to provide support for the price of the Company's shares during the Stabilization Period. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

In connection with these stabilization measures, investors may, in addition to the New Shares, be allocated up to 660,000 Over-Allotment Shares as part of the allocation of the Offer Shares. For the purpose of such potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 660,000 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (*i.e.*, an option to acquire up to 660,000 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to

perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after the completion of the Offering.

The Stabilization Manager is entitled to exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by the Stabilization Manager on the date when the Greenshoe Option is exercised, if such shares were acquired by the Stabilization Manager in the context of stabilization measures.

Public announcements regarding stabilization measures will be made (i) prior to the start of the Offering, (ii) by the end of the seventh daily market session following the date any stabilization measures were taken, and (iii) within one week after the end of the Stabilization Period.

Within one week of the end of the Stabilization Period, the Stabilization Manager will ensure adequate public disclosure as to whether stabilization measures were taken, the date on which stabilization measures started and last occurred, and the price range within which stabilization measures were carried out, for each of the dates during which stabilization measures were carried out and the trading venue(s) on which the stabilization measures were carried out, where applicable.

Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including the date of exercise of the Greenshoe Option and the number and nature of Over-Allotment Shares involved, in accordance with Article 8 (f) of the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016.

3.9 Lock-Up Agreements and Limitations on Disposal

3.9.1 Lock-Up of the Company

In the Underwriting Agreement entered into between the Company, the Lending Shareholder and the Joint Bookrunners on September 27, 2018, the Company agreed with the Joint Bookrunners that, for a period of 180 days after the Company's Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on October 11, 2018), without the prior written consent of the Joint Bookrunners, which consent may not be unreasonably withheld or delayed, the Company will not:

- announce or effect an increase of the share capital of the Company from authorized capital, except for purposes of settling the conversion rights granted to Kreos Capital V (Expert Fund) L.P., Kreos Capital IV (Expert Fund) Limited and GGC EUR S.à r.l. under the respective warrant agreements;
- propose to its shareholders' meeting an increase of the share capital; or
- announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company or economically similar transactions.

The Company may, however, (i) issue or sell any shares or other securities under management participation plans to current and former employees, supporters (*e.g.*, persons who are or were acting for the Company or its affiliated companies or supporting the Company or its affiliated companies in any other way), current and former members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles, (ii) issue new shares to certain minority shareholders currently existing within subsidiaries of the Company and (iii) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding or resolution upon, the entering into any joint venture or the acquisition of any companies, provided that the parties to the joint venture or acquiring entity to which such shares will be issued agree towards the Joint Bookrunners to be bound by the same lock-up undertaking as the existing shareholders. The foregoing shall not apply to any capital increase in connection with the IPO.

3.9.2 Lock-Up of the Members of the Management Board and the Existing Shareholders

In addition, the existing shareholders and the members of the Management Board undertook in writing that they will not, without the prior written consent of the Joint Bookrunners, either directly or indirectly, (i) offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or indirectly, any

shares or other securities of the Company, (ii) cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of shares, (iii) propose, directly or indirectly, any increase in the share capital of the Company to any meeting of the shareholders for resolution, or vote in favor of such a proposed increase, (iv) cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into shares of the Company, or (v) enter into or perform any economically equivalent transaction, until the end of a period of 180 days in case of the shareholders and 24 months in case of the members of the Management Board, after the Company's Shares are first traded on the Frankfurt Stock Exchange. The foregoing shall not apply to (i) transfers of shares to affiliates of such shareholder and any other shareholders of the Company immediately prior to the IPO (provided that the number of shares transferred does not exceed 10% of the shareholdings of the transferring shareholder unless otherwise agreed by the Joint Bookrunners), (ii) future pledges granted to one or more of the Joint Bookrunners or their affiliates having been agreed by the Joint Bookrunners and (iii) any transfers of shares to one or more of the Joint Bookrunners or their affiliates pursuant to enforcement of any pledge entered into in accordance with (ii), provided in each case that such transferee(s) agree(s) towards the Joint Bookrunners to be bound by the same lock-up undertaking.

In addition, the existing shareholders may purchase shares offered in the IPO and such shares are not subject to any lock-up restriction.

The Joint Bookrunners may, in their sole discretion, jointly waive the lock-up undertaking in full or in part.

In addition to the undertaking described above, AI European Holdings S.à r.l., Jade 1317. GmbH, Kinnevik Online AB (to be replaced by Kinnevik Internet Lux S.à r.l.), Rocket Internet SE, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Summit Partners RKT S.à r.l. and Tengelmann Ventures GmbH entered into a sell down consultation agreement, dated as of September 27, 2018. Pursuant to this agreement, each party undertook to inform the other parties of an intended sale of any of shares in the Company during the 180 days lock–up period in a manner that would require a waiver from the Joint Bookrunners under the relevant lock–up undertaking. The parties further undertook that the parties interested in participating in such sell down transaction will cooperate in obtaining a waiver from the Joint Bookrunners and will use its or their reasonable best efforts to ensure that such waiver applies to all parties that are willing and able to participate in the relevant sell down transaction on a pro rata basis.

3.10 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about September 28, 2018. The listing approval (admission decision) for the Company's shares is expected to be granted on October 10, 2018. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on October 11, 2018.

If additional shares of the Company are issued as a result of the exercise of the Greenshoe Option, the Company will also apply for the admission of such new shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). Such application for admission to trading will be based on the exemption from the requirement to publish a prospectus pursuant to Section 4 para. 2 no. 1 WpPG.

The lead underwriters for an issue often make purchase offers at the time of first trading in order to support the development of the initial share price. Such purchase offers, when made, may lead to the development of a higher initial share price than would have been the case in the absence of such measures.

3.11 Designated Sponsors

Berenberg and Citigroup have been mandated as designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreements expected to be concluded between the designated sponsors and the Company, the designated sponsors will, among other things, place limited buy and sell orders for the Company's shares in the electronic trading system

of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares.

3.12 Interests of Parties Participating in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder.

The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms.

Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with Westwing and its shareholders, including lending activities, or may perform services for Westwing or its shareholders in the ordinary course of business. For example, in September 2018, Citicorp North America Inc., an affiliate of Citigroup, entered into a term loan and revolving facilities agreement with the Company, under which Citicorp North America Inc. is acting as lender under a €6 million term loan facility and a €6 million revolving loan facility. As of the date of this prospectus, €8 million were outstanding under these facilities. The Company intends to use part of the net proceeds of the Offering to repay its outstanding financial indebtedness under this loan.

The Company as borrower and GGC EUR S.à r.l., an affiliate of the Lending Shareholder, as lender entered into a term loan facility agreement amounting to €15.0 million (the "**GGC Loan**"). As of the date of this Prospectus, an aggregate amount of €15.0 million has been drawn under the GGC Loan. The maturity date for the GGC Loan is 36 months following the closing date (*i.e.*, March 23, 2021). In the case of an exit event, which, however, does not include the Offering, GGC EUR S.à r.l. is entitled to terminate its funding commitment under the GGC Loan and to request early repayment of the principal amount outstanding and any interest accrued. In addition, the Company, certain then existing shareholders of the Company and GGC EUR S.à r.l. entered into a warrant agreement in the context of this term loan facility pursuant to which GGC EUR S.à r.l. was granted warrant rights enabling GGC EUR S.à r.l. to acquire a certain number of new shares in the Company against contribution in cash. The maximum number of warrant shares to be issued to GGC EUR S.à r.l. and the subscription price to be paid by GGC EUR S.à r.l. are calculated according to a formula based on a certain warrant amount and the value of the shares of the Company. The warrant agreement with GGC EUR S.à r.l. has a term until the earlier of (i) the tenth annual anniversary of the execution date, or (ii) the acceptance by the Company's shareholders of an offer for a share deal. As of the date of this Prospectus, GGC EUR S.à r.l. has not exercised its rights under the warrant agreement to purchase shares in the Company. The subscription price per share currently amounts to €17.43 and is subject to customary anti-dilution adjustments. Based on the aforementioned subscription price, the full exercise of all conversion rights could result in the issuance of up to approximately 93,822 shares in the Company and would thereby increase the Company's current share capital (*i.e.*, 15,542,100 shares as of the date of this Prospectus) by up to approximately 0.6%. GGC EUR S.à r.l. may therefore have an interest in the Offering.

The Company will receive the proceeds from the sale of the New Shares and, if and to the extent the Greenshoe Option is exercised, from the exercise of the Greenshoe Option (after deduction of fees and commissions). Furthermore, the Company will gain access to the capital markets.

Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering or the listing of the Company's shares.

4. PROCEEDS AND COSTS OF THE OFFERING AND THE LISTING

The Company will receive the proceeds from the Offering resulting from the sale of the New Shares. In addition, the Company will receive the proceeds from the exercise of the Greenshoe Option, if any.

Assuming a placement of all New Shares (*i.e.*, 4,400,000 shares) and no exercise of the Greenshoe Option, the Company estimates that at the low end (€23.00 per Offer Share), mid-point (€26.00 per Offer Share) and high end (€29.00 per Offer Share) of the Price Range set for the Offering of the Offer Shares, gross proceeds to the Company would amount to approximately €101.2 million, €114.4 million and €127.6 million, respectively, and net proceeds to approximately €95.2 million, €108.0 million and €120.8 million, respectively.

Assuming a placement of all Offer Shares (*i.e.*, 5,060,000 shares) and full exercise of the Greenshoe Option (*i.e.*, 660,000 shares), the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds to the Company would amount to approximately €116.4 million, €131.6 million and €146.7 million, respectively, and net proceeds to approximately €109.9 million, €124.6 million and €139.3 million, respectively.

The costs of the Company related to the Offering of the Offer Shares and listing of the Company's entire share capital (including the listing of shares issued under the Greenshoe Option, if any) are expected to total approximately €6.9 million at the mid-point of the Price Range (assuming full exercise of the Greenshoe Option and including underwriting and placement commissions payable to the Joint Bookrunners) and will be borne by the Company.

Assuming an Offer Price at the low end, mid-point and high end of the Price Range and that the maximum number of Offer Shares is placed (*i.e.*, the Greenshoe Option has been fully exercised) and assuming further payment in full of the discretionary fee of up to €1.7 million, €2.0 million and €2.2 million, at the low end, mid-point and high end of the Price Range, respectively, the commission payable to the Joint Bookrunners by the Company will amount to €3.5 million, €3.9 million and €4.4 million, respectively.

Based on the assumptions described in the preceding paragraph, the total expenses of the Offering and listing to be borne by the Company are expected to amount to €6.5 million, €6.9 million and €7.4 million, respectively, resulting in net proceeds from the Offering of €109.9 million, €124.6 million and €139.3 million, respectively.

Investors will not be charged expenses by the Company or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

5. REASONS FOR THE OFFERING AND THE LISTING; USE OF PROCEEDS

The Company intends to pursue the Offering and list its shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the Offering and to gain access to the capital markets.

The Company currently intends to use the net proceeds from the Offering in the following priority: (i) between €20 and €50 million for investments in the technology platform and customer experience (*e.g.*, IT-platform, logistics enhancement), enhancement of the product offering and private label; (ii) up to €20 million for investments in strategic flexibility to drive current international market growth (*e.g.*, marketing and customer acquisition initiatives); (iii) between €20 and €25 million for the repayment of debt, of which approximately €15 million will be used for the repayment of a loan granted by GGC EUR S.à r.l. with an interest rate of 10.75%, approximately €6 million will be used for the repayment of a loan granted by an affiliate of Citigroup with an interest rate of currently 5.00% and up to €4 million will be used for the repayment of various working capital facilities on the level of our local entities with interest rates between 2.75% and 8.75%; and (iv) the remainder of the net proceeds from the Offering, if any, for general corporate purposes.

6. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE; USE OF PROFITS

6.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a German stock corporation (*Aktiengesellschaft*) under the laws of the Federal Republic of Germany such as the Company, the distribution of dividends for any given year and the amount and payment date thereof, are resolved by the Company's shareholders' meeting (*Hauptversammlung*) of the subsequent year, based upon either a joint proposal by the Management Board and the Supervisory Board or upon the Management Board's or the Supervisory Board's proposal. The shareholders' meeting must be held within the first eight months of each year.

Dividends may only be distributed from the net retained profits (*Bilanzgewinn*) of the Company. The net retained profits are calculated based on the Company's unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the HGB. Such accounting principles differ from IFRS in material respects.

When determining the net retained profits, the net income or loss for the year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit/loss carryforwards (*Gewinn-/Verlustvorträge*) from the previous year and withdrawals from, or appropriations, to reserves (retained earnings). Certain reserves are required to be set up by law and must be deducted when calculating the net retained profits available for distribution.

The Management Board must prepare unconsolidated financial statements (balance sheet, income statement and notes to the unconsolidated financial statements) and a management report for the previous year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present to the Supervisory Board a proposal for the allocation of the Company's distributable profits pursuant to Section 170 para. 2 of the German Stock Corporation Act (*Aktiengesetz*) ("**AktG**"). According to Section 171 AktG, the Supervisory Board must review the unconsolidated financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit and report to the shareholders' meeting in writing on the results of such review.

The shareholders' meeting's resolution on the allocation of the net retained profits requires a simple majority of votes cast to be passed. Pursuant to Section 22 para. 4 of the Articles of Association, the shareholders' meeting may also resolve that the dividends be distributed partially or entirely in kind (*e.g.*, as a distribution of treasury shares if such shares are held by the Company at that time). Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) without undue delay after the shareholders' meeting.

Dividends resolved by the shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant shareholders' meeting, unless a later due date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements will be evidenced by one or more Global Share Certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under an obligation to distribute these funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank about the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For further information on the taxation of dividends, see "*21.2.1 Taxation of Dividend Income*".

Any dividends not claimed within three years become time-barred. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

6.2 Dividend Policy and Earnings per Share

We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends in the foreseeable future. Any future decision to pay dividends will be made in accordance with applicable laws and will depend upon, among other things, our results of operations, financial condition, contractual restrictions and capital requirements. Our ability to pay dividends may also be limited by the terms of our existing and future financial liabilities or preferred securities should the Company decide to issue such preferred securities in the future.

No distributions of profits or reserves were made to the Company's shareholders in the years ended December 31, 2015, 2016 and 2017, respectively, or between January 1, 2018 and the date of this Prospectus.

7. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth the Group's actual capitalization and indebtedness (i) as of June 30, 2018, (ii) the adjustments for the pre-IPO capital increases, (iii) as adjusted to reflect the pre-IPO capital increases, (iv) adjustments for the Offering (assuming a placement of all New Shares (i.e., 4,400,000 shares) at the mid-point of the Price Range, total respective expenses for the Offering of €6.4 million and no exercise of the Greenshoe Option), (v) as adjusted to reflect the Offering, (vi) adjustments to reflect the exercise of the Greenshoe Option in full (i.e., 660,000 shares) at the mid-point of the Price Range and total respective expenses for the Offering of €0.5 million), and (vii) as adjusted to reflect the Offering and the exercise of the Greenshoe Option in full. The adjustments in (ii) to (vii) are based on the assumption that they had taken place on June 30, 2018 not considering any tax effects or any effects from share based compensation (income) / expenses resulting from the Offering. For simplification purposes, expenses for the Offering are subtracted from share premium in full.

Investors should read these tables in conjunction with "*9. Selected Consolidated Financial Information*", "*10. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations*", and the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018, including the related notes, which are included in this Prospectus on pages F-2 et seq.

7.1 Capitalization

	(i) As of June 30, 2018	(ii) Adjustments for the pre-IPO capital increases[(1)(2)]	(iii) As adjusted to reflect the pre-IPO capital increases	(iv) Adjustments for the Offering (assuming no exercise of the Greenshoe Option)	(v) As adjusted to reflect the pre-IPO capital increases and the Offering	(vi) Adjustments to reflect the exercise of the Greenshoe Option in full	(vii) As adjusted to reflect the pre-IPO capital increases, the Offering and the exercise of the Greenshoe Option in full
	Prior to implementation of the Offering			Upon completion of the Offering			
	(unaudited) (in € million)						
Total current debt[(3)]	**71.2**	–	**71.2**	–	**71.2**	–	**71.2**
Thereof guaranteed	–	–	–	–	–	–	–
Thereof secured	4.0	–	4.0	–	4.0	–	4.0
Thereof unguaranteed/ unsecured	67.2	–	67.2	–	67.2	–	67.2
Total non-current debt[(4)]	**68.3**	**(40.9)[(10)]**	**27.5**	**–**	**27.5**	**–**	**27.5**
Thereof guaranteed	–	–	–	–	–	–	–
Thereof secured	2.3	–	2.3	–	2.3	–	2.3
Thereof unguaranteed/ unsecured	66.0	(40.9)	25.2	–	25.2	–	25.2
Total shareholder's equity[(5)]	**(24.1)**	**40.9**	**16.7**	**108.0**	**124.7**	**16.6**	**141.3**
Share capital[(6)]	0.1	15.5[(10)]	15.5	4.4[(11)]	19.9	0.7[(12)]	20.6
Legal reserve[(7)]	209.3	25.0[(10)]	234.3	103.6[(11)]	337.9	16.0[(12)]	353.9
Other reserves[(8)]	(233.6)	0.4[(10)]	(233.2)	–	(233.2)	–	(233.2)
Total[(9)]	**115.4**	**0.0**	**115.4**	**108.0**	**223.4**	**16.6**	**240.0**

(1) On September 3, 2018, the Company issued 11,912 new shares to the holders of warrants in exchange for payment of €11,912. In addition, the warrants, which were valued at €40.9 million as of June 30, 2018, were settled by the Company. This capital increase was registered with the Commercial Register on September 3, 2018. The table does not reflect the expected implementation of a capital increase by the Company in the course of which the Company intends to acquire a total of 6,730 shares in various of its subsidiaries against the issuance of 487,350 new shares in the Company. This capital increase, if implemented as contemplated, will lead to a reduction of total shareholder's equity as shown in the table above as most of the equity attributable to non-controlling interests, which amounted to negative €33.4 million as of June 30, 2018, will be included in total shareholders' equity.

(2) By resolution of the Company's shareholders' meeting held on August 23, 2018, the Company's share capital was increased from the Company's own resources by €15,438,486.00 from €103,614.00 to €15,542,100.00. This capital increase was registered with the Commercial Register on September 3, 2018.

(3) Shown as total current liabilities in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

(4) Shown as total non-current liabilities in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.
(5) Shown as equity/(deficit) attributable to the owners of the Company in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.
(6) Shown as share capital in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.
(7) Sum of share premium and treasury shares, each as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.
(8) Sum of other reserves, retained earnings and other comprehensive income (OCI) reserve, each as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.
(9) Sum of total current debt, total non-current debt and total shareholder's equity.
(10) The settlement of the warrants results in an increase of €0.4 million (gain from settlement) in retained earnings and an increase of €40.5 million in share premium as well as a decrease of €40.9 million in total non-current liabilities. Furthermore, the issuance of 11,912 new shares to the holders of warrants in exchange for payment of €11,912 results in an increase in share capital of €11,912. The capital increase from Company's own resources results in an increase in share capital of €15.4 million and a decrease in share premium of €15.4 million.
(11) Net proceeds from the Offering assuming no exercise of the Greenshoe Option amounting to €108.0 million result in an increase of €4.4 million in share capital (4,400,000 shares) and an increase in share premium of €103.6 million representing the remaining net proceeds.
(12) Net proceeds from the Offering assuming exercise of the Greenshoe Option in full amounting to €16.6 million result in an increase of €0.7 million in share capital (660,000 shares) and an increase in share premium of €16.0 million representing the remaining net proceeds.

7.2 Indebtedness

	(i) As of June 30, 2018	(ii) Adjustments for the pre-IPO capital increases(1)(2)	(iii) As adjusted to reflect the pre-IPO capital increases	(iv) Adjustments for the Offering (assuming no exercise of the Greenshoe Option)	(v) As adjusted to reflect the pre-IPO capital increases and the Offering	(vi) Adjustments to reflect the exercise of the Greenshoe Option in full	(vii) Adjustments to reflect the pre-IPO capital increases, the exercise of the Greenshoe Option in full
	Prior to implementation of the Offering			Upon completion of the Offering			
				(unaudited) (in € million)			
A. Cash(3)	7.0	0.0(9)	7.0	108.0(9)	115.0	16.6(9)	131.6
B. Cash equivalents	–	–	–	–	–	–	–
C. Trading securities	–	–	–	–	–	–	–
D. Liquidity(A)+(B)+(C)	**7.0**	**0.0**	**7.0**	108.0	**115.0**	**16.6**	**131.6**
E. Current financial receivables(4)	**7.3**	**–**	**7.3**	–	**7.3**	–	**7.3**
F. Current bank debt(5)	2.7	–	2.7	–	2.7	–	2.7
G. Current portion of non-current debt(6)	4.0	–	4.0	–	4.0	–	4.0
H. Other current financial debt(7)	6.7	–	6.7	–	6.7	–	6.7
I. Current Financial Debt (F)+(G)+(H)	**13.5**	–	**13.5**	–	**13.5**	–	**13.5**
J. Net current financial indebtedness (I)-(E)-(D)	**(0.9)**	**(0.0)**	**(0.9)**	**(108.0)**	**(108.8)**	**(16.6)**	**(125.5)**
K. Non-current bank loans	–	–	–	–	–	–	–
L. Bonds issued	–	–	–	–	–	–	–
M. Other non-current loans(8)	67.9	(40.9)	27.1	–	27.1	–	27.1
N. Non-current financial liabilities (K)+(L)+(M)	**67.9**	**(40.9)**	**27.1**	–	**27.1**	–	**27.1**
O. Net financial indebtedness (J)+(N)	**67.1**	**(40.9)**	**26.2**	**(108.0)**	**(81.8)**	**(16.6)**	**(98.4)**

(1) On September 3, 2018, the Company issued 11,912 new shares to the holders of warrants in exchange for payment of €11,912. In addition, the warrants, which were valued at €40.9 million as of June 30, 2018, were settled by the Company. This capital increase was registered with the Commercial Register on September 3, 2018.

(2) By resolution of the Company's shareholders' meeting held on August 23, 2018, the Company's share capital was increased from the Company's own resources by €15,438,486.00 from €103,614.00 to €15,542,100.00. This capital increase was registered with the Commercial Register on September 3, 2018.

(3) Shown as cash and cash equivalents in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. As of June 30, 2018, the position cash and cash equivalents included only cash. The Group held no cash equivalents as of June 30, 2018.

(4) Shown as current trade and other receivables in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

(5) Comprises an amount of €2.7 million outstanding under various local working capital facilities and shown under current borrowings in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

(6) Comprises the current borrowings as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 net of an amount of €2.7 million outstanding under various local working capital facilities included under current bank debt.

(7) Comprises current lease liabilities and current other financial liabilities as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

(8) Comprises non-current borrowings, non-current lease liabilities and non-current other financial liabilities as shown in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

(9) Proceeds of €11,912 from the issuance 11,912 new shares to the holders of warrants, net proceeds from the Offering assuming no exercise of the Greenshoe Option amounting to €108.0 million and net proceeds of €16.6 million from the exercise of the Greenshoe Option in full.

7.3 Contingent and Indirect Liabilities

As of June 30, 2018, there were no contingent or indirect liabilities of the Group.

7.4 Statement on Working Capital

The Company is of the opinion that the Group is in a position to meet at least those payment obligations that become due within the next twelve months following the approval of this Prospectus.

8. DILUTION

As of June 30, 2018, the net book value of the Company amounted to negative €24.1 million. The net book value as of June 30, 2018 corresponds to total assets of €82.0 million less total non-current liabilities of €68.3 million and total current liabilities of €71.2 million less non-controlling interests of negative €33.4 million, each as shown in the unaudited condensed consolidated interim financial statements of the Company as of June 30, 2018.

The net book value prior to the Offering is adjusted for the issuance of 11,912 new shares to the holders of warrants in exchange for payment of €11,912.00 and the settlement of the warrants, which were valued at €40.9 million as of June 30, 2018, to the Company. Accordingly, assuming the above-mentioned issuance of the New Shares as well as the settlement had taken place on June 30, 2018, €40.9 million were added to the net book value of the Company as of June 30, 2018. The adjusted net book value as of June 30, 2018 would be €16.8 million. The net book value per share, which corresponds to the net book value divided by the number of outstanding Company's shares immediately prior to the Offering, as of June 30, 2018 would amount to €1.08 per Company's share based on 15,542,100 outstanding Company's shares immediately prior to the Offering.

The dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price exceeds the net book value per share attributable to owners of the Company after completion of the Offering assuming the Offering had taken place on June 30, 2018. In this respect, the net book value attributable to owners of the Company as of June 30, 2018 is adjusted for the effects of the Offering, assuming (i) the execution of the IPO Capital Increase in the maximum number of offered New Shares and exercise of the Greenshoe Option in full and (ii) an increase in the net book value attributable to shareholders by €109.9 million, €124.6 million and €139.3 million at the low end, mid-point and high end of the Price Range. The assumed increase is based on the expected net proceeds not considering any tax effects. The adjusted net book value attributable to owners of the Company is expressed as a per share figure, assuming 20,602,100 outstanding shares of the Company upon completion of the Offering (this per share figure being referred to as the "**Post-IPO Equity**").

	As of June 30, 2018		
	Low end	**Mid-point**	**High end**
	(unaudited)		
	(in €, unless otherwise specified)		
Net book value per share[1]	1.08	1.08	1.08
Gross proceeds from the Offering (in € million)	116.4	131.6	146.7
Estimated total costs of the Offering (in € million)[2]	(6.5)	(6.9)	(7.4)
Net proceeds from the Offering (in € million)	109.9	124.6	139.3
Post-IPO Equity (in € million)	126.7	141.4	156.1
Post-IPO Equity per share	6.15	6.86	7.58
Amount by which the Offer Price exceeds the Post-IPO Equity per share (immediate dilution of new shareholders of the Company)	16.85	19.14	21.42
Percentage by which the Offer Price exceeds the Post-IPO Equity per share	*274.0%*	*279.0%*	*282.6%*
Amount by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	5.07	5.78	6.50
Percentage by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering	*469.4%*	*535.2%*	*601.9%*

(1) Based on 15,542,100 outstanding shares of the Company immediately prior to the Offering and a net book value of the Group in an amount of negative €24.1 million as of June 30, 2018, shown as deficit attributable to the owners of the parent company in the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 adjusted for the issuance of 11,912 new shares to the holders of warrants in exchange for payment of €11,912 and the settlement of the warrants, which were valued at €40.9 million as of June 30, 2018, to the Company. The table does not reflect the expected implementation of a capital increase by the Company in the course of which the Company intends to acquire a total of 6,730 shares in various of its subsidiaries against the issuance of 487,350 new shares in the Company. This capital increase, if implemented as contemplated, will lead to a reduction of the net book value per share as most of the equity attributable to non-controlling interests, which amounted to negative €33.4 million as of June 30, 2018, will be included in net book value.

(2) Including underwriting and placement commissions payable to the Joint Bookrunners and assuming payment of the discretionary fee in full.

Each of the New Shares and any shares issued under the Greenshoe Option will have the same voting rights as the Company's existing shares.

Prior to the Offering, the Company's existing shareholders, including the Lending Shareholder, held 99.8% of the shares in the Company, with the remainder being held by the Company as treasury shares. Upon completion of the Offering (assuming placement of all Offer Shares and exercise of the Greenshoe Option in full), the aggregate shares held by the Company's existing shareholders (including the Lending Shareholder) would amount to 75.3% of the Company's total shares.

Prior to the Offering, the Lending Shareholder directly and indirectly held 30.04% of the shares in the Company. Upon completion of the Offering (assuming placement of all Offer Shares and exercise of the Greenshoe Option in full), the shares held by the Lending Shareholder would amount to 22.66% of the Company's total shares.

9. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017, the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with IFRS, and the additional requirements of German commercial law pursuant to Section 315a para. 1 HGB and Section 315e para. 1 HGB, respectively. The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Munich, Germany, has audited the aforementioned German-language consolidated financial statements of the Company in accordance with Section 317 HGB and German generally accepted standards for financial statement audits, and issued unqualified audit opinions with respect to such consolidated financial statements as of and for the years ended December 31, 2015 and 2016 and an unqualified independent auditor's report with respect to such consolidated financial statements as of and for the year ended December 31, 2017. English-language translations of the aforementioned audited consolidated financial statements of the Company and of the respective audit opinions or of the independent auditor's report thereon as well as the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 are included in this Prospectus.

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but was taken either from the unaudited condensed consolidated interim financial statements mentioned above, or the Company's internal reporting system, or has been calculated based on figures from the aforementioned sources.

All of the financial information presented in the text and tables below is shown in millions of euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to zero.

The following selected consolidated financial information should be read together with the sections "2.8 Non-IFRS Financial Information" and *"10. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations", the consolidated financial statements and unaudited condensed consolidated interim financial statements, including the related notes, contained in this Prospectus, and additional financial information contained elsewhere in this Prospectus. Our historical results are not necessarily indicative of our future results, and our interim results as of and for the six months ended June 30, 2018 are not necessarily indicative of the results that should be expected for the full year ending December 31, 2018 or any other period.*

9.1 Historical Financial Statements

9.1.1 Consolidated Income Statement

Unless otherwise noted, the information in the following table is taken from our consolidated income statements as included in our audited consolidated financial statements for the years ended December 31, 2015, 2016 and 2017 and does not reflect the decision we took in the first half of 2018 to initiate a process to sell our operations in Brazil, Russia and Kazakhstan.

	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Revenue	219.2	250.4	265.8	98.9	120.5
Cost of sales	(126.6)	(144.1)	(151.7)	(56.5)	(69.3)
Gross profit	**92.6**	**106.3**	**114.1**	**42.4**	**51.1**
Fulfilment expenses(1)	(56.7)(2)	(53.6)(3)	(57.0)	(21.7)	(24.6)
Marketing expenses	(31.5)	(18.0)	(15.8)	(6.6)	(7.6)
General and administrative expenses(4)	(61.2)(2)	(54.6)(3)	(61.4)	(27.9)	(17.4)
Other operating expenses	(1.5)	(1.6)	(2.0)	(0.4)	(0.3)
Other operating income	1.0	0.9	0.8	0.5	0.3
Operating result	**(57.3)**	**(20.5)**	**(21.3)**	**(13.6)**	**1.6**
Finance costs	(1.9)	(6.1)	(10.0)	(4.6)	(6.7)
Finance income	0.0	0.1	0.1	0.0	–
Other financial result	(2.4)	2.0	0.2	0.3	(0.2)
Financial result	(4.2)	(4.1)	(9.8)	(4.3)	(6.8)
Result before income tax	**(61.5)**	**(24.5)**	**(31.2)**	**(17.9)**	**(5.3)**
Income tax expense	(0.2)	(0.4)	(0.4)	(0.1)	(0.1)
Result for the period from continuing operations	**–**	**–**	**–**	**(18.0)**	**(5.4)**
Result for the period from discontinued operations after taxes	–	–	–	0.4	0.7
Result for the period	**(61.7)**	**(24.9)**	**(31.5)**	**(17.7)**	**(4.7)**
Loss attributable to:					
Owners of the Company	(53.1)	(22.9)	(29.2)	(16.3)	(6.9)
Non-controlling interests	(8.6)	(2.0)	(2.4)	(1.4)	2.3

(1) Fulfilment expenses include share-based compensation income of €0.1 million in 2015 and €0.3 million in 2016 and share-based compensation expenses of €0.8 million in 2017.

(2) Unaudited. Fulfilment expenses were adjusted to reflect the revised classification of expense items that has been used by the Company starting with the audited consolidated financial statements as of and for the year ended December 31, 2017. See also note 2.3 on page F-29. In the audited consolidated financial statements of the Company as of and for the year ended December 31, 2015, fulfilment expenses for 2015 were reported as €69.6 million and general and administrative expenses for 2015 were reported as €48.3 million.

(3) Taken from the comparative financial information of the audited consolidated financial statements as of and for the year ended December 31, 2017. In the Company's audited consolidated financial statements as of and for the year ended December 31, 2017, expenses of €12.1 million were reclassified from fulfilment expenses to general and administrative expenses in the comparative financial information for the year ended December 31, 2016. In the audited financial statements of the Company as of and for the year ended December 31, 2016, fulfilment expenses for 2016 were reported as €65.7 million and general and administrative expenses for 2016 were reported as €42.4 million.

(4) General and administrative expenses include share-based compensation expenses of €4.7 million in 2015, €4.3 million in 2016 and €10.2 million in 2017.

9.1.2 Consolidated Statement of Financial Position

Unless otherwise specified, the following table is taken from our consolidated statement of financial position as of the dates indicated. The information as of December 31, 2015, 2016 and 2017 does not reflect the decision we took in the first half of 2018 to initiate a process to sell our operations in Brazil, Russia and Kazakhstan. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. In the unaudited condensed consolidated interim financial statements as of and for the six months ended as of June 30, 2018, our operations in Brazil, Russia and Kazakhstan are classified as discontinued operations.

	As of December 31,			As of June 30,
	2015[1]	2016	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)
Assets				
Non-current assets				
Property, plant and equipment	6.1	6.5	6.1	23.0
Intangible assets	2.6	3.6	4.0	5.8
Trade and other receivables	2.5	3.5	3.7	3.4
Total non-current assets	**11.2**	**13.6**	**13.8**	**32.2**
Current assets				
Inventories[2]	13.7	16.8	21.7	20.6
Prepayments on inventories[2]	1.0	2.0	2.4	3.0
Trade and other receivables	5.8	6.9	9.0	7.3
Other assets	2.6	1.8	2.1	3.3
Cash and cash equivalents	18.7	17.9	13.8	7.0
Assets held for sale	–	–	–	8.5
Total current assets	**41.8**	**45.4**	**48.9**	**49.8**
Total assets	**53.0**	**59.0**	**62.7**	**82.0**
Equity and liabilities				
Equity/(deficit)				
Share capital	0.1	0.1	0.1	0.1
Treasury shares	–	(1.0)	(1.0)	(1.0)
Share premium	210.3	210.3	210.3	210.3
Other reserves	17.3	17.8	22.7	35.1
Retained earnings	(216.3)	(240.8)	(269.3)	(276.2)
Other comprehensive income (OCI) reserve	9.1	6.8	7.2	7.5
Equity/(deficit) attributable to the owners of the company	**20.6**	**(6.7)**	**(30.0)**	**(24.1)**
Non-controlling interests	(33.2)	(33.0)	(35.8)	(33.4)
Total equity/(deficit)[3]	**(12.7)**	**(39.7)**	**(65.8)**	**(57.5)**
Non-current liabilities				
Borrowings	–	–	4.4	11.7
Finance lease liabilities[4]	–	–	0.0	15.4
Other financial liabilities	–	27.9[5]	35.5	40.9
Other non-financial liabilities	10.5[6]	9.6[5]	15.7	0.1
Provisions	0.3	0.3	0.2	0.2
Total non-current liabilities	**10.8**	**37.8**	**55.9**	**68.3**
Current liabilities				
Borrowings	1.7	–	7.1	6.8
Finance lease liabilities[4]	–	–	–	3.6
Trade payables and accruals	34.1	38.7	39.7	27.7
Customer prepayments	9.1	10.4	11.7	9.7
Other financial liabilities	0.9[6]	0.9[5]	1.6	3.1
Other non-financial liabilities	7.5[6]	9.3[5]	9.5	6.9
Provisions	1.5	1.5	2.9	2.9
Liabilities in connection with assets held for sale	–	–	–	10.5
Total current liabilities	**54.8**	**60.8**	**72.6**	**71.2**
Total liabilities	**65.6**	**98.7**	**128.5**	**139.5**
Total equity and liabilities	**53.0**	**59.0**	**62.7**	**82.0**

(1) Taken from the comparative financial information as of December 31, 2015 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of

December 31, 2015 was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate.

(2) In the consolidated statement of financial position of the audited consolidated financial statements as of and for the year ended December 31, 2017 inventories and prepayment on inventories are shown separately, while in the audited consolidated financial statements as of and for the year ended December 31, 2016 such a split is only shown in the respective notes.

(3) In the consolidated statement of financial position of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016 labeled as total equity / deficit not covered by equity.

(4) Presented as lease liabilities due to IFRS 16 "Leases" in the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.

(5) Taken from the comparative financial information as of December 31, 2016 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. In the consolidated statement of financial position in the audited consolidated financial statements as of and for the year ended December 31, 2017 current and non-current other financial liabilities as well as current and non-current other non-financial liabilities are each shown separately, while in the consolidated statement of financial position in the audited consolidated financial statements as of and for the year ended December 31, 2016, only current and non-current other liabilities are shown.

(6) Unaudited. Adjusted to reflect the separate presentation of current and non-current other financial liabilities as well as current and non-current other non-financial liabilities in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017.

9.1.3 Consolidated Statement of Cash Flows

Unless otherwise noted, the information in the following excerpt from the consolidated statement of cash flows shows the cash flows of our Group for the years ended December 31, 2015, 2016 and 2017 as included in our audited consolidated financial statements for the years ended December 31, 2015, 2016 and 2017. The following table does not reflect our decision taken in the first half of 2018 concerning our intention to sell our operations in Brazil, Russia and Kazakhstan.

	As of and for the year ended December 31,		
	2015[1]	**2016[2]**	**2017**
	(audited, unless otherwise specified) (in € million)		
Cash effective operating loss before changes in working capital	(50.0)	(15.2)	(3.5)
Adjustments for changes in working capital:			
Changes in trade and other receivables and prepayments	1.2	0.3	(2.6)
Changes in inventories	(3.1)	(3.3)	(5.7)
Changes in trade and other payables	6.6	4.7	4.6
Cash used in operations	(45.2)	(13.5)	(7.3)
Tax paid	(0.3)	(0.4)	(0.5)
Net cash flows used in operating activities	(45.6)[3]	(13.9)	(7.8)
Net cash flows used in investing activities	(4.8)[3]	(4.5)	(5.5)
Net cash flows from financing activities	48.5[3]	17.2	9.8
Net change in cash and cash equivalents	(1.9)	(1.1)	(3.5)
Cash and cash equivalents at the end of the period	18.7	17.9	13.8

(1) Taken from the comparative financial information as of and for the year ended December 31, 2015 in the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of and for the year ended December 31, 2015 was adjusted to reflect a reclassification of cash flows from investing activities to cash flows from financing activities. This cash outflow related to the early purchase of leased warehouse equipment. Furthermore, such information was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate.

(2) Taken from the comparative financial information as of and for the year ended December 31, 2016 in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. Such comparative financial information as of and for the year ended December 31, 2016 was adjusted to reflect a reclassification of interest received amounting to €0.1 million from cash flows from operating activities to cash flows from investing activities as well as interest and other finance charges paid amounting to €1.3 million from cash flows from operating activities to cash flows from financing activities.

(3) Unaudited. Adjusted to reflect a reclassification in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017 of interest received from cash flows from operating activities amounting to €10 thousand to cash flows from investing activities and interest and other finance charges paid from cash flows from operating activities amounting to €1.8 million to cash flows from financing activities.

The information in the following excerpt from the consolidated statement of cash flows shows the cash flows of our Group for the six months ended June 30, 2017 and 2018 and has been taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. The following table reflects the decision we took in the first half of 2018 to initiate a process to sell our operations in Brazil, Russia and Kazakhstan.

	As of and for the six months ended June 30,	
	2017	2018
	(unaudited) (in € million)	
Cash effective operating profit/(loss) before changes in working capital	(7.3)	1.9
Adjustments for changes in working capital:		
Changes in trade and other receivables and prepayments	0.3	(2.1)
Changes in inventories	(4.1)	(2.9)
Changes in trade and other payables	0.6	(4.3)
Cash used in operations	(10.6)	(7.4)
Tax paid	(0.1)	(0.1)
Net cash flows used in operating activities – continuing operations	(10.6)	(7.6)
Net cash flows generated/(used) in operating activities – discontinued operations	(0.7)	0.5
Net cash flows used in investing activities – continuing operations	(2.8)	(3.1)
Net cash flows used in investing activities – discontinued operations	(0.1)	(0.2)
Net cash flows from financing activities – continuing operations	10.8	5.1
Net cash flows from financing activities – discontinued operations	(0.6)	(0.6)
Net change in cash and cash equivalents	(4.0)	(5.8)
Cash and cash equivalents at June 30	13.7	7.7
Thereof discontinued operations	0.9	0.6
Thereof continuing operations	12.8	7.0

9.2 Restated Financial Information to Reflect the Split in Continuing and Discontinued Operations

As indicated above, in the first half of 2018, we decided to initiate a process to sell our operations in Brazil, Russia and Kazakhstan. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified our operations in Brazil, Russia and Kazakhstan as discontinued operations, applying IFRS 5 "Non-current assets held for sale and discontinued operations" in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. According to IFRS, in the audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 these operations are not classified as discontinued operations. However, to allow investors to understand the impact of the sale of our operations in Brazil, Russia and Kazakhstan and therefore the historical development of our continuing operations, we have prepared the following additional information for the years ended December 31, 2015, 2016 and 2017, which shows the development of our operations in Germany, Austria, Switzerland, Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia (the "**continuing operations**"), i.e., excluding external income and external expenses related to our operations in Brazil, Russia and Kazakhstan, in the line items starting "Revenue" and ending "Result for the period from continuing operations" and the development of the external income and external expenses related to our operations in Brazil, Russia and Kazakhstan (the "**discontinued operations**") separately in the line item "Result for the period from discontinued operations". Such result for operations from discontinued operations for the years ended December 31, 2015, 2016 and 2017 is not prepared applying IFRS 5 "Non-current assets held for sale and discontinued operations", but applying the same accounting policies as those used for continuing operations. Thus, this line item shown in the Prospectus and the line item "Result for the period" below, for the years ended December 31, 2015, 2016 and 2017 are not comparable to the corresponding line items for the six months ended June 30, 2017 and June 30, 2018 taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. As a result, the information for the years ended December 31, 2015, 2016 and 2017 presenting continuing operations as well as discontinued operations is not in line with IFRS. Information on continuing and discontinued operations for the years ended December 31, 2015, 2016 and 2017 has been derived from the historical consolidated income statement and the Company's internal reporting

system, applying for comparability purposes the accounting policies concerning the allocation of expense and income items to continuing and discontinued operations as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and is unaudited. The information for the six months ended June 30, 2017 and 2018 has been taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018, in which external income and external expenses related to our operations in Brazil, Russia and Kazakhstan were required to be separately presented in discontinued operations applying IFRS 5 "Non-current assets held for sale and discontinued operations".

9.2.1 Consolidated Income Statement

Restated Financial Information to Reflect the Split in Continuing and Discontinued Operations	**For the year ended December 31,**			**For the six months ended June 30,**	
	2015	**2016**	**2017**	**2017**	**2018**
		(unaudited)		**(unaudited)**	
		(in € million)		**(in € million)**	
Revenue	173.6	205.3	219.6	98.9	120.5
Cost of sales	(103.4)	(120.1)	(127.3)	(56.5)	(69.3)
Gross profit	**70.2**	**85.2**	**92.3**	**42.4**	**51.1**
Fulfilment expenses[1]	(45.4)	(43.5)	(46.7)	(21.7)	(24.6)
Marketing expenses	(25.5)	(15.9)	(13.9)	(6.6)	(7.6)
General and administrative expenses[2]	(53.1)	(48.2)	(55.1)	(27.9)	(17.4)
Other operating expenses	(1.0)	(1.3)	(1.4)	(0.4)	(0.3)
Other operating income	0.9	0.9	0.7	0.5	0.3
Operating result	**(53.8)**	**(22.8)**	**(24.0)**	**(13.6)**	**1.6**
Finance costs	(0.8)	(5.0)	(8.9)	(4.6)	(6.7)
Finance income	0.0	0.0	0.0	0.0	–
Other financial result	(0.4)	0.1	0.4	0.3	(0.2)
Financial result	(1.2)	(4.9)	(8.5)	(4.3)	(6.8)
Result before income tax	**(55.0)**	**(27.7)**	**(32.5)**	**(17.9)**	**(5.3)**
Income tax expense	(0.2)	(0.3)	(0.2)	(0.1)	(0.1)
Result for the period from continuing operations	**(55.2)**	**(28.0)**	**(32.6)**	**(18.0)**	**(5.4)**
Result for the period from discontinued operations after taxes	(6.5)	3.1	1.1	0.4	0.7
Result for the period	**(61.7)**	**(24.9)**	**(31.5)**	**(17.7)**	**(4.7)**

(1) Fulfilment expenses include share-based compensation income of €0.1 million in 2015, €0.3 million in 2016, share-based compensation expenses of €0.8 million in 2017 and of €0.3 million in the six months ended June 30, 2017 and share-based compensation income of €0.9 million in the six months ended June 30, 2018.

(2) General and administrative expenses include share-based compensation expenses of €3.6 million in 2015, €4.1 million in 2016, €10.0 million in 2017 and €3.9 million in the six months ended June 30, 2017 and share-based compensation income of €2.3 million in the six months ended June 30, 2018.

9.2.2 Segment Information

We steer our business based on two operating segments that also form our reportable segments, DACH and International. The DACH segment comprises our business in Germany, Austria and Switzerland. The International segment comprises our operations in Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia. Such segment information is presented for the first time in the unaudited condensed consolidated interim financial statements for the six months ended and as of June 30, 2018. Our operations in Brazil, which we have agreed to sell, and our operations in Russia and Kazakhstan, which we intend to sell, have been classified as discontinued operations in the unaudited condensed consolidated interim financial statements for the six months ended and as of June 30, 2018 and, therefore, are not included in our operating segments in any period presented below. Segment information is not presented in our audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017. Segment information for these years is derived from the corresponding financial statements and the Company's internal reporting system, applying for comparability purposes the accounting policies for segment reporting as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and is not in line with IFRS and unaudited.

The following table shows revenue from continuing operations and Adjusted EBITDA from continuing operations for our segments DACH and International as well as for Headquarter/Reconciliation representing income and expenses not allocated to the segments as well as the elimination of the effects of inter–company transactions and for our Group for the periods presented:

Restated Financial Information to Reflect the Split in Continuing and Discontinued Operations	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
	(unaudited) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
DACH					
Revenue	61.7	79.3	97.6	40.4	59.8
Adjusted EBITDA	(12.7)	(3.2)	1.3	(0.9)	2.9
Adjusted EBITDA margin	*(20.6)%*	*(4.0)%*	*1.3%*	*(2.2)%*	*4.8%*
International					
Revenue	111.9	126.0	122.0	58.5	60.7
Adjusted EBITDA	(29.0)	(9.0)	(5.1)	(3.9)	0.1
Adjusted EBITDA margin	*(25.9)%*	*(7.1)%*	*(4.2)%*	*(6.6)%*	*0.1%*
Headquarter/Reconciliation					
Revenue	–	–	–	–	–
Adjusted EBITDA	(0.5)	(0.2)	(0.3)	(0.2)	(0.1)
Group					
Revenue	173.6	205.3	219.6	98.9	120.5
Adjusted EBITDA[(1)]	(42.2)	(12.3)	(4.0)	(5.0)	2.8

(1) We define EBITDA as the sum of (i) operating result (EBIT) and (ii) depreciation, amortization and impairments ("**EBITDA**"). We calculate adjusted EBITDA by adjusting EBITDA for (i) share-based compensation (income) / expenses, (ii) IPO costs recognized in profit or loss (for periods after January 1, 2018) and (iii) central costs allocated to discontinued operations ("**Adjusted EBITDA**").

9.2.3 Additional Key Performance Indicators

The following table provides an overview of our Key Performance Indicators as well as certain other financial and non-financial key performance indicators for our continuing operations for the dates and periods presented:

	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2015	2016	2017	2017	2018
Continuing Operations	(unaudited), (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	173.6	205.3	219.6	98.9	120.5
Adjusted EBITDA	(42.2)	(12.3)	(4.0)	(5.0)	2.8
Adjusted EBITDA margin[(1)]	*(24.3)%*	*(6.0)%*	*(1.8)%*	*(5.1)%*	*2.3%*
Contribution profit	24.7	41.5	46.5	21.1	25.7
Contribution margin[(2)]	*14.2%*	*20.2%*	*21.2%*	*21.3%*	*21.3%*
Active Customers (in thousand)[(3)]	725	813	838	788	907
Share of orders from repeat customers	76%	79%	82%	83%	81%
Total orders (in thousand)[(4)]	1,890	2,138	2,220	1,001	1,166
Average basket size (in €)[(5)]	103	108	114	111	116
Gross merchandise value (GMV)[(6)]	194	230	252	115	139
Average orders per active customer in the preceding 12 months (number of orders)[(7)]	2.6	2.6	2.7	2.7	2.6
Average GMV per active customer in the preceding 12 months (in €)[(8)]	268	283	301	293	305
Private label share[(9)]	5%	5%	10%	8%	14%

(1) Adjusted EBITDA as a percentage of revenue.

(2) Contribution profit as a percentage of revenue.

(3) Defined as customers who have placed at least one valid order, *i.e.*, an order for which payment has been processed successfully and which has not been canceled, during the twelve months prior to the relevant period end, irrespective of returns ("**Active Customers**").

(4) Defined as total number of valid orders, *i.e.*, orders for which payment has been processed successfully and which have not been canceled, during the twelve months prior to the relevant period end, irrespective of returns.

(5) Defined as GMV for the relevant period divided by the total number of orders for the same period.

(6) Defined for the relevant period as the product value of all valid orders excluding failed and canceled orders and less future projected cancellations. Future projected cancellations are estimated based on historical patterns.

(7) Defined as total number of orders in the last 12 months from the relevant period end date divided by Active Customers as of end date of the relevant period.

(8) Defined as GMV in the last 12 months from the relevant period end date divided by Active Customers as of end date of the relevant period.

(9) Share of private label GMV as percentage of total GMV.

9.2.4 *Quarterly Financial Information*

The following table provides an overview of our revenue, Adjusted EBITDA and Adjusted EBITDA margin on a quarterly basis for the Group and for our DACH and International segments for the dates and periods presented, in each case for continuing operations. Such information has been derived from the Company's internal reporting system, applying for comparability purposes the accounting policies concerning the split between continuing and discontinued operations and concerning segment reporting as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and is unaudited.

Continuing Operations	As of and for the three months ended									
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,
	2016				2017				2018	
	(unaudited and in € million, unless otherwise specified)									
DACH										
Revenue	16.6	18.4	18.2	26.1	18.9	21.5	22.2	35.1	30.0	29.8
Adjusted EBITDA	(1.2)	(1.5)	(2.5)	2.0	(1.0)	0.1	(0.4)	2.6	1.2	1.7
Adjusted EBITDA margin	*(7.0)%*	*(8.4)%*	*(13.6)%*	*7.7%*	*(5.5)%*	*0.7%*	*(1.7)%*	*7.4%*	*3.9%*	*5.7%*
International										
Revenue	30.9	32.2	25.7	37.2	28.8	29.7	25.4	38.1	32.1	28.6
Adjusted EBITDA	(4.1)	(1.7)	(3.2)	0.0	(2.0)	(1.9)	(1.9)	0.7	0.9	(0.8)
Adjusted EBITDA margin	*(13.4)%*	*(5.2)%*	*(12.5)%*	*0.1%*	*(6.9)%*	*(6.3)%*	*(7.6)%*	*2.0%*	*2.9%*	*(2.9)%*
Headquarter/Reconciliation										
Revenue	–	–	–	–	–	–	–	–	–	–
Adjusted EBITDA	(0.1)	(0.0)	(0.1)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Group										
Revenue	47.5	50.6	43.9	63.4	47.7	51.2	47.6	73.2	62.1	58.4
Adjusted EBITDA	(5.3)	(3.2)	(5.8)	2.1	(3.2)	(1.8)	(2.3)	3.3	2.1	0.8
Adjusted EBITDA margin	*(11.3)%*	*(6.4)%*	*(13.2)%*	*3.2%*	*(6.8)%*	*(3.4)%*	*(4.9)%*	*4.5%*	*3.3%*	*1.3%*

The following table shows the calculation of our Adjusted EBITDA from continuing operations on the Group level for the periods indicated:

Continuing Operations	As of and for the three months ended									
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,
	2016				2017				2018	
	(unaudited and in € million)									
Operating result (EBIT)	**(7.8)**	**(4.5)**	**(8.7)**	**(1.8)**	**(6.9)**	**(6.7)**	**(5.2)**	**(5.2)**	**(1.2)**	**2.7**
Depreciation, amortization and impairments	0.6	0.6	0.6	0.6	1.0	1.0	2.1	1.0	1.6	1.6
Share-based compensation (income) / expenses	0.9	(0.3)	1.1	2.1	1.4	2.8	(0.2)	6.8	1.2	(4.4)
IPO costs recognized in profit or loss	–	–	–	–	–	–	–	–	–	0.1
Central costs allocated to discontinued operations	0.9	1.0	1.3	1.1	1.2	1.1	1.0	0.6	0.5	0.7
Adjusted EBITDA	**(5.3)**	**(3.2)**	**(5.8)**	**2.1**	**(3.2)**	**(1.8)**	**(2.3)**	**3.3**	**2.1**	**0.8**

9.2.5 *Quarterly Other Financial and Non-financial Key Performance Indicators*

The following table provides an overview of our other financial and non-financial key performance indicators on a quarterly basis for the Group (continuing operations) for the dates and periods presented.

Continuing Operations	As of and for the three months ended									
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,
	2016				2017				2018	
	(unaudited)									
Active customers (in thousand)	744	761	784	813	794	788	802	838	881	907
Share of orders from repeat customers	77%	80%	81%	79%	82%	83%	82%	80%	81%	82%
Total orders (in thousand)	550	501	464	624	510	492	496	723	611	555
Average basket size (in €)	106	107	107	108	110	111	112	114	115	116
Gross merchandise value (GMV)	59	55	49	67	58	56	56	81	72	67
Average orders per active customer in the preceding 12 months	2.6	2.6	2.6	2.6	2.6	2.7	2.6	2.7	2.6	2.6
Average GMV per active customer in the preceding 12 months	272	279	282	283	289	293	297	301	302	305
Private label share	4%	4%	5%	6%	7%	9%	11%	12%	13%	15%

10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information contained in the following tables and discussion is taken or derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017, the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018, the Company's unconsolidated financial statements as of and for the year ended December 31, 2017 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with IFRS, and the additional requirements of German commercial law pursuant to Section 315a para. 1 HGB and Section 315e para. 1 HGB, respectively. The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS on interim financial reporting (IAS 34). The audited unconsolidated financial statements have been prepared in accordance with German generally accepted accounting principles of the HGB.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Munich, Germany, has audited the aforementioned German language consolidated financial statements of the Company in accordance with Section 317 HGB and German generally accepted standards for financial statement audits, and issued unqualified audit opinions with respect to such consolidated financial statements as of and for the years ended December 31, 2015 and 2016 and an unqualified independent auditor's report with respect to such consolidated financial statements as of and for the year ended December 31, 2017. English-language translations of the aforementioned audited consolidated financial statements of the Company and of the respective audit opinions or of the independent auditor's report thereon as well as the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 are included in this Prospectus.

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited financial statements mentioned above, but was taken either from the unaudited condensed consolidated interim financial statements mentioned above, or the Company's internal reporting system, or has been calculated based on figures from the aforementioned sources.

All of the financial information presented in the tables and discussion below is shown in millions of euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to zero.

The following discussion and analysis should be read together with the Company's consolidated financial statements and unaudited condensed consolidated interim financial statements, including the related notes, contained in this Prospectus, and additional financial information contained elsewhere in this Prospectus, in particular in the section "9. Selected Consolidated Financial Information". Our historical results are not necessarily indicative of our future results, and our interim results as of and for the six months ended June 30, 2018 are not necessarily indicative of the results that should be expected for the full year ending December 31, 2018 or any other period.

10.1 Overview

We consider ourselves to be the leader in the inspiration-based home & living eCommerce business in Europe. We aim to inspire our mostly female customer base with a curated selection of home & living products, which include home décor products, home accessories, textiles and furniture. These products are either offered under third-party brands or under our own private label. We benefit from the experience of our founder-led management team, a strong market position and high customer loyalty. In 2017, sales accounting for approximately 85% of GMV of our continuing operations were placed by customers who visited our websites and apps an average of 100 times that year. As of June 30, 2018, in our continuing operations, we had 907,000

Active Customers, which we define as customers who have placed at least one valid order during the twelve months prior to the relevant period end. A valid order is an order for which payment has been processed successfully and which has not been canceled, irrespective of returns. In our continuing operations, these Active Customers placed a total of 2.4 million orders with a GMV of €277 million in the twelve months ending June 30, 2018. Our continuing operations in eleven European countries are grouped in two operating and reportable segments, (i) the DACH segment, which includes our more mature markets Germany, Austria and Switzerland, and (ii) the International segment, which includes Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia.

The home & living market is one of the largest consumer markets. In 2017, the aggregate market volume in the eleven European countries in which we currently operate was €117 billion (*Source: Euromonitor*). The home & living market is an established and stable market that largely develops in line with the underlying GDP. The expected continuation of the offline to online shift in the home & living industry provides, however, further growth potential for our business. Online penetration in the home & living market is currently comparatively low at only 5% on average in 2017 (*Source: Euromonitor*) in the eleven European countries in which we currently operate, but is forecast by Euromonitor to grow significantly in the medium-term. We believe that favorable demographic trends will further accelerate the migration from offline to online, primarily driven by millennials (*i.e.*, people born after the early 1980s) with a high affinity for the internet in general and eCommerce in particular. In addition, older demographics are also increasing their online and eCommerce usage. The home & living market is highly fragmented, with most suppliers reporting sales of less than €10 million per year and few known supplier brands, giving retailers significant bargaining power.

Under our strong "Westwing" brand, we operate an innovative business model that combines the inspirational aspects of a "curated shoppable home & living magazine" through our daily themes offering with the permanent assortment of a typical eCommerce retailer. We acquire most of our customers through our daily themes offering and monetize them through both our daily themes and our permanent assortment. Based on the concept of a "curated shoppable magazine", we seek to inspire potential and current customers with a mostly theme-based selection of attractively priced products. Our daily themes offering consists typically of six events per day that regularly include a large number of curated products that are available for a limited period of time. The events are presented in a daily newsletter sent to registered users. We leverage our daily themes model to create purchase triggers for new customers and to increase the loyalty of our existing customer base. We provide our suppliers with an opportunity to use our daily themes not only as a powerful sales and growth channel but also as a marketing tool. In addition to our daily themes, our permanent assortment offers customers a curated selection of bestsellers from our daily themes and private label products. The success of our business model is evidenced by the fact that 82% of our orders in the second quarter of 2018 came from repeat customers, which we define as customers who have placed at least two valid orders with us.

Our core business centers around offering our customers a curated product assortment. Based on trend scouting and data collected in the past, we carefully select the products we want to offer and present them embedded in editorial content. We either source our products from third-party suppliers or have the relevant products manufactured according to our specifications and offer them as our own private label offering. By sourcing private label products directly from factories, we are able to offer bestsellers at highly attractive prices and improve our contribution margin. Our logistics ecosystem positions us to smoothly execute customer orders. We operate seven warehouses across Europe, where we pack and prepare the products we sell for shipping. Deliveries are handled by reliable third-party carriers. Our operations are backed by our custom-built technology platform. Our technology, which is based in part on external software, was developed with a view to providing a flexible, agile and modular backbone for our day-to-day operations. Throughout our operations, we collect and analyze data using tools based on standard and proprietary software to help us efficiently develop and expand our operations. In addition, we invest in the development of innovative features to further enhance the competitiveness of our online offering.

Founded in 2011, we focused in the early stage of our corporate development on rapidly growing our business operations in order to quickly reach scale and relevance in our target markets. In 2015, we entered the next phase, during which we focused on moving towards profitability, and achieved a positive Adjusted EBITDA in the fourth quarter of 2017 and in the first two quarters of 2018. As we intend to continue focusing, on our operations in Europe where we see stronger growth potential and synergies, we initiated a process to sell our operations in Brazil, Russia and Kazakhstan in the first half of 2018. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified our operations in Brazil, Russia and Kazakhstan as discontinued operations in our unaudited condensed consolidated interim financial statements as of and for the six months

ended June 30, 2018. In the six months ended June 30, 2018, we had revenue from continuing operations of €120.5 million and Adjusted EBITDA from continuing operations of €2.8 million or 2.3% of revenue.

10.2 Key Factors Affecting our Results of Operations, Financial Condition and Cash Flows

The key factors discussed below have significantly affected our results of operations, financial condition and cash flows during the periods for which financial information is included in this Prospectus, and we believe that these factors will continue to affect us in the future:

10.2.1 Demand for our Products

Demand is a key driver affecting our revenue. The home & living market is an established and stable market that has historically developed largely in line with GDP. Within the home & living industry, the expected continuation of the offline to online shift provides, however, fundamental growth potential. Online penetration stood at 5% in 2017 (*Source: Euromonitor*) in the eleven European countries in which we currently operate and is expected to increase significantly over the medium term. Demand for our products is also influenced by competition from both online and offline home & living retailers, in particular the breadth, quality and pricing of their offering and by our own strategy and the degree to which we are able to successfully implement this strategy. In particular, our ability to provide an inspiring product offering, convenient delivery times, competitive prices, effectively utilize organic marketing channels and offer excellent customer service are crucial to drive demand for our products. Demand can also be effected by one-off or unusual developments, such as unseasonably warm weather in a particular quarter. For example, the warm and sunny weather in Europe in the summer of 2018, which led to reduced consumer spending, has had an adverse impact on our growth.

As a result of increasing online penetration in our home & living markets, our inspirational offering and the impact of our marketing activities, the number of Active Customers in our continuing operations increased from 725,000 as of December 31, 2015 to 838,000 as of December 31, 2017 and further to 907,000 Active Customers as of June 30, 2018. The average basket size increased from €103 in 2015 to €114 in 2017. In the six months ended June 30, 2018, the average basket size was €116. As the average order frequency per Active Customer and the average basket size increased, our revenue from continuing operations increased more quickly than the number of Active Customers, from €173.6 million in 2015 to €219.6 million in 2017. In the six months ended June 30, 2018, revenue increased from €98.9 million in the six months ended June 30, 2017 to €120.5 million in the six months ended June 30, 2018.

10.2.2 Composition of Our Product Offering

Our product offering comprises a curated, inspirational assortment of home & living products, including décor and accessories (18% of GMV in 2017), textiles and rugs (23% of GMV in 2017), large and small furniture items, such as living & dining furniture, upholstery and bedroom furniture (30% of GMV in 2017), kitchen and dining (10% of GMV in 2017) as well as lighting (10% of GMV in 2017) and other products (9% of GMV in 2017). We sell these items through our daily themes, an online shoppable magazine with a daily changing, theme-based selection of items sold at attractive prices, and our permanent assortment, where we offer a more permanent curated assortment of bestsellers and private label items.

Larger items typically have higher price points than smaller items. The roll-out and expansion of our permanent assortment offering, where we are selling a higher share of products with higher price points, contributed, among other factors, to the increase in the average basket size from €103 in 2015 to €114 in 2017. In the six months ended June 30, 2018, the average basket size was €116. In parallel, average GMV per Active Customer in the preceding 12 months increased from €268 as of December 31, 2015 to €301 as of December 31, 2017 and further to €305 as of June 30, 2018. At the same time, the product mix in any particular period may have an effect on our revenue during this period since larger items typically have longer shipping times and we only recognize revenue upon delivery of the product. See also "*10.4.1 Revenue*".

We continuously seek to increase the share of private label products. Private label products are tailored to the preferences of our customers. Accordingly, they are typically highly popular among our customers and tend to have contribution margins that are 8 to 10 percentage points higher than the margins we achieved in the sale of third-party brands. We source private label products directly from factories, allowing us to eliminate margins charged by distributors and other actors in the supply chain. Also, our private label products are made according to our specifications, which we set, among other factors, based on data we collect on the preferences of our customers, allowing us to be confident that these products will sell well and to set attractive price points. For example, the private label share in our DACH segment increased from 17% in the second quarter of 2017 to

23% in the second quarter of 2018, compared to a private label share for our Group (continuing operations) of 9% in the second quarter of 2017 and 15% in the second quarter of 2018.

10.2.3 Sourcing

Our sourcing strategy has been designed with a view to obtaining the best products at attractive prices from our suppliers. Sourcing expenses represent a high share of our cost of sales, which in turn represent the largest share of our cost base. Accordingly, limiting our sourcing costs is a key factor in improving our results and/or offering our customers even more attractive prices. In order to limit our sourcing costs, we primarily leverage our scale. Our innovative business model and successful track record have drawn a large group of customers to our platform, many of whom return regularly to our websites and apps. Our customer base, with attractive demographics across eleven countries in Europe, enables our suppliers to sell their products at comparatively large quantities as well as to establish and attractively position their own brands in our eleven target markets. By leveraging our know-how and data analytics platform, we are also able to offer our suppliers broad analytical insights on their performance. With respect to our own private label products, we seek to search for factories that offer high-quality products at a low price. Our ongoing focus on obtaining attractive prices from our suppliers contributed to the expansion of our gross profit margin (gross profit as a percentage of a revenue) from continuing operations from 40.4% in 2015 to 42.0% in 2017.

10.2.4 Fulfilment

Our fulfilment strategy has been designed with a view to both minimize inventory risk and to be in a position to offer efficient and reliable delivery to our customers. We operate on the basis of a lean inventory model. We generally do not keep inventories of products marketed through our daily themes offering in stock. We hold many bestselling third-party items from our permanent assortment in stock. In addition, we also maintain sufficient inventories of many private label products. In line with the increase of our private label offering and the expansion of our operations, inventories increased from €13.7 million as of December 31, 2015 to €21.7 million as of December 31, 2017. We expect our levels of inventory to increase as the share of our private label offering increases.

For the inventory we keep, we currently operate seven warehouses on the basis of standardized processes, standardized workflows and mostly standardized IT-infrastructure (with the exception of Italy). We have implemented different workflow channels in our warehouses to be able to master the complex logistics of our multi-category product offering, as different product sizes, weights, breakage risks, suppliers and fulfilment models present major challenges. For example, shipping small fragile decoration items such as a glass vase poses completely different challenges than shipping bulky furniture items such as a couch. We believe that successfully mastering those challenges is a key competitive advantage of Westwing, both to attract more customers and allow more suppliers to work with us.

An efficient logistics set-up leads to lower fulfilment cost and results in a lower number of goods shipped that arrive at the customer in damaged condition. For items not held in stock, the majority of these items transition from supplier warehouses to our warehouses when ordered, at which time we manage the delivery process (cross docking) and coordinate the last mile delivery with third party carriers. A smaller share of items not held in stock are delivered directly by the relevant supplier to a third party carrier who in turn handles the last mile (drop shipping). Last-mile deliveries are handled by third-party carriers. In the future, we may decide to set up our own last-mile operations in certain densely populated areas. These third party carriers also handle returns for us.

Since inception, we have constantly focused on increasing the efficiency and reliability of our fulfilment processes and on reducing our fulfilment expenses by optimizing the number and location of the warehouses we use and by improving our fulfilment software solutions. Coupled with a reduction in marketing expenses, these initiatives were a major factor allowing us to break-even on an Adjusted EBITDA basis since the fourth quarter of 2017. Our contribution margin from continuing operations, which shows the ratio of our contribution profit, *i.e.*, revenue less cost of sales and fulfilment expenses net of share-based compensation (income) / expenses, to revenue increased from 14.2% in 2015 to 21.2% in 2017. In the six months ended June 30, 2017 and in the six months ended June 30, 2018, the contribution margin from continuing operations was 21.3%.

10.2.5 Returns

Allowing our customers to easily return our products mostly free of charge is a fundamental pillar of our value proposition. We believe that free returns also contribute to being a brand that is loved by its customers. A number of factors significantly affect our return rates. These factors include products that do not match their online description, issues with product quality, products being damaged in transit or wrong items being shipped. We continuously seek to keep our return rates low by focusing on the accuracy of our product descriptions and by vetting our suppliers with a view to maintaining a high quality of the products we offer. Furthermore, we focused on setting up an efficient and reliable fulfilment process to make sure that the right items are shipped and that they arrive at our customers in pristine condition. As a result of our professional return management, our return rate was about 13.1% of gross sales in 2017 and about 14.1% of gross sales in the six months ended June 30, 2018.

While our GMV includes the product value of products that are returned, our revenue is net of returns. Accordingly, the higher the value of returned products in a given period, the higher the difference between GMV and revenue. In addition, as we do not charge our customers for returns, the higher the number of returns, the higher the share of return-related costs in our fulfilment expenses.

In accordance with IFRS, we use our historical return rates to anticipate future returns and deduct such anticipated returns from our revenue and cost of sales. We deduct anticipated returns from revenue and cost of sales. If actual return rates turn out to be higher, we lose the corresponding share of revenue and profits. Some of our returned products are stored in our warehouses and recorded as inventories. Others are re-sold through various sales channels. The price we can achieve for these products determines whether we ultimately incur a loss or profit from these products. Sales of returns are also recorded under revenue. If we are unable to sell returned products, we may be forced to write off such inventories, leading to corresponding losses recorded under cost of sales. Historically, as a rough indication, we sold about a third of the returned products at full price, another third at a discount and discarded the remaining items.

10.2.6 Marketing

Our marketing efforts are designed to drive relevant traffic to our websites and apps, further improving our international home & living brand and create a go-to destination for online shopping. In the early stages of our development, we mainly used paid marketing channels, such as Google search engine marketing and paid social media, such as sponsored Facebook posts, which helped us to rapidly gain relevant scale. In 2015, we shifted our marketing strategy and started focusing on organic channels primarily in the areas of mobile and social media activities with a special focus on our DACH segment. In parallel, we have largely reduced expensive paid marketing, including TV marketing.

As a result of the changes in our marketing approach, marketing expenses from continuing operations declined by 45.5% from €25.5 million in 2015 to €13.9 million in 2017. In the six months ended June 30, 2018, marketing expenses from continuing operations amounted to €7.6 million, up from €6.6 million in the six months ended June 30, 2017. Customer acquisition costs, which we define as the ratio of total marketing costs in our continuing operations to total number of first time buyers in the relevant period in our continuing operations, decreased from €68 in 2014 to €54 in 2015 and further to €34 in 2016 and €32 in 2017. In the six months ended June 30, 2018, our customer acquisition costs amounted to €33, down from €35 in the six months ended June 30, 2017. We believe that due to our efforts to increase marketing efficiency, we are able to achieve attractive customer lifetime to customer acquisition cost ratios. For the cohorts of customers who first placed an order in the six months ended March 31, 2017, the actual cumulated customer lifetime value after 12 months to customer acquisition cost ratio was 1.9, assuming a 22% contribution margin and 13% return rate. See also "*2.8 Non-IFRS Financial Information*".

10.2.7 Scalable Cost Base

Our general and administrative expenses consist of expense items such as personnel expenses, rent and utilities and depreciation in respect of the technology. These expenses have remained largely stable during the periods presented. Expressed as a percentage of revenue from continuing operations, our general and administrative expenses from continuing operations declined strongly from 30.6% in 2015 to 25.1% in 2017. In the six months ended June 30, 2018, general and administrative expenses from continuing operations expressed as a percentage of revenue from continuing operations decreased from 28.2% in the six months ended June 30, 2017 to 14.5% in the six months ended June 30, 2018. As a result of potential future investments into our

technology platform and private label business, we expect general and administrative expenses from continuing operations to increase.

10.2.8 Seasonality

While we believe that home & living products are generally less affected by short term fashion and style trends than other eCommerce offerings such as clothing, our business is still subject to seasonality. We typically see lower customer engagement during the summer months, during periods of good weather and in weeks that include holidays and higher customer engagement during the winter months and other cold and/or rainy periods. While the full impact of seasonality is somewhat mitigated by our overall growth, comparing quarterly revenue and orders adjusted for our overall growth trend, we find that customer engagement in the fourth quarter is typically higher than in the first quarter, which is in turn typically stronger than the rest of the year. These variations between seasons can be further impacted by the product mix within a particular period since larger items typically have longer shipping times and we only recognize revenue upon delivery of the product. See also "*10.4.1 Revenue*".

10.2.9 Exchange Rate Fluctuations

Historically, our operations included Brazil, Russia and Kazakhstan, which were reclassified as discontinued operations in 2018, exposing our reported revenue in the past to exchange rate movements of the Brazilian Real, the Russian Ruble and the Kazakh Tenge. In our continuing operations, we still generate some revenue in countries outside the Eurozone, including Switzerland, Poland and the Czech Republic.

Further, we generally seek to have our suppliers invoice us in the same currency as for the sale of the relevant product, which is predominately the euro. In our private label business, a number of factories are located outside the Eurozone and invoice us in currencies other than the euro (primarily U.S. dollar). As our private label share increases, currency mismatches will increase. Accordingly, exchange rate movements concerning the euro will likely have a more significant impact on cost of goods sold and our margins in the future.

10.2.10 Investment in Talent

We believe that talented employees are a very important asset. We intend to continue to invest in hiring and retaining talent. We use stock options as one of the means to motivate and/or retain senior executives, key employees and certain supporters. If the existing unexercised stock options relating to new shares are exercised, the Company will issue a total of about 4.2 million new shares to the relevant option holders against payment of the strike price that varies between €1.00 and €49.27 per share in the Company. In addition, the Issuer granted a small number of virtual shares under a virtual shares program. For more information on our long-term incentive programs, please refer to "*18.4 Long-term Incentive Programs*".

Share-based compensation expenses from continuing operations increased from €3.5 million in 2015 and €3.8 million in 2016 to €10.8 million in 2017. Share-based compensation expense is allocated to fulfilment expenses and general and administrative expenses in our consolidated statement of comprehensive income, as shown in the footnotes to the table in "*10.4 Results of Operations*". As we believe that the allocation of share-based compensation expense to these expense items is not reflective of the underlying operating performance of our business, we typically adjust our key performance indicators for share-based compensation expense, such as the contribution margin and Adjusted EBITDA.

10.3 Comparability

A number of factors limit the comparability of our results of operations for the periods presented in this Prospectus. These factors include the reclassification of our operations in Brazil, Russia and Kazakhstan as discontinued operations in 2018, the application of new accounting standards and changes in accounting policies.

10.3.1 Changes in Accounting Policies

The financial information regarding the statement of financial position in this Prospectus as of December 31, 2015 has generally been taken from our audited consolidated financial statements as of and for the year ended December 31, 2016, for the following reason. In 2016, it became apparent that in certain instances the recording of certain sales, inventory and liabilities in a local affiliate was incorrect and not fully complete in our audited consolidated financial statements as of and for the year ended December 31, 2014. As a

result, the opening balance of related accounts and comparable figures of the year 2015, as disclosed in our audited consolidated financial statements as of and for the year ended December 31, 2015 were not correct. The corrected numbers are contained in the comparative financial information as of December 31, 2015 set forth in our audited consolidated financial statements as of and for the year ended December 31, 2016.

The financial information regarding cash flows as of and for the year December 31, 2015 in this Prospectus has been generally taken from the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of and for the year December 31, 2015 was restated in the Company's audited consolidated financial statements as of and for the year ended December 31, 2016 to reflect a re-classification of a cash outflow from cash flows from investing activities to cash flows from financing activities. This cash outflow related to the early purchase of leased warehouse equipment. Furthermore, comparative financial information regarding cash flows as of and for the year December 31, 2015 was adjusted in the Company's audited consolidated financial statements as of and for the year ended December 31, 2016 to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate.

The financial information regarding cash flows as of and for the year December 31, 2016 in this Prospectus has been generally taken from the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. Such comparative financial information as of and for the year ended December 31, 2016 was adjusted in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017 to reflect a re-classification of interest received from cash flows from operating activities to cash flows from investing activities as well as interest and other finance charges paid from cash flows from operating activities to cash flows from financing activities. The financial information regarding cash flows as of and for the year December 31, 2016 in this Prospectus was not adjusted.

In 2017, we decided to show all expenses of buying and personnel expenses related to management functions for logistics in general and administrative expenses instead of fulfilment expenses from January 1, 2017 onwards, to better align our financial statements with industry practice as these expenses are not directly linked to order fulfilment. Regarding the comparative financial information for the year ended December 31, 2016 included in our consolidated financial statements as of and for the year ended December 31, 2017, €12.1 million were reclassified from fulfilment expenses to general and administrative expenses. In order to facilitate inter-period comparisons, we present fulfilment expenses and general and administrative expenses for 2015 on the basis of the new methodology as shown in our consolidated financial statements as of and for the year ended December 31, 2017. Regarding the corresponding financial information for the year ended December 31, 2015, €12.9 million were reclassified from fulfilment expenses to general and administrative expenses.

10.3.2 Reclassification of our Operations in Brazil, Russia and Kazakhstan as Discontinued Operations in 2018

In the first half of 2018, we decided to initiate a process to sell our operations in Brazil, Russia and Kazakhstan. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified these operations as discontinued operations in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. According to IFRS, in the audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 these operations are not classified as discontinued operations. In addition, in order to facilitate comparison of all periods presented in this Prospectus, for the years ended December 31, 2015, 2016 and 2017 we show the development of our operations in Germany, Austria, Switzerland, Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia (the "**continuing operations**"), i.e., excluding external income and external expenses related to our operations in Brazil, Russia and Kazakhstan, in the line items starting "Revenue" and ending "Result for the period from continuing operations" and the development of the external income and external expenses related to our operations in Brazil, Russia and Kazakhstan (the "**discontinued operations**") separately in the line item "Result for the period from discontinued operations". Such result for operations from discontinued operations for the years ended December 31, 2015, 2016 and 2017 is not prepared applying IFRS 5 "Non-current assets held for sale and discontinued operations", but applying the same accounting policies as those used for continuing operations. Thus, this line item shown in the Prospectus and the line item "Result for the period" below, for the years ended December 31, 2015, 2016 and 2017 are not comparable to the corresponding line items for the six months ended June 30, 2017 and June 30, 2018 taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. As a result, the information for the years ended December 31, 2015, 2016 and 2017 presenting continuing operations as well as discontinued operations is not in line with IFRS. Information on continuing and discontinued operations for the

years ended December 31, 2015, 2016 and 2017 has been derived from our consolidated financial statements and the Company's internal reporting system, applying for comparability purposes the accounting policies concerning the allocation of expense and income items to continuing and discontinued operations as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and, therefore, is unaudited. The information for the six months ended June 30, 2017 and 2018 has been taken from our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018, in which external income and external expenses related to our operations in Brazil, Russia and Kazakhstan were required to be separately presented in discontinued operations applying IFRS 5 "Non-current assets held for sale and discontinued operations".

10.3.3 Segment Reporting

We steer our business based on two operating segments that also form our reportable segments, DACH and International. DACH comprises our business in Germany, Austria and Switzerland. International comprises our operations in Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia. Such segment information is presented for the first time in the unaudited condensed consolidated interim financial statements for the six months ended and as of June 30, 2018. Our operations in Brazil, which we have agreed to sell, and our operations in Russia and Kazakhstan, which we intend to sell, have been classified as discontinued operations in the unaudited condensed consolidated interim financial statements for the six months ended and as of June 30, 2018 and, therefore, are not included in our operating segments. Segment information is not presented in our audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017. Segment information for these years is derived from the corresponding financial statements and the Company's internal reporting system, applying for comparability purposes the accounting policies for segment reporting as used in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 and is not in line with IFRS and unaudited.

10.3.4 New Accounting Standards, Amendments and Interpretations

IFRS 15 "Revenue from contracts with customers" was issued in May 2014 and establishes a new five-step process for revenue recognition applying to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. We have assessed the impact of IFRS 15 on our financial statements. We trade directly with end customers in short term, simple, single component transactions. Additionally, we have historically already split our revenues into its single parts. As a result, there was no significant impact on our income statement. In our balance sheet, the provision for returns has to be shown gross, *i.e.*, including the value of the product to be returned. This value will also be recorded on the asset side of the balance sheet. As of June 30, 2018, the value of the products to be returned was €2 million. We adopted the new standard as of January 1, 2018 using the modified retrospective approach. As opposed to the full retrospective approach, which requires restating for all contracts for the periods presented, the modified retrospective approach requires the standard to be applied to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date.

IFRS 16 "Leases" was issued in January 2016. According to the new standard, leases represent a right to use an asset resulting in the recognition of an asset and a corresponding leasing liability for the lessee. In the cash flow statement the right to use an asset is presented as a financing activity. The right to use an asset is subsequently depreciated on a straight-line basis and shown separately from the interest on the lease liability, which results from the measurement of the lease liability at amortized cost using the effective interest method. IFRS 16 allows for exemptions from the above accounting treatment for short-term leases up to 12 months as well as for leases of low value assets with a value of up to US$5,000. Exempt leases can be accounted for in accordance with the current operating lease methodology. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, however early application is permitted if IFRS 15 is already applied at such time. IFRS 16 was adopted by the EU in November 2017. We have assessed the impact of IFRS 16 on our financial statements and had the following outcomes:

- As of January 1, 2018, right-of-use assets in the amount of €20.4 million and lease liabilities in the amount of €21.4 million were recognized in the statement of financial position;
- Recognition of interest expense in a low single-digit million euro amount;

- Recognition of amortization in a low to medium single-digit million euro amount; and
- Disclosure of the leasing redemption component in a medium single-digit million euro amount.

We adopted the new standard as of January 1, 2018. The modified retrospective approach is used as transition method.

10.4 Results of Operations

The following table provides our results of operations for the periods presented:

	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Revenue	219.2	250.4	265.8	98.9	120.5
Cost of sales	(126.6)	(144.1)	(151.7)	(56.5)	(69.3)
Gross profit	**92.6**	**106.3**	**114.1**	**42.4**	**51.1**
Fulfilment expenses[1]	(56.7)[2]	(53.6)[3]	(57.0)	(21.7)	(24.6)
Marketing expenses	(31.5)	(18.0)	(15.8)	(6.6)	(7.6)
General and administrative expenses[4]	(61.2)[2]	(54.6)[3]	(61.4)	(27.9)	(17.4)
Other operating expenses	(1.5)	(1.6)	(2.0)	(0.4)	(0.3)
Other operating income	1.0	0.9	0.8	0.5	0.3
Operating result	**(57.3)**	**(20.5)**	**(21.3)**	**(13.6)**	**1.6**
Finance costs	(1.9)	(6.1)	(10.0)	(4.6)	(6.7)
Finance income	0.0	0.1	0.1	0.0	–
Other financial result	(2.4)	2.0	0.2	0.3	(0.2)
Financial result	(4.2)	(4.1)	(9.8)	(4.3)	(6.8)
Result before income tax	**(61.5)**	**(24.5)**	**(31.2)**	**(17.9)**	**(5.3)**
Income tax expense	(0.2)	(0.4)	(0.4)	(0.1)	(0.1)
Result for the period from continuing operations	**–**	**–**	**–**	**(18.0)**	**(5.4)**
Result for the period from discontinued operations after taxes	–	–	–	0.4	0.7
Result for the period	**(61.7)**	**(24.9)**	**(31.5)**	**(17.7)**	**(4.7)**
Loss attributable to:					
Owners of the Company	(53.1)	(22.9)	(29.2)	(16.3)	(6.9)
Non-controlling interests	(8.6)	(2.0)	(2.4)	(1.4)	2.3

(1) Fulfilment expenses include share-based compensation income of €0.1 million in 2015 and €0.3 million in 2016 and share-based compensation expenses of €0.8 million in 2017.

(2) Unaudited. Fulfilment expenses were adjusted to reflect the revised classification of expense items that has been used by the Company starting with the audited consolidated financial statements as of and for the year ended December 31, 2017. See also note 2.3 on page F-29. In the audited consolidated financial statements of the Company as of and for the year ended December 31, 2015, fulfilment expenses for 2015 were reported as €69.6 million and general and administrative expenses for 2015 were reported as €48.3 million.

(3) Taken from the comparative financial information of the audited consolidated financial statements as of and for the year ended December 31, 2017. In the Company's audited consolidated financial statements as of and for the year ended December 31, 2017, expenses of €12.1 million were reclassified from fulfilment expenses to general and administrative expenses in the comparative financial information for the year ended December 31, 2016. In the audited financial statements of the Company as of and for the year ended December 31, 2016, fulfilment expenses for 2016 were reported as €65.7 million and general and administrative expenses for 2016 were reported as €42.4 million.

(4) General and administrative expenses include share-based compensation expenses of €4.7 million in 2015, €4.3 million in 2016 and €10.2 million in 2017.

The following table provides our results of operations from continuing operations for the periods presented:

Restated Financial Information to Reflect the Split in Continuing and Discontinued Operations	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
		(unaudited)		(unaudited)	
		(in € million)		(in € million)	
Revenue	173.6	205.3	219.6	98.9	120.5
Cost of sales	(103.4)	(120.1)	(127.3)	(56.5)	(69.3)
Gross profit	**70.2**	**85.2**	**92.3**	**42.4**	**51.1**
Fulfilment expenses[1]	(45.4)	(43.5)	(46.7)	(21.7)	(24.6)
Marketing expenses	(25.5)	(15.9)	(13.9)	(6.6)	(7.6)
General and administrative expenses[2]	(53.1)	(48.2)	(55.1)	(27.9)	(17.4)
Other operating expenses	(1.0)	(1.3)	(1.4)	(0.4)	(0.3)
Other operating income	0.9	0.9	0.7	0.5	0.3
Operating result	**(53.8)**	**(22.8)**	**(24.0)**	**(13.6)**	**1.6**
Finance costs	(0.8)	(5.0)	(8.9)	(4.6)	(6.7)
Finance income	0.0	0.0	0.0	0.0	–
Other financial result	(0.4)	0.1	0.4	0.3	(0.2)
Financial result	(1.2)	(4.9)	(8.5)	(4.3)	(6.8)
Result before income tax	**(55.0)**	**(27.7)**	**(32.5)**	**(17.9)**	**(5.3)**
Income tax expense	(0.2)	(0.3)	(0.2)	(0.1)	(0.1)
Result for the period from continuing operations	**(55.2)**	**(28.0)**	**(32.6)**	**(18.0)**	**(5.4)**
Result for the period from discontinued operations after taxes	(6.5)	3.1	1.1	0.4	0.7
Result for the period	**(61.7)**	**(24.9)**	**(31.5)**	**(17.7)**	**(4.7)**

(1) Fulfilment expenses include share-based compensation income of €0.1 million in 2015, €0.3 million in 2016, share-based compensation expenses of €0.8 million in 2017 and of €0.3 million in the six months ended June 30, 2017 and share-based compensation income of €0.9 million in the six months ended June 30, 2018.

(2) General and administrative expenses include share-based compensation expenses of €3.6 million in 2015, €4.1 million in 2016, €10.0 million in 2017 and €3.9 million in the six months ended June 30, 2017 and share-based compensation income of €2.3 million in the six months ended June 30, 2018.

10.4.1 Revenue

We generate revenue primarily from the sale of goods through our retail website. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, marketing vouchers, rebates and return allowances. We recognize revenue net of value added taxes. We recognize revenue when the amount of revenue can be reliably measured, if it is probable that future economic benefits will flow to us and once the risks and rewards of the inventory have passed on to the respective customer (*i.e.*, upon delivery of the product). In most cases, the customer pays upon placing an order online, and as such the amount paid is recognized as customer prepayment until final delivery of the product. The deferred income is shown separately on the balance sheet as customer prepayments. The risk of return from customers is captured in the return provision, which is estimated based on past experience in respect of return rates and time lag. The return provision used to be recorded against revenue and cost of sales. With the first time application of IFRS 15 as of January 1, 2018, the return provision is recorded against revenue, and an asset is recognized against cost of sales as right to receive the returned products. See also "*10.3.3 New accounting standards, amendments and interpretations*".

10.4.1.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Revenue from continuing operations increased by 21.8% from €98.9 million in the six months ended June 30, 2017 to €120.5 million in the six months ended June 30, 2018. This increase was driven by a higher number of Active Customers, which led to an increase in the number of total orders, and an increase in the average basket size.

On a segment basis, revenue from continuing operations in the DACH segment increased by 48.0% from €40.4 million in the six months ended June 30, 2017 to €59.8 million in in the six months ended June 30,

2018. Similar to the Group as a whole, the increase in revenue from continuing operations in the DACH segment was driven by a higher number of Active Customers, which led to an increase in the number of total orders, and an increase in the average basket size. In the International segment, revenue from continuing operations increased by 3.8% from €58.5 million in the six months ended June 30, 2017 to €60.7 million in the six months ended June 30, 2018, primarily due to an increase in the average basket size.

10.4.1.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.1.2.1 Historical Financial Information

Revenue increased by 6.2% from €250.4 million in 2016 to €265.8 million in 2017, primarily due to higher contributions from our operations in Germany. Our operations in Brazil, Russia and Kazakhstan accounted for revenue of €45.1 million in 2016 and €46.2 million in 2017. The increase in revenue was driven by an increase in orders and a higher average basket size due to our market positioning in existing markets, customer loyalty and the successful acquisition of new customers. While we benefited in 2017 as in prior periods from the ongoing offline to online migration, the increase in revenue in 2017 compared to 2016 was less pronounced than in 2016 compared to 2015, as we prioritized reaching break-even on an adjusted EBITDA basis and continued to implement the shift from a focus on paid marketing channels to a focus on mostly organic marketing channels.

10.4.1.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, revenue from continuing operations increased by 7.0% from €205.3 million in 2016 to €219.6 million in 2017.

On a segment basis, revenue from continuing operations in the DACH segment increased by 23.1% from €79.3 million in 2016 to €97.6 million in 2017 due to an increase in orders and higher average basket size, driven by what we believe has been a successful shift to more organic marketing channels, the growth of our private label offering, and the growth of our permanent assortment offering. In the International segment, revenue from continuing operations decreased by 3.2% from €126.0 million in 2016 to €122.0 million in 2017, primarily due to our focus on profitable growth in our DACH segment and subsequent relatively lower investments into the growth of our private label and permanent assortment offerings in the International segment. Revenue in our International segment was also held back by a conscious management decision to focus on more profitable revenue streams and on improving our cost base.

10.4.1.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.1.3.1 Historical Financial Information

Revenue increased by 14.2% from €219.2 million in 2015 to €250.4 million in 2016, driven by the ongoing offline to online migration and the impact of organic marketing initiatives. On a geographic basis, contributions from our operations in Germany increased significantly. Our operations in Brazil, Russia and Kazakhstan accounted for revenue of €45.6 million in 2015 and €45.1 million in 2016.

10.4.1.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, revenue from continuing operations increased by 18.3% from €173.6 million in 2015 to €205.3 million in 2016.

On a segment basis, revenue from continuing operations in the DACH segment increased by 28.5% from €61.7 million in 2015 to €79.3 million in 2016. In the International segment, revenue from continuing operations increased by 12.6% from €111.9 million in 2015 to €126.0 million in 2016. The increases in both segments were driven by the ongoing offline to online migration and the impact of organic marketing initiatives, primarily in our DACH segment.

10.4.2 Cost of Sales

Cost of sales primarily consists of the purchase price of consumer products and inbound shipping charges.

10.4.2.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Cost of sales from continuing operations increased by 22.7% from €56.5 million in the six months ended June 30, 2017 to €69.3 million in the six months ended June 30, 2018. Expressed as a percentage of revenue from continuing operations, cost of sales from continuing operations increased slightly from 57.1% in the six months ended June 30, 2017 to 57.5% in the six months ended June 30, 2018, due to some seasonal fluctuation and portfolio changes in some countries.

10.4.2.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.2.2.1 Historical Financial Information

Cost of sales increased by 5.3% from €144.1 million in 2016 to €151.7 million in 2017. Expressed as a percentage of revenue, cost of sales decreased slightly from 57.5% in 2016 to 57.1% in 2017, reflecting economies of scale, allowing us to achieve better terms from our suppliers, and an increase in the private label share.

10.4.2.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, cost of sales from continuing operations increased by 6.0% from €120.1 million in 2016 to €127.3 million in 2017. Expressed as a percentage of revenue from continuing operations, cost of sales from continuing operations decreased slightly from 58.5% in 2016 to 58.0% in 2017. In our continuing operations, the private label share increased from 5% in 2016 to 10% in 2017.

10.4.2.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.2.3.1 Historical Financial Information

Cost of sales increased by 13.8% from €126.6 million in 2015 to €144.1 million in 2016. Expressed as a percentage of revenue, cost of sales decreased slightly from 57.8% in 2015 to 57.5% in 2016, reflecting economies of scale, allowing us to achieve better terms from our suppliers, and an expansion of our private label business.

10.4.2.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, cost of sales from continuing operations increased by 16.2% from €103.4 million in 2015 to €120.1 million in 2016. Expressed as a percentage of revenue from continuing operations, cost of sales from continuing operations decreased slightly from 59.6% in 2015 to 58.5% in 2016.

10.4.3 Gross Profit

Gross profit represents revenue net of cost of sales.

10.4.3.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Gross profit from continuing operations increased by 20.5% from €42.4 million in the six months ended June 30, 2017 to €51.1 million in the six months ended June 30, 2018. Expressed as a percentage of revenue from continuing operations, our gross profit margin from continuing operations decreased slightly from 42.9% in the six months ended June 30, 2017 to 42.5% in the six months ended June 30, 2018. This decrease was due to due to some seasonal fluctuation and portfolio changes in some countries.

10.4.3.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.3.2.1 Historical Financial Information

Gross profit increased by 7.3% from €106.3 million in 2016 to €114.1 million in 2017. Expressed as a percentage of revenue, our gross profit margin improved from 42.5% in 2016 to 42.9% in 2017, reflecting

economies of scale, allowing us to achieve better terms from our suppliers, and an increase in the private label share.

10.4.3.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, gross profit from continuing operations increased by 8.3% from €85.2 million in 2016 to €92.3 million in 2017. Expressed as a percentage of revenue from continuing operations, our gross profit margin from continuing operations improved from 41.5% in 2016 to 42.0% in 2017.

10.4.3.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.3.3.1 Historical Financial Information

Gross profit increased by 14.8% from €92.6 million in 2015 to €106.3 million in 2016. Expressed as a percentage of revenue, our gross profit margin improved from 42.2% in 2015 to 42.5% in 2016, due to economies of scale, allowing us to achieve better terms from our suppliers, and an expansion of our private label business.

10.4.3.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, gross profit from continuing operations increased by 21.4% from €70.2 million in 2015 to €85.2 million in 2016. Expressed as a percentage of revenue from continuing operations, our gross profit margin from continuing operations improved from 40.4% in 2015 to 41.5% in 2016.

10.4.4 Fulfilment Expenses

Fulfilment expenses include postage, freight, packaging and handling costs as well as fees in respect of payment services. In addition, fulfilment expenses include personnel expenses, warehouse rent, depreciation and other expenses in respect of the logistics, customer care, supply chain, buying and sourcing functions of the Group.

10.4.4.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Fulfilment expenses from continuing operations increased by 13.4% from €21.7 million in the six months ended June 30, 2017 to €24.6 million in the six months ended June 30, 2018. Excluding share-based compensation (income) / expenses, fulfilment expenses from continuing operations increased by 19.2% from €21.4 million in the six months ended June 30, 2017 to €25.5 million in the six months ended June 30, 2018. Expressed as a percentage of revenue from continuing operations, fulfilment expenses from continuing operations excluding share-based compensation (income) / expenses decreased from 21.6% in the six months ended June 30, 2017 to 21.2% in the six months ended June 30, 2018, primarily due to improvements in logistics efficiency and cost savings from an additional warehouse in Poland, which had been ramped up in 2017.

10.4.4.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.4.2.1 Historical Financial Information

Fulfilment expenses increased by 6.3% from €53.6 million in 2016 to €57.0 million in 2017. Expressed as a percentage of revenue, fulfilment expenses remained constant at 21.4% in 2016 and in 2017, as an increase in share-based compensation expenses included in fulfilment expenses and ramp-up costs for an additional warehouse in Poland offset improvements in processes and the continued roll-out of efficiency-driving software in our warehouses and other fulfilment operations.

10.4.4.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, fulfilment expenses from continuing operations increased by 7.4% from €43.5 million in 2016 to €46.7 million in 2017. Excluding share-based compensation (income) / expenses, fulfilment expenses from continuing operations increased by 4.6% from €43.8 million in 2016 to €45.8 million in 2017. Expressed as a percentage of revenue from continuing operations, fulfilment expenses from continuing operations excluding share-based compensation (income) /

expenses decreased from 21.3% in 2016 to 20.9% in 2017. This decrease was mainly related to the above-mentioned improvements in our processes and the continued roll-out of efficiency-driving software in our warehouses and other fulfilment operations. Ramp-up costs for an additional warehouse in Poland had a partially offsetting effect.

10.4.4.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.4.3.1 Historical Financial Information

Fulfilment expenses decreased by 5.5% from €56.7 million in 2015 to €53.6 million in 2016. Expressed as a percentage of revenue, fulfilment expenses decreased significantly from 25.9% in 2015 to 21.4% in 2016 due to increasing utilization of our existing warehouses, improved processes and packaging, and the continued roll-out of efficiency-driving software in our warehouses and other fulfilment operations.

10.4.4.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, fulfilment expenses from continuing operations decreased by 4.2% from €45.4 million in 2015 to €43.5 million in 2016. Excluding share-based compensation (income) / expenses, fulfilment expenses from continuing operations decreased by 3.7% from €45.5 million in 2015 to €43.8 million in 2016. Expressed as a percentage of revenue from continuing operations, fulfilment expenses from continuing operations excluding share-based compensation (income) / expenses decreased significantly from 26.2% in 2015 to 21.3% in 2016.

10.4.5 Marketing Expenses

Marketing expenses consist of costs for online and offline marketing or promotional activities. Also included are expenses for personnel, other operating expenses and depreciation in respect of the marketing function of the Group.

10.4.5.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Marketing expenses from continuing operations increased by 15.2% from €6.6 million in the six months ended June 30, 2017 to €7.6 million in the six months ended June 30, 2018, mainly driven by our DACH segment. Expressed as a percentage of revenue from continuing operations, marketing expenses from continuing operations decreased from 6.7% in the six months ended June 30, 2017 to 6.3% in the six months ended June 30, 2018.

10.4.5.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.5.2.1 Historical Financial Information

Marketing expenses decreased by 12.2% from €18.0 million in 2016 to €15.8 million in 2017. Expressed as a percentage of revenue, marketing expenses decreased from 7.2% in 2016 to 5.9% in 2017, due to a reduction of paid marketing activities.

10.4.5.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, marketing expenses from continuing operations decreased by 12.6% from €15.9 million in 2016 to €13.9 million in 2017, driven by a decrease in marketing expenses in our International segment, where we focused on reducing our paid marketing activities. In our DACH segment, where the reduction of paid marketing had largely been completed, marketing expenses increased in absolute terms slightly from 2016 to 2017. Expressed as a percentage of revenue from continuing operations, marketing expenses from continuing operations decreased from 7.7% in 2016 to 6.3% in 2017.

10.4.5.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.5.3.1 Historical Financial Information

Marketing expenses decreased by 42.9% from €31.5 million in 2015 to €18.0 million in 2016. Expressed as a percentage of revenue, marketing expenses decreased from 14.4% in 2015 to 7.2% in 2016, due to a shift from paid marketing channels to organic marketing channels. The significant decrease in marketing expenses related primarily to our markets outside of Germany, Austria and Switzerland and was driven by a

strategic decision to focus on achieving profitability, which included a reduction of marketing measures and a shift from paid marketing channels to organic marketing channels.

10.4.5.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, marketing expenses from continuing operations decreased by 37.6% from €25.5 million in 2015 to €15.9 million in 2016. Expressed as a percentage of revenue from continuing operations, marketing expenses from continuing operations decreased from 14.7% in 2015 to 7.7% in 2016.

10.4.6 General and Administrative Expenses

General and administrative expenses consist of personnel expenses, rent and utilities, and depreciation in respect of the technology, campaign and content production and administrative functions of the Group. General and administrative expenses also include consulting and other professional and legal fees including external accounting, recruiting, tax consulting and audit fees.

10.4.6.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

General and administrative expenses from continuing operations decreased by 37.6% from €27.9 million in the six months ended June 30, 2017 to €17.4 million in the six months ended June 30, 2018. Excluding share-based compensation (income) / expenses, general and administrative expenses from continuing operations decreased by 17.9% from €24.0 million in the six months ended June 30, 2017 to €19.7 million in the six months ended June 30, 2018 due to improved overall efficiency, cost discipline and the centralization of the Dutch business in Munich and the realization of synergies related to the closing of our technology office in Berlin in 2017. In addition, as from January 1, 2018 with the first-time application of IFRS 16 most leasing and rent expenses are no longer shown within general and administrative expenses, but are reported as interest expenses and depreciation. Expressed as a percentage of revenue from continuing operations, general and administrative expenses from continuing operations excluding share-based compensation (income) / expenses decreased from 24.3% in the six months ended June 30, 2017 to 16.3% in the six months ended June 30, 2018.

10.4.6.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.6.2.1 Historical Financial Information

General and administrative expenses increased by 12.5% from €54.6 million in 2016 to €61.4 million in 2017. Expressed as a percentage of revenue, general and administrative expenses increased from 21.8% in 2016 to 23.1% in 2017, primarily due to an increase in share-based payment expenses included in general and administrative expenses. Complexity reduction and resulting efficiency increases especially in our Munich headquarters, the closing of our Berlin technology office, leading to the centralization of our technology activities in our Munich and Warsaw technology offices, and the closing of our Amsterdam office and its centralization in our Munich office had a partially offsetting effect.

10.4.6.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, general and administrative expenses from continuing operations increased by 14.3% from €48.2 million in 2016 to €55.1 million in 2017. Excluding share-based compensation expenses, general and administrative expenses from continuing operations increased by 2.3% from €44.1 million in 2016 to €45.1 million in 2017. Expressed as a percentage of revenue from continuing operations, general and administrative expenses from continuing operations excluding share-based compensation expenses decreased from 21.5% in 2016 to 20.5% in 2017.

10.4.6.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.6.3.1 Historical Financial Information

General and administrative expenses decreased by 10.8% from €61.2 million in 2015 to €54.6 million in 2016. Expressed as a percentage of revenue, general and administrative expenses decreased significantly from 27.9% in 2015 to 21.8% in 2016, as a result of a large number of individual initiatives to implement our strategic decision to focus on complexity reduction, cost discipline and profitability.

10.4.6.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, general and administrative expenses from continuing operations decreased by 9.2% from €53.1 million in 2015 to €48.2 million in 2016. Excluding share-based compensation expenses, general and administrative expenses from continuing operations decreased by 10.9% from €49.5 million in 2015 to €44.1 million in 2016. Expressed as a percentage of revenue from continuing operations, general and administrative expenses from continuing operations excluding share-based compensation expenses significantly decreased from 28.5% in 2015 to 21.5% in 2016.

10.4.7 Other Operating Expenses

Other operating expenses comprise bad debt expense as well as miscellaneous other operating expenses.

10.4.7.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Other operating expenses from continuing operations decreased slightly from €0.4 million in the six months ended June 30, 2017 to €0.3 million in the six months ended June 30, 2018.

10.4.7.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.7.2.1 Historical Financial Information

Other operating expenses increased from €1.6 million in 2016 to €2.0 million in 2017, primarily due to an increase in miscellaneous other operating expenses.

10.4.7.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, other operating expenses from continuing operations increased slightly from €1.3 million in 2016 to €1.4 million in 2017.

10.4.7.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.7.3.1 Historical Financial Information

Other operating expenses increased from €1.5 million in 2015 to €1.6 million in 2016 on higher bad debt expense and higher miscellaneous other operating expenses.

10.4.7.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, other operating expenses from continuing operations increased from €1.0 million in 2015 to €1.3 million in 2016.

10.4.8 Other Operating Income

Other operating income comprises rental income, income from release of provisions, income from deconsolidation as well as miscellaneous other operating income.

10.4.8.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Other operating income from continuing operations decreased from €0.5 million in the six months ended June 30, 2017 to €0.3 million in the six months ended June 30, 2018.

10.4.8.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.8.2.1 Historical Financial Information

Other operating income decreased from €0.9 million in 2016 to €0.8 million in 2017, due to a decrease in miscellaneous other operating income.

10.4.8.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, other operating income from continuing operations decreased from €0.9 million in 2016 to €0.7 million in 2017.

10.4.8.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.8.3.1 Historical Financial Information

Other operating income decreased from €1.0 million in 2015 to €0.9 million in 2016.

10.4.8.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, other operating income from continuing operations remained stable at €0.9 million in 2015 and 2016.

10.4.9 Operating Result (EBIT)

10.4.9.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Our operating result from continuing operations improved significantly from a loss of €13.6 million in the six months ended June 30, 2017 to a profit of €1.6 million in the six months ended June 30, 2018. Adjusted EBITDA from continuing operations improved significantly from a loss of €5.0 million in the six months ended June 30, 2017 to a profit of €2.8 million in the six months ended June 30, 2018. Expressed as a percentage of revenue from continuing operations, Adjusted EBITDA from continuing operations changed from negative 5.1% in the six months ended June 30, 2017 to positive 2.3% in the six months ended June 30, 2018. This development was primarily due to a strong decrease in general and administrative expenses as a result of higher operating leverage. In addition, as from January 1, 2018 with the first-time application of IFRS 16 most leasing and rent expenses are no longer shown within general and administrative expenses, but are reported as interest expenses and depreciation and accordingly are not included in Adjusted EBITDA. This change in accounting had a significant positive effect on our Adjusted EBITDA, although we would have been slightly Adjusted EBITDA positive in the six months ended June 30, 2018 also without the application of IFRS 16.

On a segment basis, Adjusted EBITDA from continuing operations for our DACH segment changed from a loss of €0.9 million in the six months ended June 30, 2017 to a profit of €2.9 million in the six months ended June 30, 2018, primarily reflecting increased revenue and increased operating leverage. Adjusted EBITDA from continuing operations for our International segment improved from a loss of €3.9 million in the six months ended June 30, 2017 to a profit of €0.1 million in the six months ended June 30, 2018 due to centralization effects and higher marketing efficiency.

10.4.9.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.9.2.1 Historical Financial Information

Our operating result decreased slightly from a loss of €20.5 million in 2016 to a loss of €21.3 million in 2017. Adjusted EBITDA improved significantly from a loss of €13.8 million in 2016 to a loss of €4.9 million in 2017. Expressed as a percentage of revenue, Adjusted EBITDA increased from negative 5.5% in 2016 to negative 1.9% in 2017. This development was due to an increase in gross profit and a decrease in marketing expenses.

10.4.9.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, our operating result from continuing operations decreased slightly from a loss of €22.8 million in 2016 to a loss of €24.0 million in 2017. Adjusted EBITDA from continuing operations improved significantly from a loss of €12.3 million in 2016 to a loss of €4.0 million in 2017. Expressed as a percentage of revenue from continuing operations, Adjusted EBITDA from continuing operations increased from negative 6.0% in 2016 to negative 1.8% in 2017. This development was due to a slight improvement of our contribution margin, decreasing marketing expenses due to a reduction of paid marketing activities in our International segment and largely stable general and administrative expenses.

On a segment basis, Adjusted EBITDA from continuing operations for our DACH segment improved from a loss of €3.2 million in 2016 to a profit of €1.3 million in 2017, showing the effects of increasing scale in

our more mature markets. Adjusted EBITDA from continuing operations for our International segment improved from a loss of €9.0 million in 2016 to a loss of €5.1 million in 2017, as the results of our focus on profitability became more visible also in our international markets.

10.4.9.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.9.3.1 Historical Financial Information

Our operating result improved significantly from a loss of €57.3 million in 2015 to a loss of €20.5 million in 2016, due to a significant increase in gross profit and significant decreases in marketing expenses, general and administrative expenses and fulfilment expenses. Adjusted EBITDA improved significantly from a loss of €49.9 million in 2015 to a loss of €13.8 million in 2016. Expressed as a percentage of revenue, Adjusted EBITDA increased from negative 22.8% in 2015 to negative 5.5% in 2016. This improvement was due to a strongly improved contribution margin and a significant decrease in marketing expenses. A decrease in general and administrative expenses also contributed to the improvement in Adjusted EBITDA.

10.4.9.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, our operating result from continuing operations improved from a loss of €53.8 million in 2015 to a loss of €22.8 million in 2016. Adjusted EBITDA from continuing operations improved significantly from a loss of €42.2 million in 2015 to a loss of €12.3 million in 2016. Expressed as a percentage of revenue from continuing operations, Adjusted EBITDA from continuing operations increased from negative 24.3% in 2015 to negative 6.0% in 2016. This improvement was due to a strongly improved contribution margin and a significant decrease in marketing expenses. A decrease in general and administrative expenses also contributed to the improvement in Adjusted EBITDA.

On a segment basis, Adjusted EBITDA from continuing operations for our DACH segment improved from a loss of €12.7 million in 2015 to a loss of €3.2 million in 2016, due to strong improvements in our contribution margin driven among other things by enhanced efficiency of our fulfilment processes, our improving marketing cost ratio, and improving ratio of general and administrative expenses. Adjusted EBITDA for our International segment improved from a loss of €29.0 million in 2015 to a loss of €9.0 million in 2016, due to the impact of our focus on profitability in our international markets.

10.4.10 Financial Result

10.4.10.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Financial result from continuing operations decreased from negative €4.3 million in the six months ended June 30, 2017 to negative €6.8 million in in the six months ended June 30, 2018 primarily due to an increase in the book value of a warrant entered into with certain existing shareholders in 2016, leading to non-cash interest expenses of €5.4 million in the six months ended June 30, 2018 compared to €3.8 million in the six months ended June 30, 2017. Further, financial indebtedness mainly due to drawings in April 2017 and June 2017 in an aggregate amount of €10 million under a loan agreement entered into with Kreos Capital V (UK) Limited ("**Kreos**") in January 2017 led to higher cash interest expenses in the six months ended June 30, 2018 than in the six months ended June 30, 2017.

10.4.10.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.10.2.1 Historical Financial Information

Financial result decreased from negative €4.1 million in 2016 to negative €9.8 million in 2017 due to an increase in interest expenses driven by higher indebtedness primarily due to an increase in the book value of a warrant entered into with certain existing shareholders in 2016 and a decrease in currency exchange gains.

10.4.10.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, financial result from continuing operations decreased from negative €4.9 million in 2016 to negative €8.5 million in 2017 primarily due to an increase in the book value of a warrant entered into with certain existing shareholders in 2016, leading to non-cash interest expenses of €7.6 million in 2017. Further, financial indebtedness mainly due to total drawings of €10 million in April 2017 and June 2017 under a loan agreement entered into with Kreos Capital V (UK) Limited ("**Kreos**") in January 2017 led to interest expenses of €0.7 million in 2017.

10.4.10.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.10.3.1 Historical Financial Information

Financial result increased slightly from negative €4.2 million in 2015 to negative €4.1 million in 2016 primarily due to a significant decrease in currency exchange losses that was largely offset by an increase in interest expenses driven by higher indebtedness and a decrease in currency exchange gains.

10.4.10.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, financial result from continuing operations decreased from negative €1.2 million in 2015 to negative €4.9 million in 2016 primarily due to an increase in interest expenses driven by higher indebtedness and a decrease in currency exchange gains.

10.4.11 Income Taxes

10.4.11.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Income tax expense from continuing operations remained stable at €0.1 million in the six months ended June 30, 2018 and in the six months ended June 30, 2017. In both periods, income tax expense related to current income taxes.

10.4.11.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

10.4.11.2.1 Historical Financial Information

Income tax expense remained stable at €0.4 million in 2016 and 2017. In both periods, income tax expense related to current income taxes.

10.4.11.2.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, income tax expense from continuing operations remained nearly stable at €0.3 million in 2016 and €0.2 million in 2017. In both periods, income tax expense related to current income taxes.

10.4.11.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

10.4.11.3.1 Historical Financial Information

Income tax expense increased from €0.2 million in 2015 to €0.4 million in 2016. In both periods, income tax expense related to current income taxes.

10.4.11.3.2 Continuing Operations

Excluding our operations in Brazil, Russia and Kazakhstan, income tax expense from continuing operations remained nearly stable at €0.2 million in 2015 and €0.3 million in 2016. In both periods, income tax expense related to current income taxes.

10.4.12 Result for the Period from Discontinued Operations

Result for the period from discontinued operations reflects financial information related to our operations in Brazil, Russia and Kazakhstan, which we reclassified to discontinued operations in June 2018. Comparative figures for the six months ended June 30, 2017 presented in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 have been restated accordingly. Further, for purposes of facilitating inter-period comparisons, we also present in the Prospectus the results for 2015, 2016 and 2017 on the basis of our operations in Brazil, Russia and Kazakhstan. In this section, we discuss the development of our discontinued operations for the periods indicated.

10.4.12.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Revenue from discontinued operations decreased from €23.7 million in the six months ended June 30, 2017 to €19.2 million in the six months ended June 30, 2018, primarily due to unfavorable exchange rate effects. Specifically, revenue from our operations in Brazil increased by 0.6% in local currency, but decreased by 16.5% when expressed in euro. Revenue from our operations in Russia and Kazakhstan decreased by 13.6% in local currency and by 24.7% when expressed in euro.

Net result for the period from discontinued operations after taxes increased from a profit of €0.4 million in the six months ended June 30, 2017 to a profit of €0.7 million in the six months ended June 30, 2018.

10.4.12.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Revenue from discontinued operations increased by 2.4% from €45.1 million in 2016 to €46.2 million in 2017 due to favorable exchange rate effects that led to an increase in revenue from our operations in Brazil when expressed in euro. In terms of local currency, revenue from our operations in Brazil decreased. This increase was only partially offset by a decrease in revenue from our operations in Russia and Kazakhstan, both in terms of local currency and in terms of euro.

Cost of sales from discontinued operations increased on a lesser scale than revenue from discontinued operations, leading to an increase in the gross profit margin from discontinued operations and an increase in the contribution margin from discontinued operations.

Marketing expenses from discontinued operations decreased from 2016 to 2017. General and administrative expenses from discontinued operations remained largely stable in 2017 when compared with 2016. Together with a small increase in operating expenses from discontinued operations, the developments lead to an increase in the operating result from discontinued operations.

These developments were more than offset by a strong decrease in the financial result from discontinued operations, leading to a decrease in the result for the period from discontinued operations by 64.5% from a profit of €3.1 million in 2016 to a profit of €1.1 million in 2017.

10.4.12.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

Revenue from discontinued operations decreased by 1.1% from €45.6 million in 2015 to €45.1 million in 2016 due to weak operating performance of our operations in Russia and Kazakhstan that was exacerbated by unfavorable exchange rate developments. Positive contributions from our operations in Brazil only had a partially offsetting effect.

Cost of sales from discontinued operations increased from 2015 to 2016, leading to a decrease in the gross profit margin from discontinued operations. Fulfilment expenses from discontinued operations decreased at a more strongly than revenue, resulting in a stable contribution margin from discontinued operations.

Marketing expenses from discontinued operations decreased strongly and general and administrative expenses from discontinued operations decreased slightly.

These developments led to an increase in our operating result from discontinued operations in 2016 compared to 2015.

The increase in the operating result from discontinued operations together with an increase in the financial result from discontinued operations resulted in a significant improvement in the result for the period from discontinued operations from a loss of €6.5 million in 2015 to a profit of €3.1 million in 2016.

10.5 Assets, Equity and Liabilities

10.5.1 Assets

The following table provides an overview of our assets as of the dates indicated:

	As of December 31,			As of June 30,
	2015[(1)]	2016	2017	2018
		(audited) (in € million)		(unaudited) (in € million)
Assets				
Non-current assets				
Property, plant and equipment	6.1	6.5	6.1	23.0
Intangible assets	2.6	3.6	4.0	5.8
Trade and other receivables	2.5	3.5	3.7	3.4
Total non-current assets	**11.2**	**13.6**	**13.8**	**32.2**
Current assets				
Inventories[(2)]	13.7	16.8	21.7	20.6
Prepayments on inventories[(2)]	1.0	2.0	2.4	3.0
Trade and other receivables	5.8	6.9	9.0	7.3
Other assets	2.6	1.8	2.1	3.3
Cash and cash equivalents	18.7	17.9	13.8	7.0
Assets held for sale	–	–	–	8.5
Total current assets	**41.8**	**45.4**	**48.9**	**49.8**
Total assets	**53.0**	**59.0**	**62.7**	**82.0**

(1) Taken from the comparative financial information as of December 31, 2015 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of December 31, 2015 was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate, see note 2.3. to the audited consolidated financial statements as of and for the year ended December 31, 2016.

(2) In the consolidated statement of financial position of the audited consolidated financial statements as of and for the year ended December 31, 2017 inventories and prepayment on inventories are shown separately, while in the audited consolidated financial statements as of and for the year ended December 31, 2016 such a split is only shown in the respective notes.

10.5.1.1 June 30, 2018 Compared to December 31, 2017

Total assets increased by 30.8% from €62.7 million as of December 31, 2017 to €82.0 million as of June 30, 2018. This increase was driven primarily by an increase in non-current assets as a result of the application of IFRS 16, which led to the recognition of lease assets, which consisted primarily of property, plant and equipment. Current assets nearly remained stable and amounted to €49.8 million as of June 30, 2018.

10.5.1.2 December 31, 2017 Compared to December 31, 2016

Total assets increased by 6.3% from €59.0 million as of December 31, 2016 to €62.7 million as of December 31, 2017. This increase was driven primarily by an increase in current assets. The increase in current assets was driven by an increase in inventories and current trade and other receivables due to an increase in the scale of our business. These increases were only partially offset by a decrease in cash and cash equivalents. Non-current assets remained largely stable as of December 31, 2017 when compared with December 31, 2016.

10.5.1.3 December 31, 2016 Compared to December 31, 2015

Total assets increased by 11.3% from €53.0 million as of December 31, 2015 to €59.0 million as of December 31, 2016. This increase was due to increases in both current and non-current assets. Current assets increased due to an increase in inventories and current trade and other receivables due to an increase in the scale of our business. A decrease in cash and cash equivalents had a partially offsetting effect. Non-current assets increased mainly due to additions to intangible assets and an increase in non-current trade and other receivables.

10.5.2 Equity

	As of December 31,	As of June 30,

	2015[1]	2016	2017	2018
		(audited) (in € million)		(unaudited) (in € million)
Equity/(deficit)				
Share capital	0.1	0.1	0.1	0.1
Treasury shares	–	(1.0)	(1.0)	(1.0)
Share premium	210.3	210.3	210.3	210.3
Other reserves	17.3	17.8	22.7	35.1
Retained earnings	(216.3)	(240.8)	(269.3)	(276.2)
Other comprehensive income (OCI) reserve	9.1	6.8	7.2	7.5
Equity/(deficit) attributable to the owners of the company	**20.6**	**(6.7)**	**(30.0)**	**(24.1)**
Non-controlling interests	(33.2)	(33.0)	(35.8)	(33.4)
Total equity/(deficit)[2]	**(12.7)**	**(39.7)**	**(65.8)**	**(57.5)**

(1) Taken from the comparative financial information as of December 31, 2015 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of December 31, 2015 was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate, see note 2.3. to the audited consolidated financial statements as of and for the year ended December 31, 2016.

(2) In the consolidated statement of financial position of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016 labeled as total equity / deficit not covered by equity).

10.5.2.1 June 30, 2018 Compared to December 31, 2017

Total equity/deficit improved from a deficit of €65.8 million as of December 31, 2017 to a deficit of €57.5 million as of June 30, 2018. This deficit decrease was primarily the result of an increase in other reserves related to equity settled options. An increase in negative retained earnings due to a loss for the period from January 1, 2018 to June 30, 2018 of €4.7 million had a partially offsetting effect.

10.5.2.2 December 31, 2017 Compared to December 31, 2016

Total equity/deficit changed from a deficit of €39.7 million as of December 31, 2016 to a deficit of €65.8 million as of December 31, 2017. This change primarily stemmed from our result for the period, which amounted to a loss of €31.5 million in 2017 and was only partially offset by an increase in other reserves related to equity-settled options.

10.5.2.3 December 31, 2016 Compared to December 31, 2015

Total equity/deficit changed from a deficit of €12.7 million as of December 31, 2015 to a deficit of €39.7 million as of December 31, 2016. This change primarily stemmed from our result for the period, which amounted to a loss of €24.9 million in 2016. In 2016, the Company repurchased shares with a fair value of €1.0 million shown as treasury shares within equity. The negative amount of the treasury shares gives effect to the fact that repurchasing shares is the opposite of issuing shares and as such reduces the total equity.

10.5.3 Liabilities

	As of December 31,			As of June 30,
	2015[1]	2016	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)
Liabilities				
Non-current liabilities				
Borrowings	–	–	4.4	11.7
Finance lease liabilities[2]	–	–	0.0	15.4
Other financial liabilities	–	27.9[3]	35.5	40.9
Other non-financial liabilities	10.5[4]	9.6[3]	15.7	0.1
Provisions	0.3	0.3	0.2	0.2
Total non-current liabilities	**10.8**	**37.8**	**55.9**	**68.3**
Current liabilities				
Borrowings	1.7	–	7.1	6.8
Finance lease liabilities[2]	–	–	–	3.6
Trade payables and accruals	34.1	38.7	39.7	27.7

	As of December 31,			As of June 30,
	2015[(1)]	2016	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)
Customer prepayments	9.1	10.4	11.7	9.7
Other financial liabilities	0.9[(4)]	0.9[(3)]	1.6	3.1
Other non-financial liabilities	7.5[(4)]	9.3[(3)]	9.5	6.9
Provisions	1.5	1.5	2.9	2.9
Liabilities in connection with assets held for sale	–	–	–	10.5
Total current liabilities	**54.8**	**60.8**	**72.6**	**71.2**
Total liabilities	**65.6**	**98.7**	**128.5**	**139.5**

(1) Taken from the comparative financial information as of December 31, 2015 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of December 31, 2015 was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate.
(2) Presented as lease liabilities due to IFRS 16 "Leases" in the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018.
(3) Taken from the comparative financial information as of December 31, 2016 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. In the consolidated statement of financial position in the audited consolidated financial statements as of and for the year ended December 31, 2017 current and non-current other financial liabilities as well as current and non-current other non-financial liabilities are each shown separately, while in the consolidated statement of financial position in the audited consolidated financial statements as of and for the year ended December 31, 2016, only current and non-current other liabilities are shown.
(4) Unaudited. Adjusted to reflect the separate presentation of current and non-current other financial liabilities as well as current and non-current other non-financial liabilities in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017.

10.5.3.1 June 30, 2018 Compared to December 31, 2017

Total liabilities increased by 8.6% from €128.5 million as of December 31, 2017 to €139.5 million as of June 30, 2018 mainly due to an increase in non-current liabilities primarily due to the first-time recognition of lease liabilities of €15.4 million resulting from the first-time application of IFRS 16, total draw downs in April 2018 and June 2018 of €10.0 million under a credit facility agreement entered into between the Company and GGC EUR S.à r.l., an affiliate of the Lending Shareholder, on March 23, 2018 and the recognition of interest related to a warrant issued in 2016. Current liabilities decreased slightly, due to decreases in trade payables and accruals and customer prepayments that were offset in part by the separate recognition of liabilities of the operations in Russia and Brazil as liabilities held for sale and the recognition of current lease liabilities of €3.6 million as a result of the first-time application of IFRS 16. The changes in the liability line items were primarily affected by the reclassification and separate disclosure of liabilities in connection with assets held for sale.

10.5.3.2 December 31, 2017 Compared to December 31, 2016

Total liabilities increased by 30.2% from €98.7 million as of December 31, 2016 to €128.5 million as of December 31, 2017 due to increases in both current and non-current liabilities. These increases were mainly due to total drawings of €10 million in April 2017 and June 2017 under the loan agreement entered into with Kreos, which led to increases in current and non-current borrowings. In addition, valuation effects related to a warrant issued in 2016 contributed €7.6 million to the increase in other financial liabilities from December 31, 2016 to December 31, 2017. For more information on the warrant, see "*13.8.1.1.2 Warrant Agreements*".

10.5.3.3 December 31, 2016 Compared to December 31, 2015

Total liabilities increased by 50.5% from €65.6 million as of December 31, 2015 to €98.7 million as of December 31, 2016 mainly due to an increase in non-current liabilities driven by the issuance of warrants to some of our then existing shareholders in May 2016. Total current liabilities also increased driven by an increase in trade payables and customer prepayments to the growth of our business.

10.6 Liquidity and Capital Resources

Liquidity is critical for our Group. Historically, our main sources of liquidity consisted of financing from our shareholders and from third parties. In 2015, we raised additional equity capital from our shareholders, providing us with cash proceeds from shareholder funding of €55.2 million. In 2016, we entered into a warrant agreement with certain existing shareholders, providing us with cash proceeds from a financing round of €23.1 million. In 2017, we entered into a loan with Kreos, which provided us with €10.0 million drawn in two tranches. In March 2018, we entered into a credit facility agreement with GGC EUR S.à r.l., an affiliate of one of our existing shareholders, for an aggregate amount of €15.0 million. As of the date of this Prospectus, an aggregate amount of €15.0 million has been drawn under this term loan facility. We used the funds raised from our shareholders and from third parties to finance our operations and invest into our growth. In September 2018, we entered into a €12 million term loan and revolving loan facilities agreement with Citicorp North America Inc., an affiliate of Citigroup, as lender. The Term Facility was made available to the Company for the repayment of the loan with Kreos. On the level of our local entities, we typically have working capital facilities, each with a volume of €1 million to €2 million.

10.6.1 Cash Flows

The following table provides a breakdown of our cash flows for the periods indicated. The cash flows presented include our operations in Brazil, Russia and Kazakhstan as historically presented:

	As of and for the year ended December 31,		
	2015[(1)]	2016[(2)]	2017
	(audited, unless otherwise specified) (in € million)		
Cash flows from operating activities:			
Result before income tax	(61.5)	(24.5)	(31.2)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	1.7	1.6	1.9
Amortization and impairment of intangible assets	1.0	1.0	3.5
Loss/(gain) on the disposal of property, plant and equipment	0.1	(0.0)	0.2
Share-based compensation expenses	4.6	4.0	11.0
Fair value loss on financial liabilities	0.0	0.0	0.5
Finance income	(0.0)	(0.1)	(0.1)
Finance costs	1.8	6.1	9.5
Result from closure of subsidiary	(0.3)	–	–
Foreign currency effects	2.4	(2.0)	(0.2)
Other non-cash related adjustments	–	(1.3)	(0.0)
Changes in provisions and pensions	0.2	(0.2)	1.3
Cash effective operating loss before changes in working capital	(50.0)	(15.2)	(3.5)
Adjustments for changes in working capital:			
Changes in trade and other receivables and prepayments	1.2	0.3	(2.6)
Changes in inventories	(3.1)	(3.3)	(5.7)
Changes in trade and other payables	6.6	4.7	4.6
Cash used in operations	**(45.2)**	**(13.5)**	**(7.3)**
Tax paid	(0.3)	(0.4)	(0.5)
Net cash flows used in operating activities	**(45.6)[(3)]**	**(13.9)**	**(7.8)**
Investing Activities:			
Proceeds from sale of property, plant and equipment	0.0	0.1	0.1
Rent deposits	–	–	0.2
Purchase of property, plant and equipment	(2.8)	(1.7)	(1.5)
Security deposits paid	–	(0.9)	(0.4)
Purchase of intangible assets	(2.0)	(2.1)	(3.9)
Interest received	0.0[(3)]	0.1	0.1
Net cash flows used in investing activities	**(4.8)[(3)]**	**(4.5)**	**(5.5)**
Financing activities:			
Proceeds from shareholder funding	55.2	–	–
Proceeds from financing round	–	23.1	–
Sale/(Purchase) of minority interests	–	(1.9)	0.2
Interest and other finance charges paid	(1.8)[(3)]	(1.3)	(1.9)
Proceeds/(Repayment) of borrowings	(3.2)	(1.7)	11.5
Payments of finance lease liabilities	(1.7)	–	(0.0)
Purchase of treasury shares	–	(1.0)	–
Net cash flows from financing activities	**48.5[(3)]**	**17.2**	**9.8**
Net change in cash and cash equivalents	**(1.9)**	**(1.1)**	**(3.5)**
Effect of exchange rate fluctuations on cash held	(0.1)	0.4	(0.6)
Cash and cash equivalents at the beginning of the period	20.7	18.7	17.9
Cash and cash equivalents at the end of the period	**18.7**	**17.9**	**13.8**

(1) Taken from the comparative financial information as of and for the year ended December 31, 2015 in the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of and for the year ended December 31, 2015 was adjusted to reflect a reclassification of a cash flow from investing activities to cash flow from financing activities. This cash outflow related to the early purchase of leased

warehouse equipment. Furthermore, such information was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate. See note 2.3. to the audited consolidated financial statements as of and for the year ended December 31, 2016.

(2) Taken from the comparative financial information as of and for the year ended December 31, 2016 in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. Such comparative financial information as of and for the year ended December 31, 2016 was adjusted to reflect a reclassification of interest received amounting to €0.1 million from cash flows from operating activities to cash flows from investing activities as well as interest and other finance charges paid amounting to €1.3 million from cash flows from operating activities to cash flows from financing activities.

(3) Unaudited. Adjusted to reflect a reclassification in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017 of interest received from cash flows from operating activities amounting to €10 thousand to cash flows from investing activities and interest and other finance charges paid from cash flows from operating activities amounting to €1.8 million to cash flows from financing activities.

The following table presents our cash flows for the periods indicated. Our operations in Brazil, Russia and Kazakhstan are classified as discontinued operations:

	As of and for the six months ended June 30,	
	2017	2018
	(unaudited) (in € million)	
Cash flows from operating activities:		
Loss before income tax	(17.9)	(5.3)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	0.8	2.4
Amortization and impairment of intangible assets	1.2	0.8
Loss on disposal of property, plant and equipment	0.0	0.0
Share-based compensation income/(expenses)	4.2	(3.2)
Fair value loss on financial liabilities	0.7	0.1
Finance income	(0.0)	–
Finance costs	3.9	6.5
Foreign currency effects	(0.3)	0.2
Other non-cash related adjustments	(0.0)	0.0
Changes in provisions and pensions	0.1	0.3
Cash effective operating (loss)/profit before changes in working capital	(7.3)	1.9
Adjustments for changes in working capital:		
Changes in trade and other receivables and prepayments	0.3	(2.1)
Changes in inventories	(4.1)	(2.9)
Changes in trade and other payables	0.6	(4.3)
Cash used in operations	**(10.6)**	**(7.4)**
Tax paid	(0.1)	(0.1)
Net cash flows used in operating activities – continuing operations	**(10.6)**	**(7.6)**
Net cash flows generated/(used) in operating activities – discontinued operations	**(0.7)**	**0.5**
Net cash flows used in operating activities – continuing and discontinued operations	**(11.4)**	**(7.1)**
Investing Activities:		
Proceeds from sale of property, plant and equipment	0.0	0.2
Purchase of property, plant and equipment	(0.9)	(0.6)
Purchase of intangible assets	(1.9)	(2.7)
Other investing activities	0.0	0.0
Interest received	0.0	–
Net cash flows used in investing activities – continuing operations	**(2.8)**	**(3.1)**
Net cash flows used in investing activities – discontinued operations	**(0.1)**	**(0.2)**
Net cash flows used in investing activities – continuing and discontinued operations	**(2.9)**	**(3.3)**
Financing activities:		
Sale of minority interests	0.2	–
Interest and other finance charges paid	(0.2)	(1.0)
Proceeds from/(Repayments of) borrowings	10.8	7.7

	As of and for the six months ended June 30,	
	2017	2018
	(unaudited) (in € million)	
Payments of lease liabilities	–	(1.6)
Net cash flows from financing activities – continuing operations	**10.8**	**5.1**
Net cash flows from financing activities – discontinued operations	**(0.6)**	**(0.6)**
Net cash flows from financing activities – continuing and discontinued operations	**10.2**	**4.5**
Net change in cash and cash equivalents	**(4.0)**	**(5.8)**
Effect of exchange rate fluctuations on cash held	(0.2)	(0.3)
Cash and cash equivalents at the beginning of the period	17.9	13.8
Cash and cash equivalents at the end of the period	**13.7**	**7.7**
Thereof discontinued operations	0.9	0.6
Thereof continuing operations	12.8	7.0

10.6.1.1 Cash Flow from Operating Activities

10.6.1.1.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Net cash flows used in operating activities from continuing operations improved from cash outflows of €10.6 million in the six months ended June 30, 2017 to cash outflows of €7.6 million in the six months ended June 30, 2018. This improvement was driven by strong operating performance in the six months ended June 30, 2018, leading to a change from a cash effective operating loss before changes in working capital of €7.3 million in the six months ended June 30, 2017 to a cash effective operating profit before changes in working capital of €1.9 million in the six months ended June 30, 2018. Adjustments for changes in working capital, primarily related to changes in trade and other payables, led to net cash outflows of €9.3 million in the six months ended June 30, 2018 compared to net cash outflows of €3.2 million in the six months ended June 30, 2017, which partially offset the improvement in the cash effective operating profit/(loss) before changes in working capital.

10.6.1.1.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Net cash flows used in operating activities improved from cash outflows of €13.9 million in 2016 to cash outflows of €7.8 million in 2017. This improvement was driven by strong operating performance in 2017, leading to a decrease in the cash effective operating loss before changes in working capital from €15.2 million in 2016 to €3.5 million in 2017. Adjustments for changes in working capital, which led to net cash outflows of €3.8 million in 2017 compared to net cash inflows of €1.7 million in 2016, had a partially offsetting effect.

10.6.1.1.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

Net cash flows used in operating activities improved from cash outflows of €45.6 million in 2015 to cash outflows of €13.9 million in 2016. This improvement was driven by a strong improvement in cash effective operating loss before changes in working capital in 2016. Adjustments for decreases in net working capital contributed €4.7 million in 2015 and €1.7 million in 2016 to the cash flows from operating activities.

10.6.1.2 Cash Flow from Investing Activities

10.6.1.2.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Net cash flows used in investing activities of continuing operations increased from cash outflows of €2.8 million in the six months ended June 30, 2017 to cash outflows of €3.1 million in the six months ended June 30, 2018. This increase was due to higher cash outflows for the purchase of intangible assets. Higher cash outflows related to the purchase of intangible assets had a partially offsetting effect.

10.6.1.2.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Net cash flows used in investing activities increased from cash outflows of €4.5 million in 2016 to cash outflows of €5.5 million in 2017. This increase was due to higher cash outflows for the creation and purchase of intangible assets, primarily related to internally developed software, that were only partially offset primarily by lower cash outflows for the purchase of property, plant and equipment, primarily related to IT infrastructure and warehouse equipment.

10.6.1.2.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

Net cash flows used in investing activities decreased from cash outflows of €4.8 million in 2015 to cash outflows of €4.5 million in 2016. This decrease was due to lower cash outflows for the purchase of property, plant and equipment that were only partially offset by higher cash outflows for security deposits paid.

10.6.1.3 Cash Flow from Financing Activities

10.6.1.3.1 Comparison of the Six Months Ended June 30, 2018 and June 30, 2017

Net cash flows from financing activities from continuing operations decreased from cash inflows of €10.8 million in the six months ended June 30, 2017 to cash inflows of €5.1 million in the six months ended June 30, 2018. Cash flows from financing activities included inflows of €10.0 million from the drawing of two tranches under the credit facility agreement with GGC EUR S.à r.l. in the six months ended June 30, 2018 and €10.0 million from the drawing of two tranches under a loan granted by Kreos in the six months ended June 30, 2017. Cash flows used in financing activities in the six months ended June 30, 2018 primarily related to repayment of borrowings of €4.8 million and payment of lease liabilities.

10.6.1.3.2 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Net cash flows from financing activities decreased from cash inflows of €17.2 million in 2016 to cash inflows of €9.8 million in 2017. In 2017, net cash flows from financing activities included cash inflows of €10.0 million from a loan granted by Kreos and €1.9 million from a working capital line from Deutsche Kontor Privatbank AG. In 2016, cash inflows primarily related to the issuance of a warrants classified as financial liabilities.

10.6.1.3.3 Comparison of the Years Ended December 31, 2016 and December 31, 2015

Net cash flows from financing activities decreased from cash inflows of €48.5 million in 2015 to cash inflows of €17.2 million in 2016. In 2016, cash inflows primarily related to the issuance of warrants. In 2015, cash inflows primarily related to the proceeds from the issuance of new shares to our shareholders.

10.6.2 Cash and Cash Equivalents

As of June 30, 2018, cash and cash equivalents of €3.5 million held in bank accounts of Westwing Group GmbH, Westwing GmbH and wLabels GmbH were pledged in favor of Kreos.

10.6.3 Net Working Capital

We define net working capital as the sum of (i) inventories plus (ii) prepayments on inventories plus (iii) current trade and other receivables less (iv) trade payables and accruals less (v) customer prepayments.

The following table provides a calculation of our net working capital as of the dates presented:

	As of December 31,			As of June 30,
	2015[1]	2016	2017	2018
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)
Inventories[2]	13.7	16.8	21.7	20.6
+ Prepayments on inventories[2]	1.0	2.0	2.4	3.0
+ Current trade and other receivables	5.8	6.9	9.0	7.3
- Trade payables and accruals	(34.1)	(38.7)	(39.7)	(27.7)
- Customer prepayments	(9.1)	(10.4)	(11.7)	(9.7)
Net working capital[3]	**(22.7)**	**(23.5)**	**(18.4)**	**(6.3)**

(1) Taken from the comparative financial information as of December 31, 2015 of the Company's audited consolidated financial statements as of and for the year ended December 31, 2016. Such comparative financial information as of December 31, 2015 was restated to correct incorrect recording of certain sales, inventory and liabilities by a local affiliate.
(2) In the consolidated statement of financial position of the Company's audited consolidated financial statements as of and for the year ended December 31, 2017 inventories and prepayment on inventories are shown separately, while in the audited consolidated financial statements as of and for the year ended December 31, 2016 such a split is only shown in the respective notes.
(3) Unaudited.

Net working capital is not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of our consolidated balance sheet prepared in accordance with IFRS. In addition, our definition of net working capital may not be comparable to similarly titled information published by other companies.

10.6.3.1 June 30, 2018 Compared to December 31, 2017

In the six months ended June 30, 2018, net working capital increased from a negative net working capital of €18.4 million as of December 31, 2017 to a negative net working capital of €6.3 million as of June 30, 2018. This increase was primarily driven by a decrease in trade payables and accruals and lower customer prepayments.

10.6.3.2 December 31, 2017 Compared to December 31, 2016

In 2017, net working capital increased from a negative net working capital of €23.5 million as of December 31, 2016 to a negative net working capital of €18.4 million as of December 31, 2017. This increase was primarily driven by an increase in inventories related to rising sales of our private label products and an increase in current trade and other receivables related to the growth of our business.

10.6.3.3 December 31, 2016 Compared to December 31, 2015

In 2016, net working capital increased from a negative net working capital of €22.7 million as of December 31, 2015 to a negative net working capital of €23.5 million as of December 31, 2016. This increase was primarily driven by an increase in inventories related to rising sales of our private label products and an increase in prepayments on inventories. Increases in trade payables and accruals and customer prepayments related to the growth of our business had a partially offsetting effect.

10.6.4 Capital Expenditures

Our capital expenditures are defined as additions to property and equipment as well as intangible assets.

The following table provides a breakdown of our capital expenditures for the periods presented:

	For the year ended December 31,			For the six months ended June 30,
	2015	**2016**	**2017**	**2018**
	(audited, unless otherwise specified) (in € million)			**(unaudited) (in € million)**
Additions to property, plant and equipment	2.8	1.9	1.6	0.6
Additions to intangible assets	2.0	2.1	3.9	2.7
Capital expenditures[1]	**4.8**	**4.0**	**5.5**	**3.3**

(1) Unaudited.

Capital expenditures are not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of our consolidated balance sheet and consolidated statement of cash flow prepared in accordance with IFRS. In addition, our definition of capital expenditures may not be comparable to similarly titled information published by other companies.

10.6.4.1 Future and Planned Capital Expenditures

As of the date of this Prospectus, our Management Board has not made material commitments on future capital expenditures.

10.6.4.2 Capital Expenditures since December 31, 2017 and Ongoing Capital Expenditures

In the six months ended June 30, 2018, our capital expenditures amounted to €3.3 million, with the majority relating to additions to intangible assets, including for a warehouse management system. Capital expenditures for additions to intangible assets largely comprised development costs for a number of IT projects. No investments were made in property. The capital expenditures were financed from available cash and cash equivalents.

Between June 30, 2018 and the date of this Prospectus, we have not made significant capital expenditures.

10.6.4.3 Capital Expenditures in the Years ended December 31, 2017, 2016 and 2015

Capital expenditures in 2017 amounted to €5.5 million and primarily comprised capital expenditures for additions to intangible assets, which amounted to €3.9 million. Capital expenditures for additions to intangible assets largely comprised development costs in respect of an IT system for warehouse management system and an IT platform for interaction with suppliers as well as the development of own software in the area of consumer apps, the integration of WestwingNow and product information systems. Additions to property and equipment related primarily to the acquisition of servers, IT hardware and warehouse equipment. No investments were made in property.

Capital expenditures in 2016 amounted to €4.0 million. Capital expenditures for additions to intangible assets amounted to €2.1 million and, as in 2017, largely comprised development costs in respect of an IT system for warehouse management system and an IT platform for interaction with suppliers as well as the development of own software in the area of consumer apps, the integration of our permanent offering technology and product information systems. As in 2017, additions to property, plant and equipment related primarily to the acquisition of servers, IT hardware and warehouse equipment. No investments were made in property.

Capital expenditures in 2015 amounted to €4.8 million. Capital expenditures for additions to intangible assets amounted to €2.0 million and largely comprised the same items as in 2016. Additions to property, plant and equipment included the purchase of fixtures that we had rented before. No investments were made in property.

All capital expenditures were financed from available cash and cash equivalents.

10.7 Financial Liabilities

The tables below summarize our non-derivative financial liabilities as of the dates indicated by their remaining contractual maturity based on contractual undiscounted cash flows. Debtors with credit balances, liabilities from finance lease, liabilities to employees (share-based compensation and bonuses) are not considered.

	As of December 31, 2017				
	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			(audited) (in € million)		
Borrowings	1.1	6.7	4.0	–	11.8
Trade payables	28.3	–	–	–	28.3
Accruals	11.4	–	–	–	11.4
Total future payments, including future principal and interest payments	**40.9**	**6.7**	**4.0**	–	**51.5**

	As of December 31, 2016[1]				
	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			(audited) (in € million)		
Trade payables	29.5	–	–	–	29.5
Accruals	9.2	–	–	–	9.2
Total future payments, including future principal and interest payments	**38.7**	**–**	**–**	–	**38.7**

(1) Taken from the Company's audited consolidated financial statements as of and for the year ended December 31, 2017.

	As of December 31, 2015[1]				
	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			(audited, unless otherwise specified) (in € million)		
Borrowings	1.0	0.8	–	–	1.8
Trade payables	24.2	0.9	–	–	25.1
Accruals	9.0	–	–	–	9.0
Other financial liabilities	0.0	–	–	–	0.0
Total future payments, including future principal and interest payments[2]	**34.3**	**1.7**	**–**	–	**36.0**

(1) Taken or derived from the Company's audited consolidated financial statements as of and for the year ended December 31, 2016.
(2) Unaudited.

10.8 Qualitative and Quantitative Disclosure on Financial Risks

Our activities expose us to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. The primary objectives of the financial risk management function are to establish risk limits, and ensure that exposure to risks stays within these limits. Our risk management is carried out centrally and covers all consolidated entities.

10.8.1 Market Risk

We are exposed to market risks. Market risks arise from open positions in foreign currencies (currency risk), and interest bearing assets and liabilities (interest rate risk), which are sensitive to general and specific market movements. Management monitors such risks on an ongoing basis to ensure that exposure stays within certain limits. However, this approach does not prevent losses in the event of more significant market movements. Sensitivities to market risks included below are based on a change in one factor while keeping all other factors constant. In practice, this is unlikely to occur as changes in certain factors may be correlated.

10.8.1.1 Currency Risk

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Polish Zloty and Swiss Francs. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

Our business model reduces foreign exchange risk. A significant portion of local revenue as well as local costs is generated in the respective local currencies. Foreign exchange gains and losses shown in consolidated profit and loss arise mainly from intercompany funding activities.

The following table demonstrates the sensitivity of profit and loss as well as equity to a reasonably possible change in foreign exchange rates at the reporting date, with all other variables held constant.

	As of December 31,	
	2016	**2017**
	(audited)	
	(in € thousand)	
Polish Zloty strengthening/ (weakening) by 10%[(1)]	+232 / (232)	+397 / (397)
Swiss Franc strengthening/ (weakening) by 10%	+23 / (23)	+23 / (23)

(1) Taken or derived from the adjusted comparable financial information in the Company's audited consolidated financial statements as of and for the year ended December 31, 2017

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency. There is no effect on other comprehensive income due to the lack of application of hedge accounting.

10.8.1.2 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our borrowings are mainly on fixed rate terms. Accordingly, a reasonably possible change in interest rates at the reporting date would have no material impact on profit or loss or equity.

10.8.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation by being unable or unwilling to meet its commitments. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Exposure to credit risk arises as a result of the sale of products on credit terms and other transactions with counterparties giving rise to financial assets. Credit exposures to customers are recorded systematically, analyzed and managed in the respective subsidiaries, using both internal and external sources of information.

Our maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the statement of financial position, as shown below:

	As of December 31,	
	2016	2017
	(audited) (in € thousand)	
Trade and other receivables		
Trade receivables (net)	5,198	7,375
Other financial receivables	5,180	5,326
Cash and cash equivalents		
Cash in hand	5	18
Bank balances	17,894	13,813
Short-term bank deposits	–	–
Total on-balance sheet exposure	**28,277**	**26,532**

10.8.3 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities without affecting our daily operations or financial condition. Liquidity facilitates the ability to meet expected and unexpected requirements for cash.

Our objective is to maintain a stable balance between continuity of funding and flexibility through the use of capital increases and loans.

We are exposed to daily calls on its available cash resources. To ensure such calls can be met, monthly cash flow forecasting is performed in each operating entity and aggregated into a Group cash flow forecast. These rolling forecasts of the group's liquidity requirements are strictly monitored to ensure we have sufficient cash to meet operational needs.

10.8.4 Capital Management

We manage our capital structure in order to finance our activities and continued growth. Particular focus is given to generating liquid funds from business operations and through capital injections from new or existing investors. Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

10.9 Critical Accounting Estimates and Judgments

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

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

Judgments that have the most significant effect on the amounts recognized in the financial statements, as well as estimates that could potentially cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

10.9.1 Allowance for obsolete inventories

The allowance for obsolete inventories reflects management's estimate of losses resulting from the sale of such items, calculated on the basis of historical experience as well as past and anticipated market performance.

10.9.2 Income taxes

We recognize a deferred tax asset only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilized.

We consider many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent earnings experience by jurisdiction, expectations of future taxable income, and the carry forward periods available for tax reporting purposes, as well as other relevant factors. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law or variances between our actual and anticipated operating results, we assess the likelihood of future realization of our deferred tax assets based on judgments and estimates. Therefore, actual income taxes could materially vary from these judgments and estimates.

Based on current plans and estimates, deferred tax assets are recognized only to the extent to which they net off against deferred tax liabilities.

10.9.3 Share-based compensation

We measure the cost of equity- and cash-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and yield and making assumptions about each. At the end of each reporting period, we review our estimates of the number of awards expected to vest and recognize the impact of any revision to original estimates, in the income statement, with a corresponding adjustment to equity.

10.9.4 Provision for returns

Customers ordering products online have the right to return such products within a defined period after the purchase, with length of return validity varying by country. In our accounts, we record a provision for such returns to ensure revenue is not overstated. The amount recorded as the provision is calculated based on past experience and current information on gross sales. The provision is calculated per country and adjusts both revenue and cost of sales.

10.10 Additional Information from the Unconsolidated Financial Statements of the Company

The Company's unconsolidated financial statements as of and for the year ended December 31, 2017 have been prepared in accordance with German generally accepted accounting principles of the HGB. These financial statements are used to calculate the Company's net retained profits or losses (*Bilanzgewinn oder -verlust*). Dividends to shareholders of the Company may not be distributed from such net retained losses. German generally accepted accounting principles of the HGB differ from IFRS in material respects.

According to the Company's unconsolidated financial statements as of and for the year ended December 31, 2017, the Company's revenue decreased by 5.6% from €21.3 million in 2016 to €20.1 million in 2017. The Company's revenue represents primarily the recharges to affiliates for third party services. During the same period the Company's net loss for the year increased from a loss of €4.1 million in 2016 to a loss of €47.7 million in 2017 due to a strong deterioration of the financial result.

According to the Company's unconsolidated financial statements as of and for the year ended December 31, 2017, the Company's subscribed capital remained stable at €0.1 million as of December 31, 2017 when compared with December 31, 2016.

For further information on the Company's unconsolidated financial statements, see the notes to the unconsolidated financial statements, which are set forth on pages F-156 *et seq.* of this Prospectus.

11. PROFIT FORECAST

Our forecast of Adjusted EBITDA of Westwing Group AG, Berlin (hereinafter also the "**Company**") and its direct and indirect subsidiaries (together with the Company, hereinafter the "**Group**", "**we**", "**us**", "**our**") for the financial year ending December 31, 2018 (forecast of Adjusted EBITDA, together with the respective explanatory notes, hereinafter collectively referred to as the "**Profit Forecast**") discussed in this section is not a statement of facts and should not be regarded as such by investors. Rather, it reflects the forward-looking expectations of the Company with respect to Adjusted EBITDA. Any forward-looking statements, including the Profit Forecast, are necessarily based on a number of assumptions and estimates about future events and actions including management's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond our control, and upon assumptions with respect to future business decisions that are subject to change. Even if these assumptions and estimates were reasonable at the time of preparing the Profit Forecast, they may prove to be inappropriate or incorrect in the future. Should one or more of these assumptions and estimates prove to be inappropriate or incorrect, the Company's actual results for the financial year ended December 31, 2018 ("**Financial Year 2018**") could materially deviate from the Profit Forecast made by the Company.

11.1 Definition of Key Performance Indicators

The Groups primary key metric to manage profitability of its operating activities is Adjusted EBITDA. The Adjusted EBITDA is calculated as follows:

Operating result

+ Depreciation, amortization and impairments

+ / - Management adjustments

Share-based compensation (income) / expenses

IPO costs recognized in profit or loss

Central costs allocated to discontinued operations

= **Adjusted EBITDA**

Share-based compensation income / expenses are calculated and recorded in accordance with IFRS 2.

IPO costs recognized in profit or loss are costs in connection with the Company's initial public offering ("**IPO**"), in particular related to already existing shares. Such costs are not taken to equity but expensed through the income statement.

Central costs allocated by management to discontinued operations relate to services of the group headquarter on behalf of its subsidiaries primarily for technology, marketing related services and other support from headquarters.

The key performance indicator Adjusted EBITDA described above may not be comparable to other similarly titled measures of other companies and has limitations as an analytical tool. Adjusted EBITDA is not recognized as a GAAP measure under IFRS and should not be considered in isolation or as a substitute for any performance indicator reported under IFRS.

11.2 Profit Forecast for Westwing Group AG for the Current Financial Year 2018

Taking into account the developments shown in the Company's unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2018, we currently expect Adjusted EBITDA for the Financial Year 2018 to be in the range of €2 million to €5 million.

11.3 The Underlying Principles

The Profit Forecast was prepared in accordance with the principles of the Institute of Public Auditors in Germany *(Institut der Wirtschaftsprüfer in Deutschland e.V.,* "IDW") IDW Accounting Practice Statement: Preparation of Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses and Profit Estimates on the basis of Preliminary Figures (IDW AcPS AAB 2.003) *(IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung sowie Gewinnschätzungen auf Basis vorläufiger Zahlen (IDW RH HFA 2.003)).*

The Profit Forecast was prepared on the basis of the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). In respect of the accounting policies used, reference is made to the relevant notes to the audited consolidated financial statements of the Westwing Group GmbH as of and for the financial year ended December 31, 2017 except for the application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases" for the purpose of the Profit Forecast. With respect to the latter accounting standards and accounting policies used, reference is made to the Company's unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2018.

Due to the decision made in the first half of Financial Year 2018 to divest our businesses in Brazil, Russia and Kazakhstan, this Profit Forecast, includes continuing operations only. Accordingly, for purposes of comparison in this Profit Forecast the corresponding historical financial information for the Financial Year 2017 has been adjusted and shows the continuing operations only, by excluding our businesses in Brazil, Russia and Kazakhstan as done in the Company's unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2018. We expect no significant effects of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" on the Profit Forecast. Since depreciation, amortization and impairments finally do not account for Adjusted EBITDA, there was no need to adjust in this Profit Forecast the corresponding historical financial information according to IFRS 16 "Leases" for the Financial Year 2017. Applying standards and policies as described above the financial data of continuing operations for Financial Year 2017 are as follows:

Continuing operations for Financial Year 2017 (in EUR million)	
Revenue	219.6
Cost of sales	(127.3)
Fulfilment expenses	(46.7)
Marketing expenses	(13.9)
General and administrative expenses	(55.1)
Other operating income less other operating expenses	(0.7)
Operating result	**(24.0)**
Depreciation, amortization and impairments	5.1
Share-based compensation (income) / expenses	10.8
IPO costs recognized in profit or loss	–
Central costs allocated to discontinued operations	4.0

Adjusted EBITDA	(4.0)

Major factors and assumptions that have an impact on the Profit Forecast are set out below.

11.4 Factors and Assumptions

11.4.1 Factors Beyond Our Control and Related Assumptions

The Profit Forecast is based on assumptions made by the management of the Company. These assumptions relate to (i) factors outside the Company's influence and (ii) factors that can be influenced by the Company.

a) Market / online penetration

The home & living market is relatively stable and generally growing in line with GDP. Online penetration in our target home & living market is relatively low compared to other industries and geographical markets and expected to increase significantly in the future, providing a growth opportunity in the home & living industry for eCommerce companies. Given our position as a leading online home & living brand, we believe that we are well positioned to benefit from the expected offline to online shift while operating in a competitive environment. For the purpose of this Profit Forecast, we assumed for the online home & living market a growth rate of 10% (according to Euromonitor) to 15% (based on management estimate) in Financial Year 2018. In regard to the competitive environment we expect no significant changes compared to financial year ended December 31, 2017 ("**Financial Year 2017**").

b) Trends and customer preferences / offering

Our customers live in a dynamic environment and trends and preferences can change. Accordingly, the ability to select products from suppliers or design private label products and to meet design trends and customer preferences is a driver of our business success. All products are selected by our experienced team, who put together daily themes and a balanced permanent assortment through a collection of curated home goods. For the purpose of this Profit Forecast we expect in Financial Year 2018 no major changes of current trends and customer preferences and to our ability to offer successful products.

c) Macro-economic development

The success of our operations is dependent on the demand and spending of our customers. Economic factors such as household income, salary and wage development, unemployment rates as well as inflation influence the income available to the consumer and thus the consumer spending. In addition, political and economic instability, especially in the countries in which we operate could have a negative impact on the customer demand and our business. Recent GDP growth has been favorable for our business. For the purpose of this Profit Forecast, we assumed similar economic conditions as in Financial Year 2017 meaning a steady improvement in economic conditions in the countries in which we operate and a slight increase in the available income of our customers compared to Financial Year 2017. Furthermore, for the purpose of the Profit Forecast we expect no significant effects from changes in foreign currency rates.

d) Regulatory and legal environment

Our continuing operations in Financial Year 2018 are located in eleven countries in the European Union as well as in Switzerland. Therefore, our business is subject to various regulatory requirements under European law and regulations of the EEA, the applicable national laws of the European countries in which we operate as well as the laws of Switzerland. For the purpose of this Profit Forecast, we have not assumed material changes in the regulatory and legal environment compared to Financial Year 2017.

e) Unforeseen events

Unfavorable unforeseen events such as unreasonably warm weather conditions, fire, extraordinary macroeconomic events, war or terrorist or cyber-attacks may negatively impact sales of our products. For the purpose of this Profit Forecast, the Company assumes that no material unforeseen events occur

that could result in material and / or lasting limitations on the ongoing operations of any of the Group entities.

11.4.2 Factors That Can Be Influenced By Us and Related Assumptions

a) Portfolio Changes

Our strategic focus is to be the leader in inspiration-based Home & Living eCommerce in Europe. For the purpose of the Profit Forecast, closing of no significant acquisitions or divestments (other than the transactions announced as closed at the time of the preparation of the Profit Forecast) have been assumed.

b) Marketing

The acquisition of new customers through organic marketing and paid marketing channels is essential to our business. In Financial Year 2018 we intend to maintain our strategy of focusing on organic marketing, which currently accounts for the majority of our marketing expenses, in line with our brand positioning and showing attractive growth impact.

c) Active customer base

Customer loyalty is a key element of our strategy. Having approximately 82% of our orders from repeat customers in 2017 shows the importance of our current customer base. In addition, we focus growing our active customer base in order to increase revenue and market share. The further growth of our customers is also driven by increased online penetration and the competitiveness of our product offering. For the purpose of the Profit Forecast we have assumed that we will be able to increase our active customer base at year-end 2018 by 12% to 16% compared to year-end 2017.

d) GMV per active customer

The gross merchandize volume ("**GMV**") for the last twelve months divided by total number of active customers at the end of the reporting period is a key metric showing the share of wallet with our active customers. Historically this number has been increasing gradually. For the purpose of this Profit Forecast we expect this trend to continue at a rate of 2% to 5% for 2018. It is impacted by the competitiveness of our product offering and the increasing availability of our private label and permanent assortment products. While the number of orders per active customer per year is very stable, the average basket size (GMV divided by the total number of orders) has been slightly increasing over time.

e) Return rate

The return rate (ratio of revenue that has been returned in relation to revenue before returns) directly affects revenue and therefore the success of our business. It is influenced amongst others by country portfolio mix effects, customer preferences and quality of our supply chain and products. For the purpose of this Profit Forecast we have assumed a slight increase of the return rate in Financial Year 2018 compared to Financial Year 2017, mostly due to country mix effects.

f) Private label products

We increasingly attract customers with our own private label products. As we can directly influence quality as well as the design of these products, and private label products are highly appreciated by customers, we plan to enlarge the assortment step by step. In addition, private label products offer a lower ratio of cost of sales to revenue. For the purpose of this Profit Forecast, we plan to further increase the proportion of private label products in Financial Year 2018 compared to Financial Year 2017 slightly. Furthermore, we have assumed for the purpose of this Profit Forecast that private label products typically have a contribution margin being 8 to 10 percentage points higher than that for third party suppliers.

g) Investments in business structure

Our ongoing goals are to improve our infrastructure, make our processes more efficient and reduce complexity. For example, we operate dedicated logistic centers and have implemented our customized warehouse management system. As revenue grow, logistics and general and administrative activities also experience economies of scale as such expenses are anticipated to increase at a lower rate

compared to growth in revenue. For the purpose of this Profit Forecast, we do not assume any changes in our business strategy with the exception of the use of proceeds from the IPO as described below.

h) IPO proceeds

We currently intend to use the net proceeds from the IPO for working capital investments, e.g. for the expansion of the private label offering and bestseller inventory, for investments in our technology platform and to finance further growth in international markets, especially in marketing activities, as well as the repayment of certain debt.

Based on the above described assumptions regarding the factors outside the Company's influence and factors that can be influenced by the Company, we expect the follow developments:

Revenue

We expect for Financial Year 2018 an increase in revenue between 15% and 20% compared to Financial Year 2017. A key driver to this development is the increase in the active customer base as a result of customer loyalty, mostly organic marketing activities, increased market volume and a competitive curated offering.

Cost of Sales

Cost of sales in Financial Year 2018 as a percentage of revenue are expected to be very similar to Financial Year 2017.

Operating Expenses

Operating expenses include fulfilment, marketing, general and administrative expenses as well as other operating expenses less other operating income. We assume the ratio of fulfilment expenses to revenue in Financial Year 2018 will be slightly lower compared to Financial Year 2017. Marketing expenses as a percentage of revenue in Financial Year 2018 are expected to increase slightly or to remain stable. We expect general and administrative expenses as a percentage of revenue to significantly decrease compared to Financial Year 2017 mainly due to operating leverage, lower lease expenses and a very strong decrease in share-based compensation expenses, partially offset by IPO costs recognized in profit or loss.

Depreciation, Amortization and Impairments

We expect in Financial Year 2018 depreciation, amortization and impairments to increase by more than 30% compared to Financial Year 2017 mainly driven by the first time adoption of IFRS 16 "Leases".

Management Adjustments

We estimate adjustments in Financial Year 2018 to be approximately two thirds of the adjustments calculated in Financial Year 2017 driven by lower share-based compensation expenses and by lower central costs allocated to discontinued operations offset by IPO costs recognized in profit or loss.

11.5 Other Explanatory Notes

The Profit Forecast does not cover any extraordinary events or results from non-recurring operations within the meaning of IDW Accounting Practice Statement (IDW RH HFA 2.003).

As this Profit Forecast relates to a period that has not yet ended and is based on a number of assumptions regarding uncertain future events and actions it inherently involves considerable uncertainties. As a result of such uncertainties, the actual Adjusted EBITDA generated by the Company for the current Financial Year 2018 may deviate from the Profit Forecast, even substantially.

This Profit Forecast was prepared on September 25, 2018.

11.6 Independent Auditor's Report on the Profit Forecast

To Westwing Group AG

We have audited whether the forecast of the Adjusted EBITDA of the group of companies comprising Westwing Group AG, Berlin, (hereinafter also the "Company" and, together with its direct and indirect subsidiaries, the "Group") for the period from January 1, 2018 to December 31, 2018 (the "Profit Forecast"), prepared by the Company, has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast and whether this basis is consistent with the accounting policies of the Company. The Profit Forecast comprises the forecast of the Adjusted EBITDA of the Group for the period from January 1, 2018 to December 31, 2018 and explanatory notes thereto.

The preparation of the Profit Forecast including the factors and assumptions presented in the explanatory notes to the Profit Forecast is the responsibility of the Company's management.

Our responsibility is to express an opinion based on our audit on whether the Profit Forecast has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast and whether this basis is consistent with the accounting policies of the Company. Our engagement does not include an audit of the factors and assumptions identified by the Company underlying the Profit Forecast.

We conducted our audit in accordance with IDW Prüfungshinweis: Prüfung von Gewinnprognosen und schätzungen i.S.v. IDW RH 2.003 und Bestätigung zu Gewinnschätzungen auf Basis vorläufiger Zahlen (IDW PH 9.960.3) (IDW Auditing Practice Statement: The Audit of Profit Forecasts and Estimates in accordance with IDW AcPS HFA 2.003 and Confirmation regarding Profit Estimates on the basis of Preliminary Figures (IDW AuPS 9.960.3)) issued by the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that material errors in the compilation of the Profit Forecast on the basis stated in the explanatory notes to the Profit Forecast and in the compilation of this basis in accordance with the accounting policies of the Company are detected with reasonable assurance.

As the Profit Forecast relates to a period not yet completed and is prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of the uncertainties it is possible that the actual Adjusted EBITDA of the Group for the period from January 1, 2018 to December 31, 2018 may differ materially from the forecast of the Adjusted EBITDA.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on the findings of our audit, the Profit Forecast has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast. This basis is consistent with the accounting policies of the Company.

Munich, September 25, 2018

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Dahmen	Grünewald
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüferin (German Public Auditor)

12. MARKETS AND COMPETITION

12.1 Markets

We consider ourselves to be the leader in the inspiration-based home & living eCommerce business in Europe, offering our loyal customers a curated selection of home & living products in eleven European countries, where we operate under our "Westwing" and "WestwingNow" brands. We operate in Germany, Austria and Switzerland as well as in Belgium, France, Italy, Spain, the Netherlands, Poland, Slovakia and the Czech Republic. Our strong market position is evidenced by our 907,000 Active Customers as of June 30, 2018, who placed a total of 2.4 million orders with a total gross merchandise value ("**GMV**") of €277 million through our online offerings in the twelve months ending June 30, 2018.

12.1.1 The Home & Living Market

The home & living industry is one of the largest consumer industries, comparable in size to the consumer electronics industry and surpassed only by the grocery retail and apparel & footwear industries (*Source: Euromonitor*). The home & living market includes furniture products and accessories of various categories such as kitchen, household, bedding, lighting, carpets and fabrics. The home & living market is characterized by long product development cycles and long product lifetime cycles. Unlike the consumer electronics or fashion industry, there are typically limited end-of-season discounts or relevant fashion risks, which could affect the sales volume (*Source: Company information*). The supplier base in the home & living market is highly fragmented and suppliers typically have limited market power, leading to a significant private label opportunity as well as branding and platforming chance for market players. The position of market players in the home & living industry is significantly influenced by strong and sustainable relationships with suppliers and a well-established and efficient logistics network, which also creates a massive barrier to enter the market (*Source: PwC*).

In 2017, the total market volume of the global home & living market amounted to approximately €575 billion, while the aggregate market volume in our target markets (*i.e.* the subset of the global home & living market consisting of the countries in which we are active) amounted to approximately €117 billion (*Source: Euromonitor*). Our revenue from continuing operations for the same period amounted to €220 million (*Source: Company information*).

The following table provides a breakdown of the home & living market volume in our target markets in 2017:

	Total market volume	Online market volume	Online penetration
	(in € billion)		(in %)
Germany	44.7	2.6	*5.9*
Austria	5.7	0.3	*5.3*
Switzerland	4.9	0.2	*4.7*
Italy	15.0	0.3	*1.6*
France	18.1	0.7	*3.8*
Spain	10.8	0.3	*3.1*
The Netherlands	9.7	1.2	*12.1*
Belgium	3.9	0.2	*5.3*
Poland	2.8	0.1	*5.3*
Slovakia	0.2	0.0	*7.2*
Czech Republic	1.2	0.0	*3.4*
Total	**117.1**	**6.0**	***5.1***

(*Source: Euromonitor; Company information*).

12.1.2 Key Trends

While the overall home & living industry is expected to increase driven by global gross domestic product ("**GDP**") and population growth, there are a number of key trends, which particularly impact the online home & living industry and together influence the performance of individual online home & living retailers:

12.1.2.1 Increasing Online Engagement

Online penetration in the home & living industry is currently comparably low, reaching just 5% in 2017 in the eleven European countries in which we currently operate, compared to approximately 24% for consumer electronics, 18% for traditional games and toys, 14% for fashion and 13% for consumer appliances, respectively, during that same period (*Source: Euromonitor*). The online penetration in our target markets is relatively low compared even to home & living online penetration in other markets, in particular the United Kingdom and the United States, where online penetration amounted to approximately 14% in 2017 (*Source: Euromonitor*). We believe that this low online penetration rate in our target markets implies significant upside potential, evidenced by the fact that market data available to us forecasts a growth of the online penetration in our target markets at a CAGR of approximately 10% in the period between 2017 and 2022 (*Source: Euromonitor*), while we even believe that market growth at a CAGR of approximately 15% is a realistic target.

12.1.2.2 Aging of Millennials

We believe that favorable demographic developments will further accelerate the migration from offline to online shopping in the home & living industry, primarily driven by so-called millennials (*i.e.*, people born after the early 1980s) with a high affinity for the internet in general and eCommerce in particular. Therefore, millennials represent a key customer group in our target markets.

With older millennials only in their thirties, most members of this generation are at the beginning of their careers and so will be an important economic factor for decades to come. Millennials have been influenced by media and technology unlike any previous generation. They are the first generation of digital natives, and their affinity for technology will shape the direction of eCommerce including the online home & living market. As a result of the increasing share of millennials entering the job market, the share of Europeans between the ages of 25 and 64 years who purchased products online increased from 38% to 66% between 2007 and 2017 (*Source: Eurostat*).

12.2 Competition

The market for online home & living products is highly competitive, fragmented and rapidly changing. We face competition from a diversified group of competitors (*e.g.*, traditional brick-and-mortar furniture retailers, multi-category online retailers and marketplaces) operating under various brands. Only a few home & living market players have an international profile and especially the capital-intensive business model of offline market players exposes them to expansion limitations giving online market players with an asset-light business model a competitive advantage.

The competitors we face differ between our geographic markets as well as different product categories and include:

- traditional home & living retail chains (*e.g.*, XXXL/BUT, Höffner, porta, Conforama and SEGMÜLLER), including their respective online offerings;
- retail chains with a focus on certain product categories such as mattresses and bedroom furnishings (*e.g.*, Dänisches Bettenlager), including their respective online offerings;
- young living retail chains (*e.g.*, IKEA);
- home & living discounters (*e.g.*, mömax, POCO and ROLLER), including their respective online offerings;
- individual furniture stores, including stores relating to individual furniture brands;
- multi-category online retailers (*e.g.*, Amazon, OTTO and IMPRESSIONEN);
- multi-category online marketplaces (*e.g.*, eBay);
- pure-play online home & living retailers (*e.g.*, Wayfair, home24 and MADE.COM);

- multi-channel home & living retailers (*e.g.*, Maisons du Monde, Bolia);
- multi-channel home & living retailers for certain product categories such as bedding, home fragrances, tableware and other home accessories (*e.g.*, Zara Home);
- pure-play online retailers for certain product categories such as bedroom furnishings (*e.g.*, Schlafwelt and Emma Matratzen);
- retailers for the premium segment (*e.g.*, AmbienteDirect.com, connox); and
- home & living price comparison websites (*e.g.*, moebel.de).

While the home & living industry is one of the most relevant mass markets for consumer goods, it is still characterized by a high degree of fragmentation. This is most evident on the supplier side, where approximately 97% of all suppliers generate less than €10 million revenue per annum (*Source: PwC*).

Fragmentation is also pronounced at the offline retailer level. Measured by revenue, the top five retailers in the European offline retail landscape accounted for approximately 29% of the overall market share in 2017 (*Source: Euromonitor*). None of the relevant offline retailers, not even offline market leaders, can show a strong online presence, which provides a significant opportunity for online market players to become the go-to destination.

13. BUSINESS

13.1 Our Mission

Our mission: To inspire and make every home a beautiful home.

13.2 Overview

We consider ourselves to be the leader in the inspiration-based home & living eCommerce business in Europe. We aim to inspire our mostly female customer base with a curated selection of home & living products, which include home décor products, home accessories, textiles and furniture. These products are either offered under third-party brands or under our own private label. We benefit from the experience of our founder-led management team, a strong market position and high customer loyalty. In 2017, sales accounting for approximately 85% of the total GMV of our continuing operations were placed by customers who visited our websites and apps an average of 100 times that year. As of June 30, 2018, in our continuing operations, we had 907,000 Active Customers, which we define as customers who have placed at least one valid order during the twelve months prior to the relevant period end. A valid order is an order for which payment has been processed successfully and which has not been canceled, irrespective of returns. In our continuing operations, these Active Customers placed a total of 2.4 million orders with a GMV of €277 million in the twelve months ended June 30, 2018. Our continuing operations in eleven European countries are grouped in two operating and reportable segments, (i) the DACH segment, which includes our more mature markets Germany, Austria and Switzerland, and (ii) the International segment, which includes Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia.

The home & living market is one of the largest consumer markets. In 2017, the aggregate market volume in the eleven European countries in which we currently operate was €117 billion (*Source: Euromonitor*). The home & living market is an established and stable market that largely develops in line with the underlying GDP. The expected continuation of the offline to online shift in the home & living industry provides, however, further growth potential for our business. Online penetration in the home & living market is currently comparatively low at only 5% on average in 2017 (*Source: Euromonitor*) in the eleven European countries in which we currently operate, but is forecast by Euromonitor to grow significantly in the medium-term. We believe that favorable demographic trends will further accelerate the migration from offline to online, primarily driven by millennials (*i.e.*, people born after the early 1980s) with a high affinity for the internet in general and eCommerce in particular. In addition, older demographics are also increasing their online and eCommerce usage. The home & living market is highly fragmented, with most suppliers reporting sales of less than €10 million per year and few known supplier brands, giving retailers significant bargaining power.

Under our strong "Westwing" brand, we operate an innovative business model that combines the inspirational aspects of a "curated shoppable home & living magazine" through our daily themes offering with the permanent assortment of a typical eCommerce retailer. We acquire most of our customers through our daily themes offering and monetize them through both our daily themes and our permanent assortment. Based on the concept of a "curated shoppable magazine", we seek to inspire potential and current customers with a mostly theme-based selection of attractively priced products. Our daily themes offering consists typically of six events per day that regularly include a large number of curated products that are available for a limited period of time. The events are presented in a daily newsletter sent to registered users. We leverage our daily themes model to create purchase triggers for new customers and to increase the loyalty of our existing customer base. We provide our suppliers with an opportunity to use our daily themes not only as a powerful sales and growth channel but also as a marketing tool. In addition to our daily themes, our permanent assortment offers customers a curated selection of bestsellers from our daily themes and private label products. The success of our business model is evidenced by the fact that 82% of our orders in the second quarter of 2018 came from repeat customers, which we define as customers who have placed at least two valid orders with us.

Our core business centers around offering our customers a curated product assortment. Based on trend scouting and data collected in the past, we carefully select the products we want to offer and present them embedded in editorial content. We either source our products from third-party suppliers or have the relevant products manufactured according to our specifications and offer them as our own private label offering. By sourcing private label products directly from factories, we are able to offer bestsellers at highly attractive prices and improve our contribution margin. Our logistics ecosystem positions us to smoothly execute customer orders. We operate seven warehouses across Europe, where we pack and prepare the products we sell for shipping. Deliveries are handled by reliable third-party carriers. Our operations are backed by our custom-built technology platform. Our technology, which is based in part on external software, was developed with a view to providing a

flexible, agile and modular backbone for our day-to-day operations. Throughout our operations, we collect and analyze data using tools based on standard and proprietary software to help us efficiently develop and expand our operations. In addition, we invest in the development of innovative features to further enhance the competitiveness of our online offering.

Founded in 2011, we focused in the early stage of our corporate development on rapidly growing our business operations in order to quickly reach scale and relevance in our target markets. In 2015, we entered the next phase, during which we focused on moving towards profitability, and achieved a positive Adjusted EBITDA in the fourth quarter of 2017 and in the first two quarters of 2018. As we intend to continue focusing, on our operations in Europe where we see stronger growth potential and synergies, we initiated a process to sell our operations in Brazil, Russia and Kazakhstan in the first half of 2018. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified our operations in Brazil, Russia and Kazakhstan as discontinued operations in our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. In the six months ended June 30, 2018, we had revenue from continuing operations of €120.5 million and Adjusted EBITDA from continuing operations of €2.8 million or 2.3% of revenue.

13.3 Our Value Proposition

13.3.1 Our Value Proposition to Customers

We offer four key value propositions to our customers:

- Curated product selection & discovery: A large number of online home & living retailers are content to list the products they offer by category, providing potential customers with very limited inspiration about how they could use them to redecorate their homes. Our offering, however, centers around inspiration. We carefully select the products we want to offer and present them in a theme-based context, embedded in creative editorial content or contextual images to drive customer inspiration, engagement and sales. We constantly update our curated product selection to reflect changing trends. Our creative teams identify these trends by analyzing the user and customer data we collect.

- Curated shoppable magazine: In the past, potential customers looking to furnish or redecorate their homes often started with print home & living magazines. These magazines presented recent home & living trends and featured inspiring homes. Customers who wanted to replicate one of the styles featured in an offline magazine were faced with the challenge of finding retailers offering similar products, which was often a difficult and time-consuming task, even for customers located in major metropolitan areas. We have created a website that resembles a home & living magazine with the added feature that customers are able to order the products seen in the pictures conveniently through our website.

- Superior shopping experience: The home & living market is still predominantly offline. Potential customers have to go to brick-and-mortar stores, which are often located at the outskirts of metropolitan areas and are only open during regular business hours. We remove these burdens as our customers can access our websites and apps wherever they are and whenever they want. Our custom-built technology platform provides consumers with a compelling user experience as they browse, discover and purchase our home & living products.

- Convenience: A large share of ordered products are repacked at and shipped from one of the seven warehouses we operate. Home & living products can be very bulky and challenging to transport. Some of the products we ship could break during shipment and require special packing techniques. Our repacking experience has allowed us to develop approaches to significantly reduce the number of products that break during shipment, sparing customers the hassle of having to report damaged items and having to wait until replacement items arrive at their homes. Our sophisticated logistics set-up also allows us to work seamlessly with third-party providers who handle last-mile deliveries and customer returns.

13.3.2 Our Value Proposition to Suppliers

We offer four key value propositions to our suppliers:

Online market growth: The home & living market is relatively stable and generally growing in line with GDP. However, online penetration in our target home & living markets is relatively low and expected to increase significantly in the future, providing a growth opportunity in the home & living industry for eCommerce companies. We consider ourselves to be the leader in the inspiration-based home & living eCommerce business in Europe and a leading online home & living business in the European home & living industry. Given our strong market position, we believe that we are well-positioned to benefit from the expected offline to online shift. We allow our suppliers to be part of our success story and to benefit from the expected increase in online penetration, giving them access to our target markets as well as our large customer base.

- Attractive distribution channel: Our innovative business model and successful track record have drawn a large group of customers to our platform, many of whom return regularly to our websites and apps. Our customer base, with attractive demographics across eleven countries in Europe, enables our partners across the globe to obtain brand-enhancing exposure to a large audience of home & living enthusiasts. By leveraging our know-how and data analytics platform, we are also able to offer our partners broad analytical insights on their performance. In addition, suppliers benefit from our well-established execution, logistics and delivery infrastructure, allowing them to process orders placed through our websites in an efficient manner and to seamlessly effect the shipment of their products to our warehouses or directly to our customers. These factors have convinced an increasing number of our suppliers to use our platform as a proven distribution channel on a regular basis.

- Inspiring product presentation: We believe that purchase decisions in the home & living industry are driven by the presentation of the products. In order for a product to reach its potential, customers need to be inspired. We constantly invest in our creative capabilities, seeking to benefit from our ability to present our curated product offering in an exclusive and inspirational editorial environment. This approach enables us to derive maximum value from our attractive product offering while allowing our suppliers to participate in our success story.

- Powerful marketing tool: The supplier market in the home & living industry is highly fragmented with most suppliers reporting sales of less than €10 million per annum (*Source: PwC*) and few known supplier brands. We currently sell products from around 5,000 suppliers, many of which are small, family-run operations without well-known brands and without easy access to a large retail customer base. We offer our suppliers the opportunity to establish and attractively position their own brands in our eleven target markets and to expand their operations, giving them access to our large customer base and allowing them to benefit from our innovative business model.

13.4 Strengths

13.4.1 We operate in the massive and highly attractive home & living market, which is at the tipping point of offline to online transition

We target a huge addressable market. The global home & living market amounted to €575 billion in 2017, of which the eleven European countries in which we currently operate accounted for €117 billion (*Source: Euromonitor*, based on data for the home furnishings markets (indoor living, outdoor living, lighting) and homewares (dining and kitchen) using 2017 fixed exchange rates).

The home & living market is still characterized by a traditional, brick-and-mortar retail structure. Online penetration in the home & living markets in the eleven European countries in which we currently operate was only 5% in 2017 (*Source: Euromonitor*). A comparison with other industries indicates significant penetration upside potential in the online home & living market. For example, online penetration rates in 2017 for consumer electronics was 24%, fashion 14% and consumer appliances 13%, respectively. A comparison of different geographic markets also suggests significant upside potential, as online penetration in the home & living industry in 2017 was 14% in the United Kingdom and the United States (*Source: Euromonitor*). We believe that the home & living market is at the tipping point of acceleration and that we are well positioned to benefit from the expected disruption of our markets.

13.4.2 We are a leading European home & living brand with strong positioning, brand recognition and customer loyalty

We are by our own estimate a leading online home & living brand in Europe with a strong and loyal customer base. As of June 30, 2018, in our continuing operations, our customer base consisted of 907,000 Active Customers who placed a total of 2.4 million orders with a GMV of €277 million in the twelve months ending June 30, 2018.

Our brand stands for a curated selection of products, enriched by editorial content. More than 100 in-house editors, journalists and content creators contribute to our content, video, photography, curation and looks. We provide our customers with guidance and ideas, allowing them to create a home that is as stylish as their wardrobe and a reflection of their personality. We make redecorating easy for them and allow them to enjoy affordable products at attractive prices without having to compromise on quality or style. Based on the concept of "Men Buy, Women Shop", we aim to inspire primarily women as they make the vast majority of home decorating decisions. In fact, 90% of our customers in 2017 were women.

Our brand, just like the home & living market in general, extends significantly beyond furniture. In fact, furniture only accounted for 30% of our sales in 2017. Textiles and rugs, home décor and accessories, lighting, kitchen and dining accounted for the majority of our business. This focus on smaller items helps us increase customer loyalty, repeat orders and keeps our customers engaged with our offering. Our average product sells for €45 (excluding VAT), evidencing that our products are affordable for mass market customers.

We believe that we have built a well-established brand that our customers love. Our strong market position and high customer loyalty is evidenced by the fact that in 2017 sales accounting for approximately 85% of GMV of our continuing operations were placed by customers who visited our websites an average of 100 times that year. Our top 7,000 customers in our DACH segment placed on average orders with a total GMV of €4,700 in the twelve months ended June 30, 2018. Repeat customers accounted for 82% of our orders in the second quarter of 2018.

13.4.3 Our innovative, inspiration-based business model results in high customer lifetime value and engagement

Our innovative, inspiration-based business model allows us to acquire customers through our daily themes offering and monetize them through both our daily themes and our permanent assortment. Our daily themes model allows for efficient customer acquisition and retention, fosters high customer engagement and repeat purchases and provides us with ample data on customer preferences. In our permanent assortment model, we are able to scale our supply and increase our private label share to boost our margins. We furthermore leverage the data collected and analyzed in our daily themes offering to provide a relevant assortment to our customers to up-sell and cross-sell to them.

The heart of our business model is our creativity, which we believe is one of the secrets to our success. We have built our business and our brand around four core beliefs: (i) curation, inspiration, advice, (ii) boutique-style shopping, (iii) style competence and design and (iv) our core concept "Men buy, women shop". We aim to inspire our mostly female customer base with a broad selection of home décor products, home accessories, textiles and furniture, either offered under third-party brands or under our own private label. To this end, we employ over 100 editors and journalists to produce our editorial and curated content. We believe that our attention to high production values and our image-conscious, status-enhancing presentation of our products differentiates us from traditional distribution channels and is also a key attraction for our suppliers and customers. While our focus is on our creativity, we adhere to a structured assortment planning process and benefit from the combined contributions of our creative, marketing and sales teams along the entire process.

Neither our daily themes nor our permanent assortment is reliant on any individual supplier brands, which is typical for an industry with a highly fragmented supplier base. In both models we seek to enhance the value we provide to our customers through our own private label. Private label products provide us with better control over the supply chain and the quality of the product, allowing us to create beautiful products that we believe our customers will like and to offer these products at competitive price points while realizing margins that were during 2017 about 8 to 10 percentage points higher than the margins we achieved in the sale of third-party brands. The private label share of total sales of the Group increased from 9% of GMV in the second quarter of 2017 to 15% of GMV in the second quarter of 2018. In our more mature DACH segment, the private label share was 17% of GMV in the second quarter of 2017 and increased to 23% of GMV in the second quarter

of 2018. In absolute numbers, we offered more than 5,000 private label stock keeping units (*i.e.*, code numbers for individual products included in our product offering ("**SKUs**")) as of June 30, 2018.

As a result of our innovative business model, we achieve high customer lifetime value, marketing efficiency and strong customer loyalty. In our DACH segment, the cumulative customer lifetime value for customers who first placed an order in 2013 was more than €900 of GMV after 4.5 years. This customer lifetime value compares with customer acquisition costs that decreased from €68 in 2014 to €32 in 2017 and to €33 in the six months ended June 30, 2018, a reduction of approximately 50% since 2014. The overall decrease in customer acquisition costs was driven by an increasing focus on organic marketing, social and mobile channels while significantly reducing paid marketing channels. We also benefit from strong customer loyalty, with 82% of the orders placed in in the second quarter of 2018 coming from repeat customers, up from 56% in the year 2012 (based on a total number of orders of 315,000 in the year 2012).

13.4.4 We benefit from a strong operating platform giving us full control of the value chain

We benefit from our highly scalable operating platform, providing us with full control over the value chain. We either source the products we offer from third-party suppliers or create our own private label products. Overall, we work with around 5,000 suppliers from across the globe, with our top 100 suppliers accounting for only 41% of the cost of goods sold in 2017. The fragmented and subscale supplier base allows us to create a barrier to entry once relationships are built.

Furthermore, we have created our own fulfilment ecosystem, which we believe provides us with a significant competitive advantage both with respect to existing and new competitors. We operate seven warehouses, cooperate with a large number of logistics partners and provide our customers with more than ten different payment methods. Our five local customer service centers with a staff of more than 130 persons, 90% of which are employed directly by us, handle a large volume of customer calls, emails and chats every day.

In addition, we have built in-house a robust technology platform, which is operated by more than 100 highly qualified IT-experts. Our centralized and integrated technology platform covers front-end development (*e.g.*, mobile and web development), business processes (*e.g.*, order and payment processes, marketing, customer data management), as well as back-end and other tooling services (*e.g.*, warehouse management, business intelligence tool, partner portal, supply chain management). We believe that our technology platform is highly scalable and well-positioned for future growth. In the recent past, our networks and servers were available more than 99.9% of the time. We processed more than 2.2 million customer orders through our platform in 2017, of which approximately 40,000 were easily processed on the busiest day of 2017.

Our platform provides us with significant amounts of data across the entire value chain, as it attracts significant traffic from potential and existing customers. The vast majority of our revenue comes from customers who come to our websites and apps on average 100 times per year allowing us to collect significant data about our customers. We use the data to tailor our content and merchandise to the customer history and preferences and to develop our own private label products, which provide us with higher margins and better customer conversion. We also use the data to focus our customer acquisition and retention efforts on new customers that exhibit characteristics similar to those of our existing valuable customers. In addition, the data allows us to optimize our logistics network across our seven European warehouses by improving routing and stock-keeping and to de-risk our inventory by focusing our stock on bestsellers and using cross-docking and drop-shipping for other products.

13.4.5 Our set-up results in a strong financial profile combining scale, growth and profitability

Following rapid growth in our early years, we have decelerated top-line growth and focused on achieving profitability since 2015, allowing us to reach break-even on an Adjusted EBITDA level in the fourth quarter of 2017. We have low capital requirements, as we operate on the basis of a negative net working capital and rent all of our warehouses. Our strategic goal is to reach an Adjusted EBITDA margin of more than 10% in the long-term.

13.5 Strategy

13.5.1 Use our market power to benefit from structural tailwinds in our industry

The home & living market is still a predominantly offline market, with online penetration in the eleven European countries in which we currently operate of only 5% on average in 2017 (*Source: Euromonitor*). Comparing our home & living markets with other industries and geographies, we see significant upside potential in our target markets. In addition to this catch-up potential, we believe that favorable demographic developments will further accelerate the transition from offline to online shopping in the home & living industry, primarily driven by so-called millennials (*i.e.*, people born after the early 1980s) with a high affinity for the internet in general and eCommerce in particular. In addition, older consumers are also moving from offline to online shopping. We believe that our platform, our business model, our strong brand and our loyal customer base position us well to benefit from the tailwinds created by our industry moving online and to become the go-to online destination for home & living online in our target markets.

13.5.2 Increase the share of sales attributable to private label products

Private label products (*i.e.*, products directly sourced from factories) allow us to offer products that both have an attractive price point for our customers and attractive margins for us. In order to be successful, private label offerings need to be tailored to the needs and preferences of our customers. As part of our strategy, we introduced our private label offering first in our DACH segment and later expanded to certain target markets of our International segment. This allowed us to focus on our core markets and to quickly react to changing trends and customer preferences.

In our DACH segment, we significantly increased our private label share from 7% of GMV in the first quarter of 2016 to 23% of GMV in the second quarter of 2018. Our private label share in the International segment was 2% in the first quarter of 2016 and at 6% in the second quarter of 2018, which we believe suggests significant catch-up potential. In 2017, the margins for our private label products were about 8 to 10 percentage points higher than the margins we achieved in the sale of third-party brands. We currently intend to further increase our private label offerings in our DACH segment and to introduce and/or expand private label offerings in all the markets of our International segment with a view to achieving a private label share of up to 50% in terms of GMV in both segments in the long-term.

13.5.3 Further improve the customer experience

We seek to provide our customers with an excellent shopping experience in the home & living segment. Every month we collect significant additional data about our existing and potential customers. We intend to leverage this data to further personalize our offerings. We also intend to further enhance customer experience and satisfaction by expanding our social media programs, where we had approximately 1 million followers and an average weekly organic Instagram reach of more than 1.6 million people in the second quarter of 2018. We are currently looking into the possibility of setting up our own last-mile delivery in certain densely populated areas, which would increase our control over, and improve the reliability of, our fulfilment process.

13.5.4 Continue to employ leading technology and benefit from technology innovations

We have created a custom- and purpose-built technology platform, employing leading technology. In order to remain competitive and provide our customers with an excellent shopping experience, we will continuously improve and expand our technology platform. In the future, we intend to benefit from the modular and scalable architecture of our technology platform by adding additional mobile features and introducing augmented reality features, allowing our customers to visualize how our products will look in their homes before they decide which products they actually want to order. We believe that adding augmented reality functions will bolster our ability to attract younger customers who are mobile- and technology-native, and to further attract older customers by providing a superior eCommerce experience.

13.5.5 Drive growth in our International markets by continuing to implement our full business model from our more mature DACH segment

The initial focus of our operations was the buildout of our full business model in the DACH region (*i.e.*, Germany, Austria and Switzerland). As we see significant untapped potential in our other European markets and as our brand becomes more and more established, we have started rolling out our full business model in these markets. This roll-out consists of shifting the focus of our marketing efforts to more organic channels and content marketing and of further expanding our permanent assortment offering and private label

assortment. For instance, we launched our permanent assortment model in the Netherlands in November 2017, in Poland in February 2018 and in Italy in April 2018 and also expanded our private label offering in these markets. With respect to our marketing efforts, we intend to leverage our experience gained in our DACH segment, where we continuously work to improve and expand our content marketing activities (*e.g.*, video production for our stories and websites). In the next step, we intend to extend our full business model to France and Spain. Our overall aim is to increase our market penetration in all our European markets by providing the same superior customer experience as in our DACH segment.

The success of our full business model is highlighted by the strong financial performance of our DACH segment. Revenue from continuing operations of our DACH segment grew by 48.0% (compared to 3.8% in the International segment) in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 and our Adjusted EBITDA margin of our DACH segment from continuing operations was 4.8% (compared to 0.1% in the International segment). Our private label share in the second quarter of 2018 stood at 23% of GMV compared to 6% of GMV for the International segment. Given the strong track record of our full business model, we believe that we are well-positioned to continue the roll-out of our full business model to our International segment and we believe this provides significant upside potential for the business of the Group as a whole.

13.5.6 Expand our geographic footprint in adjacent European markets in the long-term

We have recently streamlined our geographic footprint. We have agreed to sell our operations in Brazil and intend to sell our operations in Russia and Kazakhstan, as we believe that the growth opportunities in our remaining markets are significantly more attractive. Accordingly, we reclassified our operations in Brazil, Russia and Kazakhstan as discontinued operations effective as of June 30, 2018. Our continuing operations are now focused on eleven European countries. We see, however, significant white spots in the online segment in many of our adjacent geographic markets in Western and Central Europe, as the home & living market in these markets is similar to our current markets of operation still largely offline. We may potentially leverage our experience and fulfilment ecosystem to branch-out into neighboring countries in Europe (*e.g.*, Scandinavia), where we see significant untapped potential that we believe can be unlocked with only minimal additional investment.

13.6 Our Operations

We offer our customers a curated selection of home & living products through our daily themes and our permanent assortment. Both models are based on a multi-style and multi-category approach. Our broad selection of products marketed under third-party brands is complemented by an increasing number of private label products that allows us to offer our customers a wide range of relevant mass market products.

Through our innovative business model, we are able to inspire and satisfy our large customer base in our target markets where brands for individual products are of little importance and variety is key, without taking on inventory risk or tying up net working capital.

13.6.1 Our Geographic Footprint

As of the date of this Prospectus, we have continuing operations in eleven European countries: Germany, Austria, Switzerland, Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia. In addition, we also operate in Brazil, Russia and Kazakhstan. As the macroeconomic environment in Brazil, Russia and Kazakhstan is challenging, the foreign exchange development is difficult to predict, repatriating cash from such countries is complicated, as we see limited or no synergies with our operations in the rest of the world and as we intend to continue focusing on our operations in Europe where we see stronger growth potential and synergies, we have initiated a process to sell our operations in Brazil, Russia and Kazakhstan. On August 22, 2018, we entered into an agreement to sell our operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. We reclassified our operations in Brazil, Russia and Kazakhstan as discontinued operations effective as of June 30, 2018. Our continuing operations are grouped into two reportable segments: (i) the DACH segment (comprising our more mature markets Germany, Austria and Switzerland) and (ii) the International segment (including our operations in Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia). In the future, we intend to continue to actively manage our geographic footprint and may expand our operations into geographic markets where we see strong growth potential. In the six months ended June 30, 2018, our sales were distributed nearly equally between our two segments.

While the global home & living market generally shows the same characteristics and trends across most countries, we understand the need to adapt to local demand since customer preferences and purchasing power vary. We have therefore built a centralized platform that allows for strong localized execution in our target markets. Our operations are based on standardized principles, software and processes, in particular with respect to our strategy (same processes and organization), brand, private label and marketing strategy and our technology platform. While our centralized platform enables us to realize synergies and increase efficiency for elements that are best handled centrally from our headquarter, we adapt our offering and services to regional and local trends and preferences. This particularly affects the assortment of our product offering, supplier relationships and availability, fulfilment services, payment systems, customer service as well as certain marketing activities. For instance, our local creative teams aim to capture local trends and styles by visiting 50 local fairs per year and also stay in frequent contact with local suppliers. In addition, we continuously aim to compose the best mix of marketing channels to best address local customer preferences and to optimize conversion rates and customer engagement.

We believe that we have successfully mastered the challenge of centralizing core competency while being close to local market characteristics and customers through our local teams which we believe differentiates us from many competitors.

13.6.2 Our Creative Process

In order to be able to offer our customers an inspirational and curated selection of home & living products, our creative teams constantly search for and seek to identify new styles and trends ahead of our competitors. Although the heart of our operations is our creativity and we aim to be "creative-first", we adhere to a structured assortment planning process with combined efforts from our creative, marketing and sales teams along the entire process. Our quarterly planning process is led by our experienced creative directors and starts with a style guidance on the basis of which our teams hold extensive brainstorming sessions. In quarterly planning meetings our product, sales and style teams filter a large number of ideas into a short list. The end result of this planning process are moodboards that are used by all teams as the creative foundation for our events and the creation of merchandise plans. We create several hundred moodboards per quarter, each of which represents another reason for our customers to come to "Westwing".

Following our quarterly planning process, which typically takes approximately one month, we follow a detailed planning process, starting usually eight weeks before the "go-live". Our weekly planning meetings are based on the quarterly plan prepared by our teams. In such meetings, our product and sales managers together with our buyers pitch detailed ideas resulting in one-page overviews. We finalize our ideas for our daily themes typically two weeks ahead of the "go-live" week. In our final meeting, we make the decision for our detailed product offering for each event. We conduct final checks and obtain approval from the respective creative director typically one day before the "go-live" of our respective events.

With a view to optimizing the outcome of our creative processes, we are in constant dialog with around 5,000 suppliers from across the globe, visit dozens of national and international fairs per year, and browse and screen hundreds of magazines, and websites of our suppliers. We have also allocated significant resources to our trend scouting process. Furthermore, we use our extensive pool of data in our creative processes to further enhance the outcome of future offerings and identify trends early on. In particular, we use real-time data from our live sales analytics tool ("LiSA") during our daily events to identify customer purchase behavior and to review stock-updates. For instance, we have identified a velvet pouf as bestseller, as it sold out rapidly after the "go-live" several times. As a result, we took velvet poufs into our private label portfolio. We prepare detailed so-called "post-mortem" reports after the end of each event to review the success of our product offering (*e.g.*, information on products with most visits, products with best conversion) and to identify improvement potential to support our decision making process.

13.6.3 Our Customer Experience

ECommerce generalists typically do not tailor their shopping experience to the specific needs of the home & living market as they lack focus and expertise to offer a highly curated and inspirational shopping experience in a market where customers typically value guidance.

Our innovative business model is tailored around inspiration and customer engagement based on our daily themes and our permanent assortment. Through our daily themes, we seek to inspire potential customers with a daily changing, theme-based selection of attractively priced items. Our permanent assortment offers customers a curated assortment of bestsellers from our daily themes offering and private label items.

13.6.3.1 Daily Themes

Our daily themes offering is designed to create an entertaining, engaging, curated and discovery-based shopping experience. We want our customers to be inspired by browsing an endless stream of ideas and to shop with joy. Based on the concept of a curated shoppable home & living magazine, we offer our customers a daily changing, curated selection of home & living products presented around our editorial content. This innovative model allows us to attract and retain new customers and to build further awareness of our brand at the same time.

Every morning, typically beginning at 8 a.m. on weekdays and 10 a.m. on weekends, we launch up to six online events featuring a selection of products centered around specific themes (*e.g.*, Beach House, Miami), brands (*e.g.*, Missoni, KitchenAid) or home stories (*e.g.*, Emma & Bruce Willis' home, A summer in the mountains). Each event is designed and produced by our in-house creative, sales, buying and production teams. This group handles all stages of production, starting from selecting product samples and grouping of products (*e.g.*, arranging a chair and a matching table) through staging and taking photographs, to creating descriptions and shopping magazine inspired banners and landing pages to introduce the brands and feature the products offered in the event. We employ over 100 editors and journalists to produce our editorial and curated content. We believe that our attention to high production values and our image-conscious, status-enhancing presentation of our products differentiates us from traditional distribution channels and is also a key attraction for our suppliers and customers.

Products offered through our daily themes offering are only available in limited quantities but typically at much more attractive prices compared to the suggested retail prices. Each event typically features 1 to 300 SKUs. In some cases events even feature significantly more than 300 SKUs. The products are sourced from a large amount of different suppliers across the globe. Our events typically last four to six days, a time frame designed to be flexible enough to accommodate our users' busy schedules, but short enough to generate excitement and drive impulse purchase decisions. Our aim is to entice customers to visit the platform as part of their daily routine, offering them an intuitive and engaging way to discover a selection of new offers every day. Each day's launch of new events includes a mix of themes and brands across a range of price points, as well as categories that allow users to shop for themselves, their families and their homes.

We alert registered customers of our daily themes by sending out a daily email newsletter and mobile push alerts featuring our events starting in the morning in order to ensure that users stay engaged and connected with the platform. To receive our email newsletter and to access our website to view our daily themes, users currently have to register either by entering their email address on our website or through their Facebook login. A customer's email address is a key asset for us as it allows us to identify, contact and engage our customers (*e.g.*, by sending personalized offers, cart reminders, order updates). Our newsletters are designed to cater to the needs of women by offering a quick snapshot of the themes available on that day, including photos and descriptions of the brands and types of products that will be offered, and is a major traffic driver as many customers click on the links to access directly the mobile apps and websites. We also actively promote our events through social media, contests, and seasonal and thematic daily themes throughout the year in order to further drive customer engagement.

We believe that maintaining and expanding the variety of our offering adds to the entertainment value of the platform and allows us to offer an effective inventory monetization channel for our growing network of brand partners.

13.6.3.2 Permanent Assortment

To complement the product offering of our daily themes model, we launched our permanent assortment model, "WestwingNow", in early 2015, which offers our customers a curated, permanent assortment of bestsellers consisting of currently around 18,000 different SKUs. This model caters to the needs of customers who want a specific product that might not be available that day in our daily themes offering. In this way we are able to adapt to different needs depending on the individual needs of our existing customers and attract new customer segments with different purchasing behavior.

We carefully select the products of our permanent assortment offering by leveraging customer knowledge collected from our daily themes. Through our well established relationships with our suppliers from across the globe, we are well-positioned to negotiate particularly attractive prices for our bestsellers, allowing us to both generate higher margins while also offering attractively priced products to our customers.

Compared to our daily themes offering, our permanent assortment is based on a category-style catalogue with additional search functions, such as the ability to browse and shop by (sub)category, search for specific items by using the search bar, apply filters to narrow down searches (*e.g.*, price, color, material, brand, delivery time) and the possibility to create wish lists. To further enhance our "curated shoppable home & living magazine" concept, we offer a "Shop the Look" section, where we currently feature more than 100 fully styled and designed rooms in beautiful settings, where each product can be bought directly. To further drive customer engagement, we have started a pilot offer in early 2018 offering an individual interior design service, providing our customers with the opportunity to obtain custom-tailored interior design advice by our well-experienced designers.

Customers can switch very easily between our daily themes and our permanent assortment by just clicking on the tabs "Westwing" and "WestwingNow" on the very top of our website or on the respective buttons in our apps. Our permanent assortment model is designed to offer the customers of our daily themes offering a natural continuation of their inspirational journey and increase our "share of wallet" with them. Out of our 907,000 Active Customers as of June 30, 2018, 24% had shopped in our permanent assortment offering, a strong increase compared to 10% of our 813,000 Active Customers as of December 31, 2016. This also evidences our ability to successfully up-sell and cross-sell our permanent assortment to our customers. In addition, we benefit from high cost synergies as the incremental cost of our permanent assortment model are very low (*e.g.*, cost sharing in logistics, customer care, technology, overhead and sourcing). In order to be able to benefit from these attractive business prospects, we have started rolling-out our permanent assortment model country-by-country. As of the date of this Prospectus, we plan to launch our permanent assortment offering in France and Spain in late 2018 or early 2019.

13.6.4 Our Product Offering

We offer our customers a curated, inspirational assortment of home & living products. In 2017, our product offering comprised approximately 258,000 SKUs, of which around one third were textiles and rugs, followed by home décor and accessories, which also accounted for almost a third of SKUs. While large and small furniture items (*e.g.*, living & dining furniture, upholstery and bedroom furniture) make up approximately an eighth of the total SKUs, kitchen and dining, lighting and other products accounted for the rest. In 2017, we generated a GMV of €252 million, of which we derived 30% from the sale of large and small furniture items, followed by textiles and rugs (23%), home décor and accessories (18%), kitchen and dining (10%), lighting (10%) and other products (9%).

While the combination of private label and third-party products enables us to offer a broad and relevant assortment, we aim to significantly increase our private label share. The products sold under our private label offering are inspired by our bestselling third-party products, covering various style trends (*e.g.*, Classic, Boho, Girly, Nordic, Glamour, Modern, Eccentric, Rustic and Industrial) across our broad, multi-category product assortment.

13.6.5 Our Sourcing & Product Innovation Capabilities

The breadth and quality of our curated product offering is the result of a structured, quality and data-driven approach to product introduction and sourcing backed by our capabilities for data gathering and analysis. Our sourcing strategy, which has been designed with a view to minimizing inventory risk and obtaining the best prices as well as delivery times, differs between third-party products on the one hand and private label products on the other hand. Both of these offerings form an integral part of our strategy aimed at maintaining an offering that is both broad in terms of choice as well as light in terms of assets and inventory risk.

We benefit from a highly fragmented supplier base, enabling us to leverage our scale and relevance in the home & living industry and to secure very favorable conditions. While our global supplier network consists of around 5,000 suppliers, we primarily source our products from Western and Southern Europe as well as Eastern Asia. In line with our strict quality procedures, we have vetted these suppliers with a view to confirming that they comply with our standards concerning quality and reliability.

Given that sourcing is a key part of our operations, we have invested in our proprietary partner portal system, which enables us to manage our supply chain with a high degree of efficiency and better interact with our partners. We also use further tools and systems (*e.g.*, our supply chain management system, our warehouse management system, our transshipment tool), which allow us to integrate our sourcing with the orders we receive in real time and keep track of which products are already in stock at, or currently in transit to, our

warehouses. Our IT-systems analyze this data as well as other relevant information to provide us with constantly updated forecasts of future sourcing needs. However, in order to ensure our inventory risk remains limited, we employ qualified experts to review such forecasts before actually placing orders, to reduce the risk of failures of our algorithms and IT-systems.

13.6.5.1 Third-Party Brands

Our experienced category management and sourcing team constantly monitors the assortments of relevant suppliers and competitors to ensure that our product offering remains relevant and competitive in our respective markets. These experts also identify new home & living trends and relevant suppliers to source the relevant products to meet such trends, helping us ensure that our offering remains up to date. Even after the relevant products have been included in our product offering, we often only purchase the products after we have actually received orders from customers for them in order to minimize inventory risk.

We continuously seek to optimize our supplier base by adding new suppliers with a relevant product offering if we are convinced that these suppliers will be capable of meeting our quality standards and performance expectations, in particular with respect to delivery reliability. By maintaining direct contact with a broad supplier base, we can also ensure that we do not become overly dependent on any single supplier. In fact, our ten (hundred) largest suppliers only accounted for 11% (41%) of third-party products offered by us in 2017.

13.6.5.2 Private Label Offering

While we will continue to offer a broad selection of products marketed under third-party brands, we constantly aim to increase the share of our private label products. By sourcing private label products directly from factories, we can leverage our in-depth knowledge of customers' preferences to minimize inventory risk, improve our contribution margins, and offer our bestsellers under our own private label at superior style and quality at attractive prices and with relatively short delivery times. We offer our private label products both in our permanent assortment (where we project most of the future growth of our private label) but also use them to strategically drive margins from our daily themes events.

We follow a standardized private label development process that leverages our creative talent and the vast amount of data we collect. To identify new products for our private label offering, we constantly analyze the performance of our current product offering and also stay in permanent contact with our manufacturers. The concept of our daily themes offering allows us to test a high amount of styles and trends (*e.g.*, over 240,000 SKUs tested in 2017) and to identify bestsellers with the help of our live analytics sales tool "LiSA". Once our in-house teams have identified a bestselling or trending product, they will approach relevant manufacturers. We carefully vet these manufacturers by inspecting their factories and assessing their capabilities to ensure that they comply with our standards concerning quality and reliability. Together with manufacturers that successfully passed this step, we develop or identify products that conform to our specifications. In order to find the perfect product, we either select and customize a product from our manufacturer's catalogue or have the manufacturer create such product based on our design. Our overall aim is to understand and control the entire process. We benefit from the highly fragmented and subscale supplier base and negotiate the details of our business relationship (*e.g.*, prices, quantities, quality packaging) with each manufacturer individually. We also test and monitor the quality of every new product throughout the creation and production process in order to derive the maximum value from our products offered under our own private label. We typically launch potential private label products after a period of between 2.5 and six months, depending on the relevant product category (*e.g.*, textiles or furniture) and manufacturer origin (*e.g.*, Europe or Asia). We launch and test the majority of our potential private label products through our daily themes offering. If a product proves to be particularly successful, we introduce such product into our permanent assortment and also up-stock over time based on actual sales. Many of the products marketed under our own private label have particularly long product life cycles, allowing our customers to complement earlier purchases with additional items, while we constantly benefit from the resulting high volume and high margin sales. Due to our careful selection process, we significantly reduce the risk of excess inventories and recording losses on such inventories.

By ordering large volumes of products and capitalizing on our well-established relationships with our vendors around the world, we are well-positioned to negotiate particularly attractive prices for our bestsellers, allowing us to both generate higher margins on these products (private label margins in 2017 were about 8 to 10 percentage points higher than the margins for third-party brands) while also providing our customers with attractive prices for our private label products. At the same time, our offering is not dependent on any single manufacturer. As of June 30, 2018, we offer more than 5,000 private label SKUs sourced from a large number of manufacturers from across the globe. Out of these 5,000 SKUs, the vast majority comprised products from

the textiles and rugs category (3,702 items) followed by furniture (1,024), which accounted for 45% and 41% of our GMV in the first six months of 2018, respectively. We currently intend to expand and further increase our private label products into all categories in the medium- to long-term.

In the twelve months ended June 30, 2018, we sourced the majority of our private label products from China and India (each 34% of sourcing volume), followed by Southern Europe (14%), Eastern Europe (12%) and Northern and Western Europe (4%) and the remaining from Rest of Asia (2%).

13.6.6 Payment

In order to provide our customers with a convenient online shopping experience, we offer a broad range of payment options, in particular credit card payments (*e.g.*, VISA and MasterCard), PayPal, invoicing and advance payments. Most payment options are free of charge, in line with our efforts to provide our customers with the maximum choice and convenience. To serve our diverse customer base and local market specifics, we adapt our various payment options to preferences and customs of our local target markets. In general, we believe that offering customers their preferred payment methods helps us increase customer satisfaction and significantly improves conversion (*i.e.*, the share of customers visiting our websites and apps who actually order our products). As certain payment methods currently offered require us to take on certain credit risks, we use the services of third-party providers to reduce such risks. Historically, we have only experienced limited customer defaults on payment obligations as most of our orders are already paid prior to delivery. However, through the introduction of our permanent assortment model and faster delivery options of products we keep in our inventory, such credit risks may become more prominent in the future.

13.6.7 Logistics and Delivery

Our fulfilment processes follow a lean and cost-efficient approach geared towards customer satisfaction through high reliability and comparably low delivery times across our different product categories. Over time, we have constantly increased our control over logistics and deliveries and successfully managed the fulfilment complexities of our diversified product offering, in particular by introducing standardized technology and processes. For instance, bulky and heavy items require a differentiated fulfilment infrastructure as products often consist of multiple parts. Smaller items and accessories, on the other hand, typically arrive in large batches and require efficient repackaging. Our current logistics set-up is the result of significant investments we made to scale our platform across the value chain, in particular by investing in end-to-end process optimization and back-end fulfilment systems. For instance, we have developed our own proprietary software which we use in all our local warehouses to facilitate our fulfilment processes.

We believe that our sophisticated fulfilment infrastructure complemented by our supplier ecosystem offers significant advantages to our customers and is a significant barrier to entry.

13.6.7.1 Supplier Logistics and Inventory Management

Our fulfilment process tends to differ for our two business models:

13.6.7.1.1 Third-Party Brands

By offering a wide assortment of products marketed under third-party brands, we can expand our product offering to provide our customers a broad choice, allowing us to meet the demands of a diverse, mass market customer base. We generally do not keep inventories of products marketed through our daily themes offering. We hold, however, certain bestselling third-party items from our permanent assortment in stock. While delivery times for products held in stock are typically shorter than for products not held in stock, we are still able to offer what we consider to be comparably short delivery times in the home & living industry.

As we only build inventories for certain bestselling third-party items from our permanent assortment, this allows us to keep our business model relatively asset-light and enables us to maintain a negative net working capital.

There are two methods of fulfilment for products not held in stock:

- The majority of our third-party products are initially transitioned to our warehouses upon ordering, from where we subsequently take care of the delivery process (cross-docking). Our suppliers can thus benefit from our well-established logistics and service network.

- For certain suppliers we prefer to have them directly deliver ordered products to third-party carriers who in turn handle the last-mile (drop-shipping). As a result, these products never enter our warehouses and we do not take care of the delivery process.

13.6.7.1.2 Private Label Offering

In addition to certain third-party products, we also maintain sufficient inventories of certain bestselling private label products. The exact volume of products we source is based on our constantly updated forecasts, which in turn are compiled by analyzing our extensive customer database with the help of third-party and proprietary software tools. This set-up enables us to meet growing demand for certain private label products well in advance. In addition, for products manufactured in Europe, we are often able to further reduce our inventory risk through delivery on demand, *i.e.*, upon customer orders. Overall, growing demand allows us to increase order frequency, hence reduce the reach of individual orders, which also reduces general inventory risk.

13.6.7.2 Warehousing and Middle-Mile Delivery

Our fulfilment infrastructure is based on a centralized model and software technology, executed on a local level. It is designed to increase mid-mile efficiency and reduce lead times between our target markets. To ensure high efficiency, we operate our seven warehouses on the basis of standardized IT-infrastructure and procedures. The in-house operation of our warehouses provides us with significant control over our inventory and fulfilment processes. Furthermore, we have implemented different workflow channels in our warehouses to be able to master the complex logistics of our multi-category product offering. While large and bulky items take up more space and require more manpower, smaller items have a different degree of fragility and breakability. We have therefore introduced processes for the efficient repackaging and delivery of small (breakable) items.

We believe that our current fulfilment infrastructure is very well-positioned for scaling, in particular due to our centralized model and software technology. We would be able to expand our current warehouse set-up as there is sufficient headroom in our existing warehouses (*e.g.*, by adding floors). In addition, we could easily open additional warehouse facilities as our business operations do not have special requirements that would be hard to meet. Our current fulfilment set-up generally allows us to keep our operations asset-light which is why we only require minimal capital expenditures, as our warehouses are all rented from third parties.

13.6.7.3 Last-Mile Delivery

Our delivery process is focused on a positive customer experience and cost efficiency, especially since a large share of our sales comprises smaller (breakable) items or heavier and/or bulky items. While our business continues to expand, we constantly try to optimize our carrier network, reduce costs and improve our service quality.

Since the majority of our products are either initially stored in our warehouses or pass through these warehouses, we have established specific delivery processes for the last-mile of the fulfilment process (*i.e.*, the transportation from warehouses to customers). In general, last-mile deliveries are handled by reliable third-party carriers, typically the best partner we could find in every country. In the future, we may decide to set up our own last-mile operations in certain densely populated areas in order to increase our control over the last-mile, further reduce our fulfilment costs and improve our delivery reliability.

For products delivered via parcel service, we have partnered with large, renowned carriers such as DHL and DPD to benefit from their scale and to retain favorable rates. In order to offer our customers a superior shopping experience, such carriers deliver our products right to the doorstep of our customers. In case of heavy and/or bulky items, a specialized two-man handling service (*e.g.*, Rhenus in Germany) will deliver such products into our customers' homes.

Products for which we build up inventories as well as products delivered via cross-docking are delivered from our warehouses to local warehouses of the relevant third party carriers taking care of the last-mile. This helps us ensure that we can keep transition times between products existing our warehouses and final delivery relatively low.

13.6.7.4 Returns

We offer our customers free returns to provide them with the certainty that they only keep those products that they truly love. Depending on the relevant local target market, products are eligible for free returns within a period of up to 100 days from delivery, which is generally more generous than the legally required

return periods. The ability to easily return undesired products free of charge is a fundamental pillar of our value proposition to customers and we believe that it significantly helps us to increase customer trust and loyalty.

We seek to minimize the costs associated with this free return policy, in particular by improving the presentation of our products and the information available on our products, offering customer service through hotline and other messaging services, as well as maintaining and improving our rigid quality control. The vast majority (approximately two-thirds) of products returned, however, pass our rigid quality controls and are therefore again available for sale through the original channel at full price. In case returned products cannot be resold at the full price, we launch, from time to time, clearance sales with discounts through our daily themes offering or sell damaged items to third-party outlet operators. Defective items might also be returned to the respective supplier. As a result of our professional return management, our return rate was about 13.1% of gross sales in 2017 and about 14.1% of gross sales in the six months ended June 30, 2018.

13.6.8 Our Customer Service

In line with our philosophy of providing a superior shopping experience, we consider customer service to be a key element of our value proposition. We generally pursue a multi-channel support approach, responding by email and live chat, through our hotlines and via social media. To provide such customer service, we operate five local customer service centers with a staff of more than 130 persons, most of which are employed directly by us. In order to ensure a consistent and high quality of customer service, all of our customer service centers operate on the basis of standardized principles, software and processes.

We place a significant emphasis on pre-sales services. Our customer care team answers customer requests with respect to specific products, delivery modalities and other matters of importance for potential customers when making their purchase decisions. We believe that offering our customers the opportunity to approach us via our chat, email or telephone prior to placing an order helps significantly improve the acceptance of our online offering and clearly sets us apart from other pure-play online retailers.

By focusing on the high quality of our customer service, we seek to ensure that only a comparably small number of customer complaints result in returns. The success of our customer service operations is evidenced by generally high satisfaction among our customers and high customer loyalty. We assess such satisfaction by submitting customer surveys as part of our post sale customer service, providing us with crucial feedback on the success of our customer service.

13.6.9 Marketing

13.6.9.1 Marketing Strategy

Our marketing activities are aimed at driving the maximum relevant traffic to our websites and apps and creating an international home & living brand and go-to destination for home & living shopping. We have therefore developed a marketing strategy that focuses on organically building awareness of our brand and increasing customer engagement and inspiration by leveraging our curated and inspirational home & living content.

As part of our strategy, we primarily employ organic marketing channels focusing on mobile and social media activities to build brand love and loyalty. To this end, we heavily invest in people and talent. As of June 30, 2018, our marketing team comprised 122 (full-time) creative and other marketing talents. In addition to our human talent, we follow a data-driven approach and leverage the huge amount of data collected through our operations. We utilize our data-driven analytics capabilities based on proprietary analytics to link marketing expenses with respect to individual marketing channels and events in our various target markets to the relevant benefits we derive from them (*i.e.*, visits to our websites and apps as well as subsequent orders from the respective customers) in order to be able to scientifically allocate our marketing budget.

Based on the concept “Men Buy, Women Shop”, our marketing strategy generally focuses on women as they take the vast majority of home decorating decisions. Our target audience is between 30 and 60 years old and belongs to the mid-to-high income bracket. The success of our marketing efforts is evidenced by the fact that 90% of our customers in 2017 were women. In addition, our rating on “Trustpilot” for our German operations was 9.4 out of 10 points based on nearly 10,000 reviews as of June 30, 2018. Although some of our users immediately become a customer when they first sign up for our daily themes offering, the vast majority of our customers however first signs up for our daily themes offering to receive our daily emails newsletters for an extended period before they make their first purchase. Once users become satisfied first-time buyers, they

typically return to the platform to make more purchases, becoming repeat customers. In the second quarter of 2018, 82% of our orders were made by repeat customers who had made a purchase on our platform in a prior period.

To maximize customer engagement we furthermore focus our marketing efforts on a mobile-first approach. Our mobile apps are designed to complement our web offering, allowing our customers to search for products online and enjoy our curated content anywhere and anytime. Mobile traffic to our websites and apps from smartphones and tablets, including traffic through our apps, accounted for approximately accounted for 73% of the overall traffic in the second quarter of 2018. The importance of a mobile-first approach will likely increase even further in the future, as fewer households actually use a desktop computer to go online, but rather rely on smartphones and tablets.

Our marketing efforts have already proven successful: Organic traffic has increased strongly since 2015 and customer acquisition costs have decreased by approximately 50% since 2014. In 2017, we used 64% of our marketing spend on organic marketing activities, while only 29% on our paid marketing efforts. The remaining 7% of our marketing spend was used for other channels. These results allowed us to decrease our marketing expenses as a percentage of revenue to 6% in 2017, while maintaining significant revenue growth. In the long-term, we aim to maintain the level of our marketing expenses as a percentage of revenue (for our continuing operations) between 6% and 9%.

We believe that a continued focus on building our "Westwing" brand will help us to further grow at attractive economics, maintain very low customer acquisition costs, increase customer loyalty and thereby increase both the number of our existing and new customers. Going forward, we intend to continue to strengthen our brand, use targeted marketing efforts when expanding our product offering to adjacent product categories as well as adjacent geographic markets and to achieve an even higher return on investment on our marketing expenses. Overall, we intend to further increase our focus on organic and social media marketing channels in the future.

13.6.9.2 Marketing Channels

13.6.9.2.1 Organic Channels

As part of our marketing strategy, we use a large number of organic marketing channels (*i.e.*, marketing efforts that do not require us to make payments to any third-parties). These channels primarily include our online communication through social media channels such as Facebook, Instagram and Pinterest. As of July 1, 2018, we had approximately 1.6 million followers on Facebook and approximately 1 million followers on Instagram. On Instagram, we had an average weekly organic reach of approximately 1.6 million people in the second quarter of 2018.

Due to the significant reach of online marketing, we run a multitude of social media events, such as our "Win your Wishlist" promotion. Through this promotion, we reached about 854,000 people on social media. We also use social media channels for our viral marketing, a technique where our customers help in spreading our marketing message to others via social media. The success of our viral marketing efforts is evidenced by the fact that our customers have uploaded and published approximately 59,000 customer pictures on Instagram using the hashtag #mywestwingstyle. All of these social media channels help us improve the recognition of our brands, generate additional word of mouth referrals and thereby new customers. We also selectively work with bloggers and other influencers, providing them with free furniture and accessories in exchange for relevant online content and product placement.

The distribution of daily and weekly newsletters and other online messages to our customers is also a powerful marketing tool. In the twelve months ended June 30, 2018, our customer relationship management team sent out about 1.8 billion newsletters to our customers in our target markets, especially the daily newsletters sent to registered users under our daily themes offering. In addition, as part of our referral marketing strategy, our existing customers have the chance to invite a friend to our daily themes offering and both receive a store credit in the amount of up to €40.00 (depending on the relevant country and special promotion) in case of a successful first time order by such referred friend from our website.

We further endeavor to enhance the ranking of our websites in organic searches, a process known as search engine optimization. By analyzing the relevance of key search terms and ensuring that our websites are designed to best utilize such relevant terms, we constantly work to improve our design to ensure that our websites and apps are ranked high in organic searches and the maximum relevant traffic is directed to them.

13.6.9.2.2 Paid Channels

While our marketing efforts primarily focus on organic marketing, we also selectively use paid marketing channels, in particular online marketing channels. Such online marketing channels include search engine marketing (*e.g.*, in cooperation with Google). To this end, we also constantly analyze a large number of search terms in languages relevant to our target markets in order to find the most relevant terms for any given season and ensure a high ranking of our websites and apps. In addition, we engage in retargeting, affiliate marketing, price comparison marketing as well as paid social media, and we cooperate in these efforts with well-known internet companies such as Facebook, Criteo and Google.

To meet our customers' expectations, we also offer a high gloss catalogue in certain of our target markets. Our catalogue is based on the concept of a traditional paper home & living magazine, which is also why we call our catalogue internally "magalogue". It showcases our key products and product areas of our permanent assortment and private label offering, while also containing editorial content, all on par with our branding and content of our websites and apps. Our catalogue is published bi-annually and is sent to a large number of our Active Customers. We believe that displaying our curated product offering in a high gloss catalogue not only enhances the image of our brand, but also helps us leave a lasting impression with the recipients of such catalogues who typically keep them in their homes to be inspired over time.

13.6.10 Information Technology and Data

As a leading European eCommerce company in the online home & living industry, we consider ourselves to be a technology company and believe that we have the most advanced and sophisticated IT-platform in our target markets. Our platform is operated by more than 100 highly qualified IT-experts, providing us with significant innovative potential as we continually seek to expand and optimize our IT-infrastructure. Between January 1, 2015 and June 30, 2018, we recorded capital expenditures relating to intangible assets in an aggregate amount of €10.5 million, the vast majority in connection with the development of our IT-systems, evidencing the high value we put on our high quality IT-infrastructure.

13.6.10.1.1 IT-Platform

We have created a custom- and purpose-built modular IT-platform that is both highly scalable and integrated across our value chain. To this end, we have developed our websites and apps, which are programed and updated in-house, as a highly resilient storefront for our home & living product offering, focusing on a reduction of downtimes while at the same time providing a state of the art customer experience.

We have developed a beautiful and inspiring front-end, reflecting our mission to inspire and make every home a beautiful home. In line with our marketing strategy, our front-end development primarily focuses on mobile devices, as mobile traffic accounted for 73% of the overall traffic to our websites and apps in the second quarter of 2018. Furthermore, our apps have a wide distribution, as shown by the number of ratings in the German iOS app store and are of high quality, as evidenced by the rating score (*e.g.*, 4.8 average rating score out of 5 stars available as per German iOS App Store as of July 29, 2018). Our mobile sites and apps are seamlessly integrated with our systems. Our technology and design teams work hand-in-hand to further improve our customer experience. To this end, our in-house quality assurance team performs automated and manual tests across more than 50 mobile and desktop devices.

Furthermore, we have developed several proprietary internal tools to streamline our internal processes. Our warehouse management system, rolled out to most of our warehouses, covers all warehousing processes and is fully integrated with all our other systems, including full real-time overview of all inventories. Our end-to-end integrated "partner portal" enables us to manage our supply chain and our suppliers with a high degree of efficiency. This system provides us with full control over our supplier and sales data by integrating drop-ship data. Our proprietary "customer care" tool provides our customer care team, which consists of more than 100 customer care agents, with access to all activities around our customer interaction, providing a 360 degree customer view.

Going forward, we plan to further upgrade the features we offer, in particular by adding more varied content and increasing innovative features to further enhance the competitiveness of our online offering. For instance, we are one of the first eCommerce companies to exploit augmented reality features allowing our customers to visualize how our products will look in their homes before they decide which products they actually want to order. This feature particularly attracts our younger customers that are mobile- and technology-native, and it will help us drive older customers to use eCommerce.

Our IT-platform enables us to collect data and to link such data across various systems (*e.g.*, by using Google Analytics to track customer journeys). This provides us with valuable insights on, *inter alia*, customer behavior, the efficiency of our fulfilment services and the development of private label products. To further integrate our IT-functions across our value chain and both offering models (*i.e.*, our daily themes and our permanent assortment), we introduced a live analytics sales tool "LiSA" which provides detailed insights into, *inter alia*, our sales, stock levels, margins and allows us to optimize our operations.

- Customer data: We collect data on our customer's order and browsing history, demographics, session data, wish lists and reviews. Such information helps us to identify and fill white spots in our product offering and optimize product availability. Based on such data we are also in a better position to predict and stock bestselling items which may also be relevant for the further expansion of our private label offering.

- Assortment data: Information on suppliers, availability and pricing of products as well as product features are particularly relevant for our sorting, curation and risk scoring activities.

- Fulfilment data: To optimize our sourcing and fulfilment operations, we collect through our warehousing software and update on a daily basis data on stock levels, available carriers, item location and delivery mode. This helps us to improve re-stocking, to optimize our warehouse utilization and to minimize delivery times.

- Third-party data: In addition to the business-related data that we collect, we also monitor our competitors and gather market- and competition relevant information such as competitor pricing and delivery times and marketing costs.

We believe that our ability to collect and analyze data provides us with a key competitive advantage.

We utilize our knowledge in various ways:

- We can tailor our marketing efforts and the allocation of marketing expenses across different marketing channels based on the data we obtain with respect to the net contribution of such marketing channels.

- By constantly analyzing our data with respect to competitors' product offerings and past customer behavior, we can optimize the pricing of our products in order to achieve higher gross profit margins.

- By analyzing customer behavior, we can tailor the content of our websites and apps to ensure that they stay relevant to our customers and we can provide them with an attractive shopping experience.

- Our in depth knowledge of expected customer behavior as well as current and future inventory levels enables us to base our sourcing decisions on generally accurate forecasts.

- Our integrated IT-functions across our value chain provide us with high visibility on the journey of our products and the effectiveness of our fulfilment operations.

- Our ability to analyze various relevant operational performance indicators in real time helps us steer our business more efficiently and enables us to analyze potential adverse developments earlier.

In the medium- to long-term, we plan to continue to make significant investments in our technology platform across four key areas. First, we will continue investing in the consumer experience, which includes, in particular, maintaining and further developing our apps and mobile sites, introducing augmented reality features, social media integration and improving search, sorting and filter features on our platforms (*e.g.*, product category-optimized browsing features). We will also further invest in tooling and productivity, such as increasing route efficiencies, last-mile customer improvements and private label internalization. With respect to data and analytics, we plan to invest in real-time data for ad-hoc personalization, new data warehouse infrastructure for faster and cheaper queries and personalization of user experience. In addition, we also intend to continue enhancing our security and technology infrastructure, in particular the anticipated transition of all external and internal systems to cloud platforms, customer data protection and a VPN upgrade.

13.6.10.1.2 IT-Security

When expanding and operating our IT-platform, we constantly focus on security and reliability. To this end, we have implemented various state of the art security measures, in particular:

- continuous internal and external (Bitsight) audit of security posture;
- regular internal and external penetration and security testing;
- single sign-on system protecting internal applications;
- firewalls and automated backups;
- security awareness training for employees, in particular with respect to phishing and passwords;
- quarterly access reviews;
- data vault and data filter technologies;
- encryption of sensitive data;
- incident response and disaster recovery systems;
- cloud storage; and
- cloud resources encrypted at rest and in-transit.

13.7 Intellectual Property

13.7.1 Trademarks and Registered Designs

As of the date of this Prospectus, we have registered, or filed for the registration of, a number of trademarks, including our most important brand "Westwing".

We constantly monitor our trademarks in order to maintain and protect these key assets, including by pursuing any infringements by third parties.

13.7.2 Domains

As of the date of this Prospectus, we are the legal or beneficial owners of various domains, including the following domains that are essential to our business: westwing.at, westwing.be, westwing.ch, westwing.cz, westwing.de, westwing.es, westwing.fr, westwing.it, westwing.nl, westwing.pl, westwing.sk, westwingnow.at, westwingnow.be, westwingnow.ch, westwingnow.cz, westwingnow.de, westwingnow.es, westwingnow.fr, westwingnow.it, westwingnow.nl, westwingnow.pl and westwingnow.sk.

13.8 Material Agreements

The following is an overview of agreements that are material to our business or profitability. Apart from these agreements, there are no other agreements which are material to our business as of the date of this Prospectus.

13.8.1 Financing Agreements

The following is a description of our material financing agreements:

13.8.1.1 Kreos Capital V (UK) Limited

13.8.1.1.1 Loan Agreement

On January 10, 2017, the Company, as borrower, entered into a loan agreement with Kreos for an aggregate amount of up to €10.0 million (the "**Kreos Loan**"), available to be drawn down in one or several tranches, and bearing interest at a rate of 10.75% per annum. The Company's right to draw down under the Kreos Loan expired on January 1, 2018. In September 2018, we repaid the Kreos Loan in full.

13.8.1.1.2 Warrant Agreements

On January 10, 2017, in connection with the Kreos Loan, the Company, certain then-existing shareholders of the Company (*i.e.*, Advertisement 4 Adventure, SLU, AI European Holdings S.à r.l., Holding Italiana Quattordicesima S.p.A., Jade 1317. GmbH, Kinnevik Online AB, Reti Televisive italiane S.p.A., Rocket Internet SE, Stefan Smalla, Summit Partners RKT S.à r.l., TEC Global Invest IV GmbH and The Nikamon Fund SPC Limited – Segregated Portfolio Class O) and Kreos Capital V (Expert Fund) L.P., an affiliate of Kreos (the "**Kreos Affiliate**"), entered into a warrant agreement (the "**Kreos Warrant**") pursuant to which Kreos Affiliate was granted warrant rights enabling Kreos Affiliate to acquire a certain number of new shares in the Company against contribution in cash. The maximum number of warrant shares to be issued to Kreos Affiliate and the subscription price to be paid by Kreos Affiliate are calculated according to a formula based on a certain warrant amount and the value of the shares of the Company. The Kreos Warrant has a term until the earlier of (i) the tenth annual anniversary of the execution date, (ii) the acceptance by the Company's shareholders of an offer for a share deal, or (iii) the second annual anniversary of an IPO. As of the date of this Prospectus, Kreos Affiliate has not exercised its rights under the Kreos Warrant to purchase shares in the Company.

The subscription price per share currently amounts to €17.43 and is subject to customary anti-dilution adjustments (*e.g.*, in case of an issue of shares, warrants, convertibles or other equity linked securities at a price or conversion price less than the subscription price). Based on the aforementioned subscription price, the full exercise of all conversion rights could result in the issuance of up to approximately 62,550 shares in the Company and would thereby increase the Company's current share capital (*i.e.*, 15,542,100 shares as of the date of this Prospectus) by up to approximately 0.4%.

In addition, in connection with an earlier loan agreement with Kreos Capital IV (Luxembourg) S.à r.l. ("**Kreos Luxembourg**"), the Company, certain then-existing shareholders of the Company (*i.e.*, Rocket Internet GmbH, Jade 1317. GmbH, HV Holtzbrinck Ventures Fund IV LP, Stefan Smalla, Bambino 53. V V UG (haftungsbeschränkt), Dr. Klaus Neuhaus, Team Europe Trust GmbH, RJ Beteiligungsgesellschaft GmbH, Point Nine Capital Fund I GmbH & Co. KG, Kinnevik Online AB, RI Digital Ventures GmbH, AI European Holdings S.à r.l., and Summit Partners RKT S.à r.l.) and Kreos Capital IV (Expert Fund) Limited ("**Kreos Limited**"), entered into a warrant agreement dated April 12, 2013 (the "**Original Kreos Warrant**"). Pursuant to the Original Kreos Warrant, Kreos Limited was granted warrant rights enabling Kreos Limited to acquire a certain number of new shares in the Company against contribution in cash. The maximum number of warrant shares to be issued to Kreos Limited and the subscription price to be paid by Kreos Limited are calculated according to a formula based on a certain warrant amount and the value of the shares of the Company. The Original Kreos Warrant has a term until the earlier of (i) the tenth annual anniversary of the execution date, (ii) the acceptance by the Company's shareholders of an offer for a share deal, or (iii) the fifth annual anniversary of an IPO. As of the date of this Prospectus, Kreos Limited has not exercised its rights under the Original Kreos Warrant to purchase shares in the Company.

The subscription price per share currently amounts to €13.43 and is subject to customary anti-dilution adjustments (*e.g.*, in case of an issue of shares, warrants, convertibles or other equity linked securities at a price or conversion price less than the subscription price). Based on the aforementioned subscription price, the full exercise of all conversion rights could result in the issuance of up to approximately 93,064 shares in the Company and would thereby increase the Company's current share capital (*i.e.*, 15,542,100 shares as of the date of this Prospectus) by up to approximately 0.6%.

13.8.1.2 Term Loan Facility with GGC EUR S.à r.l.

13.8.1.2.1 Loan Agreement

On March 23, 2018, the Company as borrower, certain affiliates of the Company as guarantors and GGC EUR S.à r.l. as lender (the "**Lender**"), an affiliate of the Lending Shareholder, entered into the GGC Loan, a term loan facility agreement with a loan amount of €15.0 million. As of the date of this Prospectus, an aggregate amount of €15.0 million has been drawn under the GGC Loan. The maturity date for the GGC Loan is 36 months following the closing date (*i.e.*, March 23, 2021). We currently intend to repay the GGC Loan by utilizing parts of the proceeds from the Offering (see "*5. Reasons for the Offering and the Listing; Use of Proceeds*").

The GGC Loan bears interest at a rate of 10.75% per annum for each interest period and is payable on the applicable interest payment date. The Company may elect to pay interest for the preceding interest period not in cash, but to capitalize such interest by adding the amount of accrued interest for the preceding interest

period to the principal amount of the GGC Loan. If the Company, however, fails to pay any sum other than interest to the Lender on its due date for payment, the Company will be required to pay default interest (*i.e.*, the lower of (i) 15% per annum and (ii) the highest lawful rate) on such sum until the date of actual payment. The Company is entitled to prepay the GGC Loan in full or in part at any time, subject to the conditions set forth in the loan agreement (*e.g.*, delivery of written request in advance).

Certain affiliates of the Company act as guarantor under the GGC Loan and agreed to guarantee by way of an independent payment obligation (*selbständiges Zahlungsversprechen*) to pay to the Lender any amount under the GGC Loan (and any ancillary document) that has not been fully and irrevocably paid by the Company.

The GGC Loan contains a number of covenants with respect to the Group, including restrictions on the payment of dividends, a negative pledge and limitations on the disposal of assets. The GGC Loan also provides for customary events of default, including a material adverse effect, the non-payment of debts or a default under any other financial indebtedness of the Company (cross-default). An event of default, however, also occurs if there is an exit event such as the sale of more than 50% of all shares in the Company or the initial public offering of all or parts of the shares in the Company and the admission to trading of such shares to the Frankfurt Stock Exchange or any other stock exchange of comparable standing. In such case, the Lender is entitled terminate its funding commitment under the GGC Loan and to request early repayment of the principal amount outstanding and any interest accrued. On September 12, 2018, the parties to the GGC Loan entered into a waiver and amendment agreement pursuant to which the parties agreed that the Offering does not constitute an exit event under the GGC Loan and the Lender waived any rights under the GGC Loan in relation thereto.

In connection with the GGC Loan, the Company and the Lenders entered into a separate fee letter. The fee letter provides that the Lender will receive an exit fee of 2.0% of the maximum amount drawn under the loan, which is payable at maturity, or, in case of a prepayment, 2.0% of the respective repayment amount payable at the relevant date of prepayment. In addition, the Company and/or the other obligors have to pay a prepayment fee in the event of a prepayment of the GGC Loan before the repayment date equal to (i) the interest that would accrue on the prepayment amount over a period of 18 months (calculated from the drawdown date of each tranche) less (ii) interest paid on the Prepayment Amount as at a prepayment date.

13.8.1.2.2 Warrant Agreement

On March 23, 2018, in connection with the GGC Loan, the Company, certain then-existing shareholders of the Company (*i.e.*, Advertisement 4 Adventure, SLU, AI European Holdings S.à r.l., H14 SpA, Jade 1317. GmbH, Kinnevik Online AB, Reti Televisive italiane S.p.A., Rocket Internet SE, Stefan Smalla, Summit Partners RKT S.à r.l., Tengelmann Ventures GmbH and The Nikamon Fund SPC Limited – Segregated Portfolio Class O) and the Lender, entered into a warrant agreement (the "**GGC Warrant**") pursuant to which the Lender was granted warrant rights enabling the Lender to acquire a certain number of new shares in the Company against contribution in cash. The maximum number of warrant shares to be issued to the Lender and the subscription price to be paid by the Lender are calculated according to a formula based on a certain warrant amount and the value of the shares of the Company. The GGC Warrant has a term until the earlier of (i) the tenth annual anniversary of the execution date, or (ii) the acceptance by the Company's shareholders of an offer for a share deal. As of the date of this Prospectus, the Lender has not exercised its rights under the GGC Warrant to purchase shares in the Company.

The subscription price per share currently amounts to €17.43 and is subject to customary anti-dilution adjustments (*e.g.*, in case of an issue of shares, warrants, convertibles or other equity linked securities at a price or conversion price less than the subscription price). Based on the aforementioned subscription price, the full exercise of all conversion rights could result in the issuance of up to approximately 93,822 shares in the Company and would thereby increase the Company's current share capital (*i.e.*, 15,542,100 shares as of the date of this Prospectus) by up to approximately 0.6%.

13.8.1.3 Warrant Agreement 2016

On April 22, 2016, certain then-existing shareholders of the Company (*i.e.*, Rocket Internet SE, Jade 1317. GmbH, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Kinnevik Online AB, RI Digital Ventures GmbH, TEC Global Invest IV GmbH, JaToPa GmbH, Holding Italiana Quattordicesima S.p.A., Odey Asset Management LLP acting in its capacity as investment manager for and on behalf of CF Odey Absolute Return Fund, Reti Televisive italiane S.p.A., Fidelity Funds SICAV in respect of Fidelity Funds – European Smaller Companies Pool (F/ESM), Fidelity Funds SICAV in respect of Fidelity

Funds – European Smaller Companies Pool Two (F/SCT), SHCO 57 S.à r.l., The Nikamon Fund SPC Limited, Kreos Capital IV (Expert Fund) Limited, Broad Street Principal Investments L.L.C., the "**Warrant Holders**") entered into a warrant agreement (the "**Original Warrant Agreement**") pursuant to which the Warrant Holders provided the Company with capital in the total amount of approximately €24 million. In return the Warrant Holders were granted warrant rights enabling them to acquire a certain number of new shares in the Company for their nominal value against contribution in cash without further investment. At the time of the grant, the shares to be issued to the Warrant Holders upon exercise equaled 7.7% of the Company's then-existing share capital. The number of shares to be issued to the relevant Warrant Holder is based on the effective conversion value of his warrant rights equaling his original investment increased by time-based interest expenses depending on the value of the shares of the Company at the time the warrants are exercised. The warrant rights are exercisable upon the occurrence of certain exercise events, including an IPO of the shares of the Company.

On August 7, 2018 the Original Warrant Agreement was amended and restated by an agreement among the Company and the Warrant Holders (the "**Warrant Agreement**") in order to allow for a settlement of the warrant rights in contemplation of the Offering. In the course of the settlement provided for in the Warrant Agreement, the warrant rights were preliminarily settled in a first step through the issuance of 11,912 new shares in the Company to the Warrant Holders, based on a time-based discount and a fixed discount at a maximum conversion price of €5,229.00 (all numbers before capital increase from own resources). The Management Board and active management received additional 2,296 options to be compensated for the dilution from the settlement of the warrant rights. The final settlement of the warrant rights will be based on a transfer of shares among Warrant Holders and the other shareholders of the Company existing before the IPO in order to realize the percentage of shareholdings as provided for in the original warrant agreement from April 22, 2016, if the valuation of the shares of the Company in the course of the IPO falls below the valuation underlying the preliminary settlement of the warrant rights or if the IPO process is delayed by no more than four months after the date of the preliminary settlement of the warrant rights. Based on the Price Range, the valuation of the Company is not above the valuation underlying the preliminary settlement, which means that a further adjustment among the relevant shareholders is required. No additional new shares will be issued by the Company as part of the final settlement.

13.8.1.4 Citicorp North America Inc.

On September 11, 2018, the Company as borrower, Westwing GmbH and wLabels GmbH as guarantors, and Citicorp North America Inc. as lender entered into a €12 million term loan and revolving loan facilities agreement (the "**Facilities Agreement**"). Under the Facilities Agreement the Company is provided with a €6 million term loan facility (the "**Term Facility**") and a €6 million revolving loan facility (the "**Revolving Facility**"). The Term Facility was made available to the Company for the repayment of the Kreos Loan. The amounts provided under the Revolving Facility shall be applied by the Company towards general corporate and working capital purposes. The Facilities Agreement terminates and all outstanding loans plus unpaid interest must be repaid on March 14, 2020. We currently intend to repay the amounts outstanding under the Facilities Agreement by utilizing parts of the proceeds from the Offering (see "*5. Reasons for the Offering and the Listing; Use of Proceeds*").

The interest rate per annum of each loan utilized under the Facilities Agreement is 5.00% provided that such interest rate shall increase to 7.00% if primary proceeds in an amount of at least €100,000,000 have not been raised in connection with an initial public offering within nine months from the date of first utilization of a loan. At the mid-point of the price range, assuming all new shares are sold, we will raise gross proceeds of €131.6 million.

Certain financial obligations of the Company under the Facilities Agreement are guaranteed by its subsidiaries Westwing GmbH and wLabels GmbH as guarantors. In addition, the Company, Westwing GmbH, Westwing Spain Holding UG, Westwing Italy Holding UG and wLabels GmbH each granted security in connection with Facilities Agreement consisting of pledges over shares and/or interest held in all of the guarantors and other direct and indirect subsidiaries of the Company, pledges over certain bank accounts and assignments over certain receivables, movable assets and IP rights.

The Facilities Agreement contains a number of covenants, for example, a negative pledge and financial covenants relating to the financial condition of the Company and the Group. These include restrictions on the borrower and each of the other obligors under the Facilities Agreement with respect to certain activities amounting to additional indebtedness, a limitation on corporate restructurings, a limitation on the disposal of any assets or shares in certain subsidiaries and restrictions on the Company regarding the payment of dividends.

Besides customary termination rights upon the occurrence of an event of default, the lender may direct the Company to cancel all facilities and outstanding loans with immediate effect upon the occurrence of a change of control. Change of control under the Facilities Agreement means that Rocket Internet SE or Kinnevik Online AB ceases to control the Company. A company under the Facilities Agreement is deemed to be controlled by a person or a group of persons acting in concert if that person or group of persons (i) holds, directly or indirectly, more than 30% of the issued share capital or voting rights or (ii) is able, directly or indirectly, to direct its affairs and/or to control the composition (appoint or dismiss) of its board or equivalent body.

13.8.1.5 Overdraft Facility with Deutsche Kontor Privatbank AG

On December 23, 2016, the Company, Westwing GmbH and Deutsche Kontor Privatbank AG entered into an overdraft facility (*Kontokorrentkredit*) pursuant to which the Company and Westwing GmbH could draw a loan amount of up to €2.0 million (the "**Overdraft Facility**"). As of June 30, 2018, an amount of €0 million was drawn under the Overdraft Facility.

The Overdraft Facility bears interest at a rate of 8.75% per annum. Deutsche Kontor Privatbank AG may, in its reasonable discretion (*billigem Ermessen*), adjust this interest rate if the Euro Interbank Offered Rate (EURIBOR) increases by more than 0.25%. The Overdraft Facility has an indefinite term.

13.9 Insurance Coverage

We have taken out a number of group insurance policies that are customary in our industry (*e.g.*, property and loss of earnings insurance, business liability insurance, including insurance for product liability, transport insurance and environmental liability insurance) and cover all entities of the Group. Our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider our insurance coverage market standard insurance coverage customary in our industry. There is, however, no guarantee that we will not suffer any losses for which no insurance coverage is available or that the losses will not exceed the amount of insurance coverage under existing insurance policies.

We have also taken out a directors and officers ("**D&O**") insurance policy that covers the current and future members of the Management Board and Supervisory Board as well as equivalent bodies of other entities of the Group, with a total coverage of up to €10 million per year and various sub limits depending on the specific nature of claims. The D&O insurance provides for a deductible for all of the members of the Management Board in line with the AktG.

13.10 Employees

As of the date of this Prospectus, Westwing employs a total of 1,047 full-time equivalent employees (excluding employees in Brazil, Russia and Kazakhstan) and a total of 1,436 full-time equivalent employees (including employees in Brazil, Russia and Kazakhstan).

The following table provides a breakdown of Westwing's full-time equivalent employees for the periods and dates presented:

	For the fiscal year ended December 31,			As of June 30,	
	2015[(1)(2)]	2016[(1)(3)]	2017[(1)]	2018[(1)]	2018[(4)]
	(audited, unless otherwise indicated)			(unaudited)	
Fulfilment	1,017	564	488	530	344
Marketing	139	115	141	756	124
Administration	557	844	783	149	584
Number of employees	**1,713**	**1,523**	**1,412**	**1,435**	**1,052**

(1) Shows the average number of employees during the respective period, including employees in Brazil, Russia and Kazakhstan.

(2) Unaudited. Numbers of employees are not adjusted correspondingly to reflect to the re-classification from fulfilment expenses to general and administrative expenses that has been used by the Company starting with the audited consolidated financial statements as of and for the year ended December 31, 2017.

(3) Taken from the comparative financial information of the Company's audited consolidated financial statements as of and for the year ended December 31, 2017. In the Company's audited consolidated financial statements as of and for the year ended December 31, 2017, employees were reclassified from fulfilment to administration in the comparative financial information for the year ended December 31, 2016 in order to reflect correspondingly the re-classification of

fulfilment expenses to general and administrative expenses. In the Company's audited financial statements as of and for the year ended December 31, 2016, in fulfilment for 2016 were reported 891 full time equivalent employees and in administration for 2016 were reported 517 full time equivalent employees.

(4) Excluding employees in Brazil, Russia and Kazakhstan.

As of the date of this Prospectus, Westwing had no pension commitments.

13.11 Real Property

Our headquarters are located at Moosacher Straße 84-88, 80809 Munich, Germany.

As of the date of this Prospectus, the Company does not own any real property. The following table provides an overview of all real property currently leased by the Group:

Location	Approximate size of effective area	Primary use
	(unaudited) (in sqm)	
Moosacher Straße 84-88, 80809 Munich, Germany...	6,418	Office/Administration
Am Lilograben 11, 14979 Großbeeren, Germany[(1)]...	21,255	Warehouse
św. Tomasz 4, 05-808 Parzniew, Poland[(2)]................	4,300	Warehouse
Via Zambeletti 17, 20021 Baranzate, Italy................	4,550	Warehouse
Via Crocefisso 21, 20122 Milano, Italy	800	Office
Viale Italia, 67, 20020 Lainate, Italy.........................	1,600	Office
Via Merano 7/9, 20020 Lainate, Italy	7,000	Photo Studio/Warehouse
Carrer de les Planes, 16 PP1 Les Arenelles Nave 1, 43814 Vila Rodona, Tarragona, Spain	10,165	Warehouse
Av. Diagonal 618, 8º, 08021 Barcelona, Spain..........	714	Office
15 Rue de la Briqueterie, 77470 Poincy, France	6,300	Office/Warehouse

(1) Will be closed in January 2019.

(2) Currently being expanded to 35,000 sqm.

13.12 Legal Proceedings

In the ordinary course of our business activities, we are regularly exposed to litigation, particularly in the areas of product warranty, guarantee claims, delivery and payment delays, competition law, intellectual property disputes, labor disputes and tax matters (see "*1.2.7 We may be involved in litigation or other proceedings that could adversely affect our business.*").

However, we are currently not involved in any legal dispute with a value exceeding €0.5 million, and have not been involved in any such proceedings during the past twelve months. Consequently, we are not aware of any governmental, legal or arbitration proceedings (whether pending or threatened) which may have, or have had, a significant effect on our financial position or profitability during the past twelve months. Furthermore, all of the legal disputes in which we are currently involved in the ordinary course of our business activities are in total currently not material for our business.

14. REGULATORY AND LEGAL ENVIRONMENT

We operate in several countries in the European Union as well as in Switzerland. Therefore, our business is subject to various regulatory requirements under European law and regulations of the EEA, the applicable national laws of the European countries in which we operate as well as the laws of Switzerland.

While the relevant laws and regulations are typically of a national scope, within the European Union, a considerable degree of regulatory harmonization exists in a number of areas relevant to our business. The European Union has created a common regulatory framework that applies not only in our most important market Germany but in all member states of the European Union and comprises directives and regulations. Directives only become effective once they are transposed into national law in the respective member state of the European Union and the implementation of directives may vary between member states. Regulations, however, do not require implementation into national law and apply directly and uniformly in all member states of the European Union. In addition, member states of the EEA (e.g., Switzerland) have enacted national regulatory frameworks that are somewhat similar to the framework applicable in the European Union.

The following description provides an overview of selected regulations applicable to our business.

14.1 Data Protection and Data Privacy

The collection, processing and other use of personal data is extensively regulated by European and national legislation. At the EU level, Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**Data Protection Regulation**") entered into force on May 25, 2018. In Germany, the Data Protection Regulation is supplemented and modified by the German Federal Data Protection Act (*Bundesdatenschutzgesetz* (the "**Data Protection Act**")), which was amended with effect from May 25, 2018.

In general, European data protection and data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how it may be transferred. The Data Protection Regulation contains strict requirements for obtaining the consent of data subjects (*i.e.*, the persons to whom personal data relates) to the use and processing of their personal data. Such consent may be withdrawn at any time and without causing, preventing the continued use of the affected data. In addition, a transfer of personal data to entities outside the EEA is subject to specific requirements.

The Data Protection Regulation also requires organizational measures such as the installation of a data protection officer (*Datenschutzbeauftragter*) who, among other things, monitors compliance with the Data Protection Regulation. In addition, it may require so-called privacy impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals.

In addition to the Data Protection Regulation and the Data Protection Act, various sector-specific statutes set forth specific rules which apply to certain industries or businesses and prevail over the general provisions of the Data Protection Act. Online retailers have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz* (the "**Tele Media Act**")), which takes into consideration particular aspects of online communication and may deviate from the Data Protection Act. For example, the Tele Media Act provides for additional information obligations which are stricter than the general requirements of the Data Protection Act (*e.g.*, a requirement to include an imprint on websites and apps).

The following selected areas of data protection and data privacy are of particular relevance to our business:

14.1.1 Individual Rights of Data Subjects

Under the Data Protection Regulation data subjects, among other things, have a right to require information about what data has been recorded with respect to them, how their data is being processed, the right to data portability as well as the right to restrict certain processing of their data. Furthermore, the Data Protection Regulation establishes a "right to be forgotten". Therefore, data subjects may require online retailers that data relating to such data subjects is deleted when there is a problem with the underlying legality of the processing or where the data subjects have withdrawn their consent to the use and storage of such data.

14.1.2 Web Analysis

Web analysis technologies such as cookies or tracking tools (*e.g.*, Google Analytics) enable us to utilize traffic to our websites and apps to personalize our offering and marketing efforts to better match the interests of our customers. Even though most web analysis tools allow for the anonymization of data (*i.e.*, by collecting only a part of the users' IP addresses) and do not allow for a subsequent allocation of such data to individual users, the use of such tools may still be subject to data privacy laws.

The use of cookies, which is currently regulated by, among other laws, the Data Protection Regulation, may be restricted further by the Regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications (Regulation on Privacy and Electronic Communications), which is currently undergoing the European legislative process and provides for an opt-in regime pursuant to which the use of cookies requires a clear affirmative act establishing a freely given, specific, informed and unambiguous indication of the respective user in the relevant website or app.

14.1.3 Profiling

The Data Protection Regulation imposes various restrictions on profiling. Profiling can be defined as any form of automated processing of personal data intended to evaluate certain personal aspects relating to a natural person or to analyze or predict such person's performance at work, economic situation, location, health, personal preferences, reliability or behavior. Such restrictions impede the ability of online retailers to offer more curated and personalized content which may require an analysis that could be considered profiling.

14.1.4 Email Advertisements

Subject to certain exceptions, email advertisements (*e.g.*, newsletters) may only be sent to recipients who have given their explicit prior consent to receiving such communication. In Germany, case law demands that in certain cases consent must be obtained by way of a so-called double-opt-in procedure. This procedure requires that recipients give their consent twice (*i.e.*, once by filling out an online registration form, a second time by confirming their email address after they have registered).

When obtaining the relevant consents, the respective sender has to clearly inform the recipients on the scope and consequences of their consent. For example, a declaration of consent may not be hidden in general terms and conditions but must be clearly highlighted. Consent may be withdrawn at any time without cause.

As an exception from the consent requirement, personalized product recommendations may be sent to customers by email without their explicit prior consent provided, among other things, that such recommendations only relate to products identical or similar to those previously purchased by the respective customer and that the customer has been duly informed about his right to object to receiving such recommendations.

14.1.5 Social Plugins

Online retailers use social plugins (*e.g.*, Facebook's "Like" or "Share" buttons) to promote their websites and apps through social media and to communicate with their customers and followers. However, the use of social plugins may infringe data privacy laws depending on the technical design of the relevant plugin. Therefore, some German data protection authorities recommend the use of a two-click-solution pursuant to which users must first activate the relevant social plugins before being able to actually click on the relevant buttons. This two-click-solution is aimed at ensuring that no personal data is collected through social plugins without the consent of the relevant user and assumes that consent is not already given by activating social plugins with the first click.

14.1.6 Payment Processes

Directive (EU) 2015/2366 of the European Parliament and of the Council of November 25, 2015 on payment services in the internal market covers, among other things, online-based payment services, provides for a uniform regulation of payments via internet and mobile phones and increased customer protection and requirements for user authentication.

14.1.7 Consequences of Non-Compliance

Under the Data Protection Regulation, any non-compliance with the relevant regulations may result in severe fines. Depending on the relevant infringement, fines of up to the higher of up to 4% of the annual worldwide turnover for the last year or €20.0 million may be imposed. In addition, the Data Protection Regulation grants individual data subjects the right to claim damages for violations of their rights under the Data Protection Regulation.

14.1.8 New Proposal for a Data Privacy Regulation

On January 10, 2017 the European Commission released a proposal for a regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications. While the proposal is still subject to legislative procedure and debate, it contains several provisions aimed at ensuring the confidentiality of electronic communications and also sets forth strict requirements for unsolicited communication as part of direct marketing efforts.

14.2 Cybersecurity

We are also required to comply with various cybersecurity requirements. In particular, the Data Protection Regulation and the Data Protection Act stipulate that entities that collect and process personal data (*e.g.*, most online retailers including Westwing) must implement certain technical and organizational measures to ensure that such data is processed and stored safely, remains confidential and can be restored and accessed again after interruptions. These measures may include physical security against unauthorized access and manipulation (*e.g.*, secure storage and transportation of physical data carriers), password security, authorization concepts, logging of subsequent changes of data, separation of data that has been collected for different purposes, reasonable encryption as well as protection against accidental loss, destruction or damage of data. Furthermore, the effectiveness of such measures must be tested regularly.

In addition, online retailers must ensure that appropriate compliance measures cover the detection and control of IT-related risks. In Germany, the German Act to Increase the Security of Information Technology Systems (*Gesetz zur Erhöhung der Sicherheit informationstechnischer Systeme*) amended the Tele Media Act in 2015. German law requires operators of websites and apps to protect their IT-infrastructure, particularly any data they collect and store, against outside attacks in accordance with the current standards of technology (*Stand der Technik*).

Directive (EU) 2016/1148 of the European Parliament and of the Council of July 6, 2016 concerning measures for a high common level of security of network and information systems (the "**NIS Directive**"), which was implemented in Germany on June 23, 2017, provides for additional requirements. The NIS Directive, among other things, requires digital service providers (*e.g.*, online marketplaces) to

- carefully review their existing network security mechanisms;
- implement state of the art security measures aimed at ensuring a level of security appropriate to the risk of the respective provider; and
- establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the European Union.

Furthermore, the Data Protection Regulation generally requires us to inform the competent supervisory authority of any breaches of personal data stored or processed by us within 72 hours of becoming aware of such breach. Where the relevant breach is likely to result in a high risk to the rights and freedoms of the affected data subjects, we are also required to inform these data subjects of such breach without undue delay.

14.3 Consumer Protection

As an online retailer of consumer products in the home & living industry, our products must comply with various consumer protection laws. Throughout the European Union, consumer protection is extensively regulated on the basis of various directives, in particular:

- Council Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts;

- Directive 1999/44/EC of the European Parliament and of the Council of May 25, 1999 on certain aspects of the sale of consumer goods and associated guarantees;
- Directive 2000/31/EC of the European Parliament and of the Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market;
- Directive 2005/29/EC of the European Parliament and of the Council of May 11, 2005 concerning unfair business-to-consumer commercial practices in the internal market; and
- Directive 2011/83/EU of the European Parliament and of the Council of October 25, 2011 on consumer rights (the "**Consumer Rights Directive**").

The aforementioned European directives on consumer protection and the national laws implementing or complementing these directives impose extensive duties and responsibilities on us, in particular:

14.3.1.1 Information Requirements

Online retailers are subject to extensive and formalized information requirements. For example, they have to provide potential customers with detailed and accurate information on the main characteristics of their products, price and payment details and on statutory withdrawal rights (see "*14.3.1.3 Withdrawal Rights*"). Online retailers have to observe these requirements when designing and structuring their websites and apps as well their ordering, payment and fulfilment processes.

As a result of changing legislation, online retailers are regularly required to adapt their offering and processes. For example, the Consumer Rights Directive requires online retailers to ensure that during the order process consumers explicitly acknowledge that their order implies an obligation to pay. If placing an order requires activating a button or a similar function, such button must be labelled "order with obligation to pay" or similarly labelled, and the retailer must ensure that consumers are made aware of certain key information relating to the purchase directly before placing orders by activating such button.

14.3.1.2 Warranty Rights

Online retailers, including Westwing, are responsible for the conformity of their products with the agreed condition and liable to consumers for any lack thereof at the time of delivery. In case of product defects, consumers may require the relevant retailer to repair or replace the relevant products free of charge. Consumers may even request the removal of the originally delivered products and the reassembly or installation of the replacement products.

14.3.1.3 Withdrawal Rights

Consumers have the right to withdraw from online purchases without cause within 14 days from the day on which the consumer comes into possession of the relevant products. Certain online retailers, including Westwing, may voluntarily extend such period for the exercise of withdrawal rights. Online retailers are required to inform consumers of their statutory withdrawal rights and failure to do so results in an extension of the withdrawal period by twelve months. Consumers must exercise their withdrawal rights by explicitly declaring their withdrawal (*e.g.*, in writing, per email or phone). A return of the relevant products without comment does not constitute a valid declaration of withdrawal.

Following a valid exercise of the statutory withdrawal right, the consumer is required to return the relevant products within 14 days. During the same period, the retailer is required to reimburse the purchase price, including shipping costs, if any. However, the retailer is not required to reimburse the consumer for any additional costs, if the consumer has expressly opted for a more expensive type of delivery (*e.g.*, express delivery). The consumer generally has to bear the expenses for the return, unless the retailer has agreed to bear them or failed to properly inform the consumer that he will have to bear such expenses in case of a withdrawal. In addition, the consumer is also required to compensate the seller for any loss in the value of the returned products, unless (i) such loss was caused by the customary handling of the products in order to examine their condition, features and functionalities or (ii) the seller has failed to properly inform the customer of his statutory withdrawal rights.

14.3.1.4 *Advertising*

Advertising efforts (*e.g.*, promotional games, newsletters and personalized product recommendations) are heavily regulated, in particular if distributed via email or telephone. Advertisements may not be misleading, harassing, coercing or unreasonably or otherwise unduly influence consumers. These criteria leave wide room for interpretation, resulting in significant uncertainty as to how and other competent bodies will apply them.

14.3.1.5 *Consequences of Non-Compliance*

Failure to comply with provisions on consumer protection may give rise to civil liability, administrative orders or fines and may even result in the invalidity of the affected agreements with the relevant purchasers.

14.4 Product Safety

14.4.1 Requirement to ensure Product Safety

Online retailers in the home & living industry who market their products in the European Union have to act with due care to help ensure that their products are safe. To this end, Directive 2001/95/EC of the European Parliament and of the Council of December 3, 2001 on general product safety, as amended (the "**Product Safety Directive**"), which has been implemented in Germany by the German Act on Product Safety (*Produktsicherheitsgesetz*) as well as various governmental regulations (*Rechtsverordnungen*) on the safety of specific products and product groups, imposes various obligations on manufacturers and retailers.

Under the Product Safety Directive, retailers are required to act with due care to ensure compliance of their products with the applicable safety requirements, in particular by not marketing products, if they know, or should have presumed, that such products do not comply with such safety requirements. The Product Safety Directive applies to all products which are intended for consumers, or likely to be used by consumers even if not intended for them, whether new, used or reconditioned. However, the Product Safety Directive does not apply to secondhand products supplied as antiques or as products that need to be repaired or reconditioned prior to being used, if the retailer clearly informs the consumer of this condition.

In addition, retailers are generally required to participate in the monitoring of the safety of their products, especially by passing on information with respect to product risks, by keeping and providing the documentation necessary for tracing the origins of their products, and by cooperating with manufacturers and competent governmental authorities to mitigate risks from defective products. Retailers may also become subject to the even more extensive regulations relating to producers under the Product Safety Directive, for example if they modify their products in a way that affects the safety of such products.

14.4.2 Safety Requirements for Individual Products

Depending on the nature of our home & living products, in particular the individual materials used in the manufacture of such products, certain products may be subject to additional regulations, including:

- Regulation (EC) no. 1907/2006 of the European Parliament and of the Council of December 18, 2006 concerning the registration, evaluation, authorization and restriction of chemicals (REACH), as amended;
- the German Act on Food, Feed and Consumer Products (*Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch*);
- the German Consumer Goods Ordinance (*Bedarfsgegenständeverordnung*); and
- Regulation (EU) No. 995/2010 of the European Parliament and of the Council of October 20, 2010 laying down the obligations of operators who place timber and timber products on the market.

Such regulations are primarily aimed at protecting the health of consumers that come into contact with certain products and grant extensive powers to the competent governmental authorities in order to supervise the compliance of retailers with their legal duties. In addition, they relate to the correct labelling of our products.

14.4.3 Consequences of Non-Compliance

A violation of European or national product safety laws and related regulations may be sanctioned with fines and in severe cases even with criminal sanctions.

The German Product Liability Act (*Produkthaftungsgesetz* (the "**Product Liability Act**")) provides for an additional liability regime with respect to products that cause injury or death of a natural person or damage to property and such liability generally applies irrespective of fault (*verschuldensunabhängig*). Under the Product Liability Act, retailers are generally considered manufacturer with respect to establishing their product liability obligations. The Product Liability Act provides for a liability limit (*Haftungshöchstbetrag*) in an amount of €85.0 million. In addition, in case of damage to property, the owner of such property is required to bear damages in an amount of €500.00 himself.

14.5 Trademarks

The registration and protection of trademarks is regulated by international, European and national legislation:

- On an international level, trademark registration and protection are, among other things, governed by the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on September 28, 1979 (the "**MMA**"), the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on November 12, 2007 (the "**PMMA**"), and the Paris Convention for the Protection of Industrial Property of March 20, 1883, as last amended on September 28, 1979.

- On the European level, trademarks are governed by Directive 2008/95/EC of the European Parliament and of the Council of October 22, 2008 on the approximation of the laws of the member states relating to trademarks and, with respect to the creation of a union-wide trademark registration and protection regime, by Council Regulation (EC) 207/2009 of February 26, 2009 on the on the community trademark. In March 23, 2016, Regulation (EC) 207/2009 was amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council of December 16, 2015, which provides for different trademark fees, technical changes as well as institutional changes to the EUIPO. As part of a legislative package to reform the European trademark regime, the Directive 2008/95/EC will be replaced by Directive (EU) 2015/2436 of the European Parliament and of the Council of December 16, 2015 to approximate the laws of the member states relating to trademarks, which will become effective on January 15, 2019.

- In Germany, trademarks are governed by the German Federal Trademark Act (*Markengesetz*).

Trademarks may be registered with the respective national trademark authority (*e.g.*, the German Patent and Trade Mark Office (*Deutsches Patent- und Markenamt*)), as well as with EUIPO for union-wide registration, and, following either national or union-wide registration, via the World Intellectual Property Organization in countries which are parties to the MMA or PMMA for 10-year periods. Such registrations may be renewed repeatedly. Upon receiving an application, the EUIPO will examine whether there are grounds for refusal of granting the trademark registration (*e.g.*, due to earlier, identical or similar trademarks registered in a member state of the European Union or a lack of distinctive character of the relevant trademark). Furthermore, proprietors of earlier trademarks may oppose the application for registration within three months of the publication of the application (*e.g.*, if the new trademark and the products or services sold thereunder are identical or similar to their trademark and the products or services sold thereunder). Upon registration of a European trademark, the proprietor is entitled to prohibit any third party from using such trademark commercially without his prior consent. In addition, national trademark laws of the member states of the European Union stipulate that the proprietor of a European trademark is entitled to, amongst others, receive compensation for damages arising from the illegal use his trademark.

14.6 Internet Domains

The reservation, transfer and renewal of generic top-level internet domains (*e.g.*, ".com") and national top-level internet domains (*e.g.*, ".de") are administered by the Internet Corporation for Assigned Names and Numbers ("**ICANN**"), which is an US-based non-profit organization. The reservation, transfer and renewal of second-level internet domains are administered by certain registrars who are accredited by ICANN. In Germany, internet domains ending with ".de" are administered by DENIC eG ("**DENIC**"), a German non-profit organization. Reservations of second level internet domains are made by DENIC depending on who is the first applicant for the relevant domain.

If a domain infringes on trademarks or name rights, the proprietor of the relevant trademarks or name rights can under certain conditions file an injunction to prevent the registration or use of such domain. Such proprietor may also be entitled to compensation for damages arising from infringements on such rights. Furthermore, specific dispute resolution proceedings are available for disputes over domains, including with respect to infringements of trademark or name rights. For example, the Uniform Domain-Name Dispute Resolution Policy of the ICANN applies to disputes over the abusive reservation and use of domains for generic and certain national top-level domains.

In Germany, DENIC refers to the German courts for any disputes arising from the reservation and use of national domains. German courts may, among other things, approve requests for the cancellation of domains, but not for the transfer of the disputed domains. However, if an entry on the disputed domain has been made with DENIC, such domain is transferred automatically to the claimant upon cancellation of the relevant domain by the courts. In addition, holders of domains who are also proprietors of trademarks corresponding to such domains can under certain conditions defend their domains *vis-à-vis* third parties against abusive reservation or use on the grounds of trademark protection.

15. SHAREHOLDER INFORMATION

15.1 Current Shareholders

The following table sets forth the direct and indirect shareholders of the Company, which, as of the date of this Prospectus, directly or indirectly, have a notifiable interest in the Company's capital and voting rights in the meaning of Sections 21 et seqq. of the German Securities Trading Act (WpHG), immediately prior to the Offering and their expected shareholdings, together with the expected shareholdings of the public float, upon completion of the Offering.

On April 22, 2016, the Company and certain then-existing shareholders of the Company (i.e., Rocket Internet SE, Jade 1317. GmbH, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Kinnevik Online AB, RI Digital Ventures GmbH, TEC Global Invest IV GmbH, JaToPa GmbH, Holding Italiana Quattordicesima S.p.A., Odey Asset Management LLP acting in its capacity as investment manager for and on behalf of CF Odey Absolute Return Fund, Reti Televisive italiane S.p.A., Fidelity Funds SICAV in respect of Fidelity Funds – European Smaller Companies Pool (F/ESM), Fidelity Funds SICAV in respect of Fidelity Funds – European Smaller Companies Pool Two (F/SCT), SHCO 57 S.à r.l., The Nikamon Fund SPC Limited, Kreos Capital IV (Expert Fund) Limited, Broad Street Principal Investments L.L.C., together the "**Warrant Holders**") entered into a warrant agreement, pursuant to which the Warrant Holders were granted warrant rights enabling them to acquire shares in the Company. On August 7, 2018, the Company and the Warrant Holders entered into another agreement (the "**Warrant Agreement**") amending the warrant agreement from April 22, 2016 in order to allow for the preliminary settlement of the warrant rights by issuing 11,912 new shares in the Company to the Warrant Holders. The final settlement of the warrant rights will be based on a transfer of shares among Warrant Holders and the other shareholders of the Company existing before the IPO in order to realize the percentage of shareholdings as provided for in the original warrant agreement from April 22, 2016, if the valuation of the shares of the Company in the course of the IPO falls below the valuation underlying the preliminary settlement of the warrant rights (i.e. an equity valuation of the Company of €480 million on a non-diluted basis based on 91,702 outstanding shares at the relevant point in time and a share price of €5,229.00 each) or if the IPO process is delayed by no more than four months after the date of the preliminary settlement of the warrant rights. The potential transfer of shares in the course of the final settlement of the warrant rights will lead to changes in the ownership percentages of the Company of less than 1 percentage points per shareholder (based on an equity valuation of the Company ranging from €330 million to €450 million on a non-diluted basis at the relevant point in time). However, no further adjustments among the relevant shareholders are required, if the valuation of the Company will be above the valuation underlying the preliminary settlement. The presentation of the ownership percentages in the following table is based on the assumption that no further share transfers among Warrant Holders and shareholders existing before the IPO are required.

		Beneficial (Indirect) Ownership of the Company		
			upon completion of the Offering	
Ultimate Shareholder	**Direct Shareholder**	**immediately prior to the Offering**	**(no exercise of Greenshoe Option)**	**(full exercise of Greenshoe Option)**
			(in %)	
Rocket Internet SE[1][2]	Rocket Internet SE/Jade 1317. GmbH/Bambino 53. V V GmbH	30.04	23.41	22.66
Kinnevik AB[2][3]	Kinnevik Online AB	17.64	13.75	13.31
Len Blavatnik[2][4]	AI European Holdings S.à r.l.	9.72	7.58	7.34
Summit Partners Europe, Ltd., Summit Master Company, LLC[2][5]	Summit Partners RKT S.à r.l.	9.66	7.53	7.29
Tengelmann Verwaltungs- und Beteiligungs GmbH[6]	Tengelmann Ventures GmbH	6.59	5.13	4.97
–	Odey Asset Management LLP	4.04	3.15	3.05
Other shareholders[2][7]		22.12	17.24	16.69
Treasury shares[2][8]		0.18	0.14	0.14
Public float		–	22.06	24.56
Total		**100.00**	**100.00**	**100.00**

(1) Rocket Internet SE holds 1,004,850 shares in the Company directly and 3,554,400 shares indirectly through Jade 1317. GmbH. In addition, Bambino 53. V V GmbH ("**Bambino**"), a wholly owned subsidiary of Rocket Internet SE, holds 109,800 shares in the Company, predominantly as trustee for various persons. Due to Rocket Internet SE's ownership of all shares in Bambino, these shares in the Company are attributed to the holdings of Rocket Internet SE. However, the voting rights attached to the shares in the Company held by Bambino as trustee are exercised at the direction of the relevant trustor and therefore are also attributable to such trustor.
(2) The voting rights directly or indirectly held by these entities are attributable to each other as they are deemed to be acting in concert within the meaning of Section 34 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*).
(3) The voting rights held by Kinnevik Online AB are attributed to Kinnevik AB. Kinnevik AB intends to transfer the shares held by Kinnevik Online AB to Kinnevik Internet Lux S.à r.l. prior to completion of this Offering. The voting rights to be held by Kinnevik Internet Lux S.à r.l. will also be attributed to Kinnevik AB.
(4) The voting rights held by AI European Holdings S.à r.l. are attributed to Len Blavatnik through AI European Holdings LP, AI European Holdings GP, Access Industries Investment Holdings LLC, AI SMS LP, AI International GP Ltd., Access Industries Holdings LLC, Access Industries Holdings (BVI) LP, Access Industries, Inc. and LB Grantor Trust 2002.
(5) Summit Partners Europe, Ltd. and Summit Master Company, LLC are the ultimate controlling shareholders of the Company's direct shareholder Summit Partners RKT S.à r.l.
Summit Partners RKT S.à r.l.'s voting rights are attributed to Summit Partners Europe, Ltd. through Summit Partners Europe, L.P., Summit Partners Europe Private Equity Fund, L.P. and Summit RKT EURO Ltd.
Summit Partners RKT S.à r.l.'s voting rights are attributed to Summit Master Company, LLC through Summit Partners, L.P., Summit Partners PE VII, LLC, Summit Partners PE VII, L.P., Summit Partners Private Equity Fund VII-A, L.P., Summit RKT VII-B Cayman Ltd., Summit RKT VII-B Holdings, L.P., Summit Investors Management, LLC, Summit Investors I, LLC and Summit Investors I (UK), L.P.
All voting rights directly held by Summit Partners RKT S.à r.l. are also attributed to Summit Partners, L.P. in its function as registered investment advisor with regard to all investment decisions including voting and dispositive power with respect to any investment made by Summit Partners RKT S.à r.l.
(6) The voting rights held by Tengelmann Ventures GmbH are attributed to Tengelmann Verwaltungs- und Beteiligungs GmbH through Tengelmann Ventures Management GmbH and Tengelmann Warenhandelsgesellschaft KG.
(7) Includes all shareholders with shareholdings of less than 3% in the Company's share capital immediately prior to the Offering, excluding treasury shares. Includes 404,550 shares held by Stefan Smalla, 259,800 shares held by Rocket Internet Capital Partners (Euro) SCS and 451,950 shares held by Rocket Internet Capital Partners SCS.
(8) As of the date of this prospectus, the Company holds 28,650 treasury shares.

Rocket Internet SE, as the Lending Shareholder, will provide the Stabilization Manager with up to 660,000 Over-Allotment Shares in the form of a securities loan. In connection with the Over-Allotment, the Company will grant the Joint Bookrunners the Greenshoe Option, *i.e.*, an option to acquire up to 660,000 additional Company's shares at the Offer Price less agreed commissions, for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan with the Lending Shareholder.

15.2 Controlling Interest

As of the date of this Prospectus, Rocket Internet SE, together with companies controlled by Rocket Internet SE, owns more than 30% of the voting rights in the Company and is, therefore, considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* ("**WpÜG**")). The voting rights of Rocket Internet SE do not differ in any respect from the rights attached to any other shares, including the Offer Shares. The limits imposed under German law, in particular the German Stock Corporation Act (*Aktiengesetz*), on the ability of a controlling shareholder to unduly exercise any control, have been observed by Rocket Internet SE and the Company. There are no special provisions in the Articles of Association to ensure that such control is not abused.

Assuming a placement of all Offer Shares, full exercise of the Greenshoe Option and no purchase of Offer Shares by Rocket Internet SE, Rocket Internet SE will continue to directly and indirectly less than 30% of the voting rights of the Company's outstanding shares and, accordingly, not be deemed to control the Company.

On August 7, 2018, AI European Holdings S.à r.l., Kinnevik Online AB (to be replaced by Kinnevik Internet Lux S.à r.l.), Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, Rocket Internet SE and Summit Partners RKT S.à r.l. entered into a voting agreement (the "**Voting Agreement**"), pursuant to which they agreed to uniformly exercise their voting rights in the Company's shareholders' meeting with regard to the composition of the Company's supervisory board. Nomination rights under the Voting Agreement cease to apply for the benefit of any party that holds less than 6% of the share capital. Such party remains, however, obliged to vote in favor of representatives of other parties nominated pursuant to the Voting

Agreement. The Voting Agreement automatically terminates two years after the closing of the IPO. As a consequence of this Voting Agreement, the respective shareholdings of the parties to the Voting Agreement will be attributed to each other for the purposes of establishing control due to an acting in concert within the meaning of Sections 29 para. 2 and 30 para. 2 of the WpÜG. Accordingly, for the duration of the Voting Agreement, each party to the Voting Agreement will be deemed to hold a controlling interest in the Company pursuant to the WpÜG due to their combined aggregate shareholding of currently more than 48.2% of the voting rights in the Company. Assuming a placement of all Offer Shares and full exercise of the Greenshoe Option, the parties to the Voting Agreement will continue to hold approximately 36.3% of the voting rights in the Company. As a result, the parties to the Voting Agreement will continue to hold a controlling interest in the Company pursuant to the WpÜG.

16. GENERAL INFORMATION ON THE COMPANY AND WESTWING

16.1 Formation, Incorporation, Commercial Name and Registered Office

The Company's legal predecessor was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law by memorandum of association (*Gesellschaftsvertrag*) dated September 12, 2011. Its legal name was Jade 1290. GmbH, with its registered office in Berlin, Germany, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 136693 B.

By resolution of the shareholders' meeting of May 7, 2014, the memorandum of association was amended and the Company's legal name was changed to Westwing Group GmbH.

By resolution of the shareholders' meeting of August 7, 2018, the Company changed its legal form from a limited liability company (*Gesellschaft mit beschränkter Haftung*) to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to Westwing Group AG. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the Company's new docket number HRB 199007 B on August 16, 2018.

As a company registered in Germany, the Company is subject to German law applicable to a German stock corporation (*Aktiengesellschaft*). Thus, the AktG, governing, amongst others, capital measures of the Company (*e.g.*, capital increases and reductions) and the Company's shareholders' meetings, as well as other laws applicable to German stock corporations (in particular the German Transformation Act (*Umwandlungsgesetz* ("**UmwG**")), the HGB, the WpHG and the WpÜG apply to the Company.

The Company's legal name is Westwing Group AG. The Company is the parent company of the Group and primarily operates under the commercial name "Westwing".

The Company has its business address at Moosacher Straße 88, 80809 Munich, Germany (telephone: +49 89550544323), and is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 199007 B.

16.2 Fiscal Year and Duration

The Company's fiscal year is the calendar year. The Company has been established for an unlimited duration.

16.3 Our History

The Company was founded in Munich, Germany, in 2011 and is one of Germany's first home & living eCommerce companies. We subsequently focused on compiling a broad and relevant home & living product offering and rapidly expanded our business. During these expansion efforts, our revenue from continuing operations grew rapidly reaching €220 million in 2017. Today, we are a leading international and profitable eCommerce company for home & living, offering the latest trends in home décor and furnishing products with market leading positions in eleven countries across Europe, including Germany, Austria and Switzerland.

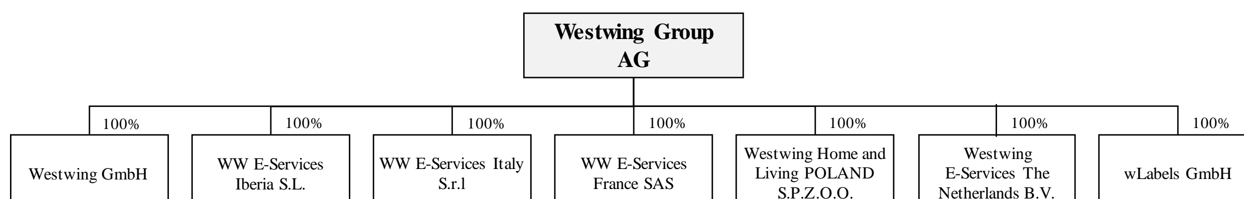
16.4 Corporate Purpose

Pursuant to Section 2 para. 1 of the Articles of Association, the Company's corporate purpose is the development, marketing and provision of internet services (eCommerce covering goods of different kinds, in particular fitments, furniture, decoration accessories, antiques, home textiles and similar products), the provision of logistic services, digital services and all other services relating to the aforementioned business inside and outside of Germany through subsidiaries or otherwise. Pursuant to Section 2 para. 2 of the Articles of Association, the Company can engage in all businesses connected to the corporate purpose of the Company favoring same or directly or indirectly promoting same. The Company may acquire and hold shares in other companies, which have the same or similar corporate objects. The Company may establish branches in Germany or abroad and may transact any and all business which may promote the object of the Company. The Company may restrict its corporate purpose to some of the aforementioned activities.

16.5 Group Structure

The Company is the parent company of the Group. The Group's business is conducted by the Company and its various subsidiaries. The Group comprises all companies whose financial and business policy can be controlled by the Company, either directly or indirectly, and the equity interests of the Group whose financial and business policy can be influenced by the Company to a significant extent. As of the date of this Prospectus, the Group comprises seven companies in six countries.

The following diagram provides an overview (in simplified form) of the Company's significant subsidiaries as of the date of this Prospectus:



16.6 Significant Subsidiaries

The following table presents an overview of the Company's significant direct and indirect subsidiaries:

As of the date of this Prospectus		As of and for the year ended December 31, 2017				
Name and registered office	Company's share of capital(3)	Issued capital	Capital reserves(1)	Result for the year(2)	Payables to the Company(1)	Receivables from the Company(1)
	(in %)	(in €)	(in € thousand)	(in € million)	(in € thousand)	(in € thousand)
Westwing GmbH	100.00	41,072	1,584	(5.4)	53,572	4,406
WW E-Services Iberia S.L.	100.00	3,000	19,100	0.5	–	4,137
WW E-Services Italy S.r.l.	100.00	10,000	26,716	2.5	–	11,677
WW E-Services France SAS	100.00	24,629,380	–	(2.8)	51	–
Westwing Home and Living POLAND S.P.Z.O.O.	100.00	240,772	13,882	(0.8)	208	61
Westwing E-Services The Netherlands B.V.	100.00	18,000	15,000	(3.8)	–	10
wLabels GmbH	100.00	25,000	4,824,231	(1.0)	12,392	–

(1) Based on IFRS.
(2) Taken from the unconsolidated financial statements of the Company as of and for the year ended December 31, 2017.
(3) Assumes the implementation of a capital increase by the Company in the course of which the Company intends to acquire a total of 6,730 shares in various of its subsidiaries, which have been issued prior to the conversion of the Company into a stock corporation to founders, members of the management, employees as well as supporters of the Company or entities that hold such shares as trustee for employees and/or supporters of the Company, against the issuance of 487,350 new shares in the Company (see "*17.2. Development of the Share Capital*").

16.7 Auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Munich, Arnulfstraße 59, 80636 Munich, Germany, has audited in accordance with Section 317 HGB and German generally accepted standards for financial statement audits (i) the Company's German-language unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the HGB as of and for the year ended December 31, 2017, and (ii) the Company's German-language consolidated financial statements prepared in accordance with IFRS and the additional requirements of German commercial law as of and for the years ended December 31, 2017, 2016 and 2015.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has issued unqualified German-language independent auditor's reports (*uneingeschränkte Bestätigungsvermerke des unanbhängigen Abschlussprüfers*) on the aforementioned unconsolidated financial statements and consolidated financial statements of the Company as of and for the year ended December 31, 2017 and unqualified German-language audit opinions (*uneingeschränkte Bestätigungsvermerke*) on the aforementioned consolidated financial statements of the Company as of and for the years ended December 31, 2016 and 2015.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

16.8 Announcements and Paying Agent

Pursuant to the Articles of Association, the Company's announcements are published in the German Federal Gazette (*Bundesanzeiger*), unless provided otherwise by mandatory law.

Pursuant to Section 14 para. 2 WpPG, this Prospectus, as well as any supplements thereto, will be published on the Company's website www.westwing.com under the "Investor Relations" section. Printed copies of this Prospectus are available from the Company free of charge during normal business hours at the following address: Westwing Group AG, Moosacher Straße 88, 80809 Munich, Germany.

The paying agent is Citibank, N.A., London Branch, United Kingdom. The mailing address of the paying agent is: Citigroup Centre, Canada Square, London E14 5LB, United Kingdom.

17. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

17.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €15,542,100.00 and is divided into 15,542,100 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany.

As of the date of this Prospectus, the Company holds 28,650 treasury shares. The remaining 15,513,450 existing shares of the Company are held by the existing shareholders (for further information, see "*14. Shareholder Information*").

17.2 Development of the Share Capital

The Company's share capital has developed as follows:

The Company was initially incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) with a share capital of €25,000.00.

The following table sets forth the increases of the Company's share capital up until the transformation of the Company into a German stock corporation (*Aktiengesellschaft*):

Date of shareholder or Management Board resolution	Nominal amount of capital increase	Resulting share capital	Date of registration in the commercial register
	(in €)		
October 17, 2011[(1)]	6,250.00	31,250.00	December 16, 2011
December 8, 2011[(2)]	4,385.00	35,635.00	January 24, 2012
February 15, 2012[(3)]	11,696.00	47,331.00	March 26, 2012
May 30, 2012[(4)]	7,889.00	55,220.00	June 26, 2012
January 25, 2013[(5)]	4,437.00	59,657.00	February 27, 2013
March 4, 2013[(6)]	1,460.00	61,117.00	March 18, 2013
May 13, 2013[(7)]	732.00	61,849.00	June 6, 2013
May 14, 2013[(8)]	731.00	62,580.00	August 13, 2013
September 19, 2013[(9)]	5,332.00	67,912.00	September 30, 2013
October 11, 2013[(10)]	800.00	68,712.00	November 11, 2013
October 29, 2013[(11)]	800.00	69,512.00	November 14, 2013
November 8, 2013[(12)]	2,666.00	72,178.00	November 22, 2013
December 16, 2013[(13)]	1,333.00	73,511.00	December 27, 2013
January 10, 2014[(14)]	3,675.00	77,186.00	February 11, 2014
January 29, 2014[(15)]	2,297.00	79,483.00	February 25, 2014
February 25, 2014[(16)]	1,148.00	80,631.00	March 14, 2014
May 7, 2014[(17)]	460.00	81,091.00	June 18, 2014
December 23, 2014[(18)]	4,818.00	85,909.00	February 4, 2015
March 24, 2015[(19)]	5,793.00	91,702.00	April 22, 2015
August 23, 2018[(20)]	11,912.00	103,614.00	September 3, 2018
August 23, 2018[(21)]	15,438,486.00	15,542,100.00	September 3, 2018

(1) The shares were issued against contributions in cash in an amount of €1.00 per share.
(2) The shares were issued against contributions in cash in an amount of €1,367.99 per share.
(3) The shares were issued against contributions in cash in an amount of € 1,368.10 per share.
(4) The shares were issued against contributions in cash in an amount of € 3,803.00 per share.
(5) The shares were issued against contributions in cash in an amount of €3,422.70 per share.
(6) The shares were issued against contributions in cash in an amount of €3,422.70 per share.
(7) The shares were issued against contributions in cash in an amount of €3,421.70 per share.
(8) The shares were issued against contributions in cash in an amount of €3,421.70 per share.
(9) The shares were issued against contributions in cash in an amount of €3,750.74 per share.
(10) The shares were issued against contributions in cash in an amount of €3,750.74 per share.
(11) The shares were issued against contributions in cash in an amount of €3,750.74 per share.
(12) The shares were issued against contributions in cash in an amount of €3,750.74 per share.
(13) The shares were issued against contributions in cash in an amount of €3,750.74 per share.
(14) The shares were issued against contributions in cash in an amount of €4,353.09 per share.
(15) The shares were issued against contributions in cash in an amount of €4,353.09 per share.

(16) The shares were issued against contributions in cash in an amount of €4,353.09 per share.
(17) The shares were issued against contributions in cash in an amount of €4,353.09 per share.
(18) The shares were issued against contributions in cash in an amount of €5,228.69 per share.
(19) The shares were issued against contributions in cash in an amount of €5,228.69 per share.
(20) The shares were issued against payment of €11,912 and the settlement of the warrants, which were valued at €40.5 million as of August 23, 2018.
(21) The shares were issued in a capital increase from own resources.

On April 22, 2016, the Warrant Holders entered into the Original Warrant Agreement pursuant to which the Warrant Holders provided the Company with capital in the total amount of approximately €24 million. In return the Warrant Holders were granted warrant rights enabling them to acquire a certain number of new shares in the Company for their nominal value against contribution in cash without further investment. At the time of the grant, the shares to be issued to the Warrant Holders upon exercise equaled 7.7% of the Company's then-existing share capital. The number of shares to be issued to the relevant Warrant Holder is based on the effective conversion value of his warrant rights equaling his original investment increased by a based on a time-based discount and a fixed discount at a maximum conversion price of €5,229.00 and depends on the value of the shares of the Company at the time the warrants are exercised. The warrant rights are exercisable upon the occurrence of certain exercise events, including an IPO of the shares of the Company. On August 7, 2018 the Original Warrant Agreement was amended and restated the Warrant Agreement in order to allow for a settlement of the warrant rights in contemplation of the IPO. In the course of the settlement provided for in the Warrant Agreement, the warrant rights were preliminarily settled in a first step through the issuance of 11,912 new shares in the Company to the Warrant Holders, based on a time-based discount and a fixed discount at a maximum conversion price of €5,229.00 (all numbers before capital increase from own resources). The Management Board and active management received additional 2,296 options to be compensated for the dilution from the settlement of the warrant rights. The final settlement of the warrant rights will be based on a transfer of shares among Warrant Holders and the other shareholders of the Company existing before the IPO in order to realize the percentage of shareholdings as provided for in the original warrant agreement from April 22, 2016, if the valuation of the shares of the Company in the course of the IPO falls below the valuation underlying the preliminary settlement of the warrant rights or if the IPO process is delayed by no more than four months after the date of the preliminary settlement of the warrant rights. However, no further adjustments among the relevant shareholders are required, if the valuation of the Company will be above the valuation underlying the preliminary settlement. No additional new shares will be issued by the Company as part of the final settlement.

Upon registration of the IPO Capital Increase, the Company's share capital will be increased from €15,542,100.00 by up to €4,400,000.00 to up to €19,942,100.00. The consummation of the IPO Capital Increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, Germany, on or about October 10, 2018.

Assuming full exercise of the Greenshoe Option, the Company will issue an additional up to 660,000 bearer shares with no par value (*Stückaktien*) from the Authorized Capital 2018/VI. In such event, the Company's outstanding share capital will amount to up to €20,602,100.00 and be divided into up to 20,602,100 bearer shares with no par value (*Stückaktien*).

The Company intends to acquire a total of 6,730 shares in various of its subsidiaries, which have been issued prior to the conversion of the Company into a stock corporation to founders, members of the management, employees as well as supporters of the Company or entities that hold such shares as trustee for employees and/or supporters of the Company. For the purpose of the acquisition of the shares in this subsidiaries the Company will implement a capital increase in the course of which the Company's registered share capital will be increased by €487,350.00 through the issuance of 487,350 new ordinary bearer shares to the holders of the relevant shares in the subsidiaries, which will in return contribute such shares in the subsidiaries into the Company.

17.3 Authorized Capital

As of the date of this Prospectus, the Articles of Association provide for the following authorized capitals:

17.3.1 Authorized Capital 2018/I

Pursuant to Section 4 para. 3 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until August 6, 2023, with the consent of the Supervisory Board once or repeatedly, by up to a total of €90,000.00 through the issuance of up to 90,000 new bearer shares with no par

value (*auf den Inhaber lautende Stückaktien*) against contributions in cash (the "**Authorized Capital 2018/I**"). The subscription rights of the shareholders are excluded. The Authorized Capital 2018/I serves to secure subscription rights (option rights) as to shares in the Company that have been granted by the Company prior to the conversion of the Company into a stock corporation to an entity affiliated with a lender of the Company in the course of the financing of the Company's business in accordance with the agreement concluded between the Company and the affiliated entity on April 12, 2013. The shares which will be created from the Authorized Capital 2018/I may only be issued for this purpose. A capital increase may be implemented only to the extent as the holder of the option rights exercises his option rights. The new shares shall bear the right to participate in the profits of the Company from the beginning of the year in which they have been issued. The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the consent of the Supervisory Board. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2018/I or upon expiry of the period for utilization of the Authorized Capital 2018/I.

17.3.2 Authorized Capital 2018/II

Pursuant to Section 4 para. 4 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until August 6, 2023, with the consent of the Supervisory Board once or repeatedly, by up to a total of €3,088.00 by the issuance of up to 3,088 new bearer shares with no par value (*auf den Inhaber lautende Stückaktien*) against contributions in cash (the "**Authorized Capital 2018/II**"). The subscription rights of the shareholders are excluded. The Authorized Capital 2018/II serves to secure subscription rights (option rights) as to shares in the Company that have been granted by the Company prior to the conversion of the Company into a stock corporation to shareholders and supporters in the course of the financing of the Company's business in accordance with an agreement concluded between the Company and the respective beneficiaries on August 7, 2018. The shares which will be created from the Authorized Capital 2018/II may only be issued for this purpose. A capital increase may be implemented only to the extent as the holders of the option rights exercise their option rights. The new shares shall bear the right to participate in the profits of the Company from the beginning of the year in which they have been issued. The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the consent of the Supervisory Board. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2018/II or upon expiry of the period for utilization of the Authorized Capital 2018/II.

17.3.3 Authorized Capital 2018/III

Pursuant to Section 4 para. 5 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until August 6, 2023, with the consent of the Supervisory Board once or repeatedly, by up to a total of €67,500.00 by the issuance of up to 67,500 new bearer shares with no par value (*auf den Inhaber lautende Stückaktien*) against contributions in cash (the "**Authorized Capital 2018/III**"). The subscription rights of the shareholders are excluded. The Authorized Capital 2018/III serves to secure subscription rights (option rights) as to shares in the Company that have been granted by the Company prior to the conversion of the Company into a stock corporation to an entity affiliated with a lender of the Company in the course of the financing of the Company's business in accordance with an agreement concluded between the Company and the affiliated entity on January 10, 2017. The shares which will be created from the Authorized Capital 2018/III may only be issued for this purpose. A capital increase may be implemented only to the extent as the holder of the option rights exercises his option rights. The new shares shall bear the right to participate in the profits of the Company from the beginning of the year in which they have been issued. The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the consent of the Supervisory Board. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2018/III or upon expiry of the period for utilization of the Authorized Capital 2018/III.

17.3.4 Authorized Capital 2018/IV

Pursuant to Section 4 para. 6 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until August 6, 2023, with the consent of the Supervisory Board once or repeatedly, by up to a total of €101,250.00 by the issuance of up to 101,250 new bearer shares with no par value (*auf den Inhaber lautende Stückaktien*) against contributions in cash (the "**Authorized Capital 2018/IV**"). The subscription rights of the shareholders are excluded. The Authorized Capital 2018/IV serves to secure subscription rights (option rights) as to shares in the Company that have been granted by the Company prior to the conversion of the Company into a stock corporation to a supporter of the Company in the course of the

financing of the Company's business in accordance with an agreement concluded between the Company and the supporter on March 23, 2018. The shares which will be created from the Authorized Capital 2018/IV may only be issued for this purpose. A capital increase may be implemented only to the extent as the holder of the option rights exercises his option rights. The new shares shall bear the right to participate in the profits of the Company from the beginning of the year in which they have been issued. The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the consent of the Supervisory Board. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2018/IV or upon expiry of the period for utilization of the Authorized Capital 2018/IV.

17.3.5 Authorized Capital 2018/V

Pursuant to Section 4 para. 7 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until August 6, 2023, with the consent of the Supervisory Board once or repeatedly, by up to a total of €4,350,000.00 by the issuance of up to 4,350,000 new bearer shares with no par value (*auf den Inhaber lautende Stückaktien*) against contributions in cash or kind (the "**Authorized Capital 2018/V**"). The subscription rights of the shareholders are excluded. The Authorized Capital 2018/V serves to secure subscription rights (option rights) as to shares in the Company that have been granted or promised by the Company prior to the conversion of the Company into a stock corporation to managing directors and employees of the Company and its direct and indirect subsidiaries in the time period between February 1, 2013 and August 3, 2018. The shares which will be created from the Authorized Capital 2018/V may only be issued for this purpose. A capital increase may be implemented only to the extent as the holders of the option rights exercise their option rights. The new shares shall bear the right to participate in the profits of the Company from the beginning of the year in which they have been issued. The Management Board is authorized to determine any further details of the capital increase and its implementation, subject to the consent of the Supervisory Board. If members of the Management Board of the Company are involved, the Supervisory Board decides alone. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2018/V or upon expiry of the period for utilization of the Authorized Capital 2018/V.

17.3.6 Authorized Capital 2018/VI

Pursuant to Section 4 para. 8 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company until September 20, 2023, with the consent of the Supervisory Board once or repeatedly, by up to a total of €3,159,212.00 by the issuance of up to 3,159,212 new bearer shares with no par value (*auf den Inhaber lautende Stückaktien*) against contributions in cash or kind (the "**Authorized Capital 2018/VI**"). In principle, the shareholders of the Company are to be granted subscription rights. The shares may also be subscribed by one or more credit institution(s) or enterprise(s) with the obligation to offer the shares to the shareholders of the Company pursuant to Section 186 para. 5 AktG (so-called indirect subscription right). The subscription rights of the shareholders are excluded for one or more capital increases in the context of the Authorized Capital 2018/VI, if the utilization of the Authorized Capital 2018/VI occurs in order to offer shares by way of a public offer in the Federal Republic of Germany and by way of a private placement in other jurisdictions outside the Federal Republic of Germany at a sale price to be determined by the Management Board which requires the consent of the Supervisory Board or of a committee formed by the Supervisory Board, in each case together with a listing of the Company's shares at a German stock exchange and/or if the utilization of the Authorized Capital 2018/VI occurs in order to fulfil an option for the acquisition of additional new shares (Greenshoe Option) agreed on with the issuing banks in the context of an initial public offering of the Company if the issuing banks are provided with existing shares of existing shareholders in the course of a potential over-allotment of shares and the issuing banks do not acquire a sufficient amount of shares in the market in the course of stabilization measures in order to reduce these securities lendings; the issue price is required to correspond with the offer price (less banking commissions) of the shares of the Company in the initial public offering. Furthermore, the Management Board is authorized to exclude the subscription rights of the shareholders with the consent of the Supervisory Board for one or more capital increases in the context of the Authorized Capital 2018/VI (i) in order to exclude fractional amounts from the subscription rights, (ii) to the extent necessary to grant holders or creditors of convertible bonds, options, profit rights and/or profit bonds (or combinations of these bond instruments) with conversion or option rights, or conversion or option obligations, and which were or will be issued by the Company or a direct or indirect subsidiary, a subscription right to new no par value bearer shares of the Company in the amount to which they would be entitled as shareholder after the exercise of the option or conversion rights, or after fulfilment of the conversion or option obligations, (iii) to issue shares for cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price of the shares of the Company already listed on the stock exchange in the meaning of Sections

203 para. 1 and para. 2, 186 para. 3 sentence 4 AktG and that the proportional amount of the registered share capital attributable to the new shares issued under the exclusion of the subscription rights in accordance with Section 186 para. 3 sentence 4 AktG, does not exceed a total of 10% of the registered share capital of the Company, whether at the time the Authorized Capital 2018/VI comes into effect or, in case such amount is lower, is exercised. Towards the above threshold of 10 % of the registered share capital shall also count the pro rata amount of the share capital attributable to any shares, (a) that are sold during the term of the Authorized Capital 2018/VI on the basis of an authorization to sell treasury shares pursuant to Section 71 para. 1 no. 8 sentence 5 second half sentence AktG in conjunction with Section 186 para. 3 sentence 4 AktG subject to the exclusion of shareholders' subscription rights; (b) that are issued during the term of the Authorized Capital 2018/VI to satisfy bond instruments with conversion or option rights, respectively conversion or option obligations, provided that such bond instruments were issued in analogous application of Section 186 para. 3 sentence 4 AktG during the term of the Authorized Capital 2018/VI subject to the exclusion of the shareholders' subscription rights; (c) that are issued during the term of the Authorized Capital 2018/VI on the basis of other authorized capital, provided that such shares are issued subject to the exclusion of the shareholders' subscription rights pursuant to Section 203 para. 2 sentence 1 in conjunction with Section 186 para. 3 sentence 4 AktG or on the basis of other capital measures subject to the exclusion of the shareholders' subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG, (iv) to issue shares for contributions in kind, in particular, but not limited thereto, in the context of mergers or for the purpose of (including indirect) acquisition of companies, businesses, parts of companies, interests in companies or other assets, including claims against the Company or any of its group companies, or to satisfy bond instruments issued for contributions in kind, and (v) in order to distribute a dividend in kind, in the context of which shares of the Company (also in part or subject to election) may be issued against contribution of dividend claims (scrip dividend). The Management Board is authorized with the consent of the Supervisory Board to determine any additional content of the rights attached to the shares and the conditions of the share issue. The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly after the utilization of the Authorized Capital 2018/VI or upon expiry of the period for utilization of the Authorized Capital 2018/VI.

17.4 Conditional Capital

Pursuant to Section 4 para. 9 of the Articles of Association, the Company's share capital is conditionally increased by up to €5,000,000.00 (the "**Conditional Capital 2018**") by issuing up to 5,000,000 new no par value bearer shares (*auf den Inhaber lautende Stückaktien (Stammaktien)*). The Conditional Capital 2018 serves the granting of shares on the exercise of conversion or option rights or the fulfilment of Bonds (as defined in 17.5) issued on the basis of the authorizing resolution by the shareholders' meeting of September 21, 2018. The new shares are issued on the basis of the conversion or option price to be determined in accordance with the authorizing resolution of the shareholders' meeting of September 21, 2018. The conditional capital increase will only be implemented to the extent that the holders or creditors of Bonds which are issued or guaranteed by the Company, dependent companies or by companies in which the Company owns a majority interest either directly or indirectly, on the basis of the authorizing resolution of the General Meeting of September 21, 2018 until September 20, 2023, exercise their conversion or option right respectively to satisfy the conversion or option obligations under such Bonds, or to the extent the Company grants shares in the Company instead of paying the amount due as well as to the extent the conversion or option rights respectively conversion or option obligations are not serviced by treasury shares but rather by shares from authorized capital or other consideration. The new shares participate in profits from the beginning of the financial year in which they are created and for all subsequent financial years. The Management Board is authorized to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend the Articles of Association accordingly after the respective utilization of the Conditional Capital 2018 and upon expiry of all option or conversion periods.

17.5 Authorization to Issue Convertible Bonds and Other Instruments

Pursuant to a resolution of the Company's extraordinary shareholders' meeting held on September 21, 2018, the Management Board is authorized, with the approval of the Supervisory Board, to issue, once or several times, until September 20, 2023 bonds, *i.e.*, issue bearer or registered convertible bonds, options, profit rights and/or profit bonds (or any combination of these instruments) (together referred to as the "**Bonds**") having an aggregate principal amount of up to €100,000,000.00 with or without a limited term and to grant the holders or creditors option or conversion rights to shares of the Company with a proportional amount of the share capital of up to €5,000,000.00 in accordance with the terms and conditions of the Bonds. The authorization to issue Bonds sets out certain parameters which include the following: The Bonds may stipulate an obligatory conversion or an obligation to exercise the option upon maturity or earlier or provide for the right of the Company, in whole or in part, instead of paying the amounts due to deliver to the holders or creditors

shares of the Company. In the event of an option being exercised or of a conversion, and in the event of fulfilment of option or conversion obligations, the Company may at its discretion grant new shares from authorized capital, treasury shares or other consideration. The terms and conditions of the Bonds may also provide for the right of the Company not to grant shares, but rather to pay the equivalent value in cash or shares of another listed company. The option or conversion price for a share must be either:

(i) at least 80% of the volume weighted average stock exchange price of the shares of the Company in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange on the last ten trading days prior to the date on which the resolution on the issue of the Bonds is adopted by the Management Board, or

(ii) alternatively, if the shares of the Company are not admitted or included to trading at a stock exchange, either

  (1) at least 80% of the issue amount for each share in Company plus any further payments into the reserves of the Company (per share) paid in the Company's last equity financing round which closed prior to the day of this decision, or

  (2) alternatively, at least 80% of the price per Company's share which is determined as the final offer price in the course of an initial public offering of the Company's shares.

In the event of subscription rights being granted the option or conversion price must be either:

(i) at least 80% of the volume weighted average stock exchange price of the shares of the Company in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange in the period during which the subscription rights are traded on the Frankfurt Stock Exchange or in the period from the start of the subscription period up to the final determination of the subscription price, or

(ii) alternatively, if the shares of the Company are not admitted or included to trading at a stock exchange at this time, either

  (1) at least 80% of the issue amount for each share in Company plus any further payments into the reserves of the Company (per share) paid in the Company's last equity financing round which closed prior to the relevant subscription period, or

  (2) alternatively, at least 80% of the price per Company's share which is determined as the final offer price in the course of an initial public offering of the Company's shares.

In case of Bonds with a mandatory conversion obligation or with an obligation to exercise the option right or a put option entitling the Company to deliver shares, the conversion or option price may either be at least equal to the minimum price set out above or correspond to the average volume weighted price of the shares of the Company in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange on at least ten trading days immediately before or after the day of maturity, even if the average price is below the minimum price (80%). If the shares in the Company are not admitted or included to trading at a stock exchange on the day of maturity, the conversion or option price for a share in the Company can correspond to at least 80% of the issue amount for each share in the Company plus any further payments into the reserves of the Company (per share) paid in the Company's last equity financing round which closed prior to the day of maturity. In case of an initial public offering and an (intended) admission or inclusion of the Company's shares to trading at a stock exchange, the conversion or option price for a share in the Company can correspond to at least 80% of the price per Company's share which is determined as the final offer price in the course of an initial public offering of the Company's shares. The terms and conditions may also provide for certain anti-dilution mechanisms pursuant to which the option or conversion rights and obligations may — notwithstanding any applicable law — be adjusted to retain value, if during the term of the Bonds the financial value of the existing option or conversion rights and obligations is diluted. The terms and conditions may also provide for a cash compensation instead of granting subscription rights or changing the conversion price. The Bonds may also be issued by companies in which the Company has a direct or indirect majority share. In such case, the Management Board is authorized to provide for a guarantee for the repayment of the Bonds for the issuing company and to grant holders or creditors of such Bonds shares of the Company in order to satisfy the conversion or option obligations conceded with such Bonds.

Shareholders have, in principle, subscription rights to the Bonds. The Bonds may also be acquired by one or several credit institutions or enterprises within the meaning of Section 186 para. 5 AktG, subject to the obligation to offer them to shareholders for subscription. The Management Board may, with the approval of the Supervisory Board, exclude subscription rights to the Bonds in certain cases and under certain conditions, including, if the Bonds are issued for cash payment, provided that the issue price is not significantly lower than the theoretical market price as determined in accordance with recognized actuarial calculation methods and that the Bonds carry option or conversion rights and/or option or conversion obligations to shares with a proportionate amount of the share capital which must not exceed 10% of the Company's share capital at the time said authorization comes to effect or — in case such amount is lower — the authorization is exercised. Any pro rata amount of the share capital attributable to any shares shall count towards the aforementioned threshold of 10% of the registered share capital that (a) are sold during the term of this authorization on the basis of an authorization pursuant to Section 71 para. 1 no. 8 sentence 5 AktG in conjunction with Section 186 para. 3 sentence 4 AktG subject to the exclusion of shareholders' subscription rights or (b) are issued during the term of this authorization on the basis of authorized capital, provided that such shares are issued subject to the exclusion of the shareholders' subscription rights pursuant to Section 203 para. 2 sentence 1 in conjunction with Section 186 para. 3 sentence 4 AktG or on the basis of other capital measures subject to the exclusion of the shareholders' subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG. The Management Board may, with the approval of the Supervisory Board, also exclude subscription rights, if the Bonds are issued against contributions in kind, provided that the value of the contribution in kind is in reasonable relation to the market value of the Bonds. Subscription rights may also be excluded for fractional amounts, or if Bonds are issued, to grant holders of previously issued Bonds subscription rights to which they would be entitled to as shareholders after exercising option or conversion rights or after fulfilling option or conversion obligations.

To the extent that profit participation rights or income Bonds are issued that do not carry option or conversion rights and/or option or conversion obligations, the Management Board, with the approval of the Supervisory Board, shall be authorized to exclude subscription rights of shareholders overall if these profit participation rights or profit bonds are structured in the same way as Bonds, *i.e.*, do not constitute any membership rights in the Company, do not grant any participation in liquidation proceeds and the amount of interest is not calculated on the basis of the amount of the annual surplus, the profit according to the balance sheet or the dividends. In this case, the interest and the issue amount of the profit participation rights or profit bonds must correspond to the actual market conditions for a comparable acquisition of funds at the time of issue. The Management Board is authorized, with the approval of the Supervisory Board, to stipulate further particulars and terms of the Bonds in accordance with the parameters of the authorization.

17.6 Authorization to Purchase and Sell Treasury Shares

By resolution of the extraordinary shareholders' meeting on September 21, 2018, the Management Board is authorized, with the approval of the Supervisory Board, to purchase up to a total of 10% of its share capital existing at the time of the adoption of the resolution or, if this amount is lower, at the time the authorization is exercised, until September 20, 2023. The acquired shares may not, together with other treasury shares which may be in the possession of the Company or are attributable to it pursuant to Sections 71a et seq. AktG, if any, at any point in time, exceed 10% of the Company's registered share capital. At the discretion of the Management Board, the shares can be acquired (i) via the stock exchange, (ii) through a public offer made to all shareholders of the Company or a public invitation to shareholders to submit offers to sell, or (iii) by means of an exchange offer based on a public offer or request to make an offer to exchange shares traded on an organized market against shares in the Company.

The authorization provides for certain thresholds by defining a minimum and maximum consideration for the acquisition of a treasury share. In case of an acquisition via the stock exchange, the consideration for a treasury share (excluding transaction costs) may not be more than 10% higher or lower than the Company's share price determined on the first day of the opening auction of the Xetra trading system (or of a comparable successor system) on the Frankfurt Stock Exchange. In case of a public offer or a public invitation to shareholders to submit offers to sell, the Company may either determine the purchase price or a purchase price range. In case a purchase price range is determined, the Company will set the final purchase price based on the offers to sell that have been made. The offered purchase price or the start and end values of the purchase price range per share (excluding transaction costs) may not be more than 10% higher or lower than the volume weighted average stock exchange price of the share of the Company in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange on the last five trading days before the day of publication of the Management Board's decision about the offer or acceptance of offers made by the shareholders. Adjustments may be made in case of material market price movements after the publication of an

offer or the publication of a solicitation to submit offers. In case of an exchange offer, the exchange price or exchange ratio in the form of one or several exchange share may in principle not exceed the relevant value of a share of the Company by more than 10 % and may not fall below such value more than 20 %, based on volume-weighted average price of an exchange share and a share of the Company in Xetra trading or on an organized market on the last five trading days prior to the day of the public notification of the exchange offer. The treasury shares may be used for any purpose permitted by law. Apart from selling them via the stock exchange or through an offer to all shareholders, the Management Board is authorized, with the approval of the Supervisory Board, to sell the treasury shares against cash consideration under exclusion of subscription rights, provided that the selling price is not significantly lower than the market price and that the amount of treasury shares to be sold does not exceed 10% of the registered share capital at the time the disposal is resolved or, if this amount is lower, at the time the authorization is exercised. Moreover, the treasury shares can, with the approval of the Supervisory Board, be offered and transferred against contribution in kind under exclusion of subscription rights, in particular, in the course of mergers or the acquisition of companies. Also, they may be used, under exclusion of subscription rights, in order to fulfill or secure obligations or rights to acquire shares of the Company, in particular under or in connection with convertible bonds, options, profit rights and/or profit bonds with conversion or options rights or obligations that might be issued by the Company or by its subsidiaries. They may also be offered for purchase or transferred to former or current employees of the Company or of its affiliates or members of the Management Board of the Company or of its affiliates or their investment vehicles. To the extent members of the Management Board of the Company are affected, the relevant details are to be determined by the Supervisory Board. The treasury shares may also be issued in order to distribute a dividend in kind in the context of which shares of the Company (also in part or subject to election) may be issued against contribution of dividend claims (scrip dividend). Finally, the treasury shares can also be canceled without an additional shareholders' resolution.

In addition, the Company is authorized, with the approval of the Supervisory Board, to acquire, until September 20, 2023, treasury shares up to a total maximum of 5% of the registered share capital existing at the time of the adoption of the resolution by use of derivatives (put or call options or a combination of both). The acquired shares form part of the 10% threshold of the authorization for the acquisition and use of treasury shares. The option transactions must be concluded with a financial institution or through the stock exchange at terms close to market conditions. The shareholders are not entitled to enter into option transactions with the Company. The authorization provides for certain thresholds with regard to the exercise price (excluding acquisition costs and including certain other costs) which may not be more than 10% higher or lower than the volume weighted stock exchange price of the shares of the Company in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the last five exchange trading days prior to the conclusion of the respective option transaction. Shareholders have a right to tender their shares only to the extent that, by virtue of the derivative transactions, there is an obligation on the part of the Company to purchase the shares. Any further tender right is excluded.

17.7 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, any assets remaining once all of the Company's liabilities have been settled shall be distributed amongst the Company's shareholders in proportion to their shareholdings. The AktG provides certain protections for creditors in the event of a liquidation of the Company.

17.8 General Provisions Governing a Change in the Share Capital

Under the German Stock Corporation Act (*Aktiengesetz*), a German corporation requires a general shareholders' meeting resolution passed by a majority of at least 75% of the share capital represented at the vote to increase its share capital. However, pursuant to the Company's Articles of Association, certain capital measures that do not have a dilutive effect (*Verwässerungseffekt*) on the shareholders' participations (such as capital increases with shareholders' subscription rights against contributions, capital increases from company funds and the issuance of convertible bonds, profit participation bonds and other instruments for which the shareholders have a subscription right) may be adopted by a simple majority.

The shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (*i.e.*, at the time the authorized capital is registered in the commercial register).

In addition, the shareholders' meeting can create conditional capital through a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) preparing for a merger with other companies; or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

17.9 General Provisions Governing Subscription Rights

Section 186 AktG generally grants all shareholders the right to subscribe for new shares of the Company issued in case of a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have the right to demand admission to trading for subscription rights. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. Exclusion of shareholders' subscription rights, wholly or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares with no subscription rights does not exceed 10% of the share capital at issue, both at the time when the authorization takes effect and at the time when it is authorized; and
- the price at which the new shares are being issued is not materially lower than the stock exchange price of the Company's shares.

17.10 Exclusion of Minority Shareholders

17.10.1 Squeeze-Out under Stock Corporation Law

Pursuant to Sections 327a *et seq.* AktG, which govern the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash payment offered to minority shareholders must to reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash payment.

17.10.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b WpÜG, in case of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover offer or mandatory offer, may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an adequate compensation. Such transfer does not

require a resolution of the shareholders' meeting. The consideration paid in connection with the takeover offer or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover offer or mandatory offer, while at all times compensation in cash must also be offered.

In addition, following a takeover offer or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (Section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

17.10.3 Squeeze-Out under Reorganization Law

Pursuant to Section 62 para. 5 sentence 1 UmwG, a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft* (*AG*)), a partnership limited by shares (*Kommanditgesellschaft auf Aktien* (*KGaA*)), or a European Company (*Societas Europaea* (*SE*)) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

17.10.4 Integration

Pursuant to Section 319 *et seq.* AktG, the Company's shareholders' meeting may vote for the integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. In such case, Section 305 para. 3 sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

17.11 Shareholder Notification Requirements; Mandatory Takeover Bids; Directors' Dealings

Once the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will be subject to WpHG provisions governing, among other things, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the MAR provisions governing, among other things, directors' obligations to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

17.11.1 Notification Requirements of Shareholders

17.11.1.1 Notification Thresholds and Attribution Rules

Pursuant to Section 33 para. 1 WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to concurrently notify both the Company and BaFin of such occurrence. Subsequent notifications are required if such person (i) acquires additional shares or in any other way reaches or exceeds a higher threshold or (ii) sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification

requirement has knowledge of or, in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (*e.g.*, fundamental changes to the Group's business model or a sale of a substantial part of the Group's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting in concert.

Except for the 3%-threshold, similar notification requirements towards the Company and BaFin exist, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, again except for the 3% threshold.

17.11.1.2 Exceptions to Notification Requirements

There are certain exceptions to the notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 para. 1 WpHG. If the Company's parent company is itself a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in a member state of the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

17.11.1.3 Fulfilment of Notification Requirements

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice may be submitted either in German or English, in writing or via fax. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all member states of the EEA. Such publications shall only be made in the English-language. The Company is also required to transmit these publications to BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

17.11.1.4 Consequences of Violations of Notification Requirements

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. However, it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations.

17.11.1.5 Special Notification Requirements for more than 10% of the Voting Rights

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to Section 43 WpHG it receives without undue delay and no later than within three trading days.

17.11.2 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights exceeds 30% of the voting rights of the Company, such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30%-threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

17.11.3 Managers' Transactions

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR (*i.e.*, the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €5,000.00 *de-minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue

where the Company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities.

17.12 Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) no. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

18. GOVERNING BODIES OF THE COMPANY

18.1 Overview

The Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The Company's has a two-tier management and control system, consisting of the Management Board and Supervisory Board. The responsibilities and powers of these governing bodies are determined by the AktG, the Articles of Association and the internal rules of procedure of both the Supervisory Board and the Management Board.

The shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board is entitled to remove any member of the Management Board under certain circumstances. Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the AktG, as the Supervisory Board is tasked with supervising the management of the Company by the Management Board. However, in exceptional cases and for an interim period, a member of the Supervisory Board may take a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board. In addition, the duration of such stand-in arrangements may not exceed one year.

The Management Board is responsible for managing the Company in accordance with applicable law, the Articles of Association and its rules of procedure, including the schedule of responsibilities. The Management Board represents the Company in dealings with third parties. As set out in the AktG, the Supervisory Board advises and oversees the Management Board's administration of the Company, but is itself generally not authorized to manage or represent the Company. The Supervisory Board may amend the Articles of Association if such amendments are purely semantic.

The Articles of Association may designate types of transactions that may only be conducted with the prior approval of the Supervisory Board. In addition, the Supervisory Board may itself determine that certain types of transactions are subject to its prior approval. Matters subject to the prior approval of the Supervisory Board or of a committee of the Supervisory Board pursuant to the Articles of Association or the rules of procedure of the Management Board currently include, among other, the:

- modification of the fields of business of the Company and the termination of existing and commencement of new fields of business;
- disposition or licensing (including sub-licensing) of any of the "Westwing" substantial word or word and figurative marks currently owned by the Company;
- establishment, relocation and closure of material places of business.
- individual investments in fixed assets exceeding an amount of €2.5 million in the individual case or exceeding the agreed annual investment budget by more than an amount of €12.5 million in total;
- conclusion of credit and loan agreements and other financing agreements as borrower in excess of €2.5 million in the individual case as well as amendments to the credit framework in excess of €2.5 million.
- granting of collateral, pledge or transfer as security of assets of the Company, assumption or taking over of guarantees or similar liabilities or of sureties or personal guarantees, payment guarantees and of any and all obligations similar to personal guarantees (*bürgschaftsähnliche Verpflichtungen*), issuance of letters of comfort (*Patronatserklärungen*) as well as issuance of notes payable (*Eingehen von Wechselverbindlichkeiten*) in excess of an amount of €2.5 million or outside the ordinary course of business;
- acquisition or disposal of enterprises, including joint ventures, participations in enterprises or independent divisions of a business other than the acquisition of shelf companies exceeding an amount of €1.0 million in the individual case or €5.0 million in total on an annual basis;
- encumbrance of shares in material companies as well as liquidation of material companies;

- setting up or amending the remuneration principles for executives directly reporting to the CEO and entering into or amending the terms of employment of any executive directly reporting to the CEO (including in respect of salary or other compensation), to the extent that such terms materially deviate from the terms or the existing remuneration principles for this group;
- introduction of an employee incentive scheme which involves the granting of shares in the Company or virtual shares, or other share price-related incentives;
- institution and termination of court cases or arbitration proceedings involving an amount in controversy of more than €1.0 million in the individual case; and
- conclusion, amendment and termination of enterprise agreements pursuant to sections 291 et seqq. AktG.

The Management Board is also required to obtain the prior approval of the Supervisory Board, if the relevant transactions and measures of the Company for which the Management Board requires prior approval of the Supervisory Board are carried out by subsidiaries and joint of the Company.

In addition to the aforementioned transactions and measures, the Supervisory Board may make other types of transactions and measures subject to its prior approval by amending the rules of procedure of the Management Board or the Supervisory Board or through a resolution of the Supervisory Board. The Supervisory Board may also grant revocable consent in advance to a certain group of transactions in general or to individual transactions that meet certain requirements.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damages the Company has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The German Federal Supreme Court (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. However, such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court shall appoint such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the

suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court shall appoint different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Shareholders and shareholder associations may solicit via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses his or her influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. Moreover, in this context, the members of the Management Board and Supervisory Board are jointly and severally liable in addition to the person using his influence if such members acted in breach of their duty of care towards the Company.

18.2 Management Board

Under the Articles of Association, the Management Board consists of one or more members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board may appoint members of the Management Board for a maximum term to five years. Reappointments are permissible. Pursuant Section 84 para. 2 AktG, the Supervisory Board may appoint any member of the Management Board as chairperson of the Management Board and any other member as deputy chairperson.

The Supervisory Board represents the Company in and out of court *vis-à-vis* the members of the Management Board. The Supervisory Board is responsible for the appointment of members of the Management Board, the conclusion of their service contracts and the revocation of appointments as well as for the change and termination of their service contracts.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for an important reason (*wichtiger Grund*) (*e.g.*, a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

If the Management Board consists of only two members, it has a quorum if both members participate in the vote. If the Management Board consists of three or more members, it has a quorum if at least half of its members take part in the vote. Members of the Management Board who abstain from voting are also counted for purposes of calculating the quorum. Resolutions of the Management Board may also be adopted outside of meetings through votes cast in writing, orally, by telefax, by email or any other customary (including electronic) means of communication or in a combination of the aforementioned forms, including by way of circular resolutions, as well as by combining a meeting with adopting resolutions outside of meetings. Resolutions are passed with a simple majority of the votes cast by the participating members of the Management Board, unless other majorities are required by mandatory law, the Articles of Association or the rules of procedure of the Management Board. The chairperson of the Management Board does not have a deciding vote. If the Management Board consists of only two members, resolutions can only be passed unanimously.

The Company is represented *vis-à-vis* third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with any authorized representative (*Prokurist*), if the Management Board consists of several members. If only a single member of the Management Board is appointed or if the Supervisory Board has authorized a single member of the Management Board to represent the Company alone, such member may solely represent the Company *vis-à-vis* third parties.

The rules of procedure of the Management Board stipulate that the delegation of responsibilities to individual members of the Management Board is established on the basis of the business allocation plan (*Geschäftsverteilungsplan*). The business allocation plan is an annex to the rules of procedure of the Management Board and may only be amended by resolution of the Supervisory Board.

Additional provisions regarding, among other things, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which were adopted by the Supervisory Board on August 8, 2018.

18.2.1 Members of the Management Board

The following table sets forth the current members of the Management Board, their respective age and position, and the duration of their respective current term:

Name/Position	Age	First appointed	Appointed until	Responsibilities
Stefan Smalla	41	2011(1)	2023	Chief Executive Officer
Delia Fischer	34	2018	2023	Creative Director
Dr. Dr. Florian Drabeck	35	2016(1)	2023	Chief Financial Officer

(1) Appointed to the board of directors of Westwing Group GmbH, the predecessor of the Company. First appointment to the Management Board of the Company in 2018.

Stefan Smalla was born in Freital, Germany, on Febuary 6, 1977.

Mr. Smalla graduated from Hagen University and holds a degree in business administration (*Diplom-Kaufmann*). In 2000 he joined dooyoo, a consumer review and price comparison platform, as VP eCommerce and later CTO. He then moved on in 2003 to found Friendity, a social network. In 2004, he joined Bain & Company where he became manager. In 2011 he founded Westwing and has been a member of its Management Board ever since.

Alongside his office as a member of the Management Board and CEO, Stefan Smalla is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Westwing:

Current:

- D7M15 Investment GbR.

Previous:

- None.

Delia Fischer was born in Nördlingen, Germany, on April 28, 1984.

From 2003 to 2005 Ms. Fischer studied at AMD (*Akademie Mode & Design*) Munich, where she graduated with a degree in Fashion Journalism and Media Communication. She joined ELLE and ELLE Decoration as Editor in 2005. In 2011 she founded Westwing and has been a member of its Management Board and its Creative Director ever since.

Alongside her office as a member of the Management Board and Creative Director, Delia Fischer is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Westwing:

Current:

- None.

Previous:

- None.

Dr. Dr. Florian Drabeck was born on April 23, 1983 in Tulln an der Donau, Austria.

Mr. Drabeck graded from Vienna university of Economics and Business as Doctor of Social and Economical Sciences and from University of Vienna as Doctor in Natural Sciences. Furthermore, he is CFA charter holder. Mr. Drabeck joined Bain & Company as strategy consultant in 2007. In 2011, he moved to RBR Capital Advisors AG as investment professional. Later in 2011, he joined Westwing. Since 2016 he serves as member of the Management Board of Westwing.

Alongside his office as a member of the Management Board, Dr. Dr. Florian Drabeck is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Westwing:

Current:

- None.

Previous:

- None.

The members of the Management Board can be reached at the Company's registered office at Moosacher Straße 88, 80809 Munich, Germany (telephone: +49 89550544323).

18.2.2 Remuneration and Other Benefits of the Members of the Management Board

18.2.2.1 Management Service Agreements

Each member of the Management Board entered into a service agreement with the Company governed by German law and based on substantially similar terms:

- The service agreement between Stefan Smalla and the Company was entered into on August 9, 2018. The agreement expires on August 7, 2023.
- The service agreement with Delia Fischer was entered into on August 9, 2018. The agreement expires on August 7, 2023.
- The service agreement between Dr. Dr. Florian Drabeck and the Company was entered into on August 8, 2018. The agreement expires on August 7, 2023.

Each service agreement is automatically extended by the period of time for which the Management Board member's term as a member of the Management Board is extended by resolution of the Supervisory Board. The Supervisory Board will decide on an extension of the Management Board member's term of office (reappointment) at the latest six months prior to the end of the appointment.

18.2.2.2 Fixed Remuneration

Under the service agreements, the members of the Management Board receive total fixed annual remuneration of €615,000.00 per annum in gross. In addition, under a separate agreement, Delia Fischer receives annual compensation of €160,000.00 to cover costs for PR services provided to Westwing.

Prior to the conversion of the Company into a German stock corporation (*Aktiengesellschaft*), the Company was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*). The two managing directors (*Geschäftsführer*) of Westwing Group GmbH, Stefan Smalla and Dr. Dr. Florian Drabeck, received an aggregate fixed remuneration of approximately €360,000.00 in the fiscal year ending December 31, 2017. In addition, both managing directors received call options for shares in the Company.

18.2.2.3 Variable Remuneration

In addition to their respective fixed remuneration, the members of the Management Board are entitled to variable remuneration. The Company pays a variable annual remuneration to Stefan Smalla, Delia Fischer and Dr. Dr. Florian Drabeck of up to €110,000 in the aggregate if certain performance targets agreed on for the respective fiscal year between the Company and the member of the Management Board are fully achieved. The performance targets and the weighing of these targets in the context of the calculation of the variable remuneration are determined between the Company and the member of the Management Board for each fiscal year, at the latest by March 31 of the relevant fiscal year, and stipulated in a written performance targets agreement. If no agreement on the targets is reached by March 31 of the relevant fiscal year, the targets are determined by the Company according to its equitable discretion and the relevant member of the Management Board is informed. The bonus is payable at the end of the month following the conclusion of the respective annual report.

In September 2018, the three members of the Management Board were provided with a bonus award. The bonus is subject to the occurrence of an IPO or another liquidity event or the achievement of certain performance targets. Assuming that an IPO takes place, the bonus for the three members of the Management Board will depend on the volume-weighted average share price on the first 30 trading days before April 1, 2019. Assuming that such volume-weighted average share price equals the mid-point of the price range, the total payout would amount to €1.8 million.

18.2.2.4 Reimbursement for Expenses

In addition to fixed and variable remuneration, the management service agreements require the Company to reimburse the members of the Management Board for all out-of-pocket expenses, including travel expenses, necessarily incurred in the interests of the Company within the limitations imposed by taxation regulations and in accordance with applicable policies of the Company.

18.2.2.5 Ancillary Activities and Non-Competition

Each member of the Management Board shall dedicate his entire working capacity exclusively to the Company and shall at all times safeguard and promote its interests and concerns, applying the greatest possible care. The assumption of any paid or unpaid ancillary activity, voluntary positions and positions on supervisory or advisory boards or similar offices in the professional sphere by any member of the Management Board requires prior written approval by the Supervisory Board. The members of the Management Board also require prior written approval of the Supervisory Board for taking shares in any company which is a competitor of the Group.

The members of the Management Board are subject to customary confidentiality obligations, including with respect to business and trade secrets, which also apply beyond the termination of the relevant service agreement. Furthermore, their service agreements provide for non-competition undertaking pursuant to which the member of the Management Board is prohibited from working in a self-employed, employed or any other capacity for any company, or to setting up, acquiring, directly or indirectly, a stake in a company (except for purely financial shareholdings) which is a direct or indirect competitor of the Group. In addition, for the term of twelve months after the end of the relevant service agreement, the members of the Management Board are prohibited from entering into competition with the Group. If a member of the Management Board fails to comply with these undertakings, the respective member of the Management Board shall pay the Company a contractual penalty equivalent to the last paid gross monthly salary for each and every act of violation. The Company reserves the right to assert damages or any other claims and legal consequences.

18.2.2.6 D&O Insurance

The members of the Management Board are also covered by D&O insurance policies with reasonable coverage and a deductible for the members of the Management Board in line with the respective provisions of the German Stock Corporation Act (*Aktiengesetz*) of 10% of the damage but not exceeding 150% of the fixed annual remuneration. The D&O insurance policies cover financial losses arising from a breach of duty on part of the members of the Management Board in the course of their duties.

18.2.3 Shareholdings of the Members of the Management Board

As of the date of this Prospectus, Stefan Smalla holds, directly or indirectly, 404,550 shares in the Company, representing 2.6% of the Company's share capital. Stefan Smalla will acquire, directly or indirectly,

an additional 9,000 shares in the Company upon completion of the capital increase in kind by the Company in the course of which the Company intends to acquire shares in various of its subsidiaries (see "*17.2. Development of the Share Capital*"). In addition, Stefan Smalla holds 1,028,250 call options for new shares in the Company. Thereof, 85,200 call options have an exercise price of €1.00, 646,200 call options have an exercise price of €19.30 and 296,850 call options have an exercise price of €25.00. Of the 1,028,250 call options, 210,000 have already vested and by the end of 2019, an additional 122,400 options will have vested. 695,850 call options will vest after 2019.

As of the date of this Prospectus, Delia Fischer does not hold shares in the Company. Delia Fischer will acquire, directly or indirectly, 176,550 shares in the Company upon completion of the capital increase in kind by the Company in the course of which the Company intends to acquire shares in various of its subsidiaries (see "*17.2. Development of the Share Capital*"). In addition, Delia Fischer holds 292,800 call options for new shares in the Company. Thereof, 50,550 call options have an exercise price of €1.00 and 242,250 call options have an exercise price of €19.30. Of the 292,800 call options, 13,500 have already vested, and by the end of 2019, an additional 7,950 options will have vested. 271,350 call options will vest after 2019.

As of the date of this Prospectus, Dr. Dr. Florian Drabeck holds 171,600 call options for new shares in the Company. Thereof, 42,300 call options have an exercise price of €1.00 and 129,300 call options have an exercise price of €19.30. Of the 171,600 call options, 900 have already vested, and by the end of 2019, an additional 14,850 options will have vested. 155,850 call options will vest after 2019. Dr. Dr. Florian Drabeck does not hold shares in the Company.

18.3 Supervisory Board

In accordance with Sections 95 and 96 AktG and Section 9 para. 1 of the Articles of Association, the Supervisory Board consists of six members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to Section 100 para. 5 AktG, the members of the Supervisory Board as a whole shall be familiar with the industry in which the Company conducts its business.

Members of the Supervisory Board are elected for a period terminating at the end of the shareholders' meeting that resolves on the formal approval (*Entlastung*) of the Supervisory Board members' acts for the fourth fiscal year following the commencement of their term of office, unless a different term is specified at the time of their election. The fiscal year in which the term of office begins shall be included in this calculation. For members of the Supervisory Board who leave office before the end of their term a successor shall be elected for the remaining term of the member who has left office, unless the shareholders' meeting specifies a shorter term for such successor. The same applies if a successor has to be elected due to a challenge of the election. Reappointments of members of the Supervisory Board are permissible.

For members of the Supervisory Board who are to be elected by the shareholders' meeting, the shareholders' meeting may, at the time of their election, appoint substitute members who shall replace shareholder members of the Supervisory Board leaving office before the end of their term or whose election has been successfully contested in the order to be determined at the time at which such substitute members are appointed. The term of office of such substitute member shall terminate at the end of the shareholders' meeting in which a successor is elected in accordance with aforementioned procedure and at the latest at the end of the term of office of the leaving member. If the substitute member whose term of office has terminated due to the election of a successor was appointed as substitute member for several members of the Supervisory Board, its position as substitute member shall revive.

The Supervisory Board elects from among its members a chairman and a deputy chairman. The election shall take place following the shareholders' meeting that has elected the new members of the Supervisory Board and no special invitation is necessary for this meeting. The term of office of the chairman and his or her deputy corresponds to their term of office as members of the Supervisory Board, unless a shorter period is determined at the time of their election.

Each member of the Supervisory Board and each substitute member may resign from office even without good cause with one month written notice issued to the chairman of the Supervisory Board or, in case of a resignation by the chairman, to his or her deputy. The chairman of the Supervisory Board or, in case of a resignation by the chairman, his or her deputy, can consent to a shortening or to a waiver of this period. In addition, members of the Supervisory Board which have been elected by the shareholders' meeting may be removed by resolution of the shareholders' meeting adopted with a three-quarter majority of the votes cast.

The Supervisory Board shall hold at least one meeting in each calendar quarter. Additional meetings shall be convened if necessary. The chairman of the Supervisory Board shall convene the meetings of the Supervisory Board by giving at least fourteen days' notice not including the day on which the invitation is sent and the day of the meeting itself. Notice of meetings may be given in writing, by telefax, by e-mail or any other customary means of communication. In urgent cases the chairman may shorten this period and may call the meeting orally or by telephone.

The Articles of Association and the rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board shall generally be passed in meetings. At the order of the chairman or with the consent of all Supervisory Board members, meetings of the Supervisory Board may also be held in the form of a telephone conference or by other electronic means of communication (especially by video conference). Individual members of the Supervisory Board may be connected to the meetings via telephone or by other electronic means of communication (especially by video link). In such cases resolutions may also be passed by way of the telephone conference or by other electronic means of communication (especially by video conference).

Absent members of the Supervisory Board or members who do not participate in, or are not connected to, the telephone or video conference can also participate in the passing of resolutions by submitting their votes in writing through another Supervisory Board member. In addition, members of the Supervisory Board may also cast their vote prior to or during the meeting or following the meeting within a reasonable period as determined by the chairman of the Supervisory Board in oral form, by telephone, by telefax, by e-mail or any other customary means of communication. Objections to the form of voting determined by the chairman are not permitted.

Resolutions may also be adopted outside of meetings in writing, by telefax or by e-mail or any other comparable means of communication, whereas the aforementioned forms may also be combined, at the order of the chairman of the Supervisory Board, if preceded by reasonable notice or if all members of the Supervisory Board participate in the adoption of the resolution. Members who abstain from voting are considered to take part in the resolution. Objections to the form of voting determined by the chairman are not permitted.

The Articles of Association and the rules of procedure for the Supervisory Board provide that the Supervisory Board has a quorum if at least half of the members of which the Supervisory Board has to consist in total take part in the voting. Absent members of the Supervisory Board or members who do not participate or are connected via telephone or via other electronic means of communication (especially via video conference) who cast their vote in any other way permitted by the Articles of Association or the rules of procedure of the Supervisory Board as well as any members who abstain from voting are considered to take part in the voting for the purpose of determining the quorum.

Unless otherwise provided by mandatory law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. Abstentions in a vote shall not count as a vote cast in this case. If a voting in the Supervisory Board results in a tie, the vote of the chairman of the Supervisory Board is decisive.

The Supervisory Board shall adopt rules of procedure for the Supervisory Board in accordance with applicable laws and the Articles of Association. The Supervisory Board can set up committees in accordance with the law. The Supervisory Board shall determine the composition, competences and procedures of such committees, if any. To the extent permitted by law or by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to its chairman, to one of its members or to committees established from among its members. The Supervisory Board shall determine the composition, competences and procedures of the committees. The current version of the Supervisory Board's rules of procedure was adopted by resolution of the Supervisory Board on August 8, 2018.

18.3.1 Members of the Supervisory Board

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their respective current term:

Name	Age	Member since	Appointed until	Principal occupation
Christoph Barchewitz	40	2018	2022	Co-chief executive officer, Global Fashion Group
Dr. Antonella Mei-Pochtler	60	2018	2022	Senior advisor, Boston Consulting Group
Oliver Samwer	46	2018	2022	Chief executive officer, Rocket Internet SE
Christian Strain	48	2018	2022	Investment manager, Summit Partners
Thomas Harding	47	2018	2022	Managing director, Access Industries
Michael Hoffmann	57	2018	2022	Management consultant

Christoph Barchewitz was born in Wiesbaden, Germany, on September 10, 1978.

From 1998 to 2003, he studied at Mannheim University where he graduated with a degree in business administration (*Diplom-Kaufmann*). In his graduate studies, Christoph Barchewitz earned a master of public administration from the School of International and Public Affairs at Columbia University, where he studied from 2005 to 2007.

Christoph Barchewitz began his career as a management consultant with Solon Management Consulting in Munich in 2003. From 2007 to 2014 he worked at Goldman Sachs in London and New York advising clients across the telecom, media and technology industry. In 2014, Mr. Barchewitz assumed the position of investment director at Swedish investment group Kinnevik AB, where he oversaw the eCommerce portfolio. Since 2018 he is the Co-Chief Executive Officer of Global Fashion Group, an emerging markets fashion ecommerce business.

Alongside his office as the chairman of the Supervisory Board, Christoph Barchewitz is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside Westwing:

Current:

- Global Fashion Group S.A. (Co-CEO, executive director); and
- Namshi Holding Limited (director).

Previous:

- Global Fashion Group S.A. (non-executive director);
- LFG Limited (Finery) (director);
- Home24 AG (member of the supervisory board);
- Lazada Group S.A. (director); and
- Linio GmbH (member of the supervisory board).

Dr. Antonella Mei-Pochtler was born in Rome, Italy, on May 17,1958.

Dr. Mei-Pochtler graduated from the German School in Rome in 1976 and studied economics and business administration at the Ludwig Maximilian University of Munich and at the University of Rome. She also holds an MBA from INSEAD with the Dean's List award.

Dr. Mei-Pochtler joined the Boston Consulting Group (BCG) in 1984 and was elected as partner and managing director in 1990 and as senior partner in 1998. She served in many international leadership positions, among others as head of the consumer practice in Germany (from 1990 to 1997), as Vienna office head (from 1997 to 2003), as European and global chief marketing officer (from 2004 to 2012) and as global branding topic lead. She was a member of the global executive committee from 2006 to 2011 and led the global media & entertainment sector from 2012 to 2016. Dr. Mei-Pochtler currently serves as senior advisor to BCG and special advisor to the Federal Chancellor of Austria, where she heads the strategy unit. She is also highly engaged in the social impact area, mainly in education and health care.

Alongside her office as vice chairwoman of the Supervisory Board, Antonella Mei-Pochtler is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside Westwing:

Current:

- German Bone Marrow Donor Association (*DKMS*) (board member)
- Teach for All (board member)
- The Boston Consulting Group (senior advisor); and
- Triton Partners (senior advisor).

Previous:

- J.A. Benckiser SE (board member)
- Phorms Education SE (board member)
- PP Capital (board member); and
- Wolford AG (member of the supervisory board; chairwoman).

Oliver Samwer was born in Cologne, Germany, on August 9, 1972.

Oliver Samwer holds a degree in business administration from WHU–Otto Beisheim School of Management. Upon graduation, Mr. Samwer and his two brothers founded Alando.de in 1999, which became the leading consumer-to-consumer online auction site in Germany. After the sale of Alando.de to eBay Inc., Mr. Samwer was Managing Director of eBay, responsible for Germany, Switzerland and Austria. In 2000, Mr. Samwer and his two brothers founded Jamba! AG, which was acquired by Verisign Inc. in 2004. In 2007, Mr. Samwer founded Rocket Internet SE and since 2014, has served as Chief Executive Officer, where he is responsible for strategy development and implementation, business development, investee company leadership and investor relations.

In addition, Oliver Samwer is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside Westwing:

Current:

- Ace and Tate Holding B.V. (board observer);
- Africa Internet Holding GmbH (member of board of directors);
- Asia Internet Holding SARL (advisory board member);
- Atonis Holding GmbH (managing director);
- Brilliant 1965. GmbH (managing director);
- Danzinger Straße 104 GbR (partner);

- Digital Services XXXV SARL (advisory board member);
- E-Commerce King Ltd. (managing director);
- Emerging Markets Taxi Holding SARL (advisory board member);
- Erbengemeinschaft Johansen (partner);
- European Founders Fund Investment GmbH (managing director);
- European Founders Fund Nr. 2 Geschäftsführungs GmbH (managing director);
- European Founders Fund Nr. 2 Verwaltungs GmbH (managing director);
- European Founders Fund Nr. 3 Beteiligungs GmbH (managing director);
- European Founders Fund Nr. 3 Management GmbH (managing director);
- European Founders Fund Nr. 3 Verwaltungs GmbH (managing director);
- Everdine Holding SARL (advisory board member);
- Fanninger Strae 13 GbR (partner);
- Gesellschaft bürgerlichen Rechts Ackerstraße 146 (partner);
- Gesellschaft bürgerlichen Rechts Bredowstraße 42 (partner);
- Gesellschaft bürgerlichen Rechts Geßlerstraße 14 (partner);
- Gesellschaft bürgerlichen Rechts Großgörschenstraße 2 (partner);
- Gesellschaft bürgerlichen Rechts Jablonskistraße 23 (partner);
- Gesellschaft bürgerlichen Rechts Kopenhagener Straße 66 (partner);
- Gesellschaft bürgerlichen Rechts Rheinsberger Straße 43-45 (partner);
- Gesellschaft bürgerlichen Rechts Samariterstraße 14 (partner);
- Gesellschaft bürgerlichen Rechts Sonntagstraße 3 (partner);
- Gesellschaft bürgerlichen Rechts Stubbenkammerstraße 5 (partner);
- Gesellschaft bürgerlichen Rechts Stubbenkammerstraße 6 (partner);
- Gesellschaft bürgerlichen Rechts Waldstraße 55a (partner);
- Gesellschaft bürgerlichen Rechts Wilhelmshavener Str. 32 (partner);
- Global Fashion Group S.A. (member of board of directors);
- Global Founders Capital Management GmbH (managing director);
- Global Founders Capital Verwaltungs GmbH (managing director);
- Global Online Takeaway Group S.A. (member of supervisory board);
- Immanuelkirchstraße 10 GbR (partner);
- International Digital Services Middle East GmbH (managing director);

- International Digital Services Middle East Holding GmbH (managing director);
- Jade 1085. GmbH (managing director);
- Jimdo GmbH (advisory board member);
- Kastanien Management GmbH (managing director);
- Kaymu Holding SARL (advisory board member);
- Mainzer Straße 58 GbR (partner);
- Marc & Oliver Samwer GbR (partner);
- Marc, Oliver & Alexander Samwer WPV IV Tech Fund GbR (partner);
- Middle East Internet Holding SARL (advisory board member);
- MKC Brillant Services GmbH (advisory board member);
- MOAS SP VII GbR (partner);
- MOAS Verwaltung GmbH (managing director);
- Namshi Holding Limited (member of board of directors);
- Next Day Property Ltd. (UK) (member of board of directors);
- Oliver Samwer Familienstiftung (member of the board);
- Odysseus GmbH (managing director);
- pets deli Roseneck GmbH (member of board of directors);
- Primarydoor Gayrimenkul Danışmanlık Ve Paz. A.ş. (advisory board member);
- Printvenue Asia SARL (advisory board member);
- RI Capital Advisors Limited (advisory board member);
- Rocket Internet SE (member of the management board and CEO);
- Simon Dach Straße 19 GbR (partner);
- Skalimmo GmbH (managing director);
- Spotcap Global SARL (advisory board member);
- Thermondo GmbH (advisory board member);
- Traveloka Holding Limited (member of board of directors);
- Ubierring 25 Gesellschaft bürgerlichen Rechts (partner);
- Various GbR für Real Estate (partner);
- Wadi Middle East SARL (advisory board member);
- Wöhlertstraße 18 GbR (partner);
- Yamsafer Inc. (member of board of directors); and

- Zinnimmo GmbG (formerly PosBerZ S.à r.l.).

Previous:

- ACALDO Management GmbH (liquidated and deleted) (managing director);
- Affinitas GmbH (supervisory board member);
- Daraz Asia S.à r.l. (advisory board member);
- Dealerdirect Global B.V. (member of board of directors);
- Digital Services Holding XVII SARL (advisory board member);
- Digital Services XXIV SARL (member of supervisory board);
- ECommerce Holding II S.à r.l. – Lendico (advisory board member);
- Emerging Markets Online Food Delivery Holding SARL (advisory board member);
- Emerging Markets Asia eCommerce Holding GmbH (advisory board member);
- getAbstract AG (member of supervisory board);
- Global Founders GmbH (managing director);
- HelloFresh SE (member of supervisory board);
- Helpling Group Holding S.à r.l. (advisory board member);
- Juwel 201. V V UG i. L. (managing director);
- Lazada Group S.A. (member of board of directors);
- Marley Spoon GmbH (advisory board member);
- MyHammer AG (member of the supervisory board);
- MyHammer Holding AG (member of the supervisory board);
- New TIN Linio II GmbH (advisory board member);
- Ralph und Judith Dommermuth Stiftung (member of the board);
- SocietyOne Holdings Pty Ltd. (board of directors); and
- TIN Jade GmbH (advisory board member).

Christian Strain was born in Boston, Massachusetts, USA, on September 25, 1970.

He is a dual French and U.S. citizen and is bilingual in French and English. He holds a degree in history from Yale University and an MBA from Harvard Business School and remains active with Yale and Harvard Business School related activities. In the past, Christian Strain worked for Apax Partners in Paris where he was a member of the Technology and Telecommunications team. In 2005, Christian Strain joined Summit Partners where he focuses primarily on the growth products & services sector. Christian is a board member of Invest Europe, formerly known as the European Private Equity and Venture Capital Association (EVCA). He is also the Treasurer of Invest Europe, a member of the Mid-Market Council, and the Chairman of Invest Europe's Growth Equity Group.

Alongside his office as member of the Supervisory Board, Christian Strain is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside Westwing:

Current:

- Nomec S.r.l. (director);
- Spirotech S.r.l. (director);
- Summit Master Company, LLC (director); and
- vente-privee.com S.A. (director).

Previous:

- Benda Bili SAS (director);
- Bigpoint GmbH (managing director); and
- Peak Well Systems (director).

Thomas Harding was born in London, United Kingdom, on June 22, 1971.

After graduating from Cambridge University with a degree in archaeology, he qualified as an English solicitor in 2001 having taken a law degree and following a period of training. Thomas Harding practiced for some years as a corporate lawyer at Hogan Lovells LLP and Weil Gotshal and Manges LLP, before joining Access Industries in 2007. He has worked with Access Industries' media, online and telecoms investments since then and serves on the boards of several portfolio companies and Access Industries' affiliates.

Alongside his office as member of the Supervisory Board, Thomas Harding is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside Westwing:

Current:

- Access Industries Inc. (vice president);
- Access Industries Investment Holdings LLC (vice president and manager);
- Access Industries Management LLC (vice president);
- Access Media GP, L.P. (limited partner);
- Access Media Management LLP (member);
- Sentient Technologies Holdings Limited (director); and
- The Blavatnik School of Government Foundation (director).

Previous:

- AI Altep Holdings, Inc. (vice president);
- AINMT Holdings AB (director);
- Arutz 10 Hadadash Limited (director);
- Ice Group AS (director);
- Net1 International Holdings AS (director); and
- Perform Group Limited (director);

Michael Hoffmann was born in Hamburg, Germany, on September 13,1961.

After graduating from Saarbrücken University with a degree in business administration, Mr. Hoffmann began his career as a product manager at Hewlett-Packard GmbH in Bad Homburg, Germany in 1988. He held responsible international management positions at Hewlett-Packard for more than twenty years. In his last position at Hewlett-Packard he was senior vice president and general manager of graphics and solutions with overall global responsibility. In 2009 Michael Hoffman joined Carl Zeiss Vision International GmbH as chief executive officer where he stayed until 2011. From 2011 until 2016 Michael Hoffmann was chief executive officer of Lekkerland AG & Co. KG. Since 2012, Mr. Hoffmann is a member of the supervisory board and chairman of the audit committee of Telefonica Deutschland Holding AG and currently works as self-employed management consultant.

Alongside his office as member of the Supervisory Board, Michael Hoffmann is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside Westwing

Current:

- Telefónica Deutschland Holding AG (member of the supervisory board, chairman of the audit committee).

Previous:

- Lekkerland AG & Co. KG (chief executive officer).

The members of the Supervisory Board can be reached at the Company's registered office at Moosacher Straße 88, 80809 Munich, Germany (telephone: +49 89550544323).

18.3.2 Supervisory Board Committees

Under the Articles of Association, the Supervisory Board can create committees in accordance with applicable laws. According to the Supervisory Board's internal rules of procedure, the Supervisory Board shall set up and appoint an audit committee. The Supervisory Board may set up additional committees. Each committee must comprise at least three members of the Supervisory Board. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to any committee(s) established from amongst its members. The Supervisory Board shall appoint one of the members of a committee as chairman of such committee, unless provided otherwise by mandatory law or the internal rules of procedure. The chairmen of the relevant committee shall convene the committee, if necessary. If a voting in a committee results in a tie and a second voting on the same agenda item again results in a tie, the chairman of such committee has a second vote. The relevant chairman of the committee shall regularly report to the Supervisory Board on the activities of the committee

As of the date of this Prospectus, the following committee has been established by the Supervisory Board:

18.3.2.1 Audit Committee

The audit committee of the Supervisory Board (the "**Audit Committee**") consists of three members. According to section 107 para. 4 AktG, at least one of the members of the Audit Committee shall have expertise in the fields of accounting or auditing within the meaning of section 100 para. 5 AktG. All members are familiar with the sector the Company is operating in. Neither the chairman of the Supervisory Board nor former members of the Management Board should be appointed as chairman of the Audit Committee.

The Audit Committee prepares the negotiations and resolutions of the Supervisory Board regarding (i) the audit and, if applicable, the adoption of the annual financial statements and the approval of the consolidated financial statements, (ii) the proposed resolution of the Management Board regarding the appropriation of the distributable profit, and (iii) the Supervisory Board's proposal to the shareholders' meeting regarding the appointment of the auditor and the group auditor as well as the auditor of the semi-annual report provided that it shall be audited or reviewed by the auditor. Prior to the submission of the proposal for the appointment of thee auditor, the Audit Committee obtains a declaration from the intended auditor whether any and, if applicable, which professional, financial or other connections between the auditing company, its directors and officers as well as head auditors on the one hand and the Company and its directors and officers on the other hand exist,

which may cause doubts as to the auditor's independence. This declaration shall also include the scope of other services, in particular in the advisory sector, rendered for the Company in the previous year or contractually agreed for the following year. The audit mandate shall be signed by the chairman of the Audit Committee and the chairman of the Supervisory Board. The Audit Committee shall discuss the audit report with the auditor as well as the auditor's findings and shall make recommendations to the Supervisory Board in this respect.

Instead of the Supervisory Board, the Audit Committee shall deal with the following matters: (i) Questions regarding the financial accounting, in particular the treatment of fundamental topics, *e.g.*, the application of new financial accounting standards as well as the review of the accounting processes, (ii) The review and discussion of the semi-annual and quarterly financial reports, if any, and any comparable financial reports as well as of the auditor's review of the semi-annual financial report together with the Management Board prior to publication, (iii) The supervision of the efficiency of the internal risk management system, the internal control system, the internal revision system as well as questions regarding compliance, (iv) the supervision of the audit, in particular the required independence of the auditor and additional services provided by the auditors, (v) the passing of resolutions on the audit mandate given to the auditor, in particular the possible audit assignment for the audit review or audit of the semi-annual financial report, the determination of the audit focal points and the auditor’s compensation, and (vi) other issues being in direct connection with the aforementioned matters.

In addition, the Audit Committee shall discuss substantial changes in the auditing and accounting methods and shall give advice on the business planning of the Management Board. This includes in particular the statements of the Management Board on the intended development, the investment and human resources planning for the Group as well as statements on the deviation of the actual development from the targets reported earlier while explaining the reasons of this deviation.

18.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board

Section 14 of the Articles of Association governs the remuneration of the members of the Supervisory Board. Each member of the Supervisory Board shall receive a fixed base compensation for each fiscal year in the amount of €25,000.00, with the chairman of the Supervisory Board receiving a fixed base compensation for each fiscal year in the amount of €40,000.00 and each vice-chairman a fixed based compensation in the amount of €30,000.00 instead. Members of the Supervisory Board who hold their office in the Supervisory Board or who hold the office as chairman only during a part of the fiscal year shall receive a corresponding portion of the compensation. The chairman of the audit committee of the Supervisory Board shall receive an additional compensation of €20,000.00 and any other member of the audit committee an additional compensation in the amount of €10,000.00 for each fiscal year.

The Company shall also reimburse the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as Supervisory Board members as well as the value added tax on their compensation and out-of-pocket expenses. Furthermore, the members of the Supervisory Board are covered by the Group’s D&O insurance, the terms of which we believe are in line with market practice, and the premium of which shall be paid by the Company

18.3.4 Shareholdings of the Members of the Supervisory Board

As of the date of this Prospectus, members of the Supervisory Board or parties related to members of the Supervisory Board hold an aggregate of 6,060,300 shares of the Company, representing 39.0% of the Company’s share capital. Specifically, as of the date of this Prospectus, 4,559,250 shares of the Company representing 29.3% of the Company’s share capital are held directly or indirectly by Rocket Internet SE (includes 3,554,400 shares of the Company representing 22.9% of the Company’s share capital held by Jade 1317. GmbH, but does not include 109,800 shares of the Company representing 0.7% of the Company’s share capital held by Bambino 53. V V GmbH), a party related to Oliver Samwer. 1,501,050 shares of the Company representing 9.7% of the Company’s share capital are held by Summit Partners RKT S.à r.l., a party related to Christian Strain.

No other member of the Supervisory Board directly or indirectly holds any shares of the Company or options on shares of the Company.

18.4 Long-Term Incentive Programs

The following is a description of the long-term incentive programs, which the Company has established as of the date of this Prospectus:

18.4.1 Long-Term Incentive Program 2019

In contemplation of the IPO, the Company implemented a new long term incentive program (the "**Long-Term Incentive Program 2019**"), pursuant to which the Company granted a total of 2,512,500 options for the acquisition of shares in the Company (the "**Call Options**") to the members of the Management Board and other key employees of the Group as beneficiaries based generally standardized terms. Of these 2,512,500 Call Options, 2,274,750 Call Options (the "**First Call Options**") were granted under essentially equivalent terms and conditions to Stefan Smalla, Delia Fischer, Dr. Dr. Florian Drabeck and 19 other key employees of the Group, while 237,750 Call Options (the "**Second Call Options**") were granted to 56 key employees of the Group.

The First Call Options were granted to the relevant beneficiaries in two tranches of equal size. One tranche of the First Call Options vests upon expiry of December 31, 2022. The second tranche of First Call Options vests in one tranche jointly with the first tranche of First Call Options upon the later of (i) December 31, 2022 or (ii) the occurrence of a liquidity event (*i.e.*, an IPO and listing of the shares of the Company or (i) any transfer of at least 50% of all shares in the Company or any economically comparable single transaction or several related transactions, (ii) a transfer of at least 50% of the Company's assets or business in a single or several related transactions, (iii) the liquidation of the Company or (iv) the sale or transfer of shares to a shareholder of the Company or other third party, resulting in more than 50% of the voting rights being held by the acquiring party, in a single transaction or several related transactions, each such occurrence a "**Liquidity Event**"). Therefore, vesting of the First Call Options contemplates a commitment of the relevant beneficiary with the Company for at least four years.

In case of a good leaver event (*e.g.*, the termination of the employment agreement of the relevant beneficiary by the contractual counter-party without good cause or by the beneficiary with good cause), the First Call Options shall vest in quarterly instalments up to the date of such good leaver event after a cliff period of two years and First Call Options not vested shall lapse. In case of an early leaver event (*i.e.*, the relevant beneficiary terminates his employment agreement without good cause or resigns from his office without prior approval) the First Call Options shall lapse entirely, unless they have been already vested. The First Call Options lapse, to the extent that they have not been vested, settled or redeemed otherwise by the Company, if a bad leaver event occurs (*e.g.*, the termination of the employment agreement for good cause or the removal of the beneficiary from his office for good cause). The First Call Options, which have not been exercised, shall also lapse, if the relevant beneficiary breaches certain support obligations concluded in contemplation of the IPO.

The Second Call Options were also granted to the relevant beneficiaries in two tranches of equal size. One tranche of the Second Call Options vests in several instalments after an initial cliff period of twelve months upon expiry of December 31, 2022. The second tranche of Second Call Options vests in one tranche jointly with the first tranche of Second Call Options upon the later of (i) December 31, 2022 or (ii) the occurrence of a Liquidity Event or an IPO and listing of the shares of the Company. The Second Call Options are governed by essentially comparable terms and conditions as the First Call Options.

The relevant beneficiary may exercise the Call Options fully or partially at the earliest twelve months after the occurrence of a Liquidity Event or an IPO and listing of the shares of the Company at a strike price of €19.30 per Call Option. The strike price and nominal value of the shares underlying the Call Options is adjusted in the event of purely nominal capital increases, capital reductions and changes in the number of shares issued without a capital measure. The Company may request the exercise of Call Options upon the occurrence of a Liquidity Event (generally not including the IPO). The Call Options expire, if the relevant beneficiary does not exercise such Call Options within two weeks of such request. In addition, after the expiry of 48 months after a Liquidity Event or IPO has occurred, the beneficiary is obliged, upon request of the Company, to exercise any Call Options that have not yet been exercised. The Company may, in its sole discretion and at any time, settle Call Options or claims for the delivery of shares under the Call Options by granting virtual shares or comparable instruments or cash compensation for the equivalent value of the Call Options.

As of the date of this Prospects, 2,512,500 Call Options are outstanding under the Long-Term Incentive Program 2019 and have not lapsed or expired. The total strike price of these Call Options amounts to €48,491,250.00 (based on a strike price of €19.30 per Call Option). The Company would be required to issue a

total of 2,512,500 new shares to the respective beneficiaries (corresponding to approximately 11% of the Company's total share capital following completion of the Offering) if all Call Options were exercised.

The following table provides a breakdown of the outstanding Call Options as of the date of this Prospectus:

Outstanding Call Options	Strike price per Call Option	Total Strike Price	Vested Call Options	Unvested Call Options
	(in €)	(in €)		
2,512,500	19.30	48,491,250.00	0	2,512,500

18.4.2 Long-Term Incentive Program 2016

The Company had also implemented another long term incentive program in 2016 (the "**Long-Term Incentive Program 2016**"), under which 421,500 options for the acquisition of shares in the Company to members of the Management Board and other key employees of the Group based on standardized terms and conditions.

The call options were granted in two tranches. The first tranche of call options granted under the Long Term Incentive Program 2016 is time-based and generally vests after a cliff period of thirty-six months after the start date of June 1, 2016 in quarterly instalments until June 1, 2020. In case of the occurrence of a good leaver event, the call options granted under the first trance vest in quarterly instalments with an initial cliff period of twenty-four months. The second tranche of call options vests upon the later of thirty-six months after June 1, 2016 or twenty-four months (for certain employees twelve months) after the occurrence of a Liquidity Event or an IPO and listing of shares of the Company.

In case of a good leaver event, all call options granted under the first tranche that have not been vested on the date of such occurrence shall lapse and all call options granted under the second trance tranche shall lapse, unless they have been vested on the date of the good leaver event. All call options lapse in case of a bad leaver event.

The call options granted under the Long-Term Incentive Program 2016 may be exercised against a strike price of €1.00 per call option twelve months after the occurrence of a Liquidity Event or IPO and listing of the shares of the Company. The strike price and nominal value of the shares underlying the call options is adjusted in the event of purely nominal capital increases, capital reductions and changes in the number of shares issued without a capital measure. The Company may request that the beneficiaries exercise their call options in case of a Liquidity Event (generally not including the IPO). The call options expire, if the relevant beneficiary does not exercise such call options within two weeks of such request. In addition, after the expiry of 48 months after a Liquidity Event or IPO has occurred, the beneficiary is obliged, upon request of the Company, to exercise any call options that have not yet been exercised. The Company is entitled at any time to settle the call options for their economic value by granting virtual shares or comparable instruments or a cash compensation.

As of the date of this Prospects, 352,950 call options are outstanding under the Long-Term Incentive Program 2016 and have not lapsed or expired. The total strike price of these call options amounts to €352,950.00. The Company would be required to issue a total of 352,950 new shares to the respective beneficiaries (corresponding to approximately 2% of the Company's total share capital following completion of the Offering) if all call options were exercised.

The following table provides a breakdown of the outstanding call options granted under the Long Term Incentive Program 2016 as of the date of this Prospectus:

Outstanding Call Options	Strike price per Call Option	Total Strike Price	Vested Call Options	Unvested Call Options
	(in €)	(in €)		
352,950	1.00	352,950	0	352,950

18.4.3 Various Call Option Agreements

The Company and certain local Group companies entered into several call option agreements with various senior management members and key employees as beneficiaries based on non-standardized terms. The

call options were granted to give the relevant beneficiaries the opportunity to participate in the increase in value of the Company and/or the respective Group company in order to commit the beneficiaries to the Company or the respective local Group company. The call option agreements which were entered into by a local Group company and a beneficiary were rolled up in contemplation of the IPO and the relevant beneficiary under such agreement was granted call option rights for shares in the Company. In addition, virtual shares, which were granted to certain beneficiaries were rolled-up in contemplation of the IPO and replaced with call options rights for shares in the Company.

As of the date of this Prospectus, 1,335,900 call options are outstanding under these call option agreements. The Company would be required to issue a total of 1,335,900 new shares to the respective beneficiaries (corresponding to approximately 6% of the Company's total share capital following completion of the Offering) if all call options were exercised.

The following table provides a breakdown of the outstanding call options granted under the various call option agreements as of the date of this Prospectus:

Strike price per Call Option	Outstanding Call Options	Total Strike Price	Vested Call Options	Unvested Call Options
(in €)		(in €)		
1.00	690,300	690,300.00	409,800	343,350
1.23	191,250	234,600.00	191,250	0
1.71	33,900	58,082.00	33,900	0
4.47	25,950	116,083.00	25,950	0
4.59	27,900	127,968.00	6,750	21,150
6.67	18,750	125,000.00	2,550	16,200
7.66	14,100	108,006.00	14,100	0
9.06	4,800	43,488.00	2,550	2,250
9.17	4,500	41,280.00	4,500	0
9.94	750	7,455.00	750	0
12.16	1,200	14,592.00	1,200	0
12.20	2,700	32,940.75	2,400	300
25.00	301,500	7,536,977.40	183,150	118,350
29.01	3,450	100,096.00	1,500	1,950
29.01	7,500	217,604.50	4,800	2,700
34.48	1,950	67,236.00	300	1,650
34.86	5,100	177,775.46	3,600	1,500
49.27	300	14,782.00	300	0
Total	**1,335,900**	**9,714,266**	**889,350**	**509,400**

18.5 Trust and Angel Agreements

Certain members of the Management Board and other key employees as well as supporters of the Group as trustors currently indirectly hold 109,800 shares in the Company through Bambino 53. V V GmbH. Upon the implementation of a capital increase in the course of which the Company intends to acquire a total of 6,730 shares in various of its subsidiaries, (see "*17.2. Development of the Share Capital*") Bambino 53. V V GmbH or Juwel 183. V V UG, acting as trustees, will indirectly hold in total 236,100 shares in the Company for certain members of the Management Board and other key employees as well as supporters of the Group. The internal relationship between Bambino 53. V V GmbH or Juwel 183. V V UG (each, a "**Trustee**") and the respective trustor is in each case governed by a trust agreement. The relationship between the Company and the relevant trustor is governed by an angel agreement.

Under the angel agreement, the shares held by the Trustee are subject to a vesting call option of the Company. Pursuant to this vesting call option, the Company is entitled until June 30, 2019 to acquire the trust shares held by the Trustee for the account of the relevant trustor upon the occurrence of certain good leaver events or bad leaver events in the person of the relevant trustor. Upon the exercise of the vesting call option the Trustee will be instructed to hold the trust shares for account of the Company. The purchase price of the shares equals their market price. Any shares in the Company acquired by a trustor in the future shall also be subject to the terms and conditions of the relevant angel agreement.

18.6 Secondary Agreements

The beneficiaries of the call options granted under the Long-Term Incentive Program 2019 and the Long-Term Incentive Program 2016 (i. e. the members of the Management Board and other key employees of the Group) and the beneficiaries under the various call option agreements (i. e. various senior management members and key employees of the Group) as well as the indirect owners of the shares held by the Trustee (i. e. certain members of the Management Board and other key employees as well as supporters of the Group) entered into secondary agreements with the Company and the Trustee pursuant to which these beneficiaries may sell a certain number of their call options or shares held by the Trustee to the Company against the payment of consideration. The Company made payments under these secondary agreements of approximately € two million in 2018. The exercise of the remaining rights to sell securities under the secondary agreements is subject to the occurrence of a Liquidity Event or an IPO and listing of the shares of the Company or the achievement of certain performance targets by the Company. In case of an IPO and listing of the shares of the Company, the consideration owed by the Company amounts to the number of call options and/or shares held by Trustee multiplied by the weighted market price of the shares of the Company at the Frankfurt Stock Exchange during the last thirty trading days prior to the payment of the consideration. Assuming an IPO in 2018, full exercise by all eligible participants of their remaining rights under the secondary agreements and a weighted market price of the shares corresponding to the mid-point of the price range, the Company expects that the additional payments under these secondary agreements will amount to approximately € two million. Members of the Management Board are not among the persons who will receive these additional payments. The Company may rescind the relevant secondary agreement in case of certain bad leaver events.

18.7 Certain Information Regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been convicted of fraudulent offences in its capacity as a member of any administrative, management or supervisory body.

In the last five years, no member of the Management Board or the Supervisory Board has been associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body, except for Mr. Samwer in his capacity as member of the executive committee of PetsDeli Roseneck GmbH, which filed for bankruptcy under applicable law in May 2017.

In the last five years, no official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities, including designated professional bodies, against the members of the Management Board or Supervisory Board.

No court has ever disqualified any of the members of the Management Board or the Supervisory Board from acting as a member of the administrative, management, or supervisory body of an issuer for at least the previous five years.

No court has disqualified any of the members of the Management Board or the Supervisory Board from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

The members of the Management Board hold, directly or indirectly, equity-linked instruments relating to the Company. Conflicts of interest may arise between maximizing the value of these instruments and focusing on the interests of the Company. Oliver Samwer, Christoph Barchewitz, Christian Strain and Thomas Harding have been elected as member of the Supervisory Board based on an arrangement concluded between the Company’s shareholders. Oliver Samwer is the chief executive officer and a member of the management board of Rocket Internet SE, which holds a notifiable interest in the Company. As the interests of Rocket Internet SE and its affiliates may differ from those of the Company, conflicts of interest may arise.

Apart from that, there are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board with respect to their duties to the Company on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other hand.

None of the members of the Management Board or the Supervisory Board has entered into a service agreement with a company of the Group that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the respective other body.

18.8 Shareholders' Meeting

18.8.1 Convening of Shareholders' Meetings

Pursuant to Section 175 AktG and Section 15 para. 1 of the Articles of Association, the annual shareholders' meeting of the Company is held within the first eight months of each (fiscal) year. At the option of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company or in a German city with a stock exchange. Subject to any existing legal rights of the Supervisory Board and a minority of the shareholders to convene, the annual shareholders' meeting shall be convened by the Management Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the receipt of the notice are disregarded when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "*18.8.2 Shareholders' Rights to participate in Shareholders' Meetings*").

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

18.8.2 Shareholders' Rights to participate in Shareholders' Meetings

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance and evidence of shareholding shall be entitled to attend the shareholders' meeting and exercise their voting rights. The registration must be received by the Company at the address specified in the convening notice at least six days prior to the day of the shareholders' meeting. The notice of the shareholders' meeting may provide for a shorter period to be measured in days. When calculating this period, the day of the meeting and the day of the receipt of the notice are disregarded.

The shareholder's registration shall be submitted in the German- or English-language in writing (*Textform*, Section 126b AktG) or by way of other electronic means as specified by the Company in greater detail. The evidence of shareholdings shall be submitted in the form of special proof of ownership of shares prepared by a depository institution in the German or English language and in writing (*Textform*, Section 126b AktG). Such evidence shall refer to the start of the 21st day prior to the shareholders' meeting (record date) and be received by the Company at the address specified in the convening notice of the shareholders' meeting at least six days prior to the meeting, unless a shorter period of time was set forth in the convening notice for the shareholders' meeting. When calculating such period, the day of the meeting and the day of the receipt of the notice shall be disregarded.

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of authority to be provided to the Company shall be submitted in text form (*Textform*, Section 126b AktG), unless the convening notice for the shareholders' meeting provides for a less strict form. Details on the granting of the proxy, its revocation and the evidence to be provided to the Company shall be provided together with the notice convening the shareholders' meeting. The Management Board is authorized to provide that shareholders may cast their votes in writing or by electronic communication without attending the shareholders' meeting (absentee vote) and may determine the scope and the procedure of the exercising of rights in such way. The Management Board is authorized to provide that shareholders may participate in the shareholders' meeting without being present in person at the place of the shareholders' meeting or being represented and may exercise all or specific shareholders' rights in total or in part by electronic communication (online participation).

18.8.3 Conduct of Shareholders' Meetings

The shareholders' meeting is chaired by the chairman of the Supervisory Board or by another member of the Supervisory Board appointed by the chairman. In the event that neither the chairman of the Supervisory

Board nor another member of the Supervisory Board appointed by the chairman takes over the position of the chairman of the shareholders' meeting, the chairman of the shareholders' meeting shall be elected by the Supervisory Board members present at the shareholders' meeting. In the event that the Supervisory Board does not elect the chairman of the shareholders' meeting, the chairman of the shareholders' meeting shall be elected by the shareholders' meeting under the chairmanship of a person nominated by the Management Board for that purpose.

The chairman of the shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. In particular, the chairman may exercise rules of order and make use of assistants. The chairman shall determine the sequence of speakers and the consideration of the items on the agenda as well as the form, procedure and further details of voting. The chairman may also, to the extent permitted by law, decide on the bundling of factually related items for resolution into a single voting item. The chairman is further authorized to impose a reasonable time limit on the right to ask questions and to speak. In particular, the chairman may establish, at the beginning of or at any time during the shareholders' meeting, a limit on the time allowed to speak or ask questions or on the combined time to speak and ask questions. The chairman may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual items on the agenda or individual speakers. If necessary, the chairman may close the list of requests to speak and order the end of the debate in the shareholders' meeting.

18.8.4 Resolutions of the Shareholders' Meeting

Resolutions of the shareholders' meeting may generally be passed with a simple majority of the votes validly cast. If a majority of the share capital is required by law, a simple majority of the registered share capital represented at the vote shall be sufficient, unless a higher majority is required by mandatory law or the Articles of Association.

According to the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude, amend or terminate affiliation agreements (*Unternehmensverträge*);
- amendments (other than semantic amendments) to the Articles of Association;
- amendments to the corporate purpose of the Company;
- the creation of conditional or authorized capital;
- the issuance of, or authorization to issue, convertible and profit-sharing certificates and other profit-sharing rights;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting;
- an authorization on the use of treasury shares;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation or a squeeze-out of the Company's minority shareholders; and
- any actions within the meaning of the UmwG.

Neither European nor German law nor the Articles of Association limit the right of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise the voting rights associated therewith.

18.9 Corporate Governance

The German Corporate Governance Code (the "**Code**") contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to increase the transparency of the German system of corporate governance and supervision for investors. The Code includes recommendations and suggestions for management and supervision with regards to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. However, pursuant to Section 161 para. 1 AktG, the Management Board and the Supervisory Board are required to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain why the Management Board and the Supervisory Board do not or will not comply with certain recommendations. This declaration must be submitted annually and must be made permanently accessible to the shareholders. There is no requirement to disclose any deviations from the suggestions of the Code.

As of the date of this Prospectus, the Company complies with all recommendations of the Code, apart from the following:

- **No. 3.8 sentences 4 and 5 of the Code**: The Code provides that, if a company takes out a D&O insurance for the Management Board, a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual remuneration of the Management Board member must be agreed. A similar deductible shall be agreed in any D&O insurance policy for the Supervisory Board. The Company's current D&O insurance policy does not include a deductible for the members of the Supervisory Board. The Company is of the opinion that a deductible for the members of the Supervisory Board does not have any influence on the awareness of responsibility and loyalty of the members of the Supervisory Board with regard to their tasks and functions. Moreover, it would reduce the Company's possibilities to compete for competent and qualified members of the Supervisory Board.

- **No. 4.2.3 sentence 4 of the Code**: The Code provides that variable remuneration components generally have a multiple year assessment basis that shall have essentially forward looking characteristics. The members of the Management Board are entitled to variable remuneration in cash based on the achievement of certain performance targets for the relevant fiscal year. The Company deemed an annual assessment basis to be reasonable, since the Company is still a young company whose business performance is therefore difficult to predict.

- **No. 4.2.3 sentence 7 of the Code**: The Code provides that the amount of remuneration of the members of the Management Board shall be capped with maximum levels, both as regards variable components and in the aggregate. The members of the Management Board have been granted in the past and may from time to time in the future be granted call options for the acquisition of shares in the Company in addition to their remuneration under their relevant service agreement. Such call options are not granted under a standardized call option program and are not capped with maximum level.

- **No. 4.2.5 sentences 5 and 6 of the Code**: The Code provides that the remuneration report, which is part of the management report and describes the principal features of the Management Board remuneration system, shall include information on the nature of fringe benefits provided by the Company. The total compensation of every member of the Management Board shall be disclosed on an individual basis, divided into fixed and variable compensation granted and received. The model tables provided by the Code shall be used to disclose such information.

  On September 21, the Company's shareholders' meeting resolved that the compensation of the members of the Management Board will not be disclosed individually in the Company's individual or consolidated financial statements to be prepared for all fiscal years until 2022 (inclusive) in accordance with Sections 286 para. 5 sentence 1, 285 no. 9, 315e paras. 1 and 2 and 314 para. 3 sentence 1 HGB. Therefore, at least with respect to all fiscal years until 2022 (inclusive), the Company will abstain from an individual disclosure of the aggregate compensation for each member of the Management Board and, to the extent legally permissible, from a disclosure of their

individual compensation. The Company believes that the information it will provide in accordance with mandatory laws is sufficient for current and future shareholders and the public. With respect to the model tables, the Company will refrain from using these tables in its compensation report as it believes that it can display the relevant information in another suitable form in the notes or the management report.

- **No. 5.3.3 of the Code**: The Code provides that the Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which proposes suitable candidates to the Supervisory Board for its recommendations to the shareholders' meeting. The Supervisory Board has not formed a Nomination Committee, since the Supervisory Board is of the opinion, that a Nomination Committee is not required with respect to the shareholder structure of the Company.

  No. 7.1.2 sentence 3 of the Code: The Code provides that the consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period. In order to ensure a high quality of the financial reporting, the recommended publication periods may not in all cases be complied. As a consequence, the Company hereby declares, by way of precaution, a deviation from the respective recommendation. However, the Company is constantly seeking to improve its reporting system and intends to comply with this recommendation of the Code in the near future.

19. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and the Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and the Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is a summary of such transactions with related parties for the years ended December 31, 2017, 2016 and 2015 and the six months ended June 30, 2018 up to and including the date of this Prospectus. Further information, with respect to related party transactions, including quantitative amounts, are contained in the notes to the Company's audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015, and the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018, which are all included in this Prospectus under "22. Financial Information" on pages F-1 et seq. Business relationships between consolidated companies of Westwing are not included.

19.1 Transactions with Rocket Internet SE

Rocket Internet SE is the largest shareholder of the Company. All entities controlled or jointly controlled by Rocket Internet SE and upon which Rocket Internet SE has a significant influence are classified as related parties of the Group.

On April 5, 2017, the Company as principal and Rocket Internet SE as service provider entered into a framework services agreement, pursuant to which Rocket Internet SE shall provide certain commercial, expert and/or technical consultancy services as well as programming services to the Company. In particular, Rocket Internet SE shall provide advice and assistance to the Company with respect to the establishment of internet platforms. Under this agreement, the Company is obligated to compensate Rocket Internet SE for the services actually provided in accordance with the then current price list. Based on this framework agreement the Company and Rocket Internet entered into an individual agreement for the provision of IT security services. The services under this agreement are provided at arm's length and the compensation paid in relation thereto amounted to €72 thousand in 2017.

In addition, the Company entered into a credit facility agreement with GGC EUR S.à r.l. as lender, an affiliate of Rocket Internet SE, for an aggregate amount of €15.0 million, which had been fully drawn as of July 31, 2018. Rocket Internet SE also entered into the Original Warrant Agreement and Warrant Agreement (for further information on the GGC Loan, see *13.8.1.2, Term Loan Facility with GGC EUR S.à r.l.*).

19.2 Relationships with Members of the Company's Governing Bodies

Compensation paid to key management of the Group for their services consists of contractual salary (short term employee benefits) and equity participation in the form of shares or options (share-based compensation). Salaries of the key management personnel included in employee benefit expenses for the year ended December 31, 2017 amounted to €1,108 thousand (2016: €1,242 thousand, 2015: €1,201 thousand). Share-based compensation expenses for key management personnel for the year ended December 31, 2017 amounted to €2,290 thousand (2016: €1,327 thousand, 2015: €79 thousand).

Until the change of the Company's corporate form into a German stock corporation (*Aktiengesellschaft*), the Company did not have a supervisory board. For the time since the change in legal form into a German stock corporation (Aktiengesellschaft) took effect until the end of the year ending on December 31, 2018, the members of the first supervisory board will receive a remuneration in the aggregate amount of approximately €84,000.00.

20. UNDERWRITING

On September 27, 2018, the Company, the Lending Shareholder and the Joint Bookrunners entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

Under the terms of the Underwriting Agreement and subject to certain conditions contained therein and the execution of a pricing agreement, each Joint Bookrunner is required to acquire such number of Offer Shares as will be specified and agreed in the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth below opposite the relevant Joint Bookrunners name below:

Underwriters	Maximum Number of Offer Shares to be underwritten(1)	Percentage of Maximum Number of Offer Shares to be underwritten
		(in %)
Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany	2,530,000	50.00
Citigroup Global Markets Limited, Citigroup Centre, Canada Square, London E14 SLB, United Kingdom	2,530,000	50.00
Total	5,060,000	**100.00**

(1) Assuming an issuance of all New Shares and full exercise of the Greenshoe Option.

In connection with the Offering, each Joint Bookrunner and any of their respective affiliates, acting as an investor for its own account, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be construed as including any offering or placement of Offer Shares to the Joint Bookrunners or any of their respective affiliates acting in such capacity. The Joint Bookrunners do not intend to disclose the extent of any such investments or transactions other than in accordance with any legal or regulatory obligation to do so. In addition, the Joint Bookrunners or their respective affiliates may enter into financing arrangements, including swaps with investors, due to which the relevant Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of Offer Shares.

20.1 Underwriting Agreement

In the Underwriting Agreement, the Joint Bookrunners, subject to certain conditions, including the execution of a pricing agreement to determine the Offer Price, agreed to underwrite and purchase the Offer Shares with a view to offering them to investors in this Offering. The Joint Bookrunners agreed to remit to the Company the Offer Price from the sale of the New Shares (less agreed upon commissions and expenses), at the time the Company's shares are delivered to investors, which is expected to be two banking days after admission to trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

For the purpose of potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 660,000 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the number of New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (*i.e.*, an option to acquire up to 660,000 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder.

The obligations of the Joint Bookrunners under the Underwriting Agreement are subject to various conditions, including (i) the agreement of the Joint Bookrunners and the Company on the Offer Price and the final number of New Shares to be purchased by the Joint Bookrunners, (ii) the absence of a material adverse event (*e.g.*, a reasonably likely material adverse change in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity, or results of operations of the Group, or a suspension or material limitation in trading in securities in general on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)), the London Stock Exchange or the New York Stock Exchange, (iii) receipt of customary officers' certificates and legal opinions, and (iv) the admission of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Joint Bookrunners have provided, and may in the future provide, services to Westwing in the ordinary course of business and may extend credit to, and have regular business dealings with Westwing in their capacity as financial institutions. For a more detailed description of the interests of the Joint Bookrunners in the Offering, see "*3.12 Interests of Parties Participating in the Offering*".

20.2 Commissions

The Joint Bookrunners will offer the Offer Shares at the Offer Price. The Company will pay the Joint Bookrunners an aggregate commission of 1.50% of the gross proceeds from the Offering of the Offer Share (the "**Base Fee**"). The Base Fee will be distributed among the Joint Bookrunners in proportion to their underwriting commitments. In addition, the Company may, in its absolute and full discretion and based upon its assessment of the Joint Bookrunners' performance, agree to award the Joint Bookrunners in the aggregate an additional discretionary fee of up to 1.50% of the gross proceeds from the Offering of the Offer Shares (the "**Discretionary Performance Fee**"). The Discretionary Performance Fee, if any, will be distributed among the Joint Bookrunners at the sole discretion of the Company and may be split other than in proportion to their underwriting commitments. Any Discretionary Performance will be decided on by the Company within 5 (five) business days following expiration of the Stabilization Period for the Offering. The Company has also agreed to reimburse the Joint Bookrunners for certain expenses incurred in connection with the Offering.

20.3 Greenshoe Option and Securities Loan

For the purpose of potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 660,000 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the number of New Shares actually placed with investors.

In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (*i.e.*, an option to acquire up to 660,000 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after commencement of stock exchange trading of the Company's shares. If and to the extent the Greenshoe Option is exercised, the Company will issue additional new shares to the Joint Bookrunners at the Offer Price which the Joint Bookrunners will then transfer to the Lending Shareholder in order to return the securities loan.

20.4 Termination; Indemnification

The Joint Bookrunners may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allocated and admitted to trading, up to closing of the Offering, in particular, if any of the following has occurred:

- a material adverse change, or any development involving a reasonable likely prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity or results of operations of the Company or the Group;
- the Company or the Group has incurred any liability or obligation, direct or contingent, or entered into any material transaction not in the ordinary course of business, other than in each case as set forth or contemplated in this Prospectus, the effects of which, in any such case, make it, in the joint judgment of the Joint Bookrunners, acting in good faith, after consultation with the Company, to the extent practicable, impracticable or inadvisable to proceed with the offering; or

- a suspension in trading on the stock exchanges in Frankfurt am Main, Germany, London, United Kingdom, or New York, United States;
- a general moratorium on banking activities is imposed in Frankfurt am Main, London, or New York by the relevant authorities;
- a material disruption in commercial banking or securities settlement;
- an outbreak or escalation of hostilities or the declaration of a national emergency or war which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States; or
- any acts of terrorism or any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or currency control which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allocations already made to investors will be invalidated and investors will have no claim for delivery of Offer Shares. Claims with respect to purchase fees already paid and costs incurred by an investor in connection with the purchase will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

In the Underwriting Agreement, the Company has agreed to indemnify the Joint Bookrunners against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

20.5 Selling Restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Lending Shareholder or the Joint Bookrunners to permit a public offering of the Offer Shares anywhere other than in Germany or the transmission or distribution of this Prospectus into any other jurisdiction, where additional actions for that purpose may be required.

Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. The Offer Shares may only be sold in or into the United States to persons who are QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or transactions not subject to, the registration requirements of the Securities Act, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal requirements, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares may take place. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Securities Act. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act, if such offer or sale is does not comply with Rule 144A or another exemption from registration under the Securities Act.

In the United Kingdom, this Prospectus is only addressed and directed to investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order, and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). In the United Kingdom, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offer Shares in the United Kingdom will only be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No offer to the public of any Offer Shares which are the subject of this Offering has been and will be made in any member state of the EEA, other than the offer contemplated in this Prospectus in Germany (once the Prospectus has been approved by BaFin and published in accordance with Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**")) and implemented in Germany, except that offer to the public of Offer Shares in any member state of the EEA is permitted in accordance with the following exceptions under the Prospectus Directive:

- to legal entities which are qualified investors as defined in Article 2 para. 1 lit. e) of the Prospectus Directive;
- to fewer than 150 natural or legal persons per member state of the EEA (other than qualified investors as defined in Article 2 para. 1 lit. e) of the Prospectus Directive), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- in any other circumstances falling within Article 3 para. 2 of the Prospectus Directive.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any Offer Shares in any member state of the EEA means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

20.6 Other Interests of the Joint Bookrunners in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder.

The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms.

Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with Westwing and its shareholders, including lending activities, or may perform services for Westwing or its shareholders in the ordinary course of business. For example, in September 2018, Citicorp North America Inc., an affiliate of Citigroup, entered into a term loan and revolving facilities agreement with the Company, under which Citicorp North America Inc. is acting as lender under a €6 million term loan facility and a €6 million revolving loan facility. As of the date of this prospectus, €8 million were outstanding under these facilities. The Company intends to use part of the net proceeds of the Offering to repay its outstanding financial indebtedness under this loan.

21. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to shareholders of the Company. In particular, this summary does not cover tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. It is therefore recommended that shareholders consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares of the Company and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders.

21.1 Taxation of the Company

The Company's taxable income, whether distributed or retained, is generally subject to German corporate income tax at a uniform rate of 15% plus the solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 15.825%.

Dividends and other shares in profits which the Company receives from domestic and foreign corporations are generally not subject to corporate income tax; however, 5% of this type of income are deemed to be a non-deductible business expense and are thus taxable. The same generally applies to profits earned by the Company from the sale or disposal of shares in another domestic or foreign corporation. Losses incurred from the sale or disposal of such shares are not deductible for tax purposes, regardless of the percentage of shares held. Different rules apply to free-floating dividends (*i.e.*, dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the start of the respective calendar year ("**Portfolio Dividends**")). Portfolio Dividends are fully taxed at the corporate income tax rate (including solidarity surcharge thereon). The acquisition of a shareholding of at least 10% during the calendar year is deemed to have occurred at the beginning of the calendar year. Capital gains arising from the sale or disposal of shares held by the Company are effectively 95% tax exempt.

Participations in the share capital of other corporations which the Company holds through partnerships, including co-entrepreneurships (*Mitunternehmerschaften*), are attributable to the Company only on a *pro rata* basis at the ratio of the interest share of the Company in the assets of relevant partnership.

In addition, the Company is subject to trade tax with respect to its taxable trade profits from its permanent establishments in Germany. The trade tax rate depends on the local municipality/municipalities in which the Company maintains its permanent establishment(s). For the Company, the trade tax burden currently amounts to 16.98% of the taxable trade profit.

For trade tax purposes, dividends received from domestic and foreign corporations and capital gains from the sale or disposal of shares in other corporations are treated in principle in the same manner as for corporate income tax purposes. However, shares in profits received from domestic and foreign corporations are effectively 95% exempt from trade tax only if, among other things, the company that is receiving the dividends has held or holds a stake of at least 15% in the share capital of the company making the distribution at the beginning or — in the case of foreign corporations — since the beginning of the assessment period. In the case of distributing companies within the meaning of Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended (the "**Parent-Subsidiary Directive**"), domiciled in another member state of the European Union, a stake of 10% at the beginning of the assessment period is sufficient. Additional limitations apply with respect to shares in profits received from foreign corporations domiciled outside the European Union which do not qualify as corporations within the meaning of Article 2 of the Parent-Subsidiary Directive.

The provisions of the interest barrier (*Zinsschranke*) restrict the extent to which interest expenses are tax deductible. Under these rules, net interest expenses (interest expenses minus interest income in any given year) are generally only deductible up to 30% of the taxable EBITDA (taxable earnings adjusted for, in particular, interest expenses, interest income, and certain depreciation, amortization and impairments), although

there are certain exceptions to this rule. The interest barrier rules do not apply in any given year (i) if the annual net interest expense is less than €3.0 million, (ii) if the respective entity is not or only partially part of a consolidated group, or (iii) if the respective entity is part of a consolidated group but its equity ratio is no more than two percentage points below the equity ratio of the consolidated group. For the eligibility of exemption (ii), the entity must prove that it did not pay more than 10% of the net interest expense to shareholders with a (direct or indirect) shareholding in the entity of more than 25% or to an associated person. For the eligibility of exemption (iii), the entity must prove that the entity itself and any other company of the consolidated group did not pay more than 10% of the net interest expense to shareholders with a (direct or indirect) shareholding in a group company of more than 25% or to an associated person. Interest expense that is not deductible in any given year may be carried forward to subsequent years of the Company (interest carryforward) and will increase the interest expense in those subsequent years. Under certain conditions, non-offsettable EBITDA may also be carried forward to subsequent years (EBITDA carryforward). For the purpose of trade tax, however, the deductibility of interest expenses is further restricted to the extent that the sum of certain trade taxable add back items exceeds €100,000.00. In such cases 25% of the interest expenses, to the extent they were deducted for corporate income tax purposes, are added back for purposes of the trade tax base; consequently, in these cases the deductibility is limited to 75% of the interest expenses.

Losses of the Company can be carried forward to subsequent years and used to fully offset taxable income for corporate income tax and trade tax purposes only up to an amount of €1.0 million. If the taxable income for the year or taxable profit subject to trade taxation exceeds this threshold, only up to 60% of the amount exceeding the threshold may be offset by tax loss carryforwards. The remaining 40% are subject to taxation (minimum taxation). The rules also provide for a tax loss carryback in an amount of up to €1.0 million to the previous year with regards to corporate income tax. Unused tax loss carryforwards may generally be carried forward for an unlimited period of time.

If more than 50% of the subscribed capital or voting rights of the Company are directly or indirectly transferred to an acquirer (including parties related to the acquirer) within five years or comparable circumstances occur, all tax loss carryforwards and interest carryforwards are forfeited. A group of acquirers with aligned interests is also considered to be an acquirer for these purposes. In addition, any current annual losses incurred prior to the acquisition will not be deductible. If more than 25% up to and including 50% of the subscribed capital or voting rights of the Company are transferred to an acquirer (including parties related to the acquirer) or comparable circumstances occur, a proportional amount of tax loss carryforwards, unused current losses and interest carryforwards are forfeited. While the Federal Constitutional Court (*Bundesverfassungsgericht*) on March 29, 2017 ruled that the relevant provision of the German Corporate Tax Act (*Körperschaftsteuergesetz*) on this pro-rata forfeiture is unconstitutional, such decision only covers the time period up to and including December 31, 2015. Therefore, the Federal Constitutional Court (*Bundesverfassungsgericht*) ruled that a retroactive implementation of a new provision substituting the unconstitutional legislation will only be required for the period from January 1, 2008 up to and including December 31, 2015. However, the ruling of the Federal Constitutional Court (*Bundesverfassungsgericht*) does not address whether the loss expiry rules are compliant with the German Constitution (*Grundgesetz*) to the extent more than 50% of the subscribed capital or voting rights are transferred. This question is, however, addressed in several cases that are still pending with the Federal Fiscal Court (*Bundesfinanzhof*). Furthermore, the Federal Constitutional Court (*Bundesverfassungsgericht*) did not determine whether the loss expiry rules applicable since 2016 comply with the constitutional principle of equality in light of the enactment of the Going Concern Tax Loss Carryforward (as defined below). Following up on the court's request to the lawmaker to amend such rules with retroactive effect until December 31, 2018, the German Ministry of Finance has published a draft bill which, if implemented, would abolish the relevant pro-rata forfeiture provision for harmful share acquisitions relating to share acquisitions of more than 25% up to and including 50% of the subscribed capital or voting rights of the Company retroactively for the period beginning after December 31, 2007 and ending before January 1, 2016. Inter alia, in light of such upcoming changes, the impact of loss forfeiture rules on unutilized losses and interest carry-forwards (possibly also EBITDA carry-forwards) is currently unclear.

The rules on the forfeiture of tax loss carryforwards, unused current losses and interest carryforwards do not apply to share transfers where (i) the acquirer directly or indirectly holds a participation of 100% in the transferring entity, (ii) the seller directly or indirectly holds a participation of 100% in the receiving entity, or (iii) the same natural or legal person or commercial partnership directly or indirectly holds a participation of 100% in the transferring and the receiving entity. Furthermore, tax loss carryforwards, unused current losses and interest carryforwards taxable in Germany will not expire to the extent that they are covered by built in gains taxable in Germany at the time of such acquisition.

In accordance with legislation enacted on December 23, 2016, a new rule was introduced to the German Corporate Tax Act (*Körperschaftsteuergesetz*) with retroactive effect from January 1, 2016. Based upon this legislation and assuming that the required application has been filed, any share transfer that would otherwise be subject to the aforementioned rules does not result in a forfeiture of tax loss carryforwards and interest carryforwards resulting from current business operations (*Geschäftsbetrieb*) of the Company, if, in addition to other requirements, the current business operations of the Company remained the same (i) from the time of its establishment; or (ii) during the last three business years prior to the share transfer and such business operations are maintained after the transfer (*fortführungsgebundener Verlustvortrag* ("**Going Concern Tax Loss Carryforward**")). The determination of whether the business operations have been maintained is assessed on the basis of qualitative factors (*e.g.*, produced goods and services, target markets, client and supplier bases). However, the relevant retained tax loss carryforwards and interest carryforwards will be subject to a special regime, providing, among other things, that they will be forfeited in any event if, after the share transfer, the business operations of the Company become dormant or are amended, the Company becomes a partner in an operating partnership (*Mitunternehmerschaft*), the Company becomes a fiscal unity parent, or assets are transferred from the Company and recognized at a value lower than the fair market value. Whether any of the aforementioned detrimental circumstances occur is monitored until the retained tax loss carryforwards and interest carryforwards have been fully utilized.

21.2 Taxation of Shareholders

Shareholders are taxed in particular in connection with the holding of shares (taxation of dividend income), upon the sale or disposal of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

21.2.1 Taxation of Dividend Income

In the future, the Company may pay dividends out of a tax recognized contribution account (*steuerliches Einlagekonto*). To the extent that the Company pays dividends from the tax-recognized contribution account (*steuerliches Einlagekonto*), the dividends are not subject to withholding tax, personal income tax (including the solidarity surcharge and church tax, if any) or corporate income tax, as the case may be. However, dividends paid out of a tax-recognized contribution account lower the acquisition costs of the shares, which may result in a higher amount of taxable capital gains upon the shareholder's sale of the shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares (the details are outlined below).

21.2.2 Withholding Tax

Dividends distributed by the Company that are not paid out of the tax-recognized contribution account (*steuerliches Einlagekonto*) are subject to a deduction at source (withholding tax) at a 25% rate plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax (*Kirchensteuer*), if applicable. The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's shareholders' meeting.

In general, dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company's shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the Company is not responsible for withholding the withholding tax. Instead, one of the following entities in Germany is responsible and authorized to collect withholding tax and to remit it to the relevant tax authority for the account of the relevant shareholder: (i) a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks or financial service institutes) that holds the shares in custody or that manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or (ii) the central securities depository (*Wertpapiersammelbank*) holding the collective deposit shares in custody if it pays the investment income to a foreign entity, or (iii) the Company itself if and to the extent shares held in collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as stock being held separately (*abgesetzte Bestände*) (each person within the meaning of (i) through (iii) a "**Dividend Paying Agent**").

The Company assumes responsibility for the withholding of taxes on distributions at source, in accordance with statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes at source if it provides evidence that it has not breached its duties intentionally or grossly negligently.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of the Parent-Subsidiary Directive, withholding of the dividend withholding tax may not be required (withholding tax exemption) or may be refunded, provided that the required application is submitted and additional requirements are met. This also applies to dividends distributed to a permanent establishment located in another member state of the European Union of such parent company or of a parent company that is tax resident in Germany, if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. An important prerequisite for the exemption from withholding at the source or a refund of withholding tax under the Parent-Subsidiary Directive is that the shareholder has directly held at least 10% of the Company's registered share capital continuously for one year and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered office in An der Küppe 1, 53225 Bonn, Germany, has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met.

The dividend withholding tax rate for dividends paid to shareholders without a tax residence in Germany will be reduced in accordance with any applicable double taxation treaty between Germany and the relevant shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered office in An der Küppe 1, 53225 Bonn, Germany, for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which usually amounts to between 5% and 15%. Depending on the applicable double taxation treaty, a reduced withholding tax rate may be applicable, if the shareholder has applied for an exemption from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). The applicable double taxation treaty may also provide for a full exemption from the German dividend withholding tax, if the relevant shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure may be obtained from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), as well as German embassies and consulates.

Corporations that are not tax residents in Germany will upon application receive a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided for under the Parent-Subsidiary Directive or a double taxation treaty.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from, or (partial) refund of, German dividend withholding tax.

Pursuant to a special rule on the restriction of withholding tax credit, the aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for shares held as private and as business assets (see "*21.3 Taxation of Dividends of Shareholders with a Tax Residence in Germany*") is subject to the following three cumulative prerequisites: (i) the relevant shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties (the tests under (i) through (iii) together the "**Minimum Risk Test**").

Should any of the three prerequisites not be met, the following applies:

- As regards the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends may not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without

any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the withholding tax deduction which was omitted. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000.00 or who has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

- As regards the taxation of dividends of shareholders without a tax residence in Germany who have applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction does not apply to a shareholder (i) that directly holds at least 10% of the shares in the Company and that is subject to (corporate) income tax in the country of its tax residence without any exemptions, or (ii) that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double taxation treaty is at least 15%.
- In addition to the aforementioned statutory provisions, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) recently published a decree, which outlines the treatment of transactions where the credit of withholding tax will be denied even when the statutory minimum tests as described above are met, in order to prevent abuse. Shareholders of the Company should seek their own professional tax advice on the possibility of obtaining a tax credit or refund of withholding tax on dividends.

Prospective shareholders should seek their own professional advice as to whether they can obtain a tax credit or tax refund with respect to withholding taxes on dividends.

The Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called pots for the loss set off (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital income. A set off of negative capital income at one Dividend Paying Agent against positive capital income at another Dividend Paying Agent is not possible and can only be achieved in the course of the income tax assessment at the level of the respective shareholder. In this case, such shareholder has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pots for the loss set off exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward to the following year by the respective Dividend Paying Agent.

Withholding tax will not be withheld by a Dividend Paying Agent if the shareholder provides the Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent such shareholder's capital income does not exceed the annual lump sum allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the shareholder provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

21.3 Taxation of Dividends of Shareholders with a Tax Residence in Germany

21.3.1 Individuals who hold the Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if any) will generally serve as a final tax (*i.e.*, once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his or her annual tax return (the "**Flat Tax**")).

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned (*i.e.*, taxation that is irrespective of the individual's personal income tax rate). Shareholders may apply to have their capital investment income assessed in accordance with the general rules and with an individual's personal income tax rate if this results in a lower tax burden. In this case, the base for taxation is the gross dividend income less the savers' allowance of €801.00 (€1,602.00 for jointly filing individuals). Subject to the Minimum Risk Test, any tax and solidarity surcharge already withheld is credited against the income tax and solidarity surcharge so determined, and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case. The only possible deduction is the savers' allowance of €801.00 (€1,602.00 for

jointly filing individuals) on all private capital income. Furthermore, dividend income can only be offset by losses from capital income, except for losses generated by the disposal of shares.

If the individual owns (i) at least 1% of the shares in the Company and is able to exercise a significant entrepreneurial influence on the business activity of the Company by virtue of his professional activity (*berufliche Tätigkeit*) for the Company, or (ii) at least 25% of the shares in the Company, the tax authorities may upon application allow for the dividends to be taxed under the partial-income method (see "*21.3.2.2 Sole Proprietors (Individuals)*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his or her private information regarding his affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense. However, 26.375% of the church tax withheld on the dividends is deducted from the withholding tax (including the solidarity surcharge) withheld. If no church taxes are withheld along with the withholding of the withholding tax, the shareholder who owes church tax is required to report his dividends in his income tax return. The church tax on the dividends will then be imposed during the assessment.

Contrary to the above, dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and are paid to shareholders who are tax resident in Germany whose shares are held as private assets, do not form part of the shareholder's taxable income. If the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the shareholder's acquisition costs, the German tax authorities take the view that negative acquisition costs will arise, which may result in a higher capital gain in case of a disposal of the shares. This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In case of a Qualified Participation, a dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) is considered a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In this case the taxation corresponds to the taxation of capital gains of shareholders maintaining a Qualified Participation (see "*21.5 Taxation of Capital Gains*").

21.3.2 Shares Held as Business Assets

The Flat Tax does not apply to dividends from shares of the Company held as business assets of shareholders who are tax resident in Germany. In this case, the taxation is based on whether the shareholder is a corporation, an individual or a partnership. Subject to the Minimum Risk Test, the withholding tax withheld and paid to the tax authorities, including the solidarity surcharge, is credited against the income or corporate income tax and the solidarity surcharge of the shareholder, and any overpayment will be refunded.

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and paid to shareholders who are tax resident in Germany and whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholders. At the same time, such dividend payments lead to a corresponding reduction of the acquisition costs/book value for the relevant shares. To the extent the dividend payments funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceed the acquisition costs/book value of the shares, a taxable capital gain should occur. The taxation of such gain corresponds to the taxation of shareholders whose shares are held as business assets (see "*21.5 Taxation of Capital Gains*"). However, as regards the application of the 95% exemption in case of a corporation, this is not undisputed.

21.3.2.1 Corporations

Dividends received by corporations that are tax resident in Germany are generally exempt from corporate income tax and solidarity surcharge. However, 5% of the dividends are treated as a non-deductible

business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Portfolio Dividends are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% during a calendar year is deemed to have occurred at the beginning of the respective calendar year. Participations which a shareholder holds through a commercial partnership are only attributable to such shareholder on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Business expenses actually incurred and with a direct business relationship to the dividends may be fully deducted.

Any dividends (after deducting business expenses related to the dividends) are fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In such case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes.

21.3.2.2 Sole Proprietors (Individuals)

If the shares in the Company are held as part of the business assets of a sole proprietor (individual) with his or her tax residence in Germany, 40% of any dividend is tax exempt (so-called partial income method). Only 60% of the expenses economically related to the dividends are tax deductible. The partial income method also applies when individuals hold the shares indirectly through a partnership (with the exception of individual investors who hold their shares through partnerships that are neither commercial partnerships nor deemed to be commercial partnerships). However, the partial-income method does not apply with respect to church tax (if applicable). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the respective shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from trade tax. However, trade tax is generally credited, in full or in part, as a lump sum against the relevant shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

21.3.2.3 Partnerships

If a shareholder is a partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, dividends are generally 95% tax exempt. However, dividends from an indirect shareholding representing less than 10% of the share capital for the relevant partner are fully subject to taxation (see "*21.3.2.1 Corporations*"). If the partner is an individual and the shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax. In this case, the partial-income method does not apply with respect to church tax, if applicable (see "*21.3.2.2 Sole Proprietors (Individuals)*").

In addition, if the shares are held as business assets of a domestic permanent establishment of an actual or presumed commercial partnership, the full amount of dividend income is generally also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on the relevant partner's portion of the partnership's income is generally credited as a lump sum — fully or in part — against the individual's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after deduction of business expenses economically related thereto) should generally not be subject to trade tax. In this case, trade tax should, however, be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since this portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to partners other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax.

21.3.2.4 Financial and Insurance Sector

Special rules apply to companies operating in the financial and insurance sector, as well as pension funds (see "*21.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

21.4 Taxation of Dividends of Shareholders without a Tax Residence in Germany

Dividends paid to shareholders of the Company (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. Subject to the Minimum Risk Test, the withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to tax resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed with respect to dividend withholding tax (see "*21.2.2 Withholding Tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) are generally not taxable in Germany.

21.5 Taxation of Capital Gains

21.5.1 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

21.5.1.1 Shares Held as Private Assets

Gains on the sale or disposal of shares of the Company that are held as private assets by shareholders with a tax residence in Germany and which were acquired after December 31, 2008, are generally taxable regardless of the length of time held. The tax rate is generally a uniform 25% plus the 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as any church tax, if applicable.

The taxable capital gains are the difference between (i) the proceeds from the disposal of the shares after deducting the direct sales costs and (ii) the acquisition costs of the shares. Under certain conditions, prior payments from the tax-recognized contribution account (*steuerliches Einlagekonto*) may lead to reduced acquisition costs of the shares held as private assets and, as a consequence, increase the taxable sales gain. Losses on the sale or disposal of shares can only be used to offset gains made on the sale or disposal of shares during the same year or in subsequent years.

If the shares are held in custody or administered by a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks and financial service institutes), or if such entity or branch sells the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), such Domestic Paying Agent withholds a withholding tax of 25% plus 5.5% solidarity surcharge thereon and any church tax, if applicable, and remits such taxes to the tax authority. In such a case, the tax on the capital gain will generally be discharged. If the shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of taxes withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire such shares. However, the withholding tax rate of 25% plus the 5.5% solidarity surcharge thereon and any church tax, if applicable, will be applied to 30% of the gross sales proceeds, if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds required to, verify the original costs of the shares in his annual tax return.

Entities required to collect withholding taxes on capital investment income are also required to withhold the church tax for shareholders who are subject to church tax, unless the shareholder objects in writing to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment

as a special expense. However, 26.375% of the church tax withheld on the capital gain is deducted from the withholding tax (including the solidarity surcharge) withheld.

If withholding tax or, if applicable, church tax on capital gains is not withheld by a Domestic Paying Agent, the respective shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

A shareholder may request that all of his items of capital investment income, along with his other taxable income, are subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers his tax burden. In such case, the base for taxation would be the gross income less the savers' allowance of €801.00 (€1,602.00 for jointly filing individuals). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax already withheld would be credited against the income tax so determined, and any overpayment refunded.

One exception to this rule is that a shareholder's capital gains are subject to the partial income method and not the Flat Tax. Consequently, 60% of the proceeds from the sale or disposal of shares are subject to the individual income tax rate, if the shareholder, or his legal predecessor in case of acquisition without consideration, has directly or indirectly held shares equal to at least 1% of the Company's share capital at any time during the previous five years. 60% of the expenses economically related to the proceeds from the sale or disposal of shares are tax-deductible.

In the case of a Qualified Participation, withholding tax (including the solidarity surcharge) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is required to declare the gains from the sale in his income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax liability, and any overpayment will be refunded.

21.5.1.2 Shares Held as Business Assets

The Flat Tax does not apply to proceeds from the sale or disposal of shares held as business assets by shareholders tax resident in Germany. If the shares form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership. Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the original acquisition costs/book value. This may give rise to a higher taxable capital gain in case of a sale or disposal of shares. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain may arise.

1. **Corporations:** In general, capital gains earned from the sale or disposal of shares by corporations domiciled in Germany are exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the length of time the shares are held. However, 5% of the capital gains are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge thereon) and to trade tax.

2. **Sole proprietors (individuals):** If the shares of the Company were acquired after December 31, 2008 and form part of the business assets of a sole proprietor (individual) who is tax resident in Germany, 60% of the capital gains on their sale are subject to the individual's personal tax rate plus the solidarity surcharge thereon (partial income method). Correspondingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. For church tax, if applicable, the partial income method does not apply. If the shares are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

3. **Commercial partnerships:** If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles

applying to capital gains which are outlined in subsection 1 apply. If the partner is an individual, the tax principles applying to capital gains that are outlined in subsection 2 apply. Upon application and provided that additional prerequisites are met, an individual who is a partner may obtain a reduction of his personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale or disposal of shares attributable to a permanent establishment maintained in Germany by an actual or presumed commercial partnership are subject to trade tax at the level of the partnership. In such case, generally only 60% of the gains are subject to trade tax to the extent the partners in the partnership are individuals, while 5% are subject to trade tax to the extent the partners are corporations and shares are sold. Under the principles discussed above, losses on sales and other reductions in profit related to the shares sold are generally not deductible or only partially deductible, if the partner is a corporation. If the partner is an individual, the trade tax the partnership pays on his share of the partnership's income is generally credited as a lump sum — fully or in part — against his personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the respective shareholder.

Special rules apply to capital gains realized by companies operating in the financial and insurance sectors, as well as pension funds (see "*21.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

If a Domestic Paying Agent is involved, the proceeds from the sale or disposal of shares of the Company held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares are held as private assets (see "*21.5.1.1 Shares Held as Private Assets*"). However, the Domestic Paying Agent may refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the relevant shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any excess amount will be refunded.

21.5.2 Taxation of Capital Gains of Shareholders without a Tax Residence in Germany

Capital gains realized by a shareholder without a tax residence in Germany are only subject to German income tax if the selling shareholder holds a Qualified Participation or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

Most double taxation treaties provide for an exemption from German taxes and assign the right of taxation to the shareholder's country of tax residence in the former case.

21.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are fully taxable. This applies to dividends received on, as well as gains from the disposal of, shares in a trading portfolio within the meaning of Section 340e para. 3 HGB of credit institutions and financial services institutions, and shares that are, upon acquisition of the shares, allocable to the current assets of a financial enterprise within the meaning of the German Banking Act (*Kreditwesengesetz*) that is directly or indirectly held by a credit institution or financial services institution to more than 50%. The same applies to shares of the Company held as investments by life insurance providers, health insurance providers and pension funds. If the shareholding at the beginning of the relevant assessment period is 15% or higher, the dividends may, subject to certain conditions, be fully exempted from trade tax. However, an exemption to the foregoing (*i.e.*, a 95% effective tax exemption) applies to dividends obtained by the aforementioned companies, if such companies fall within the scope of the Parent-Subsidiary Directive.

21.7 Inheritance and Gift Tax

The transfer of shares to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

1. the decedent, donor, heir, beneficiary or other transferee maintained his domicile or habitual abode in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or

2. the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

3. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of No. 1. above, and also with certain restrictions in case of No. 2. above. Special provisions apply to certain German nationals living outside Germany and former German nationals.

The fair value of the shares represents the tax assessment base, which generally corresponds to the stock exchange price of the Company's shares. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

21.8 The Proposed Financial Transactions Tax

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transaction tax in certain participating member states of the European Union, including Germany, which, if introduced, could under certain circumstances apply to certain dealings in the Company's shares, including with respect to secondary market transactions. The issuance and subscription of shares should, however, be exempt. The Commission's Proposal remains subject to negotiations between the participating member states of the European Union and it is currently unclear in what form and when the Commission's Proposal will be implemented, if ever.

21.9 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

22. FINANCIAL INFORMATION

The following English-language consolidated financial statements (F-19–F-63), (F-67–F-110) and (F-112–F-154) and the English-language unconsolidated financial statements (F-156–F-168) are translations of the respective German-language audited consolidated financial statements and the respective German-language audited unconsolidated financial statements.

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Westwing Group AG (formerly Westwing Group GmbH)
Berlin

Unaudited condensed consolidated interim financial statements
as of and for the six months ended 30 June 2018
(prepared in accordance with IFRS on interim financial reporting (IAS 34))

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Westwing Group AG (formerly Westwing Group GmbH)
Condensed consolidated interim financial statements

Consolidated Income Statement

	Note	1 January-30 June 2018	1 January-30 June 2017
		TEUR	
Revenue	3	120,476	98,871
Cost of sales		(69,327)	(56,456)
Gross profit		**51,149**	**42,415**
Fulfilment expenses	7	(24,568)	(21,661)
Marketing expenses		(7,609)	(6,585)
General and administrative expenses	7	(17,421)	(27,896)
Other operating expenses		(328)	(358)
Other operating income		332	469
Operating result		**1,556**	**(13,616)**
Finance costs	6	(6,674)	(4,632)
Finance income	6	-	1
Other financial result	6	(162)	304
Financial result	6	(6,836)	(4,326)
Result before income tax		**(5,280)**	**(17,943)**
Income tax expense		(124)	(85)
Result for the period from continuing operations		**(5,404)**	**(18,028)**
Result for the period from discontinued operations after taxes	1.3	**729**	**370**
Result for the period		**(4,675)**	**(17,658)**
Result attributable to:			
Owners of the Company		(6,933)	(16,277)
Non-controlling interests		2,258	(1,381)
Average number of shares in circulation; undiluted (= diluted)		91,702	91,702
Earnings per share (in EUR) from continuing operations attributable to the owners of the Company; undiluted (= diluted)	10	(81.64)	(181.40)
Earnings per share (in EUR) from discontinued operations attributable to the owners of the Company; undiluted (= diluted)	10	6.03	3.89

Westwing Group AG (formerly Westwing Group GmbH)
Condensed consolidated interim financial statements

Consolidated Statement of Comprehensive Income

	1 January-30 June 2018	1 January-30 June 2017
	TEUR	
Result for the period	**(4,675)**	**(17,658)**
Items that subsequently will be reclassified to the income statement:		
Exchange translation differences of foreign operations	420	329
Other comprehensive income, net of tax	**420**	**329**
Attributable to:		
Owners of the Company	353	255
Non-controlling interests	67	74
Net income from the assets held for sale	-	-
Total comprehensive loss for the period	**(4,255)**	**(17,329)**
Attributable to:		
Owners of the Company	(6,580)	(16,022)
Non-controlling interests	2,325	(1,307)
Total comprehensive loss for the period	**(4,255)**	**(17,329)**

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Consolidated Statement of Financial Position

	Note	30/6/2018	31/12/2017
		TEUR	
Assets			
Non-current assets			
Property, plant and equipment	1.3	22,985	6,060
Intangible assets		5,848	4,027
Trade and other receivables		3,387	3,747
Total non-current assets		**32,220**	**13,834**
Current assets			
Inventories		20,640	21,694
Prepayments on inventories		3,041	2,358
Trade and other receivables		7,302	8,954
Other assets		3,290	2,057
Cash and cash equivalents		7,020	13,831
Assets held for sale	1.4	8,514	-
Total current assets		**49,806**	**48,894**
Total assets		**82,026**	**62,729**
Equity and liabilities			
Equity/(deficit)			
Share capital		92	92
Treasury shares		(998)	(998)
Share premium		210,343	210,343
Other reserves		35,134	22,671
Retained earnings		(276,236)	(269,292)
Other comprehensive income (OCI) reserve		7,535	7,182
Equity/(deficit) attributable to the owners of the Company		**(24,130)**	**(30,002)**
Non-controlling interests		(33,356)	(35,758)
Total equity/(deficit)		**(57,485)**	**(65,760)**
Non-current liabilities			
Borrowings	6	11,703	4,401
Lease liabilities	1.3	15,366	45
Other financial liabilities		40,855	35,495
Other non-financial liabilities		147	15,735
Provisions		242	242
Total non-current liabilities		**68,313**	**55,918**
Current liabilities			
Borrowings		6,766	7,069
Lease liabilities	1.3	3,600	-
Trade payables and accruals		27,650	39,717
Customer prepayments		9,663	11,721
Other financial liabilities		3,103	1,586
Other non-financial liabilities		6,949	9,542
Provisions		2,920	2,937
Liabilities in connection with assets held for sale	1.4	10,547	-
Total current liabilities		**71,199**	**72,571**
Total liabilities		**139,512**	**128,489**
Total equity and liabilities		**82,026**	**62,729**

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Consolidated Statement of Changes in Equity

TEUR	Note	Attributable to the owners of the Company								
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other comprehensive income (OCI) reserve	Total	Non-controlling interests	Total equity
As at 1 January 2017		**92**	**210,343**	**(998)**	**17,765**	**(240,758)**	**6,840**	**(6,717)**	**(32,996)**	**(39,713)**
Loss for the period		-	-	-	-	(16,277)	-	**(16,277)**	(1,381)	**(17,658)**
Other comprehensive income		-	-	-	-	-	255	**255**	74	**329**
Total comprehensive income		**-**	**-**	**-**	**-**	**(16,277)**	**255**	**(16,022)**	**(1,307)**	**(17,329)**
Share-based compensation expenses	7	-	-	-	2,321	-	-	**2,321**	33	**2,354**
Acquisitions / disposals of non-controlling interest / other		-	-	-	255	735	-	**989**	(749)	**240**
As at 30 June 2017		**92**	**210,343**	**(998)**	**20,341**	**(256,301)**	**7,095**	**(19,429)**	**(35,019)**	**(54,448)**
As at 1 January 2018		**92**	**210,343**	**(998)**	**22,671**	**(269,292)**	**7,182**	**(30,002)**	**(35,758)**	**(65,760)**
Loss for the period		-	-	-	-	(6,933)	-	**(6,933)**	2,258	**(4,675)**
Other comprehensive income		-	-	-	-	-	353	**353**	67	**420**
Total comprehensive income		**-**	**-**	**-**	**-**	**(6,933)**	**353**	**(6,580)**	**2,325**	**(4,255)**
Share-based compensation expenses*	7	-	-	-	12,451	-	-	**12,451**	78	**12,528**
Other		-	-	-	12	(10)	-	**2**	-	**2**
As at 30 June 2018		**92**	**210,343**	**(998)**	**35,134**	**(276,236)**	**7,535**	**(24,130)**	**(33,356)**	**(57,485)**

* including the conversion of cash-settled to equity-settled plans, we refer to note 7 and the detail split of expenses for the period

Westwing Group AG (formerly Westwing Group GmbH)
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Consolidated Statement of Cash Flows

	Note	1 January-30 June 2018	1 January-30 June 2017
		TEUR	
Loss before income tax		(5,280)	(17,943)
Adjustments for:			
Depreciation and impairment of property, plant and equipment		2,409	807
Amortization and impairment of intangible assets		788	1,226
Loss on disposal of property, plant and equipment		11	7
Share-based compensation (income)/expenses	7	(3,192)	4,225
Fair value loss on financial liabilities		116	652
Finance income		-	(1)
Finance costs		6,524	3,937
Foreign currency effects		229	(304)
Other non-cash related adjustments		37	(27)
Changes in provisions and pensions		257	80
Cash effective operating profit/(loss) before changes in working capital		1,899	(7,341)
Adjustments for changes in working capital:			
Changes in trade and other receivables and prepayments		(2,116)	315
Changes in inventories		(2,925)	(4,084)
Changes in trade and other payables		(4,287)	555
Cash used in operations		**(7,429)**	**(10,555)**
Tax paid		(124)	(63)
Net cash flows used in operating activities – continuing operations		**(7,553)**	**(10,618)**
Net cash flows generated/used in operating activities - discontinued operations	1.4	494	(737)
Net cash flows used in operating activities – continuing and discontinued operations		**(7,059)**	**(11,355)**
Investing Activities:			
Proceeds from sale of property, plant and equipment		169	3
Purchase of property, plant and equipment		(615)	(919)
Purchase of intangible assets		(2,678)	(1,929)
Other investing activities		14	42
Interest received		-	1
Net cash flows used in investing activities - continuing operations		**(3,110)**	**(2,802)**
Net cash flows used in investing activities - discontinued operations	1.4	(164)	(54)
Net cash flows used in investing activities - continuing and discontinued operations		**(3,274)**	**(2,856)**
Financing activities:			
Sale of minority interests		-	198
Interest and other finance charges paid		(1,008)	(157)
Proceeds from/(Repayment of) borrowings*		7,657	10,788
Payments of lease liabilities		(1,575)	-
Net cash flows from financing activities - continuing operations		**5,074**	**10,829**
Net cash flows from financing activities – discontinued operations	1.4	(564)	(646)
Net cash flows from financing activities - continuing and discontinued operations		**4,510**	**10,183**
Net change in cash and cash equivalents		**(5,823)**	**(4,028)**
Effect of exchange rate fluctuations on cash held		(348)	(178)
Cash and cash equivalents at 1 January		13,831	17,899
Cash and cash equivalents at 30 June		**7,660**	**13,693**
thereof - discontinued operations		*640*	*905*
thereof - continuing operations		*7,020*	*12,788*

* Thereof proceeds from borrowings amounted to EUR 11.8 million (prior period: EUR 11.1 million) and repayments amounted to EUR 4.8 million (prior period: EUR 0.3 million)

Westwing Group AG (formerly Westwing Group GmbH)

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Selected explanatory notes

1. General

1.1 Background

The Westwing Group AG (formerly Westwing Group GmbH) (referred to as the "Company" or "Westwing") and its subsidiaries (together referred to as the "Group") are one of the leading eCommerce companies in the European home & living sector.

The Company was incorporated in 2011 and is registered at Berlin District Court, Germany, under the number HRB 136693 B. The company is headquartered in Moosacher Str. 88, 80809 Munich, Germany. As at 30 June 2018, the Group operated in 14 countries (Germany, Austria, Switzerland, Italy, Brazil, Spain, the Netherlands, France, Poland, Russia, Belgium, Kazakhstan, Czech Republic and Slovakia) and consisted of 28 legal companies, all of which are consolidated in these condensed consolidated interim financial statements.

The Company renamed and switched its legal form to Westwing Group AG on 16 August 2018 being registered at Berlin District Court, Germany, under the number HRB 199007 B since then. The condensed consolidated interim financial statements were prepared under the former legal form.

1.2 Principles for preparation of the financial statements

These condensed consolidated interim financial statements for the period from 1 January 2018 to 30 June 2018 were prepared in accordance with IAS 34, *Interim Financial Reporting* and using the IFRS as adopted by the EU and are unaudited. Accordingly, these condensed consolidated interim financial statements do not include all of the information and notes which are necessary for consolidated financial statements in accordance with IFRS and should be read in conjunction with the Group's consolidated financial statements as of and for the year ended 31 December 2017.

In the course of preparing the condensed consolidated interim financial statements for interim reporting purposes in accordance with IAS 34, the management is required to make assessments, estimates and assumptions which affect the application of accounting principles in the Group and the recognition of assets, liabilities, income and expenses. Actual amounts may deviate from these estimates.

With the exception of the effects from first-time application of IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases" the accounting policies and recognition and measurement methods applied in the consolidated financial statements as of 31 December 2017 have been applied without change. These effects are further explained below in Note 1.3.

The condensed consolidated interim financial statements are presented in Euro. Due to rounding according to established commercial standards, it is possible that figures may not add up exactly to that total stated, and the percentages presented may not reflect precisely the figures they correspond to.

1.3 First-time application of new statements

IFRS 9: *Financial Instruments* Westwing adopted the new standard as of 1 January 2018. The transition to the new standard was performed retrospectively, but without any adjustment being made to the comparative figures. Therefore no effects have been recognized in the capital reserves.

The new classification and measurement requirements defined by IFRS 9 implied no changes, especially given the short-term business with end customers and the lack of complex derivative financial instruments and equity instruments as of 1 January 2018. Major judgments or estimates regarding the expected loss model for trade receivables were not necessary to be exercised, since the typical revenue transaction is based on customers' prepayments.

IFRS 15 *Revenue from Contracts with Customers:* Westwing adopted the new standard as of 1 January 2018 using the modified retrospective approach. As opposed to the full retrospective approach, which

requires restating for all contracts for the periods presented, the modified retrospective approach requires the standard to be applied to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date.

IFRS 15 introduces a five-step model to determine the point in time (or over time) and the amount of revenue to be recognized, which Westwing uses to assess its business transactions.

The core principle of IFRS 15 is that an entity recognizes revenue to reflect the transfer of goods or services to customers at an amount that represents the consideration the entity expects to receive. Revenue is recognized when the customer obtains control over the goods or services. IFRS 15 also contains guidance on the presentation of contract assets and contract liabilities. All revenues of Westwing qualify as contracts with customers and therefore fall within the scope of the new standard.

Westwing trades directly with end customers in short term, simple and single component transactions. Additionally, Westwing already had split its revenues into its single parts to account for performance obligations under IAS 18. Major judgments or estimates were not necessary to be exercised. As a result, there was no significant impact on the Group. It merely extended the balance sheet by approx. EUR 1.2 million, as it is now necessary to recognize a liability for the expected returns of goods in the gross amount and a separate asset in the amount of the merchandise which is to be returned forming part of inventories whereas the Group formerly recognized a net provision for the expected returns of goods under IAS 18.

IFRS 16 *Leases*: This standard is applicable for annual reporting periods beginning on or after 1 January 2019, however early application is permitted if IFRS 15 is already applied at such time. Westwing Group has adopted this standard earlier, as of 1 January 2018. The modified retrospective method was selected as the transitional method. The comparative figures for earlier periods were not adjusted. The transition to IFRS 16 had no impact on the equity of the Group as of transition date.

Right-of-use assets in the amount of EUR 20.4 million and lease liabilities in the amount of EUR 21.4 million were recognized as of 1 January 2018 in connection with the first application of IFRS 16. The difference between these two amounts is due to previously recognised provisions for lease expenses. The allocation to continuing and discontinued operations can be found in the table below. The Group took advantage of the exemption for first-time application of IFRS 16 to adjust the right-of-use asset by the provisions for lease expenses which were recognized in the balance sheet immediately prior to the date of first-time application.

The Group has also decided not to apply IFRS 16 to leases which expire within twelve months of first-time application. Instead, these leases are treated as short-term leases and recognized as expenses from short-term leases. We use also the exemption rule for leases of low value assets with a value of up to US$5,000.

Based on the operating leases as of 31 December 2017, the following reconciliation was performed to arrive at the lease liabilities recognized in the operating balance sheet of 1 January 2018:

	1/1/2018
	TEUR
Undiscounted lease payments as of 1/1/2018	25,414
Minimum lease payments from finance lease liabilities as of 1/1/2018	45
Relief short-term lease	(374)
Discount	(2,717)
Other	(997)
Leasing liabilities as of 1/1/2018	**21,370**
thereof continuing operations	*20,019*
thereof discontinued operations	*1,351*

Lease liabilities were discounted at the incremental borrowing rate as of 1 January 2018. The weighted average interest rate used was approx. 5.7%. Right-of-use assets include an amount of TEUR 45 as of 31 December 2017 in accordance with IAS 17 recognized as finance leases being part of the opening balance as of 1 January 2018.

The following elements are presented in the financial statements for the period ended as of 30 June 2018:

Leases in the consolidated statement of financial position

	30/6/2018
	TEUR
Assets	
Non-current assets	
Right-of-use assets - Buildings	17,448
Right-of-use assets - Other equipment	397
Total	**17,845**
Liabilities	
Non-current lease liabilities	15,366
Current lease liabilities	3,600
Total	**18,966**

Leases in the statement of comprehensive income

	1 January – 30 June 2018
	TEUR
Other operating income	
Income from sub leases	48
General administrative expenses	
Expenses from short-term leases	(766)
Other lease expenses (ancillary costs)	(258)
Depreciation	
Depreciation on right-of-use assets	(1,723)
Financial result	
Interest expenses from lease liabilities	(475)
Expenses from currency translation of lease assets	(15)

1.4 Discontinued operations and assets and liabilities held for sale

Discontinued operations are reported when a component represents a separate major line of business or geographical area of operations, and is part of a single coordinated plan to dispose of. Assets held for sale are assets which can be sold in their present condition and whose sale is highly probable. A completed sale of these assets must be expected within one year of the classification date. They may be individual non-current assets, groups of assets (disposal groups), components of entities or subsidiaries which are acquired with the sole intent of resale (discontinued operations). Liabilities which are to be disposed of in the same transaction as assets are components of a disposal group or discontinued operations and are recognized separately as "liabilities in connection with assets held for sale." Assets are no longer depreciated, but are instead recognized at the lower of carrying amount or fair value less cost to sell. Results from the measurement of individual assets held for sale and disposal groups are recognized in profit and loss from continuing operations until the sale is finalized. Profit and loss from the measurement of operations intended for sale at fair value less cost to sell are recognized as profit and loss from discontinued operations. This also applies for the results from business activities and from the sale of these operations. Comparative information on continued and discontinued operations is presented in the consolidated income statement on a comparable basis whereas the comparative information is not adjusted in the consolidated statement of financial position.

In the first half of 2018 it was decided by management and approved by the Advisory Board to divest the Brazilian operating company as well as the operations in Russia covering also Kazakhstan. Westwing intends to sell its operations in Brazil, Russia and Kazakhstan within the next 12 months; the sales process has been ongoing since the Company decided on the divestment. We also refer to Note 11. These operations were reclassified as discontinued operations and the assets and liabilities of these operations as assets and liabilities in connection with assets held for sale in the unaudited condensed consolidated interim financial statements as of and for the six months ended 30 June 2018.

Detailed disclosures about the composition of the assets/liabilities held for sale and discontinued operations are as follows.

As a result of the decision by Group management to sell the following Group companies in the near term, the net assets attributable to those companies are recognized as assets held for sale or liabilities in connection with held-for-sale assets in accordance with IFRS 5.38:

Name	Country of incorporation and place of business	Registered office	Proportion of ownership interests held 30/6/2018	Proportion of ownership interests held 31/12/2017
Westwing Comercio Varejista Ltda.	BR	Sao Paulo	77.29	77.29
Westwing Russia OOO	RU	Moscow	88.80	88.80

No impact resulted from the obligation to remeasure assets held for sale at fair value less cost to sell, if lower than the carrying amount. These entities are included in the segment reporting, we refer to the Note 2.

The following tables show the condensed balance sheet as of 30 June 2018 as well as income statement and statement of cash flows for the six months period ended 30 June 2018 for discontinued operations:

Condensed balance sheet of discontinued operations

	30/6/2018
	TEUR
Assets	
Right-of-use assets	1,251
Other non-current assets	682
Inventories	2,891
Other current assets	3,049
Cash	640
Total	**8,514**
Liabilities	
Provisions	259
Leasing liabilities	1,229
Other current liabilities	9,059
Total	**10,547**

Condensed income statement of discontinued operations

	1 January – 30 June 2018	1 January – 30 June 2017
	TEUR	
Revenue	19,210	23,708
Cost of sales	(10,043)	(12,822)
Gross profit	**9,166**	**10,886**
Operating expenses	(7,639)	(9,684)
Operating result	1,528	1,201
Financial result	(551)	(804)
Result before tax	976	397
Income tax	(247)	(27)
Net result	**729**	**370**

Condensed statement of cash flows of discontinued operations

	1 January – 30 June 2018	1 January – 30 June 2017
	TEUR	
Net cash flows from/used in operating activities	494	(737)
Net cash flows used in investing activities	(164)	(1,398)
Net cash flows used in financing activities	(564)	(646)
Net decrease in cash and cash equivalents	(234)	(2,781)
Effect of exchange rate fluctuations on cash held	(192)	(465)
Cash and cash equivalents at 1 January	1,066	4,151
Cash and cash equivalents at 30 June	**640**	**905**

The difference in cash flows used in investing activities between the amount disclosed as discontinued operations within Group cash flows used in investing activities and in the table above represents an intercompany loan granted by the Brazilian affiliate to the headquarter in first half of 2017 in the amount of TEUR 1,344.

1.5 Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

We steer our business based on two operating segments that also form our reportable segments, DACH and International. The DACH segment comprises our business in Germany, Austria and Switzerland. The International segment comprises our operations in Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia. Such segment information is presented for the first time in the unaudited condensed consolidated interim financial statements for the six months ended and as of 30 June 2018. Our operations in Brazil, Russia and Kazakhstan, which we intend to sell, represent discontinued operations in the unaudited condensed consolidated interim financial statements for the six months ended and as of 30 June 2018 and, therefore, are not included in our operating segments.

For additional disclosures we refer to Note 2.

1.6 Scope of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of Westwing and entities controlled by Westwing ("subsidiaries"). Consequently, all companies in which the Company holds a controlling interest are fully consolidated in the financial statements

As at 30 June 2018, the Company controls 20 domestic subsidiaries (31 December 2017: 20), as well as maintaining indirect control of seven foreign subsidiaries (31 December 2017: seven).

There were no disposal and deconsolidation of entities performed in the first half of 2018 or 2017.

2 Segment data

Segment data for the period from 1 January 2018 to 30 June 2018 (in TEUR, unless otherwise indicated):

1 January-30 June 2018	DACH	International	Headquarter/ reconciliation	Group
Revenue	59,781	60,695	-	120,476
Adjusted EBITDA	2,850	83	(107)	2,826
Adjusted EBITDA margin	4.8%	0.1%	-	2.3%
Cash and cash equivalents	1,470	3,442	2,108	7,020

Segment data for the period from 1 January 2017 to 30 June 2017 (in TEUR, unless otherwise indicated):

1 January-30 June 2017	DACH	International	Headquarter/ reconciliation	Group
Revenue	40,357	58,515	-	98,871
Adjusted EBITDA	(907)	(3,875)	(218)	(5,001)
Adjusted EBITDA margin	(2.2%)	(6.6%)	-	(5.1%)
Cash and cash equivalents*	4,182	2,666	5,940	12,788

* excluding cash amounts from discontinued operations, see consolidated statement of cash flows

The adjusted EBITDA of the Group's segments is reconciled to its nearest IFRS measure as follows:

	1 January-30 June 2018	Margin*	1 January-30 June 2017	Margin*
	TEUR			
DACH	2,850	4.8%	(907)	(2.2%)
International	83	0.1%	(3,875)	(6,6%)
Headquarter/Reconciliation	(107)	-	(218)	-
Adjusted EBITDA	**2,826**	**2.3%**	**(5,001)**	**(5,1%)**
Adjustments				
Share-based compensation income/(expenses)	3,192	-	(4,225)	-
IPO costs recognized in profit or loss	(98)	-	-	-
Central costs allocated to discontinued operations	(1,167)	-	(2,358)	-
EBITDA	4,753	3.9%	(11,584)	(11.7%)
Depreciation, amortization and impairments	(3,197)	(2.7%)	(2,033)	(2.1%)
EBIT	1,556	1.3%	(13,616)	(13.8%)
Financial result	(6,836)	(5.7%)	(4,326)	(4.4%)
Result before income tax	(5,280)	(4.4%)	(17,943)	(18.1%)

* margin calculated as percentage of revenue

Group companies with registered office in Germany earned third party revenues in the amount of TEUR 61,581 in first half of 2018 (previous year: TEUR 40,369) and recognized non-current assets (not including financial instruments but including the right-of-use assets in line with IFRS 16) in the amount of TEUR 24,859 (previous year without right-of-use assets: TEUR 10,754).

3 Analysis of revenue

Revenues with customers for the period comprises the following:

	1 January-30 June 2018	1 January-30 June 2017
	TEUR	
Revenue from the sale of products	116,229	94,370
Revenue from shipping charges	5,113	5,026
Revenue from payment fees	226	262
Reduction in sales from the redemption of vouchers and discounts	(2,150)	(1,551)
Other revenue	1,058	764
Total	**120,476**	**98,871**

4 Additional information on income and expenses

Included in the result for the period are the following income and expenses:

	1 January-30 June 2018	1 January-30 June 2017
	TEUR	
Rent and other operating lease expenses	766	2,902
Depreciation, amortization and impairments	3,197	2,033
Loss from revaluation of a financial liability	116	652

5 Personnel expenses

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

	1 January-30 June 2018	1 January-30 June 2017
	TEUR	
Wages, salaries and other short-term employee benefits	17,340	19,474
Share-based payment expenses (income)	(3,192)	4,225
Social security and similar costs	4,010	4,185
Total	**18,158**	**27,884**

6 Financial result

The financial result for the period comprises the following:

	1 January-30 June 2018	1 January-30 June 2017
	TEUR	
Finance income:		
Interest income	-	1
Total finance income	-	1
Finance costs:		
Interest expenses	(5,933)	(3,979)
Lease interest expenses	(475)	-
Other financial expenses	(266)	(652)
Total finance costs	**(6,674)**	**(4,632)**
Net finance result	**(6,674)**	**(4,631)**
Other financial result:		
Currency exchange gains	255	408
Currency exchange losses	(417)	(104)
Other financial result	**(162)**	**304**
Financial result	**(6,836)**	**(4,326)**

Interest expenses largely relate to interest on the financing round in May 2016 that raised EUR 24.0 million. It is recorded at amortized cost within non-current other liabilities. In first half of 2018 interest expenses of EUR 5.4 million (first half of 2017: EUR 3.8 million) related to this financing round.

For the Kreos loans from 2017, EUR 0.4 million interest expenses were recognized in the first half of 2018 (first half of 2017: EUR 0.1 million).

On 23 March 2018, Westwing Group GmbH and GGC EUR S.À.R.L, an affiliate of Rocket Internet SE, entered into a credit facility agreement amounting to EUR 15.0 million and signed an option agreement. The first tranche of EUR 5.0 million had to be drawn within 18 months after signature. It was drawn on 19 April 2018. Additional EUR 5.0 million were drawn on 18 June 2018. Interest of EUR 0.1 million was recognized in the first half of 2018.

7 Share-based compensation

Certain eligible employees of the Group are entitled to participate in share-based compensation arrangements, whereby employees render services as consideration for equity instruments (equity-settled transactions) of the Group. In addition, certain eligible employees are also granted share appreciation rights, which are settled in cash (cash-settled transactions).

The following changes occurred in the first half of 2018 with regard to the Group's share-based compensation arrangements:

Westwing has decided to align the share-based compensation plans within the Group. Instead of differentiating between equity-settled and cash-settled share-based compensation plans within individual group entities the ultimate parent company will operate only equity-settled share-based compensation plans for eligible employees. In order to implement this new structure, a roll-up of the majority of the existing compensation schemes within the individual subsidiaries has taken place. This roll-up has been effectuated via a replacement of the awards outstanding under existing plans on subsidiary level by new awards issued by Westwing Group GmbH. This replacement is accounted for as a modification under IFRS 2. All new plans allow the Company to settle the replacement awards either in equity or in cash. Since the clearly defined intention and policy of Westwing is to settle the resulting obligations in equity, the Group does not have an obligation to settle the awards in cash. Accordingly all new plans are accounted for as equity-settled share-based compensation plans.

The replacement of the awards outstanding under the existing plans with awards at Westwing Group GmbH level has taken place via a fixed conversion rate based on country level valuations compared to the valuation of the total Group. The replacement of equity-settled awards on country level to equity-settled share-based compensation on Group level plans did not result in an additional incremental fair value granted to the eligible employees. Furthermore, the original vesting conditions have been kept constant for the replacement agreements. Therefore, the expenses after the replacement of the equity-settled awards result from recognising the remaining expenses under the existing plans over the remainder of the original vesting periods.

With respect to the replacement of awards outstanding under the virtual stock option plan originally issued to employees in Germany by options granted under a new option plan, this has led to a change in classification from cash-settled to equity-settled on the replacement date.

The cash-settled liability was last remeasured on the modification date and then reclassified to equity. The equity-settled share-based payment transaction is measured by reference to the fair value of the options granted at the replacement date, and it is recognised in equity to the extent to which services have been received. Any difference between the carrying amount of the liability derecognised and the amount of equity recognised on the replacement date has been recognised immediately in the income statement resulting in income of EUR 5.9 million.

Total share-based compensation calculation resulted in a net income of EUR 3.2 million for the first half of 2018 for continuing operations (first half of 2017: EUR 4.2 million expense), thereof EUR 0.9 million income recorded in fulfilment expenses (first half of 2017: EUR 0.3 million expense) and EUR 2.3 million income recorded in general and administration expenses (first half of 2017: EUR 3.9 million expense), and expenses of EUR 0.1 million for the first half of 2018 are included in the result for the period from discontinued operations after taxes (first half of 2017: EUR 0.1 million). Income of EUR 5.9 million in the current period primarily results from the conversion of cash-settled to equity-settled compensation plans as the liability for the cash-settled options of EUR 15.6 million was derecognized and replaced by equity-settled options amounting to EUR 9.7 million as of the modification date. Furthermore, share-based compensation expenses of EUR 2.7 million were recorded for other programs in the current period.

A reconciliation of share-based compensation expenses in the balance sheet, income statement and statement of changes in equity is shown in the following table.

Reconciliation of share-based compensation for continuing and discontinued operations

	1 January – 30 June 2018	1 January – 30 June 2017
	TEUR	
Expenses from equity-settled share-based compensation related to continuing operations	2,691	2,284
Conversion of cash-settled plans into equity-settled plans	9,704	-
Expenses from equity-settled share-based compensation related to discontinued operations	133	70
Equity-settled share-based compensation for the period recognized in equity	**12,528**	**2,354**
Expenses from cash-settled share-based compensation related to continuing operations	(3)	1,941
Conversion of cash-settled plans into equity-settled plans	(15,584)	-
Expensed from cash-settled share-based compensation related to discontinued operations	-	-
Total change in cash-settled share-based compensation	**(15,587)**	**1,941**
Total share-based compensation expenses (income)	**(3,059)**	**4,295**
thereof continuing operations	*(3,192)*	*4,225*
thereof discontinued operations	*133*	*70*

8 Derivative financial instruments and financial liabilities at amortized cost

On 23 March 2018, Westwing Group GmbH and GGC EUR S.À.R.L as lender, an affiliate of Rocket Internet SE, entered into a credit facility agreement amounting to EUR 15.0 million and signed additionally a warrant agreement pursuant to which the lender was granted warrant rights enabling the lender to acquire a certain number of new shares in the Company against contribution in cash. The equity option is accounted for separately, as it is independent from the credit line granted.

The fair value of the warrant rights was recognized in March 2018 as financial liability at TEUR 1,047 based on the same method as explained in the notes for the fiscal year 2017 regarding the Kreos warrants originated in the years 2013 and 2017. The amount was reduced when the loan tranches were drawn by a third each time. As of 30 June 2018 the warrant liability amounted to TEUR 1,059 accordingly.

9 Relationships with related parties and persons

In the first half of the year, there was no significant change in relationships and transactions with related parties and persons compared to 31 December 2017, except for the credit facility agreement with GGC EUR S.À.R.L, an affiliate of Rocket Internet SE, described above.

This loan bears interest at a rate of 10.75% per annum for each interest period and is payable on the applicable interest payment date. The Company may elect to pay interest for the preceding interest period not in cash, but to capitalize such interest by adding the amount of accrued interest for the preceding interest period to the principal amount of this loan.

10 Earnings per share

We used loss from continuing operations attributable to the parent entity as the control number to establish whether potential ordinary shares are dilutive or antidilutive.

Constant shares of 91,702 were used for calculation for both periods. As there was a negative result for the period no anti-dilution earnings per share had to be calculated.

The following description of ordinary share transactions or potential ordinary share transactions occurred after the reporting period and would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period. On 23 August 2018 the Company's shareholders meeting resolved to increase the Company's share capital by EUR 11,912 by transforming such amount of the Company's capital reserves into share capital. This transaction was not yet registered as of the date of preparation of this report.

11 Events after the balance sheet date

Subsequent to the end of the first half of 2018, the following other events occurred that might have a significant impact on Westwing's results of operations, financial position and net assets:

On 31 July 2018, a third tranche amounting to EUR 5.0 million of the loan agreement with GGC EUR S.À.R.L, was drawn.

In August 2018, Westwing has finalized a new participation program for some of its employees, consisting of three elements.

- Repurchase of already vested equity shares or share options
- Issue of new share options of Westwing Group AG
- Prolongation of the vesting period of already existing share options

Connected to this participation program, equity-settled options and equity shares were purchased back by Westwing from entitled employees on 1 August 2018. A total of 519 equity-settled options and 18 equity shares were purchased for a cash consideration of EUR 1.3 million (excluding any tax and social security charges).

Furthermore, on 16 August 2018 the Management Board of the Company resolved with the consent of the Supervisory Board of the Company to increase the Company's share capital by EUR 11,912 for cash and on 23 August 2018 the extraordinary Company Shareholder's meeting resolved to increase the Company's share capital by EUR 15,438,486 by transforming such amount of the Company's capital reserves into share capital. Furthermore, the issuance of shares in the nominal amount of EUR 11,912 against cash will settle the outstanding financial liabilities from the May 2016 financing round, see note 18 of the consolidated financial statements for the year ended 31 December 2017. Both capital increases were registered on 3 September 2018.

On 22 August 2018, the Company entered into an agreement to sell the operations in Brazil. Closing is subject to certain conditions, including approvals by the Brazilian antitrust authorities. The agreed purchase price amounts to a total of 61.2 million Brazilian Real.

On 30 August 2018 it was announced by the management that the warehouse in Großbeeren/Berlin is scheduled to close once a new warehouse in Poland is opened in early 2019.

On 11 September 2018 Westwing and Citicorp North America Inc. entered into a new loan agreement with a total amount of EUR 12 million, which can be drawn in tranches of at least EUR 6 million for the agreed term facility and EUR 0.5 million for the revolving facility. The term of the facility is 18 months after the first drawndown date. The nominal interest rate is 5.0% and shall increase to 7.0%, if no primary proceeds of at least EUR 100 million have been raised in connection with an IPO within 9 months from the first draw down date. The term facility and a part of the revolving facility were made available to the Company for the repayment of the remaining loan from Kreos.

Munich, 14 September 2018

Westwing Group AG

Stefan Smalla Dr. Dr. Florian Drabeck Delia Fischer

Westwing Group GmbH
Berlin

Audited consolidated financial statements
as of and for the year ended December 31, 2017
(prepared in accordance with IFRS)

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Westwing Group GmbH
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Consolidated Income Statement

For the period from 1 January to 31 December 2017 and 2016

	Notes	2017	2016
		TEUR	
Revenue	4	265,840	250,372
Cost of sales		(151,705)	(144,081)
Gross profit		**114,135**	**106,291**
Fulfilment expenses		(56,959)	(53,558)*
Marketing expenses		(15,836)	(18,000)
General and administrative expenses		(61,422)	(54,570)*
Other operating expenses	7	(2,012)	(1,570)
Other operating income	7	754	942
Operating result		**(21,340)**	**(20,466)**
Finance costs	8	(10,030)	(6,147)
Finance income	8	64	65
Other financial result	8	156	2,032
Financial result		(9,810)	(4,050)
Result before income tax		**(31,150)**	**(24,516)**
Income tax expense	25	(399)	(392)
Result for the year		**(31,549)**	**(24,908)**
Loss attributable to:			
Owners of the Company		(29,188)	(22,944)
Non-controlling interests		(2,361)	(1,964)
Result for the year		**(31,549)**	**(24,908)**

* Prior-year figures adjusted. We refer to Note 2.3 in the notes.

Westwing Group GmbH
Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the period 1 January to 31 December 2017 and 2016

	2017	2016
	TEUR	
Result for the year	**(31,549)**	**(24,908)**
Other comprehensive income:		
Items that subsequently will be reclassified to the income statement:		
Exchange translation differences of foreign operations	446	(2,787)
Other comprehensive income for the year, net of tax	**446**	**(2,787)**
Attributable to:		
Owners of the Company	343	(2,373)
Non-controlling interests	103	(414)
Total comprehensive loss for the year	**(31,103)**	**(27,695)**
Attributable to:		
Owners of the Company	(28,846)	(25,317)
Non-controlling interests	(2,257)	(2,378)
Total comprehensive loss for the year	**(31,103)**	**(27,695)**

Westwing Group GmbH
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Consolidated Statement of Financial Position

	Notes	31/12/2017	31/12/2016
		TEUR	
Assets			
Non-current assets			
Property, plant and equipment	9	6,060	6,494
Intangible assets	10	4,027	3,632
Trade and other receivables	11	3,747	3,457
Total non-current assets		**13,834**	**13,583**
Current assets			
Inventories	12	21,694	16,757
Prepayments on inventories	12	2,358	1,971
Trade and other receivables	11	8,954	6,921
Other assets	13	2,057	1,844
Cash and cash equivalents	14	13,831	17,899
Total current assets		**48,894**	**45,392**
Total assets		**62,729**	**58,975**
Equity and liabilities			
Equity/(deficit)			
Share capital	15	92	92
Treasury shares		(998)	(998)
Share premium	15	210,343	210,343
Other reserves	15	22,671	17,765
Retained earnings		(269,292)	(240,758)
Other comprehensive income (OCI) reserve	15	7,182	6,840
Equity/(deficit) attributable to the owners of the Company		**(30,002)**	**(6,717)**
Non-controlling interests		**(35,758)**	**(32,996)**
Total equity/(deficit)		**(65,760)**	**(39,713)**
Non-current liabilities			
Borrowings	17	4,401	-
Finance lease liabilities	19	45	-
Other financial liabilities	18, 20	35,495	27,901
Other non-financial liabilities	20	15,735	9,600
Provisions	21	242	337
Total non-current liabilities		**55,918**	**37,838**
Current liabilities			
Borrowings	17	7,069	-
Trade payables and accruals	20	39,717	38,720
Customer prepayments	20	11,721	10,400
Other financial liabilities	20	1,586	868
Other non-financial liabilities	20	9,542	9,313
Provisions	21	2,937	1,548
Total current liabilities		**72,571**	**60,849**
Total liabilities		**128,489**	**98,687**
Total equity and liabilities		**62,729**	**58,975**

Westwing Group GmbH
Consolidated Financial Statements

Consolidated Statement of Changes in Equity

TEUR	Notes	Attributable to the owners of the Company								
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings*	Other comprehensive income (OCI) reserve	Total	Non-controlling interests	Total equity
						TEUR				
As at 1 January 2016		**92**	**210,343**	**-**	**17,279**	**(216,262)**	**9,138**	**20,589**	**(33,241)**	**(12,652)**
Result for the year		-	-	-	-	(22,944)	-	**(22,944)**	(1,964)	**(24,908)**
Other comprehensive income for the year		-	-	-	-	-	(2,373)	**(2,373)**	(414)	**(2,787)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	(22,944)	(2,373)	**(25,317)**	**(2,378)**	**(27,695)**
Transaction with treasury shares		-	-	(998)	-	-	-	**(998)**	-	**(998)**
Share-based compensation	16	-	-	-	2,567	-	-	**2,567**	189	**2,756**
Acquisitions / disposals of non-controlling interest / other		-	-	-	(2,081)	(1,551)	76	**(3,557)**	2,434	**(1,123)**
As at 31 December 2016 / 1 January 2017		**92**	**210,343**	**(998)**	**17,765**	**(240,758)**	**6,840**	**(6,717)**	**(32,996)**	**(39,713)**
Result for the year		-	-	-	-	(29,188)	-	**(29,188)**	(2,362)	**(31,549)**
Other comprehensive income for the year		-	-	-	-	-	343	**343**	103	**446**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(29,188)**	**343**	**(28,846)**	**(2,259)**	**(31,103)**
Share-based compensation	16	-	-	-	4,654	-	-	**4,654**	206	**4,860**
Acquisitions / disposals of non-controlling interest / other		-	-	-	253	654	-	**907**	(711)	**196**
As at 31 December 2017		**92**	**210,343**	**(998)**	**22,671**	**(269,292)**	**7,182**	**(30,002)**	**(35,758)**	**(65,760)**

Westwing Group GmbH
Consolidated Financial Statements

Consolidated Statement of Cash Flows

	Notes	2017	2016
		TEUR	
Cash flows from operating activities:			
Result before income tax		(31,150)	(24,516)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	9	1,880	1,630
Amortization and impairment of intangible assets	10	3,533	1,046
Loss/(gain) on disposal of property, plant and equipment		182	(7)
Share-based compensation expenses	16	10,995	4,011
Fair value loss on financial liabilities		542	33
Finance income	8	(64)	(65)
Finance costs	8	9,464	6,114
Foreign currency effects		(156)	(1,958)
Other non-cash related adjustments		(21)	(1,260)
Changes in provisions and pensions		1,297	(194)
Cash effective operating loss before changes in working capital		(3,498)	(15,166)
Adjustments for changes in working capital:			
Changes in trade and other receivables and prepayments		(2,620)	327
Changes in inventories		(5,701)	(3,288)
Changes in trade and other payables		4,564	4,688
Cash used in operations		**(7,255)**	**(13,459)**
Tax paid		(508)	(392)
Net cash flows used in operating activities*		**(7,762)**	**(13,852)**
Investing Activities:			
Proceeds from sale of property, plant and equipment		71	52
Rent deposits		185	-
Purchase of property, plant and equipment		(1,532)	(1,681)
Security deposits paid		(367)	(860)
Purchase of intangible assets		(3,929)	(2,085)
Interest received*		64	65
Net cash flows used in investing activities*		**(5,507)**	**(4,509)**
Financing activities:			
Proceeds from financing round		-	23,068
Sale/(Purchase) of minority interests		197	(1,850)
Interest and other finance charges paid*		(1,894)	(1,281)
Proceeds/(Repayment) of borrowings		11,470	(1,708)
Payments of finance lease liabilities		(6)	-
Purchase of treasury shares		-	(998)
Net cash flows from financing activities*		**9,767**	**17,231**
Net change in cash and cash equivalents		**(3,502)**	**(1,130)**
Effect of exchange rate fluctuations on cash held		(566)	355
Cash and cash equivalents at 1 January	14	17,899	18,674
Cash and cash equivalents at 31 December		**13,831**	**17,899**

* Prior-year figures adjusted (see note 2.3).

Notes to the Consolidated Financial Statements 2017

1. General information

The consolidated financial statements of Westwing Group GmbH (referred to as the "Company" or "Westwing") and its subsidiaries (together referred to as the "Group") for the financial year ended 31 December 2017 were authorized for issue by management to the shareholders meeting on 11 May 2018. Subsequently, the consolidated financial statements were updated. The changes were related to a reallocation of share based payment expenses for the fiscal year 2017 increasing the position "fulfilment expenses" by TEUR 1,576 and decreasing the position "general and administrative expenses" in the same amount as well as the resulting explanations therefrom in the notes to the consolidated financial statements. Furthermore, disclosures in the notes to the consolidated financial statements in the section "Balances and transactions with related parties" and "Events after the balance sheet date" have been extended or changed.

The Group is one of the leading eCommerce companies in the home & living sector. Westwing is an integrated Home & Living company, which offers its customers a broad and diverse range of beautiful Home & Living products.

The Company was incorporated in 2011 and is registered at Berlin District Court, Germany, under the number HRB 136693. The company is headquartered in Moosacher Str. 88, 80809 Munich, Germany. As at 31 December 2017, the Group operated in 14 countries (Germany, Austria, Switzerland, Italy, Brazil, Spain, the Netherlands, France, Poland, Russia, Belgium, Kazakhstan, Czech Republic and Slovakia) and consisted of 28 legal companies, all of which are consolidated in these financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) applicable as at the reporting date, as adopted by the EU, and in accordance with the provisions applicable under German Commercial law as defined in Section 315e German Commercial Code (Handelsgesetzbuch, 'HGB').

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented. Changes to accounting standards which were mandatorily first applied during the 2017 financial year had no impact on the financial statements. In addition, we would like to refer to chapter 2.3 'Change in accounting policies according to IAS 8' for changes in the presentation of the consolidated statement of cash flows and the reporting of certain cost elements.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

The Company presents its consolidated income statement classifying expenses by function.

The consolidated statement of financial position is classified based on the maturity of assets and liabilities. Assets that are used or settled within a normal cycle of business operations, are held for the purpose of trading or are expected to be realized within twelve months from balance date are classified as current. Assets not meeting these criteria are classified as non-current.

Liabilities are classified as current where they are expected to be settled in a normal cycle of business operations, within twelve months or where there is no unconditional right to defer settlement beyond twelve months. All other liabilities are classified as non-current.

The financial year comprises one calendar year. The consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand (TEUR), except indicated otherwise. The values in the

consolidated financial statement have been rounded according to commercial principles. Therefore, the sum of a table may not exactly be the same as the addition of the individual numbers. The balances in the consolidated statement of cash flows are based on actual cash flows for the period.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 New standards, amendments and interpretations

The following section will cover any new standards and changes which have been issued but are not yet mandatory to apply for the period starting at the 1 January 2017. These standards will come into effect on a later date.

The table below gives an overview of any new standards and changes to existing standards that are relevant to the Group and the expected impact of these.

The following standards and interpretations have been issued at the reporting date but are not yet effective. The assessment of the impact of these standards and interpretations on the Group is set out below.

		IASB Mandatory application	Adoption by the EU by 31/12/2017	Expected Effects
IFRS 15	Revenue from Contracts with Customers	1/1/2018	Yes	No significant effects
IFRS 9	Financial instruments (July 2014)	1/1/2018	Yes	No significant effects
IFRS 16	Leases	1/1/2019	Yes	Major effects (details see below)
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1/1/2018	Yes	No significant effects
IFRIC 23 . . .	Uncertainty over income tax treatments	1/1/2019	No	No significant effects

IFRS 15 'Revenue from contracts with customers' was issued in May 2014 and establishes a new five-step process for revenue recognition applying to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS (IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue-Barter Transactions). Currently, either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group has assessed the impact of IFRS 15 on the financial statements. Westwing trades directly with end customers in short term, simple, single component transactions. Additionally, Westwing already splits its revenue into its single parts. As a result, the Group does not expect a significant impact on the financial statements. The Group plans to adopt the new standard on the required effective date using the modified retrospective approach.

IFRS 9 'Financial instruments' was issued in July 2014, replacing IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group has assessed the impact of IFRS 9 and does not expect a significant impact on the financial statements, based on the short-term business with end customers and the lack of complex derivative financial instruments and equity instruments. The Group will adopt the new standard on the required effective date.

IFRS 16 'Leases' was issued in January 2016 and will eventually replace IAS 17 as well as all related interpretations. According to the new standard leases that represent the right to use an asset result in the recognition of an asset and a corresponding leasing liability for the lessee. In the income statement the right to use an asset is presented as a financing activity. The right to use an asset is subsequently depreciated on a straight-line basis and shown separately from the interest on the lease liability, which results from the measurement of the lease liability at amortized cost using the effective interest method. IFRS 16 allows for exemptions from the above accounting treatment for short-term leases up to 12 months as well as for leases of low value assets with a value of up to USD 5,000. Exempt leases can be accounted for in accordance with the current operating lease methodology. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, however early application is permitted if IFRS 15 is already applied at such time. IFRS 16 is not yet adopted by the EU. The Group has assessed the impact of IFRS 16 on the financial statements and expects the following outcomes:

- Increase of the value of assets and liabilities on the balance sheet by a low to mid double digit million Euro amount
- Recognition of interest expense in a low single-digit million Euro amount
- Recognition of amortization in a low to medium single-digit million Euro amount
- Disclosure of the leasing redemption component in a medium single-digit million Euro amount

The Westwing Group early adopts the new standard as of 1 January 2018. The modified retrospective approach is used as transition method.

The following standards were mandatory to apply already as of 1 January 2017, but did not have a material impact on the consolidated financial statements.

		IASB Mandatory application	Adoption by the EU by 31/12/2017	Expected effects
IFRS 12	Disclosure of interest in other entities	1/1/2017	Yes	No significant effects
IAS 12	Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	1/1/2017	Yes	No significant effects
IAS 7	Amendments to IAS 7: cash flow statements	1/1/2017	Yes	No significant effects

2.3 Changes in accounting policies according to IAS 8

In the reporting period of 2017, the reporting of interest income and interest expenses was adjusted in the consolidated statement of cash flows. IAS 7 allows to present the interest income and –expense in either the operating cash flow, or to present interest income in the cash flow used in investing activities and interest expense in the cash flow from financing activities. The second option is a better display of the cash flows at Westwing. Therefore, the presentation of these cash flows has been adjusted in accordance with IAS 8 as of the 1 January 2017 and onwards. Regarding the reporting period for the year 2016, interest income of TEUR 65 and interest expense of TEUR 1,281 have been reclassified from cash flow from operating activities to cash flow from investing activities or cash flow from financing activities respectively.

Furthermore, it was decided to show all expenses of buying and personnel expenses related to management functions for logistics in general and administrative expense from now on, as this is the standard in the sector and as these costs are not directly linked to fulfilment of the order. In addition, this approach is used by competitors. For the financial year 2016 EUR 12.1m were reclassified from fulfilment expenses to general and administrative expenses.

2.4 Consolidation

2.4.1 Scope of consolidation

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

As at 31 December 2017, the Company controls 20 domestic subsidiaries (2016: 20), as well as maintaining indirect control of seven foreign subsidiaries (2016: seven). The composition of and changes to the Group are detailed in Note 28.

The annual financial statements of the Company and its subsidiaries are prepared under uniform accounting standards. Where necessary, the accounting policies of subsidiaries have been changed to align them to the policies adopted by the Group. The financial statements of the Company and its subsidiaries are prepared as at the reporting date of these consolidated financial statements. Intercompany receivables, liabilities and results between Group companies are eliminated during the consolidation process.

2.4.2 Subsidiaries

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

2.4.3 Non-controlling interests (NCI)

If an acquirer acquires less than 100% of shares in an acquiree there is a non-controlling interest. Non-controlling interest is the equity in a subsidiary that is not attributable, directly or indirectly, to a parent.

Non-controlling interests can be measured either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets (partial goodwill method).

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

2.4.4 Disposal of subsidiaries

When the Group ceases to have control of a subsidiary, the gain or loss on disposal is calculated as the difference between the proceeds from the sale less the subsidiary´s net assets and NCI. Any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss.

2.5 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are recorded in the local functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and

losses resulting from the settlement of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in other financial result in the consolidated income statement.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate as at the balance sheet date;

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

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

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

	Assets and liabilities Spot rates		Income and expenses Cumulative average rates	
Value of EUR 1	**31/12/2017**	**31/12/2016**	**2017**	**2016**
Brazilian Real	3.97	3.43	3.60	3.86
Russian Ruble	69.39	64.30	65.88	74.22
Polish Zloty	4.18	4.41	4.26	4.36

2.6 Revenue recognition

Westwing generates revenue primarily from the sale of goods through its retail website. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, marketing vouchers, rebates and return allowances. Revenue is recognized net of value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when the risks and rewards of the inventory have passed, which is generally when the goods have been delivered. In most cases the customer pays upon placing their order online, and as such the amount paid is recognized as deferred income until final delivery of the products. The deferred income is shown separately on the balance sheet as customer prepayments.

The risk of return from customers is captured in the return provision, which is estimated based on past experience in respect of return rates and time lag. The return provision is recorded against revenue and cost of sales.

2.7 Expenditure

Cost of sales primarily consists of the purchase price of consumer products and inbound shipping charges.

Fulfilment expenses include postage, freight, packaging and handling costs as well as fees in respect of payment services. In addition, fulfilment expenses include personnel expenses, warehouse rent, depreciation and other expenses in respect of the logistics, customer care, supply chain, buying and sourcing functions of the Group.

Marketing expenses consist of costs for online and offline marketing or promotional activities. Also included are expenses for personnel, other operating expenses and depreciation in respect of the marketing function of the Group.

General and administrative expenses consist of personnel expenses, rent and utilities, and depreciation in respect of the technology, campaign and content production and administrative functions of the Group. General and administrative expenses also include consulting and other professional and legal fees including external accounting, recruiting, tax consulting and audit fees.

Included within other operating income and expenses are primarily rental income and the costs incurred when providing for bad debt on accounts receivable.

Included within the financial result are interest income, interest and other financial expenses, and foreign exchange gains and losses within the other financial result.

2.8 Property, plant and equipment

The main components of property, plant and equipment are furniture, fittings, equipment and leasehold improvements.

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Historical costs include expenditure directly attributable to the acquisition.

Costs of minor repairs and maintenance are expensed when incurred. Costs of replacing major parts or components of property, plant and equipment are capitalized.

Gains and losses on disposals are determined by comparing the proceeds of the sale of property, plant and equipment with the carrying amount of the disposed asset. The gains and losses are recognized in the consolidated income statement of the year that the disposal took place.

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

Asset	Useful lives in years
Furniture, fittings and equipment	2 to 15
Computers and printers	2 to 5
Telecommunication (mobile phones, copy, fax)	2 to 5
Hardware (servers)	5 to 7
Office furniture	10 to 13
Warehouse equipment and fixtures	10 to 15
Cars and other vehicles	3 to 8
Leasehold improvements	Shorter of useful life or the term of the underlying lease
Assets under finance lease	Shorter of useful life or the term of the underlying lease

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

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Included within property, plant and equipment are amounts that have been prepaid for items of property, plant and equipment. Such amounts are not subject to depreciation.

2.9 Intangible assets

2.9.1 Purchased trademarks, brands, licenses and software

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

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

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

2.9.2 Internally generated software

Research and development costs are expensed as incurred, except for development costs which can be capitalized.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

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

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

2.9.3 Amortization

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

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

2.9.4 Impairment of property, plant and equipment and intangibles

Whenever events or changes in market conditions indicate that the carrying amount of property, plant and equipment or intangibles may not be fully recoverable, the assets are tested for impairment. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The

recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments are reviewed for possible reversal at each reporting date.

2.10 Leases

The Group leases certain items of property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest over the remaining balance of the liability. The interest element is charged as finance costs to the income statement. The assets acquired under finance leases are depreciated over their respective useful lives. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases for which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognized as operating expenses in the income statement on a straight-line basis over the lease term.

As at 31 December 2017, the Group has a finance lease to the amount of TEUR 45 (2016: none).

2.11 Inventories

Inventories are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The cost of inventory includes purchase costs and costs incurred to bring the inventories to their present location and condition.

Write-downs to the net realizable value are made if, at period-end, the carrying amounts of the inventories are above their realizable fair values. In order to represent the value of inventories appropriately in the statement of financial position and to take into account impairment losses due to obsolete or damaged stock and slow moving inventory, inventory write off provisions have been calculated and are deducted from the carrying amount of the inventories to show the net amount in the statement of financial position.

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

2.12 Financial assets

The classification of a financial asset depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All of the Group's financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's financial assets comprise 'Trade and other receivables' and 'Cash and cash equivalents' (Notes 11 and 14).

Financial assets are recognized at their fair value including directly attributable transaction costs. Subsequently they are measured at amortized cost using the effective interest method.

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

2.13 Impairment of financial assets

The Group makes an assessment at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Where recovery is in doubt, an allowance is made against the specific financial asset and the loss is recognized in the consolidated income statement. Once the Group believes the amount to be irrecoverable, the financial asset is written off.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment, the impairment loss is recognized in the statement of profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.14 Financial liabilities

The classification of financial liabilities depends on the nature and purpose of the liability and is determined by management at initial recognition.

Financial liability at fair value through profit or loss

A financial liability at fair value through profit or loss is initially recognized at fair value on the commencement date of the contract and is subsequently re-measured to its fair value. Any changes to the instrument´s fair value are recognized directly through the consolidated income statement. When referring to financial liabilities at fair value through profit and loss, IAS 39 differentiates between held-for-trading instruments and such instruments designated at fair value upon initial recognition.

The loan agreements entered into with Kreos Capital IV (Luxembourg) S.à r.l. (referred to as "Kreos") entail warrant agreements whereby Kreos has the option to be provided with shares in Westwing upon execution of the warrants. The warrants are attached to the borrowings, but are not closely related to these instruments. As a result, the warrants from 2013 and 2017 have been classified as financial liabilities and are accounted for separately from the loans.

Given the connection to the moving share price and the variability of the value of the instruments, the definition of a derivative under IAS 39 was met and the warrants have been classified as financial liabilities held-for-trading. Consequently, they are revalued to fair value at each reporting date.

Financial liabilities at amortized cost

All of the Group's other financial liabilities are classified as financial liabilities at amortized cost.

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Any differences between the amount received and the amount repayable are recognized in the income statement over the term of the loan.

The Group's financial liabilities at amortized cost include trade payables and accruals as well as borrowings.

The financing round with the Westwing group' investors in May 2016 was accounted for as a financial liability at amortized cost in accordance with IFRS. According to German civil code (HGB) the financing round is classified as a capital increase, better reflecting the economic nature of this financing round. Upon initial recognition of such financing, any transaction costs incurred are either recognized in the consolidated income statement or recognized over the remaining term dependent on their contractual agreements.

2.15 Fair value measurement

The Group measures all of its financial assets and financial liabilities at fair value at initial recognition. In addition, derivatives are measured at fair value through profit and loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

2.16 Cash and cash equivalents

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

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

2.17 Share capital

The share capital is fully paid.

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

2.18 Provisions for liabilities and charges

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

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

The majority of the amount shown as provisions in the statement of financial position relates to the provision for returns recognized by Westwing to account for the customers' right to return products within a certain timeframe after purchase and the provision for restoration to account for the obligation to dismantle certain leasehold improvements.

2.19 Share-based compensation

Certain eligible employees of the Group are entitled to receive remuneration in the form of share-based compensation, whereby employees render services as consideration for equity instruments (equity-settled

transactions) of the Group. In addition, certain eligible employees are also granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled share-based transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. For share-based compensation awards, the Company analyses whether the price paid by a participant, if any, or the exercise price to be paid is in line with the estimated market price of the underlying equity instruments at the grant date. If a positive difference exists between (i) the estimated market value of the equity instruments and (ii) the purchase price or exercise price; this results in a fair value to be reported as a share-based compensation expense. The fair value determined at the grant date is expensed immediately or on a straight-line basis over the applicable vesting period of the arrangement, based on the Company's estimate of the number of equity instruments that will eventually vest subject to non-market based vesting conditions, with a corresponding credit to equity. The cumulative expense recognized for equity-settled share-based transactions at each reporting date up to the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period recognized in the income statement represents the movement in cumulative expense recognized as at the beginning and end of that period.

Cash-settled transactions

The cost of cash-settled transactions is measured at fair value using an appropriate valuation model. The fair value is established initially at the grant date and at each reporting date thereafter until the awards are settled. During the vesting period, a liability is recognized representing the fair value of the award and the vesting period expired as at the reporting date. Changes in the carrying amount of the liability are recognized as an expense in the income statement over the period.

2.20 Current and deferred income taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in the income statement, except to the extent it relates to items directly recognized in equity, in which case it is recognized in equity.

Current tax expense is calculated on the basis of the tax regulations applicable on the balance sheet date in those countries in which the subsidiaries are operating and generate taxable income. Management regularly checks tax declarations, particularly with regards to matters which leave room for interpretation, and, if appropriate, recognizes provisions based on the amounts that are likely to be payable to the tax authorities.

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

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax losses carried forward will be utilized.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.21 Notes to the consolidated statement of cash flows

The foreign exchange related changes in cash and cash equivalents are mainly related to the Brazilian subsidiary. The change in loan liabilities results primarily from the cash receipts and disbursements shown in the cash inflow from financing activities.

3 Critical accounting estimates and judgements

3.1 Overview

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

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

In the 2017 financial year, the assumptions for an upcoming IPO (initial publish offering) were analyzed again. As a result, the most probable date for an IPO was postponed. This led to changes in the valuation of share-based compensation and the May 2016 financing round (see Note 2.14). If the date was not changed in 2017, this would have the following impact on the related positions in the balance sheet or in the income statement:

	31 December 2017 (reported)	Difference	31 December 2017 (before estimation change)
		TEUR	
Share-based compensation reserve	31,009	1,166	32,175
Net result	(31,549)	(2,931)	(34,480)
Equity	***(65,760)***	***(1,765)***	***(67,525)***
Other financial liabilities	37,081	1,765	38,846
Non-current liabilities	***128,489***	***1,765***	***130,254***
Administrative expenses	(61,422)	(1,166)	(62,588)
Interest expenses	(10,030)	(1,765)	(11,795)
Net result	**(31,549)**	**(2,931)**	**(34,480)**

Management also makes certain judgments in addition to those involving estimations in the process of applying accounting policies. Changes in accounting estimates are recognized in the period in which the change takes place provided that such change exclusively affects that period.

Judgements that have the most significant effect on the amounts recognized in the financial statements, as well as estimates that could potentially cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

3.2 Allowance for obsolete inventories (Note 12)

The allowance for obsolete inventories reflects management's estimate of losses resulting from the sale of such items, calculated on the basis of historical experience as well as past and anticipated market performance.

3.3 Income taxes (Note 25)

Deferred income tax

The Group recognizes a deferred tax asset only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilized.

The Group considers many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent earnings experience by jurisdiction, expectations of future taxable income, and the carry forward periods available for tax reporting purposes, as well as other relevant factors. Due to inherent complexities arising from the nature of its businesses, future changes in income tax law or variances between our actual and anticipated operating results, the Group assesses the likelihood of future realization of its deferred tax assets based on judgements and estimates. Therefore, actual income taxes could materially vary from these judgements and estimates.

Based on current plans and estimates deferred tax assets are recognized only to the extent to which they net off against deferred tax liabilities.

3.4 Share-based compensation (Note 16)

The Group measures the cost of equity- and cash-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and yield and making assumptions about each. At the end of each reporting period, the Group reviews its estimates of the number of awards expected to vest and recognizes the impact of any revision to original estimates, in the income statement, with a corresponding adjustment to equity.

3.5 Provision for returns (Note 21)

Customers ordering products online have the right to return such products within a defined period after the purchase, with length of return validity varying by country. In its accounts, Westwing records a provision for such returns to ensure revenue is not overstated. The amount recorded as the provision is calculated based on past experience and current information on gross sales. The provision is calculated per country and adjusts both revenue and cost of sales.

4 Analysis of revenue

Revenue for the year is comprised of the following:

	2017	2016
	TEUR	
Revenue from the sale of products	253,079	237,611
Revenue from shipping charges	13,832	14,455
Revenue from payment fees	544	641
Other revenue	2,427	1,662
Sales reductions	(4,043)	(3,997)
Total	**265,840**	**250,372**

The geographical split of the Group's revenue is as follows:

	2017	2016
	TEUR	
DACH	97,634	79,260
International	168,206	171,112
Total	**265,840**	**250,372**

The geographical regions are defined as follows:

- "DACH" includes Germany, Switzerland and Austria.
- "International" includes Spain, Italy, France, Poland, Czech Republic, Slovakia, Belgium and the Netherlands as well as Brazil, Russia and Kazakhstan.

5 Additional information on income and expenses

Included in the loss for the year are the following income and expenses:

	2017	2016
	TEUR	
Rent and other operating lease expenses	7,252	5,552
Depreciation and amortization	5,414	2,675
Loss / (gain) from revaluation of a financial liability	8,136	4,928
Auditor's remuneration		
Audit cost according to Sec. 314 para. 1 No. 9a HGB	181	250
Of which relates to previous periods TEUR 22 (2016: TEUR 9)		
Other services according to Sec. 314 para. 1 No. 9d HGB	-	2

6 Personnel expenses

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

	2017	2016
	TEUR	
Wages, salaries and other short-term employee benefits	41,603	42,874
Share-based compensation expenses	10,995	4,011
Social security and similar expenses	9,839	9,693
Total	**62,437**	**56,577**

In 2017, Westwing employed on average 1,412 employees (2016: 1,523 employees) in the following functional areas:

	2017	2016
Fulfilment	488	564*
Marketing	141	115
Administration	783	844*
Total	**1,412**	**1,523**

* Change in the number of the previous year, we refer to Note 2.3.

7 Other operating income and expenses

Other operating income for the year is comprised of the following:

	2017	2016
	TEUR	
Rental income	296	288
Income from release of provisions	227	243
Other operating income	231	411
Total	**754**	**942**

Other operating expenses for the year are comprised of the following:

	2017	2016
	TEUR	
Bad debt expenses	772	691
Other operating expenses	1,240	879
Total	**2,012**	**1,570**

8 Financial result

The financial result for the year comprises the following:

	2017	2016
	TEUR	
Finance income:		
Interest income	64	65
Total finance income	**64**	**65**
Finance costs:		
Interest expenses	(9,464)	(6,114)
Finance lease interest	-	-
Other financial expenses	(566)	(33)
Total finance costs	**(10,030)**	**(6,147)**
Net finance result	**(9,966)**	**(6,082)**
Other financial result:		
Currency exchange gains	1,082	4,303
Currency exchange losses	(926)	(2,271)
Other financial result	**156**	**2,032**
Financial result	**(9,810)**	**(4,050)**

Interest expenses largely relate to interest on the financing round in May 2016 that raised EUR 24.0m. It is recorded at amortized cost within non-current other liabilities. In 2017 interest was calculated on a compounding basis resulting in a financial expense of EUR 7,6m (2016: 4.9m). In addition, two tranches (total EUR 10.0m) of a loan with Kreos were drawn in the 2017 financial year. Interest expense resulting from this amounted to EUR 0.7m.

Interest expenses related to the Kreos loan agreement from 2013 totaled TEUR 122 in 2016. This facility was repaid in June 2016.

In addition, fees from credit card payments in Brazil are included in interest expenses. Other financial expenses included adjustments to the fair values of the 2013 and 2017 Kreos option agreements.

9 Property, plant and equipment

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

	Leasehold improvements	Furniture, fittings and equipment	Assets under finance lease	Prepayments on PPE	Total
			TEUR		
Cost at 1 January 2016	2,151	7,902	-	3	10,056
Additions	404	1,496	-	-	1,901
Transfers	-	-	-	-	-
Disposals	-	(145)	-	-	(145)
Exchange adjustment	81	201	-	-	283
Cost at 31 December 2016	2,636	9,455	-	3	12,094
Accumulated depreciation at 1 January 2016	1,154	2,797	-	-	3,952
Depreciation charge	306	1,324	-	-	1,630
Transfers	-	1	-	-	1
Disposals	-	(120)	-	-	(120)
Exchange adjustment	54	84	-	-	138
Accumulated depreciation at 31 December 2016	1,514	4,087	-	-	5,600
Carrying amount at 31 December 2016	**1,123**	**5,369**	**-**	**3**	**6,494**

	Leasehold improvements	Furniture, fittings and equipment	Assets under finance lease	Prepayments on PPE	Total
			TEUR		
Cost at 1 January 2017	2,636	9,455	-	3	12,094
Additions	638	735	51	158	1,582
Transfers	-	158	-	(158)	-
Disposals	(41)	(207)	(1)	-	(250)
Exchange adjustment	(46)	(126)	-	-	(172)
Cost at 31 December 2017	3,187	10,015	49	3	13,255
Accumulated depreciation at 1 January 2017	1,514	4,087	-	-	5,600
Depreciation charge	404	1,392	5	-	1,801
Transfers	-	79	-	-	79
Disposals	(33)	(146)	-	-	(179)
Exchange adjustment	(47)	(59)	-	-	(107)
Accumulated depreciation at 31 December 2017	1,838	5,353	5	-	7,195
Carrying amount at 31 December 2017	**1,350**	**4,663**	**45**	**3**	**6,060**

Acquisitions of furniture, fittings and equipment occurred across all entities and included servers and IT hardware as well as office and warehouse equipment.

10 Intangible assets

The intangible assets employed by the business are set out below:

	Software and licenses	Trademarks	Internally generated intangibles	Intangibles under development	Total
			TEUR		
Cost at 1 January 2016	584	273	3,450	18	4,325
Additions	123	2	1,676	284	2,085
Transfers	-	-	18	(18)	-
Disposals	(3)	-	(26)	-	(29)
Exchange adjustment	18	-	(5)	-	13
Cost at 31 December 2016	721	275	5,114	284	6,394
Accumulated depreciation at 1 January 2016	270	50	1,395	-	1,715
Amortization charge	161	28	857	-	1,046
Disposals	(3)	-	(6)	-	(9)
Exchange adjustment	12	-	(2)	-	10
Accumulated depreciation at 31 December 2016	440	78	2,244	-	2,762
Carrying amount at 31 December 2016	**281**	**197**	**2,870**	**284**	**3,632**

	Software and licenses	Trademarks	Internally generated intangibles	Intangibles under development	Total
			TEUR		
Cost at 1 January 2017	721	275	5,114	284	6,394
Additions	109	-	516	3,304	3,929
Transfers	-	-	2,569	(2,569)	-
Disposals	(17)	-	-	(1,010)	(1,027)
Exchange adjustment	(10)	-	6	-	(4)
Cost at 31 December 2017	803	275	8,205	8	9,292
Accumulated depreciation at 1 January 2017	440	78	2,244	-	2,762
Amortization charge	242	28	2,244	-	2,513
Impairment charge	-	-	10	1,010	1,020
Transfers	(84)	-	84	-	-
Disposals	(16)	-	-	(1,010)	(1,026)
Exchange adjustment	(8)	-	4	-	4
Accumulated depreciation at 31 December 2017	574	106	4,585	-	5,265
Carrying amount at 31 December 2017	**229**	**169**	**3,620**	**8**	**4,027**

Additions to internally generated intangibles and intangibles under development of TEUR 3,929 (2016: TEUR 2,085) largely comprise of development costs in respect of the two IT systems OMS (warehouse management system) and Partner Portal (platform for interaction with suppliers) as well as the development of own software in the area of consumer apps, the integration of WestwingNow and product information systems. The development projects have been separated into identifiable project phases, characterized by the development of new functionalities. Upon the completion and roll out of a functionality, the related costs are transferred from intangibles under development into internally generated intangibles, at which point amortization over the useful life of three years commences.

In 2017, the value of assets under development were analyzed. Westwing decided not to continue with the capitalization of most of the assessed assets. As a result, the book values of these assets have been written off which has led to an impairment charge of TEUR 1,010.

In prior year there were no indicators that would indicate the impairment of intangible assets.

11 Trade and other receivables

Trade and other receivables are comprised of the following:

	31/12/2017	31/12/2016
	TEUR	
Trade receivables	7,375	5,198
Rent deposits	4,106	3,908
Other receivables	1,219	1,272
Trade and other receivables, net	**12,701**	**10,378**
Of which:		
Non-current	3,747	3,457
Current	8,954	6,921

Trade receivables are shown net of an allowance for impairment losses. The other classes within trade and other receivables do not contain impaired assets.

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

	31/12/2017	31/12/2016
	TEUR	
Up to 3 months	7,366	4,882
3 months to 1 year	299	744
1 to 5 years	417	1,192
over 5 years	-	-
Trade receivables (gross)	**8,082**	**6,817**
Allowance for impairment	(707)	(1,619)
Trade receivables (net)	**7,375**	**5,198**

Trade receivables after allowance for impairment of TEUR 7,375 (2016: TEUR 5,198) are considered to be neither past due nor impaired.

Trade receivables that are past due are fully provided for. The trade receivables aged between 3 months and one year are primarily in respect of credit card transactions in Brazil as well as cash on delivery transactions in the Netherlands, Brazil and Italy. The trade receivables outstanding and aged between one and 5 years are considered to be past due and are fully provided for when the collectability is not assured anymore.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2017	2016
	TEUR	
At 1 January	1,619	1,467
Provided in the year	132	167
Utilized in the year	(193)	(21)
Reversed in the year	(845)	(38)
Exchange rate differenced	(6)	45
At 31 December	**707**	**1,619**

Doubtful debtors' balances are written off when it becomes evident that the balance is not collectable.

Due to their short-term nature, there is no material difference between the carrying amounts shown above and the fair value of trade and other receivables.

Trade receivables are primarily composed of receivables from payment service providers for credit card payments made by customers. These are usually settled within a day of the customer placing the order online and submitting the payment. There is no history of default with any of the payment service providers, so that the credit risk with regards to these balances is assessed to be low.

The Company does not hold any collateral as security.

Disclosures in respect of financial assets and liabilities can be found in Notes 22 and 23.

12 Inventories and prepayments on inventories

Inventories and prepayments on inventories have developed as follows:

	31/12/2017	31/12/2016
	TEUR	
Inventories	21,694	16,757
Prepayments on inventories	2,358	1,971
Total	**24,052**	**18,728**

Inventories available for sale representing products and merchandise are stated net of a provision for inventory write off amounting to TEUR 5,469 (2016: TEUR 4,019).

13 Other assets

	31/12/2017	31/12/2016
	TEUR	
Other advances	1,516	998
VAT receivables	44	414
Other tax receivables	354	276
Other non-financial receivables	143	156
Total	**2,057**	**1,844**

14 Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	31/12/2017	31/12/2016
	TEUR	
Cash at bank and in hand	13,831	17,899
Total	**13,831**	**17,899**

The bank accounts of Westwing Group GmbH and Westwing GmbH (TEUR 4,814 as of 31 December 2017) were pledged to Kreos in the course of the loan issued and the warrant agreement entered into in 2017.

15 Share capital and reserves

Share capital

An overview of how share capital developed is as follows:

	Number of outstanding shares
	In thousands
1 January 2016	**92**
Issue of ordinary shares in 2016	-
At 31 December 2016 / 1 January 2017	**92**
Issue of ordinary shares in 2017	-
At 31 December 2017	**92**

The total authorized number of ordinary shares as per 31 December 2017 is 91,702 shares (31 December 2016: 91,702 shares) with a nominal value of EUR 1 per share. The nominal value of all ordinary shares is fully paid.

In 2017 there was no capital increase.

Reserves

The share premium of TEUR 210,343 consists of the amounts of the capital increases from the past years which exceeded the nominal value. As of 31 December 2017, the retained earnings amount to TEUR -269,292 and result from the net losses from the financial years since formation.

The other reserves include the IFRS adoption reserve and the share-based compensation reserve. The IFRS adoption reserve includes the effect of the conversion from German GAAP to IFRS as of 1 January 2013. The share-based compensation reserve comprises the value of equity-settled share-based compensation.

The other comprehensive income reserve represents foreign currency differences arising from the translation of foreign operations into the presentational currency. The amounts recognized are reclassified to the profit and loss upon disposal of these foreign operations.

16 Share-based compensation

Since 2011 the Company and its subsidiaries operate share-based compensation schemes under which eligible employees have been provided with (i) the opportunity to invest in the Company's shares or in the shares of a subsidiary or (ii) they have been granted options over shares in the Company or options over shares in a subsidiary of the Company.

The share-based compensation awards have a vesting period of 36 or 48 months. The first tranche vests after 12 months, while the remaining awards vest in equal instalments on quarterly basis over the remainder of the vesting period. Generally, the awards may only be exercised once vested.

Share awards

The tables below provide an overview of the movements in the equity-settled share-based compensation awards related to shares in the Company or the shares in the Company's subsidiaries.

Development of issued equity shares:

	2017	2016
Number of unvested awards outstanding at the beginning of the period	416	1,286
Granted during the period	100	
Forfeited during the period	67	84*
Vested during the period	412	757
Number of unvested awards outstanding at the end of the period	**37**	**445***
Settled during the period	-	1,383
Cancelled during the period	-	29
Total number of vested awards outstanding at the end of the period	**24,230**	**23,818**

* Prior-year figures adjusted to correct errors in disclosure.

Development of equity-settled share options:

	2017	2016
Number of unvested awards outstanding at the beginning of the period	7,963	7,016
Granted during the period	884	3,573
Forfeited during the period	68	1,112
Vested during the period	1,957	1,514
Number of unvested awards outstanding at the end of the period	**6,822**	**7,963**
Settled during the period	-	708
Cancelled during the period	-	23
Total number of vested awards outstanding at the end of the period	**5,501**	**3,544**

Development of cash-settled share options:

	2017	2016
Number of unvested awards outstanding at the beginning of the period	208	420
Granted during the period	-	-
Forfeited during the period	10	66
Vested during the period	87	146
Number of unvested awards outstanding at the end of the period	**111**	**208**
Settled during the period	-	402
Total number of vested awards outstanding at the end of the period	**5,598**	**5,511**

Share options and phantom options

Share options and phantom options relating to the Company's shares or to subsidiaries' shares have been granted to eligible employees. The share options granted to eligible employees are classified as equity-settled. The phantom options are accounted for as cash-settled since the Company has a legal or constructive obligation to settle these options in cash upon the occurrence of an exit event.

The exercise price of the granted options is based on the market price of the shares on the date of the grant, or EUR 1 in some cases. Both the options and the phantom options are conditional on the employee completing 4 years of service (the vesting period) or, in some cases, conditional upon being employed at the date of an exit event. Furthermore, the phantom options are only exercisable if an exit event occurs.

Movements in the number of share options and phantom options outstanding and their related weighted average exercise prices are as follows:

Share options	**2017**		**2016**	
	Weighted Average Exercise Price	**Number of Options**	**Weighted Average Exercise Price**	**Number of Options**
Outstanding at 1 January	732.77	11,507	921.84	9,777
Granted during the year	1.00	884	42.98	3,573
Forfeited during the year	1.00	68	500.34	1,112
Settled during the year	-	-	251.40	708
Cancelled during the year	-	-	1.00	23
Outstanding at 31 December	**684.31**	**12,323**	**732.77**	**11,507**
Thereof vested	*1,190.09*	*5,501*	*1,282.80*	*3,544*

Phantom options	2017		2016	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at 1 January	165.35	5,719	175.54	6,187
Granted during the year	-	-	-	-
Forfeited during the year	5,228.69	10	1,583.65	66
Settled during the year	-	-	89.46	402
Outstanding at 31 December	**156.48**	**5,709**	**165.35**	**5,719**
Thereof vested	*111.55*	*5,598*	*99.50*	*5,511*

No options were exercised in 2017 (2016: no options).

Share options and phantom options outstanding at the end of the year have the following vesting dates and exercise prices:

Share options		Weighted Average Exercise price per share options		Share Options	
Grant Date	Vesting Date	2017	2016	2017	2016
2011	2015	257.63	257.63	328	328
2012	2016	1.00	1.00	655	655
2013	2017	80.42	80.42	458	458
2014	2018	1,322.40	1,320.36	5,812	5,821
2015	2019	463.08	463.08	1,017	1,017
2016	2020	48.33	47.46	3,169	3,228
2017	2021	1.00	-	884	-
		684.31	**732.77**	**12.323**	**11,507**

Phantom options		Weighted Average Exercise price per share options		Share Options	
Grant Date	Vesting Date	2017	2016	2017	2016
2011	2015	54.21	54.21	5,009	5,009
2012	2016	292.00	292.00	88	88
2013	2017	292.00	292.00	183	183
2014	2018	1,470.23	1,470.23	216	216
2015	2019	1,056.68	1,243.77	213	223
2016	2020	-	-	-	-
2017	2021	-			
		156.48	**165.35**	**5,709**	**5,719**

The contractual lives for the options are not specified in the option agreements. As a result, the weighted average remaining contractual life for the options outstanding as at each reporting date is dependent on future exit events.

Fair value of equity-settled share options and cash-settled phantom options

The fair values of the share options granted and phantom options granted to employees are measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historical average share price volatility of comparable companies. The expected lives for the options are dependent on future exit events. As a result, the Company used management's judgment to develop appropriate assumptions as to when these exits occur.

The weighted average fair value for the share options granted in the 2017 financial year with compensation from equity instruments amounted to TEUR 3,425 (2015: TEUR 3,999) at grant date. The inputs used in the measurement of the fair values of these share options at the date of grant are summarized below:

Grant date	2017 (Company shares)	2017 (Subsidiary shares)	2016 (Company shares)
Share price (EUR)	2,960 – 4,029	3,917	3,445 - 4,167
Option exercise price (EUR)	1	1	1 - 1,830
Volatility based on expected life	41.0%	41.0%	47.2%
Expected life	4.0	4.0	4.0
Dividend yield	-	-	nil
Risk-free rate	0%	0%	0%
Fair value per option (EUR)	2,960 – 4,029	3,916	1,986 - 4,167

The phantom options are cash-settled. Accordingly, the fair value of the underlying shares and the fair value of the phantom options will have to be determined at each reporting date.

The weighted average fair value for the phantom options outstanding as at 31 December 2017 was TEUR 2.8 (2016: TEUR 1.6). The inputs used in the measurement of the fair values of the cash-settled phantom options at the reporting dates are summarized below:

Balance sheet date	2017 (Subsidiary shares)	2017 (Company shares)	2016 (Subsidiary shares)	2016 (Company shares)
Share price (EUR)	2,896	2,960	1,804	3,405
Weighted Average Option exercise price (EUR)	91	4,651	91	4,714
Volatility based on expected life	30.9% - 30.4%	35.2%	43.7% - 46.4%	46.4%
Expected life	0.1 – 0.5	2.0	1.1 – 1.5	3.00
Dividend yield	-	-	nil	nil
Risk-free rate	0.0%	0.0%	0.0%	0.0%
Fair value per option (EUR)	1,628 – 2,932	30 – 1,204	1,031 - 1,803	333 - 1,204

Share-based compensation expenses and liabilities

The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. For awards with graded-vesting features, each instalment of the award is treated as a separate grant. This means that each instalment is separately expensed over the related vesting period.

Estimated forfeitures are revised if the number of awards expected to vest differ from previous estimates. Differences between the estimated and actual forfeitures are accounted for in the period they occur.

In 2017, the total share-based compensation expense recognized amounted to TEUR 10,995 (2016: TEUR 4,011). The total expense recognized includes expenses due to equity-settled share-based payment awards of TEUR 4,860 (2016: TEUR 4,216). The revaluation of cash-settled options as at 31 December 2017 resulted in expenses of TEUR 6,135 (2016: gain of TEUR 489). The liability recognized for the cash-settled options as at 31 December 2017 therefore amounts to TEUR 15,735 (2016: TEUR 9,600). In addition, there were buybacks of cash-settled options without affecting income. The total intrinsic value at the end of the period of liabilities for phantom options that had vested by the end of the period amounts to TEUR 15,592 (2016: TEUR 9,472). These vested phantom options are only exercisable upon occurrence of an exit event.

17 Borrowings

As at 31 December 2017, the Company had borrowings of TEUR 11,470 (31 December 2016: none). On 10 January Westwing and Kreos signed a loan agreement of TEUR 10,000 in two tranches. Both tranches of TEUR 5,000 each were drawn on 3 April 2017 and 30 June 2017 respectively. Both tranches are paid back over a period of 31 or 33 months respectively, according to the contract. The loan compounds interest at an effective

interest rate of 11.98% (tranche 1) and 12.03% (tranche 2). The nominal interest amounts to 10.75%. When closing the loan agreement transaction costs of TEUR 50 were due. TEUR 25 had to be paid when drawing each tranche. In addition, an amount of 0.4% of the drawn tranches are due at the end of the term of each tranche (end of loan payment). The loan is recognized at amortized cost.

Furthermore, TEUR 1,853 of an existing loan facility with Deutsche Handelsbank were drawn. This short-term loan bears interest of 8.75%.

In the previous year, the last payments for a loan agreement from 12 April 2013 were done. According to the contract both tranches drawn in 2013 had to be paid back within 36 months after commencement. They were fully paid back in 2016.

18 Derivative financial instruments and financial liabilities at amortized cost

In parallel with the loan agreement, Westwing entered into a warrant agreement with Kreos in January 2017. Upon execution of the warrant, Kreos will receive equity from Westwing. Due to Kreos' general admission for Westwing Kreos will receive equity for a price per share to be determined by Kreos, providing the nominated price is in line with the price agreed in any financing round since issue of the warrant. The number of shares depends on the amounts of drawn tranches from the loan agreement. It increased accordingly in April and June 2017, when the tranches were drawn. The warrant is recorded as a derivative financial instrument recorded at fair value through profit or loss.

The warrant was recognized in January 2017 at a value of TEUR 210. In the financial year 2017, the option was expanded in different points of time. As at 31 December 2017 the value was TEUR 770 due to the increase of the number of shares.

Also in April 2013, Westwing entered into a warrant agreement with Kreos next to a loan agreement. Upon execution, Kreos will receive equity for a price per share to be determined by Kreos, providing the nominated price is in line with the price agreed in any financing round since issue of the warrant. A payment of TEUR 1,250 was received in exchange for this warrant, which is recorded as a derivative financial instrument recorded at fair value through profit or loss. The value as at 31 December 2017 decreased to TEUR 640 (31 December 2016: TEUR 868).

In May 2016 Westwing entered into a financing contract granting investors options in exchange for a cash payment of TEUR 24,000. The options can be converted to Westwing shares at the time of a predefined event. The price is measured according to the entity valuation at the expected time of conversion. After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method. When using the effective interest rate method, the financial liability's amortized costs are calculated and the interest expense is allocated over the related period. The subsequent measurement is at amortized cost considering the entity valuation updated each year. As at 31 December 2017 the value of the liability was TEUR 35,495 (31 December 2016 TEUR 27,901).

19 Finance lease liabilities

In the 2017 financial year, the Group leased a VPN server and recognized technical equipment and a corresponding liability. At 31 December 2017 the asset and the liability amounted to TEUR 45.

20 Current and non-current liabilities

Financial liabilities

At 31 December financial liabilities comprise of the following:

	31/12/2017	31/12/2016*
	TEUR	
Borrowings	11,470	-
Trade payables	28,309	29,482
Accruals	11,408	9,237
Other financial liabilities	37,081	28,769
Leasing liabilities	45	-
Total	**88,313**	**67,489**
Of which current	48,372	39,588
Of which non-current	39,941	27,901

* Prior-year presentation of financial liabilities adjusted in accordance with IAS 39 (tax liabilities, liabilities for bonuses and share-based compensation classified as non-financial)

Disclosures in respect of financial assets and liabilities can be found in Notes 22 and 23.

Non-financial liabilities

As of 31 December, the non-financial liabilities comprise as follows:

	31/12/2017	31/12/2016
	TEUR	
Customer prepayments	11,721	10,400
Liabilities related to employees	20,845	14,935
VAT liabilities	3,773	2.854
Tax liabilities	325	395
Other non-financial liabilities	334	728
Total	**36,998**	**29,313**
Of which current	21,263	19,713
Of which non-current	15,735	9,600

* Prior-year presentation of non-financial liabilities adjusted in accordance with IAS 39

Liabilities related to employees of TEUR 20,845 (31 December 2016: TEUR 14,935) include liabilities for cash settled share-based compensation of TEUR 15,735 (31 December 2016: TEUR 9,600) as well as accruals for bonuses and severances. We refer to Note 16 for further information.

21 Provisions

Movements in provisions for liabilities and charges are as follows:

	Legal claims	Restoration	Returns	Other	Total
			TEUR		
At 1 January 2017	**175**	**337**	**1,357**	**16**	**1,885**
Provided in the year	45	-	2,726	33	**2,804**
Released during the year	(17)	-	-	(8)	**(25)**
Utilized during the year	(14)	(95)	(1,357)	-	**(1,466)**
Exchange differences	(18)	-	-	(1)	**(19)**
At 31 December 2017	**171**	**242**	**2,726**	**40**	**3,179**

Analysis of total provisions:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
Included in:					
Current liabilities	171	-	2,726	40	**2,937**
Non-current liabilities	-	242	-	-	**242**
At 31 December 2017	**171**	**242**	**2,726**	**40**	**3,179**

The provision for returns of TEUR 2,726 (2016: TEUR 1,357) is recorded in order to capture the risk of products being returned within the legal period. The provision is calculated per country at an estimated return rate.

The restoration provision relates to the obligation to reinstate the leasehold property to its former condition at the end of the lease term. The timing of the cash outflow depends on the timing of vacating the leased property, in respect of which the provision was recorded. The restoration provision primarily relates to the new office in Moosacher Str. 88 in Munich. The timing of payment is uncertain. For the previous office in Dingolfinger Str. 2 parties agreed on the services in 2017 and the provision was utilized accordingly.

The provision for legal claims represents the best estimate of the obligation in connection with claims against the Group. The increase in the provision of TEUR 45 is primarily due to trademark infringement claims. The timing of any cash outflow relating to the legal claims provision is uncertain but likely to be within one year.

In the previous year, movements in provisions for liabilities and charges are as follows:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
At 1 January 2016	**154**	**296**	**1,308**	**65**	**1,823**
Provided in the year	148	220	1,357	16	**1,740**
Released during the year	(72)	(179)	-	-	**(250)**
Utilized during the year	(68)	-	(1,316)	(65)	**(1,449)**
Exchange differences	13	-	8	-	**21**
At 31 December 2016	**175**	**337**	**1,357**	**16**	**1,885**

Analysis of total provisions:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
Included in:					
Current liabilities	175	-	1,357	16	**1,548**
Non-current liabilities	-	337	-	-	**337**
At 31 December 2016	**175**	**337**	**1,357**	**16**	**1,885**

22 Financial risk management

22.1 Financial risk factors

22.1.1 Overview

The Group actively manages its financial risks, operational risks and legal risks. The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The primary objectives of the financial risk management function are to establish risk limits, and ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks. The Group's risk management is carried out centrally and covers all consolidated entities.

22.1.2 Market risk

The Group is exposed to market risks. Market risks arise from open positions in foreign currencies (currency risk), and interest bearing assets and liabilities (interest rate risk), which are sensitive to general and specific market movements. Management monitors such risks on an ongoing basis to ensure that exposure stays within certain limits. However, this approach does not prevent losses in the event of more significant market movements. Sensitivities to market risks included below are based on a change in one factor while keeping all other factors constant. In practice, this is unlikely to occur as changes in certain factors may be correlated.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Polish Zloty, Russian Ruble, Brazilian Real and Swiss Francs. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's business model minimizes foreign exchange risk. A significant portion of local revenue as well as local costs is generated in the respective local currencies. Foreign exchange gains and losses shown in consolidated profit and loss arise mainly from intercompany funding activities.

The following table demonstrates the sensitivity of profit and loss as well as equity to a reasonably possible change in foreign exchange rates at the reporting date, with all other variables held constant.

	31/12/2017	31/12/2016
	TEUR	
Polish Zloty strengthening/ (weakening) by 10%*	+397 / (397)	+232 (232)
Russian Ruble strengthening/ (weakening) by 10%	+214 / (214)	+274 / (274)
Swiss Franc strengthening/ (weakening) by 10%	+23 / (23)	+23 / (23)
Brazilian real strengthening/ (weakening) by 10%	(126) / 126	- / -
Total	**+509 / (509)**	**+529 / (529)**

* Prior-year values adjusted.

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency. There is no effect on other comprehensive income due to the lack of application of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's borrowings are mainly on fixed rate terms. Hence, a reasonably possible change in interest rates at the reporting date would have no impact on profit or loss or equity.

22.1.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation by being unable or unwilling to meet its commitments. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Exposure to credit risk arises as a result of the sale of products on credit terms and other transactions with counterparties giving rise to financial assets. Credit exposures to customers are recorded systematically, analyzed and managed in the respective subsidiaries, using both internal and external sources of information.

The Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the statement of financial position, as shown below:

	Note	31/12/2017	31/12/2016
		TEUR	
Trade and other receivables	11		
Trade receivables (net)		7,375	5,198
Other financial receivables		5,326	5,180
Cash and cash equivalents	14		
Cash in hand		18	5
Bank balances		13,813	17,894
Short-term bank deposits		-	-
Total on-balance sheet exposure		**26,532**	**28,277**

Trade and other receivables

Due to the nature of the Group's activities, exposure to credit risk with counterparties is limited due to cash being received at the time of sale, or upon delivery of the product in the case of cash on delivery sales, in the majority of transactions. Trade and other receivables are therefore mainly limited to receivables from payment service providers and credit card companies.

The Group manages its exposure to credit risk by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risks are monitored on a regular basis and are subject at minimum to annual review.

The Group regularly reviews the ageing analysis of outstanding trade receivables and follows up on past due balances.

Cash and cash equivalents

The credit quality of the financial institutions with which accounts are held have been analyzed below using Standard and Poor's ratings:

	31/12/2017	31/12/2016
	TEUR	
AAA	-	-
AA- to AA+	50	143
A- to A+	5	5
BBB- to BBB+	11,911	13,493
Lower than BBB- rated	1,025	4,040
Unrated	822	213
Total	**13,813**	**17,894**

Concentration of credit risks

Considering the structure of the Group and the market in which it operates, the Group´s credit risk is with many diverse counterparties and therefore there is no assessed concentration of credit risk.

22.1.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities without effecting the daily operations or the financial condition of the Group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash.

The Group's objective is to maintain a stable balance between continuity of funding and flexibility through the use of capital increases and loans.

The Group is exposed to daily calls on its available cash resources. To ensure such calls can be met, monthly cash flow forecasting is performed in each operating entity and aggregated into a Group cash flow forecast. These rolling forecasts of the group's liquidity requirements are strictly monitored to ensure the Group has sufficient cash to meet operational needs.

The table below shows the Group's non-derivative financial liabilities as at 31 December 2017 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Debtors with credit balances and liabilities from finance lease are not considered.

The undiscounted cash flows differ from the amount included in the statement of financial position due to the carrying amount disclosed in the statement of financial position being based on discounted cash flows.

The maturity analysis of financial liabilities at 31 December 2017 is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			TEUR		
Liabilities					
Borrowings	1,135	6,720	3,971	-	11,826
Trade payables	28,309	-	-	-	28,309
Accruals	11,408	-	-	-	11,408
Total future payments, including future principal and interest payments	**40,852**	**6,720**	**3,971**	**-**	**51,543**

The financial liabilities described in note 18 are not shown in the table above as they are not cash effective.

The maturity analysis of financial liabilities at 31 December 2016 is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			TEUR		
Trade payables	29,482	-	-	-	29,482
Accruals	9,237	-	-	-	9,237
Total future payments, including future principal and interest payments	**38,719**	**-**	**-**	**-**	**38,719**

The figures differ from the previous year, as the table only comprises financial instruments in accordance with IAS 39. Tax liabilities as well as liabilities against employees in the sense of IAS 19 and IFRS 2 are correspondingly not shown here anymore.

22.2 Capital management

The Group manages its capital structure in order to finance the Group's activities and continued growth. Particular focus is given to generating liquid funds from business operations and through capital injections from new or existing investors. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

22.3 Fair value estimation

In accordance with IFRS 13, fair values of financial assets and financial liabilities have to be allocated to one of the three levels of the fair value hierarchy. The individual levels of the fair value hierarchy are defined as follows:

- *Level 1:* quoted (unadjusted) prices in an active market for identical assets and liabilities that the entity can access at the measurement date

- *Level 2:* inputs other than quoted market prices included within Level 1 that are observable for the asset and liability, either directly or indirectly

- *Level 3:* inputs for the assets and liabilities not based on observable market data

The table below presents the carrying values of the Group's financial assets and liabilities measured at fair value and discloses their fair value by hierarchy level:

	31/12/2017				31/12/2016			
	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
	TEUR							
Liabilities								
Other financial liabilities:								
Derivative financial instrument	-	-	1,410	1,410	-	-	868	868
Total liabilities	**-**	**-**	**1,410**	**1,410**	**-**	**-**	**868**	**868**

There were no transfers between the levels of the fair value hierarchy during the year.

Cash and cash equivalents, trade and other receivables, trade and other payables and other financial liabilities have short-term maturities. Therefore, their carrying amount at the end of the reporting period approximates to their fair value.

The two outstanding warrants under which the loan providers have the right to be provided with shares in Westwing upon execution are included in the derivative financial instruments category. The fair value of the warrant is calculated using a Black Scholes model. The valuation is based on data input classified as unobservable market data (Level 3). Inputs of market data into the Black Scholes model is in line with the inputs for the valuation of share-based compensation under IFRS 2.

23 Financial instruments by category

The tables below present the analysis of the balance sheet items and their classification into subsequent measurement at amortized cost and at fair value through profit or loss.

Prior year figures deviate as the tables show only financial instruments according to IAS 39. Tax liabilities and liabilities to employees in line with IAS 19 and IFRS 2 are not included any more.

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

Loans and receivables:

	Note	31/12/2017
		TEUR
Cash and cash equivalents	14	13,831
Trade and other receivables	11	12,701
Total		**26,532**
		31/12/2016
Cash and cash equivalents	14	17,899
Trade and other receivables	11	10,378
Total		**28,277**

Financial liabilities:

	Note	31/12/2017 Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss – held-for-trading	Total
			TEUR	
Borrowings	17	11,470	-	11,470
Trade payables	20	28,309	-	28,309
Accruals	20	11,408	-	11,408
Other financial liabilities				
Other payables		35,671	-	35,671
Derivative financial instrument	18	-	1,410	1,410
Leasing liabilities		45	-	45
Total		**86,903**	**1,410**	**88,313**

	Note	31/12/2016 Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss – held-for-trading	Total
			TEUR	
Trade payables	20	29,482	-	29,482
Accruals	20	9,237	-	9,237
Other financial liabilities				
Other payables		27,901	-	27,901
Derivative financial instrument	18	-	868	868
Borrowings	17	-	-	-
Total		**66,620**	**868**	**67,488**

Income and expenses from financial instruments

The total impact on profit and loss as a result of financial instruments for the year ended 31 December 2017 was a loss of TEUR 10,738 (2016: loss of TEUR 6,937). Other financial expenses disclosed in the value of TEUR 122 in prior year have been included in interest expense as this reflects the nature of the expense more appropriately.

Income and expenses from financial instruments can be split as follows:

	Category	2017	2016
		TEUR	
Interest income	Loans & Receivables	64	65
Interest expense	Liabilities at amortized cost	(1,894)	(1,350)
Interest expense of Investor option	Liabilities at amortized cost	(7,594)	(4,928)
Valuation of Kreos warrant	Held for trading	(542)	(33)
Impairment of financial assets	Loans & Receivables	(772)	(691)
Total		**(10,738)**	**(6,937)**

24 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests (NCI) is provided below:

	Country of incorporation and operation	31/12/2017 NCI in %	31/12/2016 NCI in %
Westwing GmbH	Germany	27.97%	27.97%
Westwing Comércio Varejista Ltda.	Brazil	22.71%	22.71%

	31/12/2017	31/12/2016
	TEUR	
Accumulated balances of material non-controlling interest:		
Westwing GmbH	(19,367)	(17,890)
Westwing Comércio Varejista Ltda.	(3,696)	(3,943)
Profit (loss) allocated to material non-controlling interest:		
Westwing GmbH	(1,531)	(1,031)
Westwing Comércio Varejista Ltda.	150	75

No dividends were paid to non-controlling interest for either company in 2017 or 2016.

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before elimination of intercompany transactions.

Summarized statement of profit or loss for the year ended 31 December 2017:

	Westwing GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Revenue	106,022	32,207
Result for the period	(5,475)	661

Summarized statement of profit or loss for the year ended 31 December 2016:

	Westwing GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Revenue	86,136	30,424
Result for the period	(3,688)	331

Summarized statement of financial position as at 31 December 2017:

	Westwing GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Cash and cash equivalents	4,062	309
Trade and other receivables	8,983	2,714
Inventory	8,848	1,765
Total current assets	51,201	5,270
Total non-current assets	3,480	585
Total current liabilities	(108,177)	(8,348)
Total non-current liabilities	(15,746)	-

Summarized statement of financial position as at 31 December 2016:

	Westwing GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Cash and cash equivalents	3,737	3,091
Trade and other receivables	5,141	747
Inventory	5,005	2,120
Total current assets	22,524	6,338
Total non-current assets	3,654	803
Total current liabilities	(80,539)	(10,723)
Total non-current liabilities	(9,601)	-

Summarized cash flow information for the year ended 31 December 2017:

	Westwing GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Operating cash flow	1,846	191
Investing cash flow	(232)	(57)
Financing cash flow	(1,182)	(2,411)
Net increase/(decrease) in cash and cash equivalents	**432**	**(2,277)**

Summarized cash flow information for the year ended 31 December 2016:

	Westwing GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Operating cash flow	906	2,234
Investing cash flow	(342)	(206)
Financing cash flow	(257)	450
Net increase/(decrease) in cash and cash equivalents	**307**	**2,478**

25 Income taxes

Current income taxes

The major components of current income tax expense for the year ended 31 December 2017 and 2016 are:

	2017	2016
	TEUR	
Current income tax:		
Current income tax charge / gain	399	392
Income tax expense reported in the income statement	**399**	**392**

Reconciliation of the expected tax income as the accounting profit multiplied by Germany’s domestic corporate and trade tax rate for 2017 (2016) to the tax expenses recognized in income statement:

	2017	2016
	TEUR	
Result before income tax	**(31,150)**	**(24,516)**
Applicable tax rate	32.975%	32.975%
At domicile applicable tax rate expected tax income	(10,272)	(8,084)
Unrecognized tax losses	3,735	6,422
Effect from the use of unrecognized tax losses	(1,335)	(1,026)
Unrecognized deferred tax assets on temporary differences	4,590	1,877
Non-deductible expenses	3,195	775
Effect on different tax rate of foreign operations	140	428
Other effects	346	-
Income tax expense reported in the income statement	**399**	**392**

Deferred taxes

The Group's deferred taxes relate to the following:

	Consolidated statement of financial position		Consolidated income statement	
	31/12/2017	31/12/2016	2017	2016
			TEUR	
Software	(1,466)	(1,040)	(427)	(426)
Inventories	(17)	6	(23)	(19)
Receivables	11	10	1	510
Provisions	198	135	63	(157)
Stock options	1,274	887	387	92
Deferred taxes expense (income)	-	-	-	-
Net deferred tax assets / (liabilities)	-	-		
Reflected in the statement of financial position as follows:				
Deferred tax liabilities	-	-		
Deferred tax assets	-	-		
Deferred tax liabilities, net	-	-		

The Group offsets tax assets and liabilities if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets on temporary differences in the amount of TEUR 4,459 (2016: TEUR 2,665) and on tax loss carry forwards in the amount of EUR 211m (2016: EUR 212m) have not been recognized as they may not be used with sufficient probability to offset future taxable profits. They have arisen in companies that have been loss making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The Group has tax losses which arose in different jurisdictions of EUR 211m (2016: EUR 212m) that are available for offsetting against future taxable profits of the companies in which the losses arose as follows:

	2017	2016	Restrictions on tax losses carried forward
	EUR m		
Germany	82	81	No
Brazil	15	16	No
France	29	27	No
Italy	18	21	No
Netherlands	20	17	Yes
Poland	11	14	Yes
Russia	18	19	No
Spain	18	17	No
Total	**211**	**212**	

The following tax losses expire as indicated:

	2017	2016	Restrictions on tax losses carried forward
	EUR m		
Poland	11	14	Exp 2018-2022
Netherlands	20	17	Exp 2020-2026
Total	**31**	**31**	

In the affiliates Spain and Italy distributable profits were generated in 2017. Dividends are planned in the corresponding subholdings in 2018 for financial year 2017. Due to the earnings situation in all other affiliates and existing loss carry forwards, there will be no distributable profits in the foreseeable future.

Based on the planned dividends from the Italian and Spanish affiliate deferred taxes arise as a result from "outside basis differences" in the amount of the tax burden on non-deductible expenses.

26 Other financial commitments

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	31/12/2017	31/12/2016
	TEUR	
Not later than 1 year	4,970	4,702
Later than 1 year and not later than 5 years	12,083	15,513
Later than 5 years	8,361	8,696
Total	**25,414**	**28,911**

The Group leases various offices, warehouses and equipment which have varying terms, notice periods and renewal rights.

Major operating lease agreements include the lease of the headquarter office in Munich/Germany, Moosacher Straße (until 2016: Dingolfinger Straße) and the warehouse in Großbeeren/Germany. Both lease agreements were non-cancellable until their respective maturity dates.

27 Balances and transactions with related parties

Rocket Internet SE, Berlin, Germany is the largest investor of Westwing. All ventures that are controlled or jointly controlled by Rocket Internet SE and upon which Rocket Internet SE has significant influence, are classified as related parties of the Group.

As at 31 December 2017 and 2016, the outstanding balances with such related parties were as follows:

	31/12/2017	31/12/2016
	TEUR	
Gross amount of trade receivables	-	-
Trade and other payables	-	9

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. As in prior year, no provisions are held against receivables from related parties as of 31 December 2017.

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase, or from services rendered being due within 14 days after the receipt of the invoice. The payables bear no interest.

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

	2017	2016
	TEUR	
Sales of goods and services	37	146
Purchases of goods and services	94	138

Key management compensation

Key management includes 6 executives (2016: 7 executives). The compensation paid or payable to key management for employee services is shown below:

	2017	2016
	TEUR	
Employee benefits:		
Salaries (short-term employee benefits)	1,108	1,242
Share-based compensation	2,290	1,327
Total	**3,398**	**2,569**

The remuneration of chief executives in accordance with Sec. 314 para. 1 HGB is not disclosed in these consolidated financial statements with reference to the exemption of such disclosure as per Sec. 286 para. 4 HGB.

28 Subsidiaries

The Group consolidated the following direct subsidiaries at 31 December:

Name	Country of incorporation and place of business	Registered office	Proportion of ownership interests held 31/12/2017	Proportion of ownership interests held 31/12/2016
Westwing GmbH	GER	Munich	72.03	72.03
Westwing Commercial GmbH	GER	Berlin	100.00	100.00
Juwel 183. V V UG	GER	Berlin	100.00	100.00
Westwing Spain Holding UG	GER	Berlin	94.96	94.96
Westwing France Holding UG	GER	Berlin	94.56	94.56
Westwing Italy Holding UG	GER	Berlin	90.72	91.24
Westwing Netherlands Holding UG	GER	Munich	84.12	87.64
Tekcor 1. V V UG	GER	Bonn	92.76	92.76
Brillant 1256. GmbH & Co. Dritte Verwaltungs KG	GER	Berlin	88.80	88.80
Brillant 1256. GmbH	GER	Berlin	100.00	100.00
Bambino 65. V V UG	GER	Berlin	100.00	100.00
Bambino 68. V V UG	GER	Berlin	93.72	93.72
Bambino 66. V V UG	GER	Berlin	94.20	94.20
wLabels GmbH	GER	Berlin	100.00	100.00
VRB GmbH & Co. B-156 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-157 KG	GER	Berlin	77.30	77.30
VRB GmbH & Co. B-160 KG	GER	Berlin	97.50	97.50
VRB GmbH & Co. B-165 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-166 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-167 KG	GER	Berlin	90.00	90.00

In addition, the Group consolidated the following indirect subsidiaries at 31 December:

Name	Country of incorporation and place business	Registered office	Proportion of ownership interests 31/12/2017	Proportion of ownership interests 31/12/2016
WW E-Services Iberia S.L.	ES	Barcelona	94.96	94.96
WW E-Services Italy S.r.I.	IT	Milan	90.72	91.24
WW E-Services France SAS	FR	Paris	94.56	94.56
Westwing Home and Living Poland S.P.Z.O.O.	PL	Warsaw	92.76	92.76
WW E-Services The Netherlands B.V.	NL	Amsterdam	84.12	87.64
Westwing Comercio Varejista Ltda.	BR	Sao Paulo	77.29	77.29
Westwing Russia OOO	RU	Moscow	88.80	88.80

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Company.

29 Events after the balance sheet date

Subsequent to the end of the 2017 financial year, the following events occurred that have a significant impact on Westwing's future results of operations, financial position and net assets:

On 23 March 2018, Westwing Group GmbH and GGC EUR S.À.R.L, an affiliate of Rocket Internet SE, entered into a credit facility agreement amounting to EUR 15.0m and signed an option agreement. The option is accounted for separately, as it is independent from the credit line granted. The value of the option is EUR 1,047k and has been recorded as financial liability in FY 2018. The first tranche of EUR 5.0m had to be drawn within three months after signature. It was pulled on 19 April 2018. The remaining credit facility can be drawn within 18 months. The loan has a term of three years and is due at maturity including accumulated interest.

Furthermore, in May and June 2018 it was decided by management and approved by the Advisory Board to divest the Russian and Brazilian operating entities. Both offer only few synergies with the rest of the Group.

Munich, 11 May 2018 / 31 July 2018

Stefan Smalla	Dr. Dr. Florian Drabeck
Managing Director Westwing Group GmbH	Managing Director Westwing Group GmbH

The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ("Handelsgesetzbuch": German Commercial Code), as well as the group management report, prepared on the basis of German commercial law (HGB), of Westwing Group GmbH, Berlin, as of and for the fiscal year ended December 31, 2017 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The group management report is not part of this Prospectus.

Independent auditor's report

To Westwing Group GmbH

Opinions

We have audited the consolidated financial statements of Westwing Group GmbH, Berlin, and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated statement of comprehensive income for the fiscal year from 1 January 2017 to 31 December 2017, the consolidated balance sheet as of 31 December 2017, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from 1 January 2017 to 31 December 2017, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Westwing Group GmbH for the fiscal year from 1 January 2017 to 31 December 2017.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ("Handelsgesetzbuch": German Commercial Code) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2017, and of its financial performance for the fiscal year from 1 January 2017 to 31 December 2017, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Responsibilities of the executive directors for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German

commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group

management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with (German) law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate 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.

Explanatory note to the supplementary audit

We issue this opinion based on our audit of the consolidated financial statements and group management report, which was performed in accordance with professional standards and completed on 15 June 2018, and our supplementary audit ended on 1 August 2018 pertaining to reallocated share based payment expenses for the fiscal year 2017 increasing the position "fulfilment expenses" by TEUR 1,576 and decreasing the position "general and administrative expenses" in the same amount as well as the resulting explanations therefrom in the notes to the consolidated financial statements. Furthermore, disclosures in the notes to the consolidated financial statements in the sections "Balances and transactions with related parties" and "Events after the balance sheet date" have been extended or changed. The group management report was not changed.

Please refer to the disclosures related to the amendments provided by the Company's management in section "General information" in the amended notes to the consolidated financial statements.

Munich, 15 June 2018 / limited to the abovementioned explanatory notes to the supplementary audit: 1 August 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dahmen	Rettenmayr
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Westwing Group GmbH
Berlin

Audited consolidated financial statements
as of and for the year ended December 31, 2016
(prepared in accordance with IFRS)

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Consolidated Income Statement

For the period from 1 January to 31 December 2016 and 2015

	Notes	2016	2015
		TEUR	
Revenue	4	250,372	219,194
Cost of sales		(144,081)	(126,617)
Gross profit		**106,291**	**92,578**
Fulfilment expenses		(65,698)	(69,628)
Marketing expenses		(18,000)	(31,491)
General and administrative expenses		(42,431)	(48,262)
Other operating expenses	7	(1,570)	(1,450)
Other operating income	7	942	951
Operating result		**(20,466)**	**(57,302)**
Finance costs	8	(6,147)	(1,852)
Finance income	8	65	10
Other financial result	8	2,032	(2,374)
Financial result		(4,050)	(4,215)
Result before income tax		**(24,516)**	**(61,517)**
Income tax expense	25	(392)	(166)
Result for the year		**(24,908)**	**(61,683)**
Loss attributable to:			
Owners of the Company		(22,944)	(53,079)
Non-controlling interests		(1,964)	(8,604)
Result for the year		**(24,908)**	**(61,683)**

Westwing Group GmbH
Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the period from 1 January to 31 December 2016 and 2015

	2016	2015
	TEUR	
Result for the year	**(24,908)**	**(61,683)**
Other comprehensive income:		
Items that subsequently will be reclassified to the income statement:		
Exchange translation differences of foreign operations	(2,787)	3,167
Other comprehensive income for the year, net of tax	**(2,787)**	**3,167**
Attributable to:		
Owners of the Company	(2,373)	2,692
Non-controlling interests	(414)	475
Total comprehensive loss for the year	**(27,695)**	**(58,516)**
Attributable to:		
Owners of the Company	(25,317)	(50,387)
Non-controlling interests	(2,378)	(8,129)
Total comprehensive loss for the year	**(27,695)**	**(58,516)**

Westwing Group GmbH
Consolidated Financial Statements

Consolidated Statement of Financial Position

	Notes	31/12/2016	31/12/2015	01/01/2015
			TEUR	
Assets				
Non-current assets				
Property, plant and equipment	9	6,494	6,104	5,348
Intangible assets	10	3,632	2,608	1,489
Trade and other receivables	11	3,457	2,467	1,278
Total non-current assets		**13,583**	**11,179**	**8,115**
Current assets				
Inventories	12	18,728	14,722*	12,339*
Trade and other receivables	11	6,921	5,763	9,857
Other assets	14	1,844	2,645	1,731
Cash and cash equivalents	13	17,899	18,674	20,699
Total current assets		**45,392**	**41,803**	**44,626**
Total assets		**58,975**	**52,982**	**52,741**
Equity and liabilities				
Equity/(deficit)				
Share capital	15	92	92	81
Treasury shares	15	(998)	-	-
Share premium		210,343	210,343	155,111
Other reserves	15	17,765	17,279	13,661
Retained earnings		(240,758)	(216,262)*	(162,668)*
Other comprehensive income (OCI) reserve	15	6,840	9,138	6,554
Equity attributable to the owners of the Company		**(6,717)**	**20,589**	**12,739**
Non-controlling interests		(32,996)	(33,241)*	(27,619)
Total equity/(deficit not covered by equity)		**(39,713)**	**(12,652)**	**(14,880)**
Non-current liabilities				
Borrowings	17	-	-	1,708
Finance lease liabilities	19	-	-	1,365
Other liabilities	18, 20	37,501	10,542	11,696
Provisions	21	337	296	296
Total non-current liabilities		**37,838**	**10,837**	**15,065**
Current liabilities				
Borrowings	17	-	1,708	3,249
Finance lease liabilities	19	-	-	268
Trade payables and accruals	20	38,720	34,116*	31,522*
Customer prepayments	20	10,400	9,115	9,898*
Other liabilities	20	10,181	8,331	6,240
Provisions	21	1,548	1,527	1,378
Total current liabilities		**60,849**	**54,796**	**52,556**
Total liabilities		**98,687**	**65,634**	**67,621**
Total equity and liabilities		**58,975**	**52,982**	**52,741**

* Prior year figures have been adjusted in accordance with IAS 8, refer Note 2.3 in the notes.

Westwing Group GmbH
Consolidated Financial Statements

Consolidated Statement of Changes in Equity

TEUR	Notes	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings*	Other comprehensive income (OCI) reserve	Total	Non-controlling interests	Total equity
		Attributable to the owners of the Company								
						TEUR				
As at 1 January 2015		**81**	**155,111**	**-**	**13,661**	**(162,668)**	**6,554**	**12,739**	**(27,619)**	**(14,880)**
Result for the year		-	-	-	-	(53,079)	-	**(53,079)**	(8,604)	**(61,683)**
Other comprehensive income for the year		-	-	-	-	-	2,692	**2,692**	475	**3,167**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(53,079)**	**2,692**	**(50,387)**	**(8,129)**	**(58,516)**
Issue of share capital	15	11	55,232	-	-	-	-	**55,243**	-	**55,243**
Share-based compensation	16	-	-	-	3,596	-	-	**3,596**	1,867	**5,464**
Acquisitions / disposals of non-controlling interest / other		-	-	-	22	(515)	(109)	**(602)**	640	**38**
As at 31 December 2015 / 1 January 2016		**92**	**210,343**	**-**	**17,279**	**(216,262)**	**9,138**	**20,589**	**(33,24)**	**(12,652)**
Result for the year		-	-	-	-	(22,944)	-	**(22,944)**	(1,964)	**(24,908)**
Other comprehensive income for the year		-	-	-	-	-	(2,373)	**(2,373)**	(414)	**(2,787)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(22,944)**	**(2,373)**	**(25,317)**	**(2,378)**	**(27,695)**
Issue of share capital	15	-	-	-	-	-	-	**-**	-	**-**
Transaction with treasury shares		-	-	(998)	-	-	-	**(998)**	-	**(998)**
Share-based compensation	16	-	-	-	2,567		-	**2,567**	189	**2,756**
Acquisitions / disposals of non-controlling interest / other		-	-	-	(2,081)	(1,551)	76	**(3,557)**	2,434	**(1,123)**
As at 31 December 2016		**92**	**210,343**	**(998)**	**17,765**	**(240,758)**	**6,840**	**(6,717)**	**(32,996)**	**(39,713)**

* Prior year figures have been adjusted in accordance with IAS 8, refer Note 2.3 in the notes.

Consolidated Statement of Cash Flows

	Notes	2016	2015
		TEUR	
Cash flows from operating activities:			
Result before income tax		(24,516)	(61,517)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	9	1,630	1,744
Amortization and impairment of intangible assets	10	1,046	972
Loss/(gain) on disposal of property, plant and equipment		(7)	79
Share-based compensation expenses	16	4,011	4,641
Fair value loss on financial liabilities		33	4
Finance income	8	(65)	(10)
Finance costs		6,114	1,847
Result from closure of subsidiary		-	(329)
Foreign currency effects		(1,958)	2,356
Other cash related adjustments		(1,260)	-
Changes in provisions and pensions		(194)	234
Cash effective operating loss before changes in working capital		(15,166)	(49,979)
Adjustments for changes in working capital:			
Changes in trade and other receivables and prepayments		327	1,248
Changes in inventories		(3,288)	(3,113)*
Changes in trade and other payables		4,688	6,608*
Cash used in operations		**(13,459)**	**(45,237)**
Interest received		65	10
Interest and other finance charges paid		(1,281)	(1,847)
Tax paid		(392)	(315)
Net cash flows used in operating activities		**(15,068)**	**(47,390)**
Investing Activities:			
Proceeds from sale of property, plant and equipment		52	14
Purchase of property, plant and equipment		(1,681)	(2,842)*
Security deposits paid		(860)	-
Purchase of intangible assets		(2,085)	(2,000)
Net cash flows used in investing activities		**(4,574)**	**(4,828)***
Financing activities:			
Proceeds from shareholder funding		-	55,240
Proceeds from financing round		23,068	-
Sale/(Purchase) of minority interests		(1,850)	-
Proceeds/(Repayment) of borrowings		(1,708)	(3,249)
Payments of finance lease liabilities		-	(1,694)*
Purchase of treasury shares		(998)	-
Net cash flows from financing activities		**18,513**	**50,297***
Net change in cash and cash equivalents		**(1,130)**	**(1,920)**
Effect of exchange rate fluctuations on cash held		355	(105)
Cash and cash equivalents at 1 January	13	18,674	20,699
Cash and cash equivalents at 31 December		**17,899**	**18,674**

* Prior year figures have been adjusted in accordance with IAS 8, refer Note 2.3 in the notes.

Westwing Group GmbH

Notes to the Consolidated Financial Statements

1. General information

The consolidated financial statements of Westwing Group GmbH (referred to as the "Company" or"Westwing") and its subsidiaries (together referred to as the "Group") for the financial year ended 31 December 2016 were authorized for issue by management to the shareholders meeting on 29 March 2017.

The Group is one of the leading eCommerce companies in the home & living sector. The first and largest business activity is the operation of an eCommerce shopping club offering members high-quality furniture and accessories. From February 2015 Westwing has also operated the new online shop WestwingNow, which offers products on a permanent basis.

The Company was incorporated in 2011 and is registered at Berlin District Court, Germany, under the number HRB 136693. The company is headquartered in Moosacher Str. 88, 80809 Munich, Germany(formerly: Dingolfinger Str. 2, 81673 Munich). As at 31 December 2016, the Group operated in 14 countries (Germany, Austria, Switzerland, Italy, Brazil, Spain, the Netherlands, France, Poland, Russia, Belgium, Kazakhstan, Czech Republic and Slovakia) and consisted of 28 legal companies, all of which are consolidated in these financial statements.

2. Summary of significant accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) applicable as at the reporting date, as adopted by the EU, and in accordance with the provisions applicable under German Commercial law as defined in Section 315a German Commercial Code (Handelsgesetzbuch, 'HGB').

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented. Changes to accounting standards which were mandatorily first applied during the 2016 financial year had no impact on the financial statements.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

The Company presents its consolidated income statement classifying expenses by function.

The consolidated statement of financial position is classified based on the maturity of assets and liabilities. Assets that are used or settled within a normal cycle of business operations, are held for the purpose of trading or are expected to be realized within twelve months from balance date are classified as current. Assets not meeting this criteria are classified as non-current.

Liabilities are classified as current where they are expected to be settled in a normal cycle of business operations, within twelve months or where there is no unconditional right to defer settlement beyond twelve months. All other liabilities are classified as non-current.

The financial year comprises one calendar year. The consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand (TEUR), except indicated otherwise. The values in the consolidated financial statement have been rounded according to commercial principles. Therefore, the sum of a table may not exactly be the same as the addition of the individual numbers. The balances in the consolidated statement of cash flows are based on actual cash flows for the period.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2. New standards, amendments and interpretations

The following standards and interpretations have been issued at the reporting date but are not yet effective. The assessment of the impact of these standards and interpretations on the Group is set out below.

		IASB Mandatory application	Adoption by the EU by 31/12/2016	Expected Effects
IFRS 15	Revenue from Contracts with Customers	1/1/2018	Yes	No significant effects
IFRS 9	Financial instruments (July 2014)	1/1/2018	Yes	No significant effects
IFRS 16	Leases	1/1/2019	No	Major effects (details see below)
IAS 12	Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	1/1/2017	No	No significant effects
IAS 7	Amendments to IAS 7: Disclosure Initiative	1/1/2017	No	No significant effects
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1/1/2018	No	No significant effects

IFRS 15 'Revenue from contracts with customers' was issued in May 2014 and establishes a new five-step process for revenue recognition applying to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS (IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue-Barter Transactions). Currently, either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group has assessed the impact of IFRS 15 on the financial statements. Westwing trades directly with end customers in short term, simple, single component transactions. Additionally Westwing already splits its revenue into its single parts. As a result the Group does not expect a significant impact on the financial statements. The Group plans to adopt the new standard on the required effective date using the modified retrospective approach.

IFRS 9 'Financial instruments' was issued in July 2014, replacing IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group has assessed the impact of IFRS 9 and does not expect a significant impact on the financial statements, based on the short-term business with end customers and the lack of complex derivative financial instruments and equity instruments. The Group plans to adopt the new standard on the required effective date.

IFRS 16 'Leases' was issued in January 2016 and will eventually replace IAS 17 as well as all related interpretations. According to the new standard leases that represent the right to use an asset result in the recognition of an asset and a corresponding leasing liability for the lessee. In the income statement the right to use an asset is presented as a financing activity. The right to use an asset is subsequently depreciated on a straight-line basis and shown separately from the interest on the lease liability, which results from the measurement of the lease liability at amortized cost using the effective interest method. IFRS 16 allows for exemptions from the above accounting treatment for short-term leases up to 12 months as well as for leases of low value assets with a value of up to USD 5,000. Exempt leases can be accounted for in accordance with the current operating lease methodology. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, however early application is permitted if IFRS 15 is already applied at such time. IFRS 16 is not yet adopted by the EU. The Group has assessed the impact of IFRS 16 on the financial statements and expects the following outcomes:

- Increase of the value of assets and liabilities on the balance sheet by a low to mid double digit million Euro amount
- Recognition of interest expense in a low single-digit million Euro amount
- Recognition of amortization in a low to medium single-digit million Euro amount
- Disclosure of the leasing redemption component in a medium single-digit million Euro amount

The Westwing Group plans to adopt the new standard on the required effective date.

2.3. Change in reporting and adjustment of figures for the previous year according to IAS 8

In the 2016 financial year it became apparent that in certain instances the recording of certain sales, inventory and liabilities in a local affiliate was incorrect and not fully complete in the published consolidated financial statements for the year ended 31 December 2014. As a result the opening balance of related accounts and comparable figures of the year 2015, as disclosed in the financial statements for the year ended 31 December 2015 were not correct. The information from the previous year has been adjusted in the financial statements in accordance with IAS 8.41 ff.

Resultantly, in accordance with IAS 8.42, the identified instances were reported and adjusted in deviation from the published consolidated financial statement as at 31 December 2014 and the opening balance sheet for the comparative period as at 1 January 2015. As shown in the table below, this has resulted in changes in equity and single balance sheet items in the consolidated financial result for the 2015 comparative period. There was no impact on the 2015 net result.

	1 January 2015	31 December 2015
	TEUR	
Inventory	(265)	222
Current assets	(265)	222
Total assets	**(265)**	**222**
Retained earnings	(913)	(913)
Equity	***(913)***	***(913)***
Trade payables and accrued liabilities	809	1,135
Advance payments from customers	(162)	-
Current liabilities	***648***	***1,135***
Total equity and liabilities	**(265)**	**222**

Furthermore, in the cash flow statement for the 2015 financial year TEUR 1,542 was reclassified from cash flow from investing activities to cash flow from financing activities. This cash outflow related to the early purchase of leased warehouse equipment which must be shown as financing cash flow in accordance with IAS 7.17.

2.4. Consolidation

2.4.1. Scope of consolidation

The consolidated financial statements incorporate the financial statements of Westwing and entities controlled by Westwing (“subsidiaries”). Consequently, all companies in which the Company holds a controlling interest are fully consolidated in the financial statements.

As at 31 December 2016, The Company controls 20 domestic subsidiaries (2015: 20), as well as maintaining indirect control of seven foreign subsidiaries (2015: seven). The composition of and changes to the Group are detailed in Note 28.

The annual financial statements of the Company and its subsidiaries are prepared under uniform accounting standards. Where necessary, the accounting policies of subsidiaries have been changed to align them to the policies adopted by the Group. The financial statements of the Company and its subsidiaries are prepared as at the reporting date of these consolidated financial statements. Intercompany receivables, liabilities and results between Group companies are eliminated during the consolidation process.

2.4.2. Subsidiaries

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

2.4.3. Non-controlling interests (NCI)

If an acquirer acquires less than 100% of shares in an acquiree there is a non-controlling interest. Non-controlling interest is the equity in a subsidiary that is not attributable, directly or indirectly, to a parent.

Non-controlling interests can be measured either at fair value (full goodwill method) or at the non-controlling interest’s proportionate share of the recognized amounts of acquiree’s identifiable net assets (partial goodwill method).

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

2.4.4. Disposal of subsidiaries

When the Group ceases to have control of a subsidiary, the gain or loss on disposal is calculated as the difference between the proceeds from the sale less the subsidiary´s net assets and NCI. Any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss.

2.5. Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are recorded in the local functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and

losses resulting from the settlement of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in other financial result in the consolidated income statement.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate as at the balance sheet date;
- income and expenses of foreign operations are translated at cumulative average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income in equity. On disposal of a foreign operation, the related component of OCI is recognized in the consolidated income statement.

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

	Assets and liabilities Spot rates		Income and expenses Cumulative average rates	
Value of EUR 1	**31/12/2016**	**31/12/2015**	**2016**	**2015**
Brazilian Real	3.43	4.31	3.86	3.74
Russian Ruble	64.30	80.67	74.22	68.77
Polish Zloty	4.41	4.26	4.36	4.18

2.6. Revenue recognition

Westwing generates revenue primarily from the sale of goods through its retail website. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, marketing vouchers, rebates and return allowances. Revenue is recognized net of value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when the risks and rewards of the inventory have passed, which is generally when the goods have been delivered. In most cases the customer pays upon placing their order online, and as such the amount paid is recognized as deferred income until final delivery of the products. The amount deferred as at31 December 2016 is shown separately in the statement of financial position and is referred to as advance payments from customers.

The risk of return from customers is captured in the return provision, which is estimated based on past experience in respect of return rates and time lag. The return provision is recorded against revenue and cost of sales.

2.7. Expenditure

Cost of sales primarily consists of the purchase price of consumer products and inbound shipping charges.

Fulfilment expenses include postage, freight, packaging and handling costs as well as fees in respect of payment services. In addition, fulfilment expenses include personnel expenses, warehouse rent, depreciation and other expenses in respect of the logistics, customer care, supply chain, buying and sourcing functions of the Group.

Marketing expenses consist of costs for online and offline marketing or promotional activities. Also included are expenses for personnel, other operating expenses and depreciation in respect of the marketing function of the Group.

General and administrative expenses consist of personnel expenses, rent and utilities, and depreciation in respect of the technology, campaign and content production and administrative functions of the Group. General and administrative expenses also include consulting and other professional and legal fees including external accounting, recruiting, tax consulting and audit fees.

Included within other operating income and expenses are primarily rental income and the costs incurred when providing for bad debt on accounts receivable.

Included within the financial result are interest income, interest and other financial expenses, and foreign exchange gains and losses within the other financial result.

2.8. Property, plant and equipment

The main components of property, plant and equipment are furniture, fittings, equipment and leasehold improvements.

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Historical costs include expenditure directly attributable to the acquisition.

Costs of minor repairs and maintenance are expensed when incurred. Costs of replacing major parts or components of property, plant and equipment are capitalized.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and arerecognized in the consolidated income statement.

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

Asset	Useful lives in years
Furniture, fittings and equipment	2 to 15
Computers and printers	2 to 5
Telecommunication (mobile phones, copy, fax)	2 to 5
Hardware (servers)	5 to 7
Office furniture	10 to 13
Warehouse equipment and fixtures	10 to 15
Cars and other vehicles	3 to 8
Leasehold improvements	Shorter of useful life or the term of the underlying lease
Assets under finance lease	Shorter of useful life or the term of the underlying lease

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Included within property, plant and equipment are amounts that have been prepaid for items of property, plant and equipment. Such amounts are not subject to depreciation.

2.9. Intangible assets

2.9.1. Purchased trademarks, brands, licenses and software

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

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

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

2.9.2. Internally generated software

Research and development costs are expensed as incurred, except for development costs which can be capitalized.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalized as part of software products include employee relatedexpenses and costs incurred for external services needed to develop the software. Other development expenditures that do not meet these criteria are recognized as expenses as incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

2.9.3. Amortization

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

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

2.9.4. Impairment of property, plant and equipment and intangibles

Whenever events or changes in market conditions indicate that the carrying amount of property, plant and equipment or intangibles may not be fully recoverable, the assets are tested for impairment. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments are reviewed for possible reversal at each reporting date.

2.10. Leases

The Group leases certain items of property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance

leases. Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest over the remaining balance of the liability. The interest element is charged as finance costs to the income statement. The assets acquired under finance leases are depreciated over their respective useful lives. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases for which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from thelessor) are recognized as operating expenses in the income statement on a straight-line basis over the lease term.

As at 31 December 2016, the Group did not have any finance leases.

2.11. Inventories

Inventories are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The cost of inventory includes purchase costs and costs incurred to bring the inventories to their present location and condition.

Write-downs to the net realizable value are made if, at period-end, the carrying amounts of the inventories are above their realizable fair values. In order to represent the value of inventories appropriately in the statement of financial position and to take into account impairment losses due to obsolete or damaged stock and slow moving inventory, inventory write off provisions have been calculated and are deducted from the carrying amount of the inventories to show the net amount in the statement of financial position.

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

2.12. Financial assets

The classification of a financial asset depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All of the Group’s financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group’s financial assets comprise ‘Trade and other receivables’ and ‘Cash and cash equivalents’(Notes 11 and 13).

Financial assets are recognized at their fair value including directly attributable transaction costs. Subsequently they are measured at amortized cost using the effective interest method.

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

2.13. Impairment of financial assets

The Group makes an assessment at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Where recovery is in doubt, an allowance is made against the specific financial asset and the loss isrecognized in the consolidated income statement. Once the Group believes the amount to be irrecoverable, the financial asset is written off.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment, the impairment loss is recognized in the statement of profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.14. Financial liabilities

The classification of financial liabilities depends on the nature and purpose of the liability and is determined by management at initial recognition.

Financial liability at fair value through profit or loss

A financial liability at fair value through profit or loss is initially recognized at fair value on the commencement date of the contract and is subsequently re-measured to its fair value. Any changes to the instrument´s fair value are recognized directly through the consolidated income statement. When referring to financial liabilities at fair value through profit and loss, IAS 39 differentiates between held-for-trading instruments and such instruments designated at fair value upon initial recognition.

The loan agreement entered into with Kreos Capital IV (Luxembourg) S.à r.l. (referred to as "Kreos") entails a warrant agreement whereby Kreos has the option to be provided with shares in Westwing upon execution of the warrant. The warrant is attached to the borrowings, but is not closely related to that instrument. As a result, the warrant from 2013 has been classified as financial liability and are accounted for separately from the loan.

Given the connection to the moving share price and the variability of the value of the instrument, thedefinition of a derivative under IAS 39 was met and the warrant has been classified as a financial liability held-for-trading. Consequently, it is revalued to fair value at each reporting date.

Financial liabilities at amortized cost

All of the Group's other financial liabilities are classified as financial liabilities at amortized cost.

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Any differences between the amount received and the amount repayable are recognized in the income statement over the term of the loan.

The Group's financial liabilities at amortized cost include trade payables and accruals as well as borrowings.

The financing round with the Westwing group' investors in May 2016 was accounted for as a financial liability at amortized cost in accordance with IFRS. According to German civil code (HGB) the financing round is classified as a capital increase, better reflecting the economic nature of this financing round. Upon initial recognition of such financing, any transaction costs incurred are either recognized in the consolidated income statement or recognized over the remaining term dependent on their contractual agreements.

2.15. Fair value measurement

The Group measures all of its financial assets and financial liabilities at fair value at initial recognition. In addition, derivatives are measured at fair value through profit and loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

2.16. Cash and cash equivalents

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

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

2.17. Share capital

The share capital is fully paid.

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

2.18. Provisions for liabilities and charges

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

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

The majority of the amount shown as provisions in the statement of financial position relates to the provision for returns recognized by Westwing to account for the customers' right to return products within a certain timeframe after purchase and the provision for restoration to account for the obligation to dismantle certain leasehold improvements.

2.19. Share-based compensation

Certain eligible employees of the Group are entitled to receive remuneration in the form of share-based compensation, whereby employees render services as consideration for equity instruments (equity-settled transactions) of the Group. In addition, certain eligible employees are also granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled share-based transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. For share-based compensation awards, the Company

analyses whether the price paid by a participant, if any, or the exercise price to be paid is in line with the estimated market price of the underlying equity instruments at the grant date. If a positive difference exists between (i) the estimated market value of the equity instruments and (ii) the purchase price or exercise price; this results in a fair value to be reported as a share-based compensation expense. The fair value determined at the grant date is expensed immediately or on a straight-line basis over the applicable vesting period of the arrangement, based on the Company's estimate of the number of equity instruments that will eventually vest subject to non-market based vesting conditions, with a corresponding credit to equity. The cumulative expense recognized for equity-settled share-based transactions at each reporting date up to the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period recognized in the income statement represents the movement in cumulative expense recognized as at the beginning and end of that period.

Cash-settled transactions

The cost of cash-settled transactions is measured at fair value using an appropriate valuation model. The fair value is established initially at the grant date and at each reporting date thereafter until the awards are settled. During the vesting period, a liability is recognized representing the fair value of the award and the vesting period expired as at the reporting date. Changes in the carrying amount of the liability are recognized as an expense in the income statement over the period.

2.20. Current and deferred income taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in the income statement, except to the extent it relates to items directly recognized in equity, in which case it is recognized in equity.

Current tax expense is calculated on the basis of the tax regulations applicable on the balance sheet date in those countries in which the subsidiaries are operating and generate taxable income. Management regularly checks tax declarations, particularly with regards to matters which leave room for interpretation, and, if appropriate, recognizes provisions based on the amounts that are likely to be payable to the tax authorities.

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

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax losses carried forward will be utilized.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Critical accounting estimates and judgements

3.1. Overview

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and

liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the corresponding assets or liabilities in future periods.

Estimates and judgements are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements in addition to those involving estimations in the process of applying accounting policies. Changes in accounting estimates are recognized in the period in which the change takes place where such change exclusively affects that period.

Judgements that have the most significant effect on the amounts recognized in the financial statements, as well as estimates that could potentially cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

3.2. Allowance for obsolete inventories (Note 12)

The allowance for obsolete inventories reflects management's estimate of losses resulting from the sale of such items, calculated on the basis of historical experience as well as past and anticipated market performance.

3.3. Income taxes (Note 25)

Deferred income tax

The Group recognizes a deferred tax asset only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilized.

The Group considers many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent earnings experience by jurisdiction, expectations of future taxable income, and the carry forward periods available for tax reporting purposes, as well as other relevant factors. Due to inherent complexities arising from the nature of its businesses, future changes in income tax law or variances between our actual and anticipated operating results, the Group assesses the likelihood of future realization of its deferred tax assets based on judgements and estimates. Therefore, actual income taxes could materially vary from these judgements and estimates.

Based on current plans and estimates deferred tax assets are recognized only to the extent to which they net off against deferred tax liabilities.

3.4. Share-based compensations (Note 16)

The Group measures the cost of equity- and cash-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and yield and making assumptions about each. At the end of each reporting period, the Group reviews its estimates of the number of awards expected to vest and recognizes the impact of any revision to original estimates, in the income statement, with a corresponding adjustment to equity.

3.5. Provision for returns (Note 21)

Customers ordering products online have the right to return such products within a defined period after the purchase, with length of return validity varying by country. In its accounts, Westwing records a provision for such returns to ensure revenue is not overstated. The amount recorded as the provision is calculated based on past experience and current information on gross sales. The provision is calculated per country and adjusts both revenue and cost of sales.

4. Analysis of revenue

Revenue for the year is comprised of the following:

	2016	2015
	TEUR	
Revenue from the sale of products	237,611	208,587
Revenue from shipping charges	14,455	12,391
Revenue from payment fees	641	657
Other revenue	1,662	1,378
Sales reductions	(3,997)	(3,819)
Total	**250,372**	**219,194**

The geographical split of the Group's revenue is as follows:

	2016	2015
	TEUR	
DACH	79,260	61,707
International	171,112	157,487
Total	**250,372**	**219,194**

The geographical regions are defined as follows:

- "DACH" includes revenue recognized in Germany, Switzerland and Austria.
- "International" includes revenue recognized in Spain, Italy, France, Poland, Czech Republic, Slovakia, Belgium and the Netherlands as well as in Brazil, Russia and Kazakhstan.

5. Additional information on income and expenses

Included in the loss for the year are the following income and expenses:

	2016	2015
	TEUR	
Rent and other operating lease expenses	5,552	5,603
Depreciation and amortization	2,675	2,716
Loss / (gain) from revaluation of a financial liability	4,928	4
Auditor's remuneration		
Audit cost according to Sec. 314 para. 1 No. 9a HGB	250	434
Of which relates to previous periods TEUR 9 (2015: TEUR 105)		
Other assurance services according to Sec. 314 para. 1 No. 9b	-	9
Other services according to Sec. 314 para. 1 No. 9d HGB	2	10

6. Personnel expenses

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

	2016	2015
	TEUR	
Wages, salaries and other short-term employee benefits	42,874	47,132
Share-based compensation expenses	4,011	4,641
Social security and similar expenses	9,693	10,525
Total	**56,577**	**62,298**

In 2016, Westwing employed on average 1,523 employees (2015: 1,713 employees) in the following functional areas:

	2016	2015
Fulfilment	891	1,017
Marketing	115	139
Administration	517	557
Total	**1,523**	**1,713**

7. Other operating income and expenses

Other operating income for the year is comprised of the following:

	2016	2015
	TEUR	
Rental income	288	153
Income from release of provisions	243	140
Income from closure of a subsidiary	-	329
Other operating income	411	328
Total	**942**	**951**

Other operating expenses for the year are comprised of the following:

	2016	2015
	TEUR	
Bad debt expenses	691	613
Other operating expenses	879	836
Total	**1,570**	**1,450**

8. Financial result

The financial result for the year comprises the following:

	2016	2015
	TEUR	
Finance income:		
Interest income	65	10
Total finance income	**65**	**10**
Finance costs:		
Interest expenses	(6,114)	(1,740)
Finance lease interest	-	(49)
Other financial expenses	(33)	(63)
Total finance costs	**(6,147)**	**(1,852)**
Net finance result	**(6,082)**	**(1,842)**
Other financial result:		
Currency exchange gains	4,303	7,850
Currency exchange losses	(2,271)	(10,224)
Other financial result	**2,032**	**(2,374)**
Financial result	**(4,050)**	**(4,215)**

Interest expenses largely relate to interest on the financing round in May 2016 that raised EUR 24.0m. It is recorded at amortized cost within non-current other liabilities. In 2016 interest was calculated on

a compounding basis resulting in a financial expense of EUR 4.9m. Interest expenses related to the Kreos loan agreement totaled TEUR 122. This facility was repaid in June 2016. In addition, fees from credit card payments in Brazil are included in interest expenses.

Other financial expenses included adjustments to fair value in relation to the 2013 Kreos option agreement.

9. Property, plant and equipment

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

	Leasehold improvements	Furniture, fittings and equipment	Assets under finance lease	Prepayments on PPE	Total
			TEUR		
Cost at 1 January 2015	1,311	4,404	2,135	1	7,851
Additions	495	2,285	60	3	2,843
Transfers	410	1,778	(2,187)	(1)	-
Disposals	-	(172)	-	-	(172)
Exchange adjustment	(66)	(393)	(8)	-	(466)
Cost at 31 December 2015	2,151	7,902	-	3	10,056
Accumulated depreciation at 1 January 2015	850	1,300	353	-	2,503
Depreciation charge	294	1,459	106	-	1,859
Transfers	48	407	(455)	-	-
Disposals	-	(82)	-	-	(82)
Exchange adjustment	(38)	(287)	(4)	-	(329)
Accumulated depreciation at 31 December 2015	1,154	2,797	-	-	3,952
Carrying amount at 31 December 2015	**996**	**5,105**	**-**	**3**	**6,104**

	Leasehold improvements	Furniture, fittings and equipment	Assets under finance lease	Prepayments on PPE	Total
			TEUR		
Cost at 1 January 2016	2,151	7,902	-	3	10,056
Additions	404	1,496	-	-	1,901
Transfers	-	-	-	-	-
Disposals	-	(145)	-	-	(145)
Exchange adjustment	81	201	-	-	283
Cost at 31 December 2016	2,636	9,455	-	3	12,094
Accumulated depreciation at 1 January 2016	1,154	2,797	-	-	3,952
Depreciation charge	306	1,324	-	-	1,630
Transfers	-	1	-	-	1
Disposals	-	(120)	-	-	(120)
Exchange adjustment	54	84	-	-	138
Accumulated depreciation at 31 December 2016	1,514	4,087	-	-	5,600
Carrying amount at 31 December 2016	**1,123**	**5,369**	**-**	**3**	**6,494**

In 2015, the Group purchased outright the leasehold improvements that it had previously leased under a finance lease agreement from the lessor. The assets were purchased at value of the remaining lease liability of TEUR 1,542.

Acquisitions of furniture, fittings and equipment occurred across all entities and included servers and IT hardware as well as office and warehouse equipment.

10. Intangible assets

The intangible assets employed by the business are set out below:

	Software and licenses	Trademarks	Internally generated intangibles	Intangibles under development	Total
			TEUR		
Cost at 1 January 2015	356	261	1,104	1,412	3,133
Additions	255	12	1,711	18	1,995
Transfers	-	-	658	(658)	-
Disposals	(9)	-	(6)	(754)	(768)
Exchange adjustment	(19)	-	(18)	-	(36)
Cost at 31 December 2015	584	273	3,450	18	4,324
Accumulated depreciation at 1 January 2015	123	24	743	754	1,644
Amortization charge	165	27	676	-	867
Impairment charge	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	(7)	-	(6)	(754)	(767)
Exchange adjustment	(10)	-	(18)	-	(29)
Accumulated depreciation at 31 December 2015	270	50	1,395	-	1,716
Carrying amount at 31 December 2015	**314**	**222**	**2,054**	**18**	**2,608**

	Software and licenses	Trademarks	Internally generated intangibles	Intangibles under development	Total
			TEUR		
Cost at 1 January 2016	584	273	3,450	18	4,325
Additions	123	2	1,676	284	2,085
Transfers	-	-	18	(18)	-
Disposals	(3)	-	(26)	-	(29)
Exchange adjustment	18	-	(5)	-	13
Cost at 31 December 2016	721	275	5,114	284	6,394
Accumulated depreciation at 1 January 2016	270	50	1,395	-	1,715
Amortization charge	161	28	857	-	1,046
Impairment charge	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	(3)	-	(6)	-	(9)
Exchange adjustment	12	-	(2)	-	10
Accumulated depreciation at 31 December 2016	440	78	2,244	-	2,762
Carrying amount at 31 December 2016	**281**	**197**	**2,870**	**284**	**3,632**

Additions to internally generated intangibles and intangibles under development of TEUR 2,085 largely comprise of development costs in respect of the two IT systems OMS (warehouse management system) and Partner Portal (platform for interaction with suppliers) as well as the development of own software in the area of consumer apps, the integration of WestwingNow and product information systems. The development projects have been separated into identifiable project phases, characterized by the development of new functionalities. Upon the completion and roll out of a functionality, the related costs are transferred from intangibles under development into internally generated intangibles, at which point amortization over the useful life of three years commences.

There were no triggering events in the 2016 financial year which would have resulted in an impairment.

11. Trade and other receivables

Trade and other receivables are comprised of the following:

	31/12/2016	31/12/2015
	TEUR	
Trade receivables	5,198	4,989
Rent deposits	3,908	2,558
Other receivables	1,272	684
Trade and other receivables, net	**10,378**	**8,230**
Of which:		
Non-current	3,457	2,467
Current	6,921	5,763

Trade receivables are shown net of an allowance for impairment losses. The other classes within trade and other receivables do not contain impaired assets.

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

	31/12/2016	31/12/2015
	TEUR	
Up to 3 months	4,882	4,453
3 months to 1 year	744	1,129
1 to 5 years	1,192	873
over 5 years	-	-
Trade receivables (gross)	**6,817**	**6,455**
Allowance for impairment	(1,619)	(1,467)
Trade receivables (net)	**5,198**	**4,989**

Trade receivables after allowance for impairment of TEUR 5,198 (2015: TEUR 4,989) are considered to be neither past due nor impaired.

Trade receivables that are past due are fully provided for. The trade receivables aged between 3 months and one year are primarily in respect of credit card transactions in Brazil as well as cash on delivery transactions in Italy and Poland. The trade receivables outstanding and aged between one and 5 years are considered to be past due and are fully provided for, when the collectability is not assured anymore.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016	2015
	TEUR	
At 1 January	1,467	1,403
Provided in the year	167	279
Utilized in the year	(21)	-
Reversed in the year	(38)	(215)
Exchange rate differenced	45	-
At 31 December	**1,619**	**1,467**

Doubtful debtors' balances are written off when it becomes evident that the balance is not collectable.

Due to their short-term nature, there is no material difference between the carrying amounts shown above and the fair value of trade and other receivables.

Trade receivables are primarily composed of receivables from payment service providers for credit card payments made by customers. These are usually settled within a day of the customer placing the order online and submitting the payment. There is no history of default with any of the payment service providers, so that the credit risk with regards to these balances is assessed to be low.

The Company does not hold any collateral as security.

Disclosures in respect of financial assets and liabilities can be found in Notes 22 and 23.

12. Inventories

Inventories and prepayments on inventories have developed as follows:

	31/12/2016	31/12/2015*
	TEUR	
Inventories	16,757	13,725
Prepayments on inventories	1,971	997
Total	**18,728**	**14,722**

* Prior year figures have been adjusted in accordance with IAS 8, refer Note 2.3 in the notes.

Inventories available for sale representing products and merchandise are stated net of a provision forinventory write off amounting to TEUR 4,019 (2015: TEUR 2,404).

13. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	31/12/2016	31/12/2015
	TEUR	
Cash at bank and in hand	17,899	18,674
Total	**17,899**	**18,674**

14. Other assets

	31/12/2016	31/12/2015
	TEUR	
Prepaid expenses	998	2,098
VAT receivables	414	155
Other tax receivables	276	171
Other receivables	156	221
Total	**1,844**	**2,645**

15. Share capital and reserves

Share capital

An overview of how share capital developed is as follows:

	Number of outstanding shares
	In thousands
1 January 2015	81
Issue of ordinary shares in 2015	11
At 31 December 2015 / 1 January 2016	**92**
Issue of ordinary shares in 2016	-
At 31 December 2016	**92**

The total authorized number of ordinary shares as per 31 December 2016 is 91,702 shares (31 December 2015: 91,702 shares) with a nominal value of EUR 1 per share. The nominal value of all ordinary shares is fully paid.

In 2016 there was no capital increase.

Reserves

The other reserves include the IFRS adoption reserve and the share-based compensation reserve. The IFRS adoption reserve includes the effect of the conversion from German GAAP to IFRS as of 1 January 2013. The share-based compensation reserve comprises the value of equity-settled share-based compensation.

The other comprehensive income reserve represents foreign currency differences arising from the translation of foreign operations into the presentational currency. The amounts recognized are reclassified to the profit and loss upon disposal of these foreign operations.

16. Share-based compensation

Since 2011 the Company and its subsidiaries operate share-based compensation schemes under which eligible employees have been provided with (i) the opportunity to invest in the Company's shares or in the shares of a subsidiary or (ii) they have been granted options over shares in the Company or options over shares in a subsidiary of the Company.

The share-based compensation awards have a vesting period of 36 or 48 months. The first tranche vests after 3-12 months, while the remaining awards vest in equal instalments on quarterly basis over the remainder of the vesting period. Generally, the awards may only be exercised once vested.

Share awards

The tables below provide an overview of the movements in the equity-settled share-based compensation awards related to shares in the Company or the shares in the Company's subsidiaries:

Development of issued equity shares:

	2016	2015*
Number of unvested awards outstanding at the beginning of the period	1,286	4,634
Forfeited during the period	113	250
Vested during the period	757	3,098
Number of unvested awards outstanding at the end of the period	**416**	**1,286**
Settled during the period	1,383	-
Cancelled during the period	29	-
Total number of vested awards outstanding at the end of the period	**23,818**	**24,473**

* Prior-year values adjusted to correct misstatements.

Development of equity-settled share options:

	2016	2015*
Number of unvested awards outstanding at the beginning of the period	7,016	8,888
Granted during the period	3,573	85
Forfeited during the period	1,112	469
Vested during the period	1,514	1,488
Number of unvested awards outstanding at the end of the period	**7,963**	**7,016**
Settled during the period	708	-
Cancelled during the period	23	-
Total number of vested awards outstanding at the end of the period	**3,544**	**2,761**

* Prior-year values adjusted to correct misstatements.

Development of cash-settled share options:

	2016	2015*
Number of unvested awards outstanding at the beginning of the period	420	1,284
Granted during the period	-	56
Forfeited during the period	66	93
Vested during the period	146	827
Number of unvested awards outstanding at the end of the period	**208**	**420**
Settled during the period	402	-
Total number of vested awards outstanding at the end of the period	**5,511**	**5,767**

* Prior-year values adjusted to correct misstatements.

Share options and phantom options

Share options and phantom options relating to the Company's shares or to a subsidiaries' shares have been granted to eligible employees. The share options granted to eligible employees are classified asequity-settled. The phantom options are accounted for as cash-settled since the Company has a legal or constructive obligation to settle these options in cash upon the occurrence of an exit event.

The exercise price of the granted options is based on the market price of the shares on the date of the grant, or EUR 1 in some cases. Both the options and the phantom options are conditional on the employee completing 4 years of service (the vesting period) or, in some cases, conditional upon being employed at the date of an exit event. Furthermore, the phantom options are only exercisable if an exit event occurs.

Movements in the number of share options and phantom options outstanding and their related weighted average exercise prices are as follows:

	2016		2015*	
Share options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**	**Number of Options**
Outstanding at 1 January	921.84	9,777	884.76	10,161
Granted during the year	42.98	3,573	5,732.05	85
Forfeited during the year	500.34	1,112	990.38	469
Settled during the year	251.40	708	-	-
Cancelled during the year	1.00	23	-	-
Outstanding at 31 December	**732.77**	**11,507**	**921.84**	**9,777**
Thereof vested	*1,282.80*	*3,544*	*1,240.02*	*2,761*

* Prior-year values adjusted to correct misstatements.

Phantom options	2016 Weighted Average Exercise Price	2016 Number of Options	2015* Weighted Average Exercise Price	2015* Number of Options
Outstanding at 1 January	175.54	6,187	151.73	6,224
Granted during the year	-	-	5,228.69	56
Forfeited during the year	1,583.65	66	1,624.22	93
Settled during the year	89.46	402	-	-
Outstanding at 31 December	**165.35**	**5,719**	**175.54**	**6,187**
Thereof vested	*99.50*	*5,511*	*78.90*	*5,767*

* Prior-year values adjusted to correct misstatements.

No options were exercised in 2016 (2015: no options).

Share options and phantom options outstanding at the end of the year have the following vesting dates and exercise prices:

Share options Grant Date	Vesting Date	Weighted Average Exercise price per share options 2016	Weighted Average Exercise price per share options 2015*	Share Options 2016	Share Options 2015*
2011	2015	257.63	293.74	328	401
2012	2016	1.00	1.00	655	655
2013	2017	80.42	72.60	458	508
2014	2018	1,320.36	1,139.75	5,821	7,138
2015	2019	463.08	671.58	1,017	1,075
2016	2020	47.46	-	3,228	-
		732.77	**921.84**	**11,507**	**9,777**

* Prior-year values adjusted to correct misstatements.

Phantom options Grant Date	Vesting Date	Weighted Average Exercise price per share options 2016	Weighted Average Exercise price per share options 2015*	Share Options 2016	Share Options 2015*
2011	2015	54.21	53.70	5,009	5,373
2012	2016	292.00	292.00	88	88
2013	2017	292.00	292.00	183	185
2014	2018	1,470.23	1,340.73	216	279
2015	2019	1,243.77	1,312.23	223	262
2016	2020	-	-	-	-
		165.35	**175.54**	**5,719**	**6,187**

* Prior-year values adjusted to correct misstatements.

The contractual lives for the options are not specified in the option agreements. As a result, the weighted average remaining contractual life for the options outstanding as at each reporting date is dependent on future exit events.

Fair value of equity-settled share options and cash-settled phantom options

The fair values of the share options granted and phantom options granted to employees are measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historical average share price volatility of comparable companies. The expected lives for the options are dependent on future exit events. As a result, the Company used management's judgment to develop appropriate assumptions as to when these exits occur.

The weighted average fair value for the share options granted in the 2016 financial year with compensation from equity instruments amounted to TEUR 3,999 (2015: TEUR 888) at grant date. The inputs used in the measurement of the fair values of these share options at the date of grant are summarized below:

Grant date	2016 (Company shares)	2015 (Subsidiary shares)	2015 (Company shares)
Share price (EUR)	3,445 - 4,167	976 – 36,886	3,817 – 3,983
Option exercise price (EUR)	1 - 1,830	260.70 – 15,428	4,352 – 5,229
Volatility based on expected life	47.2%	51.0%	51.0%
Expected life	4.0	4.0	4.0
Dividend yield	nil	nil	nil
Risk-free rate	0%	0%	0%
Fair value per option (EUR)	1,986 - 4,167	727 - 3,050	732 - 1,286

The phantom options are cash-settled. Accordingly, the fair value of the underlying shares and the fair value of the phantom options will have to be determined at each reporting date.

The weighted average fair value for the phantom options outstanding as at 31 December 2016 was TEUR 1.6 (2015: TEUR 1.8). The inputs used in the measurement of the fair values of the cash-settled phantom options at the reporting dates are summarized below:

Balance sheet date	2016 (Subsidiary shares)	2016 (Company shares)	2015 (Subsidiary shares)	2015 (Company shares)
Share price (EUR)	1,804	3,405	1,863	3,889
Weighted Average Option exercise price (EUR)	90.97	4,714.16	96.11	4,732.50
Volatility based on expected life	43.7% - 46.4%	46.4%	48.1% - 53.4%	51.0%
Expected life	1.08 – 1.50	3.00	2.08 – 2.50	4.00
Dividend yield	nil	nil	nil	nil
Risk-free rate	0.0%	0.0%	0.0%	0.0%
Fair value per option (EUR)	1,031 - 1,803	333 - 1,204	1,089 - 1,783	650 - 877

Share-based compensation expenses and liabilities

The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. For awards with graded-vesting features, each instalment of the award is treated as a separate grant. This means that each instalment is separately expensed over the related vesting period.

Estimated forfeitures are revised if the number of awards expected to vest differ from previous estimates. Differences between the estimated and actual forfeitures are accounted for in the period they occur.

In 2016, the total share-based compensation expense recognized amounted to TEUR 4,011 (2015: TEUR 4,641), which includes expenses in respect of social security of TEUR 284 (2015: 335). The total expense recognized includes expenses due to equity-settled share-based compensation awards of TEUR 4,216 (2015: TEUR 5,464). In addition, buybacks of equity instruments without affecting income amounting to TEUR 1,441, of which TEUR 767 was non-cash. In contrast, the revaluation of cash-settled options as at 31 December 2016 resulted in a gain of TEUR 489 (2015: TEUR 1,154). The liability recognized for the cash-settled options as at 31 December 2016 therefore amounts to TEUR 9,600 (2015: TEUR 10,542). In addition, there were buybacks of cash-settled options without affecting income. The total intrinsic value at the end of the period of liabilities for phantom options that had vested by the end of the period amounts to TEUR 9,472 (2015: TEUR 10,327). These vested phantom options are only exercisable upon occurrence of an exit event.

New participation program 2016

In 2016, Westwing has established a new participation program, consisting of three elements.

- Repurchase of already vested equity shares or share options

- Issue of new share options of Westwing Group GmbH
- Prolongation of the vesting period of already existing share options

Repurchase of equity-settled options and equity shares

Connected to this participation program, equity-settled options and equity shares were purchased back by Westwing from entitled employees in July 2016. A total of 708 equity-settled options at an average price of EUR 898, 402 cash settled share options at an average price of 691 and 1,383 equity shares at an average price of EUR 2,059 were purchased (values without considering tax and social security). The total of TEUR 998 is shown as treasury shares within equity. The change of the number of options is included in the descriptions above.

Issue of new equity-settled share options

In 2016, 3,485 new equity-settled share options were issued to selected employees (included in the share options tables above). The new share options have a strike price of EUR 1.00. The new share options are granted at the later of service period of at least three years of service rendered or one year after an exit event. If the employee leaves the company before the completion of three years' service the options are forfeited. 345 of those new options were forfeited in 2016. The fair value of each option amounted to EUR 4,167 in 2016.

Prolongation of the vesting periods

In 2016, Westwing and the employees in the new participation program agreed to prolongate the vesting period for 40% of the previously existing options until June 2019. This agreement provides that these 40% are cancelled when the employee gives notice. When the employee is given notice or the employment ends for another reason, the original vesting period is applied. The re-vesting of vested shares is a non-beneficial modification and had no impact on the fair value of the options.

17. Borrowings

The Company has no borrowings as at 31 December 2016 (31 December 2015: TEUR 1,708).

The Kreos loan agreement from 12 April 2013 allowed the Company to draw up to TEUR 10,000 in individual tranches. Two tranches of each TEUR 5,000 were drawn on 1 July 2013 and on 27 August 2013 respectively. Both tranches required repayment within 36 months of being granted and were fully repaid in the 2016 financial year.

18. Derivative financial instruments and financial liabilities at amortized cost

In parallel with the loan agreement, Westwing entered into a warrant agreement with Kreos. Upon execution, Kreos will receive equity from Westwing. Due to Kreos' general admission for Westwing Kreos will receive equity for a price per share to be determined by Kreos, providing the nominated price is in line with the price agreed in any financing round since issue of the warrant. A payment of TEUR 1,250 was received in exchange for this warrant, which is recorded as a derivative financial instrument recorded at fair value through profit or loss. The value as at 31 December 2016 increased to TEUR 868 (31 December 2015: TEUR 835).

In May 2016 Westwing entered into a financing contract granting investors options in exchange for a cash payment of TEUR 24,000. The options can be converted to Westwing shares at the time of a predefined event. The price is measured according to the entity valuation at the expected time of conversion. After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method. When using the effective interest rate method, the financial liability's amortized costs are calculated and the interest expense is allocated over the related period. The subsequent measurement is at amortized cost considering the entity valuation updated each year. As at 31 December 2016 the value of the liability was TEUR 27,901.

19. Finance lease liabilities

In the 2015 financial year, the Group bought out a number of steel racks and other warehouse equipment previously under finance lease from the lessor at the value of the remaining lease liability of TEUR 1,542.

20. Current and non-current liabilities

Financial liabilities

At 31 December financial liabilities comprise of the following:

	31/12/2016	31/12/2015
	TEUR	
Borrowings	-	1,708
Trade payables	29,482	25,070*
Accruals	9,237	9,046*
Liabilities to employees	13,480	14,007
VAT liabilities	2,854	2,453
Tax liabilities	395	259
Other financial liabilities	28,769	861
Total	**84,217**	**53,404**
Of which current	46,717	42,862*
Of which non-current	37,501	10,542

* Prior year figures have been adjusted in accordance with IAS 8, refer Note 2.3 in the notes.

Financial liabilities to employees of TEUR 13,480 (2015: TEUR 14,007) includes the liability for cash-settled share-based compensations of TEUR 9,600 (2015: TEUR 10,542). Refer to Note 16 for further information.

Disclosures in respect of financial assets and liabilities can be found in Notes 22 and 23.

Non-financial liabilities

	31/12/2016	31/12/2015
	TEUR	
Customer prepayments	10,400	9,115
Liabilities to employees (vacation)	1,455	1,217
Other non-financial liabilities	728	76
Total	**12,584**	**10,408**
Of which current	12,584	10,408
Of which non-current	-	-

* Prior year figures have been adjusted in accordance with IAS 8, refer Note 2.3 in the notes.

22. Provisions

Movements in provisions for liabilities and charges are as follows:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
At 1 January 2016	**154**	**296**	**1,308**	**65**	**1,823**
Provided in the year	148	220	1,357	16	1,740
Released during the year	(72)	(179)	-	-	(250)
Utilized during the year	(68)	-	(1,316)	(65)	(1,449)
Exchange differences	13	-	8	-	21
At 31 December 2016	**175**	**337**	**1,357**	**16**	**1,885**

Analysis of total provisions:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
Included in:					
Current liabilities	175	-	1,357	16	1,548
Non-current liabilities	-	337	-	-	337
At 31 December 2016	**175**	**337**	**1,357**	**16**	**1,885**

The provision for returns of TEUR 1,357 (2015: TEUR 1,308) is recorded in order to capture the risk of products being returned within the legal period. The provision is calculated per country at an estimated return rate.

The restoration provision relates to the obligation to reinstate the leasehold property to its former condition at the end of the lease term. The timing of the cash outflow depends on the timing of vacating the leased property, in respect of which the provision was recorded. For the previous office in Dingolfinger Str. 2 it is expected that the accrued amounts will be paid out in the 2017 financial year. The addition relates to the restoration provision for the new office in Moosacher Str. 88. The timing of payment is uncertain.

The provision for legal claims represents the best estimate of the obligation in connection with claims against the Group. The increase in the provision of TEUR 148 is primarily due to trademark infringement claims. The timing of any cash outflow relating to the legal claims provision is uncertain but likely to be within one year.

In the previous year, movements in provisions for liabilities and charges are as follows:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
At 1 January 2015	**223**	**296**	**1,096**	**59**	**1,674**
Provided in the year	127	-	1,308	65	1,500
Released during the year	(137)	-	-	(3)	(140)
Utilised during the year	(59)	-	(1,077)	(55)	(1,191)
Exchange differences	-	-	(19)	(1)	(20)
At 31 December 2015	**154**	**296**	**1,308**	**65**	**1,823**

Analysis of total provisions:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
Included in:					
Current liabilities	154	-	1,308	65	**1,527**
Non-current liabilities	-	296	-	-	**296**
At 31 December 2015	**154**	**296**	**1,308**	**65**	**1,823**

23. Financial risk management

23.1. Financial risk factors

23.1.1. Overview

The Group actively manages its financial risks, operational risks and legal risks. The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The primary objectives of the financial risk management function are to establish risk limits, and ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks. The Group's risk management is carried out centrally and covers all consolidated entities.

23.1.2. Market risk

The Group is exposed to market risks. Market risks arise from open positions in foreign currencies (currency risk), and interest bearing assets and liabilities (interest rate risk), which are sensitive to general and specific market movements. Management monitors such risks on an ongoing basis to ensure that exposure stays within certain limits. However, this approach does not prevent losses in the event of more significant market movements. Sensitivities to market risks included below are based on a change in one factor while keeping all other factors constant. In practice, this is unlikely to occur as changes in certain factors may be correlated.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Polish Zloty, Russian Ruble, Brazilian Real and Swiss Francs. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's business model minimizes foreign exchange risk. A significant portion of local revenue as well as local costs is generated in the respective local currencies. Foreign exchange gains and losses shown in consolidated profit and loss arise mainly from intercompany funding activities.

The following table demonstrates the sensitivity of profit and loss as well as equity to a reasonably possible change in foreign exchange rates at the reporting date, with all other variables held constant.

	31/12/2016	31/12/2015
	TEUR	
Polish Zloty strengthening/ (weakening) by 10%	+67 / (67)	+94 / (94)
Russian Ruble strengthening/ (weakening) by 10%	+ 274 / (274)	+1,692 / (1,692)
Swiss Franc strengthening/ (weakening) by 10%	+23 / (23)	+21 / (21)
Total	**+364 / (364)**	**+1,807 / (1,807)**

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency. There is no effect on other comprehensive income due to the lack of application of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's borrowings are mainly on fixed rate terms. Hence, a reasonably possible change in interest rates at the reporting date would have no impact on profit or loss or equity.

23.1.3. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation by being unable or unwilling to meet its commitments. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Exposure to credit risk arises as a result of the sale of products on credit terms and other transactions with counterparties giving rise to financial assets. Credit exposures to customers are recorded systematically, analyzed and managed in the respective subsidiaries, using both internal and external sources of information.

The Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the statement of financial position, as shown below:

	Note	31/12/2016	31/12/2015
		TEUR	
Trade and other receivables	11		
Trade receivables (net)		5,198	4,989
Other financial receivables		5,180	3,241
Cash and cash equivalents	13		
Cash in hand		5	13
Bank balances		17,894	18,661
Short-term bank deposits		-	-
Total on-balance sheet exposure		**28,277**	**26,903**

Trade and other receivables

Due to the nature of the Group's activities, exposure to credit risk with counterparties is limited due to cash being received at the time of sale, or upon delivery of the product in the case of cash on delivery sales, in the majority of transactions. Trade and other receivables are therefore mainly limited to receivables from payment service providers and credit card companies.

The Group manages its exposure to credit risk by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risks are monitored on a regular basis and are subject at minimum to annual review.

The Group regularly reviews the ageing analysis of outstanding trade receivables and follows up on past due balances.

Cash and cash equivalents

The credit quality of the financial institutions with which accounts are held have been analyzed below using Standard and Poor's ratings:

	31/12/2016	31/12/2015
	TEUR	
AAA	-	-
AA- to AA+	143	66
A- to A+	5	3
BBB- to BBB+	13,493	17,871
Lower than BBB- rated	4,040	354
Unrated	213	368
Total	**17,894**	**18,661**

Concentration of credit risks

Considering the structure of the Group and the market in which it operates, the Group´s credit risk is with many diverse counterparties and therefore there is no assessed concentration of credit risk.

23.1.4. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities without effecting the daily operations or the financial condition of the Group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash.

The Group's objective is to maintain a stable balance between continuity of funding and flexibility through the use of capital increases and loans.

The Group is exposed to daily calls on its available cash resources. To ensure such calls can be met, monthly cash flow forecasting is performed in each operating entity and aggregated into a Group cash flow forecast. These rolling forecasts of the group's liquidity requirements are strictly monitored to ensure the Group has sufficient cash to meet operational needs.

The table below shows the Group's non-derivative financial liabilities as at 31 December 2016 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows.

The undiscounted cash flows differ from the amount included in the statement of financial position due to the carrying amount disclosed in the statement of financial position being based on discounted cash flows.

The maturity analysis of financial liabilities at 31 December 2016 is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			TEUR		
Trade payables	29,482	-	-	-	29,482
Accruals	9,237	-	-	-	9,237
Liabilities to employees (share-based compensation and bonuses)	3,880	-	9,600	-	13,480
Tax liabilities	3,249	-	-	-	3,249
Total future payments, including future principal and interest payments	**45,848**	**-**	**9,600**	**-**	**55,449**

The financial liabilities described in note 18 are not shown in the table above as they are not casheffective.

The maturity analysis of financial liabilities at 31 December 2015 is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			TEUR		
Liabilities					
Borrowings	993	837	-	-	1,830
Trade payables	24,204*	866	-	-	25,070
Accruals	9,046*	-	-	-	9,046
Liabilities to employees (share-based compensation and bonuses)	3,465	-	10,542	-	14,007
Tax liabilities	2,712	-	-	-	2,712
Other financial liabilities	27	-	-	-	27
Total future payments, including future principal and interest payments	**40,447**	**1,703**	**10,542**	**-**	**52,692**

* Prior year figures have been adjusted in accordance with IAS 8, refer Note 2.3 in the notes.

23.2. Capital management

The Group manages its capital structure in order to finance the Group's activities and continued growth. Particular focus is given to generating liquid funds from business operations and through capital injections from new or existing investors. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

23.3. Fair value estimation

In accordance with IFRS 13, fair values of financial assets and financial liabilities have to be allocated to one of the three levels of the fair value hierarchy. The individual levels of the fair value hierarchy are defined as follows:

- *Level 1:* quoted (unadjusted) prices in an active market for identical assets and liabilities that the entity can access at the measurement date
- *Level 2:* inputs other than quoted market prices included within Level 1 that are observable for the asset and liability, either directly or indirectly
- *Level 3:* inputs for the assets and liabilities not based on observable market data

The table below presents the carrying values of the Group's financial assets and liabilities measured at fair value and discloses their fair value by hierarchy level:

	31/12/2016				31/12/2015			
	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
	TEUR							
Liabilities								
Other financial liabilities:								
Derivative financial instrument	-	-	868	868	-	-	834	834
Total liabilities	**-**	**-**	**868**	**868**	**-**	**-**	**834**	**834**

There were no transfers between the levels of the fair value hierarchy during the year.

Cash and cash equivalents, trade and other receivables, trade and other payables and other financial liabilities have short-term maturities. Therefore, their carrying amount at the end of the reporting period approximates to their fair value.

The two outstanding warrants under which the loan providers have the right to be provided with shares in Westwing upon execution are included in the derivative financial instruments category. The fair value of the warrant is calculated using a Black Scholes model. The valuation is based on data input classified as unobservable market data (Level 3). Inputs of market data into the Black Scholes model is in line with the inputs for the valuation of share-based compensation under IFRS 2.

24. Financial instruments by category

The tables below present the analysis of the balance sheet items and their classification into subsequent measurement at amortized cost and at fair value through profit or loss.

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

Loans and receivables:

	Note	31/12/2016
		TEUR
Cash and cash equivalents	13	17,899
Trade and other receivables	11	10,378
Total		**28,277**

	Note	31/12/2015
Cash and cash equivalents	13	18,674
Trade and other receivables	11	8,230
Total		**26,904**

Financial liabilities:

	Note	31/12/2016 Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss – held-for-trading	Total
			TEUR	
Trade payables	20	29,482	-	29,482
Accruals	20	9,237	-	9,237
Other financial liabilities				
Other payables		16,729	-	16,729
Derivative financial instrument	18	-	868	868
Borrowings	17	-	-	-
Total		**55,448**	**868**	**56,317**

	Note	31/12/2015 Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss – held-for-trading	Total
			TEUR	
Trade payables	20	25,070*	-	25,070*
Accruals	20	9,046*	-	9,046*
Other financial liabilities				
Other payables		27	-	27
Derivative financial instrument	18	-	834	834
Finance lease liabilities*	19	-	-	-
Borrowings	17	1,708	-	1,708
Total		**34,715**	**834**	**35,549**

* Prior year figures have been adjusted in accordance with IAS 8, refer Note 2.3 in the notes.

Income and expenses from financial instruments

The total impact on profit and loss as a result of financial instruments for the year ended 31 December 2016 was a loss of TEUR 6,937 (2015: loss of TEUR 2,455).

Income and expenses from financial instruments can be split as follows:

	Category	2016	2015
		TEUR	
Interest income	Loans & Receivables	65	10
Interest expense	Liabilities at amortized cost	(1,228)	(1,740)
Finance lease interest	IAS 17	-	(49)
Interest expense of Investor option	Liabilities at amortized cost	(4,928)	-
Valuation of Kreos warrant	Held for trading	(33)	(4)
Other financial expenses	Liabilities at amortized cost	(122)	(59)
Impairment of financial assets	Loans & Receivables	(691)	(613)
Total		**(6,937)**	**(2,455)**

25. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests (NCI) is provided below:

	Country of incorporation and operation	31/12/2016 NCI in %	31/12/2015 NCI in %
Westwing Home & Living GmbH	Germany	27.97%	29.37%
Westwing Comércio Varejista Ltda.	Brazil	22.71%	24.02%

	31/12/2016	31/12/2015
	TEUR	
Accumulated balances of material non-controlling interest:		
Westwing Home & Living GmbH	(17.890)	(17,866)
Westwing Comércio Varejista Ltda.	(3.943)	(4,070)
Profit (loss) allocated to material non-controlling interest:		
Westwing Home & Living GmbH	(1,031)	(3,828)
Westwing Comércio Varejista Ltda.	75	(892)

No dividends were paid to non-controlling interest for either company in 2016 or 2015.

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before elimination of intercompany transactions.

Summarized statement of profit or loss for the year ended 31 December 2016:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Revenue	86,136	30,424
Result for the period	(3,688)	331
Total comprehensive income / (loss)	(3,688)	331

Summarized statement of profit or loss for the year ended 31 December 2015:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Revenue	67,032	28,251
Result for the period	(13,035)	(3,715)
Total comprehensive income / (loss)	(13,035)	(3,715)

Summarized statement of financial position as at 31 December 2016:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Cash and cash equivalents	3,737	3,091
Trade and other receivables	5,141	747
Inventory	5,005	2,120
Total current assets	22,524	6,338
Total non-current assets	3,654	803
Total current liabilities	(80,539)	(10,723)
Total non-current liabilities	(9,601)	-

Summarized statement of financial position as at 31 December 2015:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Cash and cash equivalents	3,432	328
Trade and other receivables	6,155	399
Inventory	5,442	1,556
Total current assets	15,121	2,299
Total non-current assets	3,694	658
Total current liabilities	(69,126)	(6,567)
Total non-current liabilities	(10,521)	-

Summarized cash flow information for the year ended 31 December 2016:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Operating cash flow	906	2,234
Investing cash flow	(342)	(206)
Financing cash flow	(257)	450
Net increase in cash and cash equivalents	**307**	**2,478**

Summarized cash flow information for the year ended 31 December 2015:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Operating cash flow	(9,162)	(275)
Investing cash flow	(2,569)	(362)
Financing cash flow	13,115	930
Net increase in cash and cash equivalents	**1,384**	**293**

26. Income taxes

Current income taxes

The major components of current income tax expense for the year ended 31 December 2016 and 2015 are:

	2016	2015
	TEUR	
Current income tax:		
Current income tax charge / gain	392	166
Income tax expense reported in the income statement	**392**	**166**

Reconciliation of the expected tax income as the accounting profit multiplied by Germany's domesticcorporate and trade tax rate for 2016 (2015) to the tax expenses recognized in income statement: The applied tax rate is 32.975% and consist of 15% corporate tax contribution on these 5.5% solidaritysurcharges and 17.15% business tax.

	2016	2015
	TEUR	
Result before income tax	**(24,516)**	**(61,517)**
Applicable tax rate	32.975%	32.975%
At domicile applicable tax rate expected tax income	(8,084)	(20,285)
Unrecognized tax losses	6,422	16,463
Effect from the use of unrecognized tax losses	(1,026)	-
Non- deductible expenses for tax purposes:		
Non-deductible expenses and other	2,652	1,667
Effect on different tax rate of foreign operations	36	2,321
Income tax expense reported in the income statement	**392**	**166**

Deferred taxes

The Group's deferred taxes relate to the following:

	Consolidated statement of financial position		Consolidated income statement	
	31/12/2016	31/12/2015	2016	2015
	TEUR			
Self-developed software	(1,040)	(613)	(427)	(554)
Differences in tax depreciation	2	1	1	-
Finance lease capitalization	-	-	-	11
Inventory allowances	6	25	(19)	(6)
Receivable allowances	10	(499)	510	(524)
Provisions	47	58	(11)	52
Cut-off and provision additions	88	233	(146)	449
Stock options	887	795	(92)	572
Deferred taxes expense (income)	**-**	**-**	**-**	**-**
Net deferred tax assets / (liabilities)	**-**	**-**		
Reflected in the statement offinancial position as follows:				
Deferred tax liabilities	-	-		
Deferred tax assets	-	-		
Deferred tax liabilities, net	-	-		

The Group offsets tax assets and liabilities if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets on temporary differences in the amount of TEUR 2,665 (2015: TEUR 3,749) and on tax loss carry forwards in the amount of TEUR 212,416 (2015: TEUR 185,972) have not been recognized as they may not be used with sufficient probability to offset future taxable profits. They have arisen in companies that have been loss making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The Group has tax losses which arose in different jurisdictions of TEUR 212,416 (2015: TEUR 185,972) that are available for offsetting against future taxable profits of the companies in which the losses arose as follows:

	2016	2015	Restrictions on tax losses carried forward
	TEUR		
Germany	(81,705)	(61,846)	No
Brazil	(15,836)	(15,914)	No
France	(26,815)	(23,308)	No
Italy	(20,773)	(23,079)	No
Netherlands	(17,439)	(13,748)	No
Poland	(13,815)	(12,903)	Yes
Russia	(18,721)	(20,399)	Yes
Spain	(17,312)	(14,775)	Yes
Total	**(211,755)**	**(185,972)**	

The following tax losses expire as indicated:

	2016	2015	Restrictions on tax losses carried forward
	TEUR		
Poland	(13,815)	(12,903)	Exp 2017-2021
Russia	(18,721)	(20,399)	Exp 2022-2026
Spain	(17,312)	(14,775)	Exp 2030-2034
Total	**(49,848)**	**(48,077)**	

Deferred tax assets have only been recognized in the equivalent amount of recognized deferred tax liabilities considering the minimum taxation rules.

The Group has determined that due to the losses carried forward there are no undistributed profits of its subsidiaries, joint venture or associate which are available for distribution in the foreseeable future.

27. Other financial commitments

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	31/12/2016	31/12/2015
	TEUR	
Not later than 1 year	4,702	2,792
Later than 1 year and not later than 5 years	15,513	5,929
Later than 5 years	8,696	-
Total	**28,911**	**8,721**

The Group leases various offices, warehouses and equipment which have varying terms, notice periods and renewal rights.

Major operating lease agreements include the lease of the headquarter office in Munich, Dingolfinger Straße (from 2017: Moosacher Straße) and the warehouse in Großbeeren. Both lease agreements were non-cancellable until their respective maturity dates.

Finance lease commitments

Up to June 2015 the Group leased various items of plant and machinery under finance lease agreements, which were subsequently bought out. Additional financial leasing agreements do not exist.

28. Balances and transactions with related parties

Rocket Internet SE, Berlin, Germany is the largest investor of Westwing. All ventures that are controlled or jointly controlled by Rocket Internet SE and upon which Rocket Internet SE has significant influence, are classified as related parties of the Group.

As at 31 December 2016 and 2015, the outstanding balances with such related parties were as follows:

	31/12/2016	31/12/2015
	TEUR	
Gross amount of trade receivables	-	26
Trade and other payables	9	18

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. As in prior year, no provisions are held against receivables from related parties.

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

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

	2016	2015
	TEUR	
Sales of goods and services	146	62
Purchases of goods and services	138	524

Key management compensation

Key management includes 7 executives (2015: 8 executives). The compensation paid or payable to key management for employee services is shown below:

	2016	2015
	TEUR	
Employee benefits:		
Salaries (short-term employee benefits)	1,242	1,201
Share-based compensation	1,327	79
Total	**2,569**	**1,280**

The remuneration of chief executives in accordance with Sec. 314 para. 1 HGB is not disclosed inthese consolidated financial statements with reference to the exemption of such disclosure as per Sec. 286 para. 4 HGB.

29. Subsidiaries

The Group consolidated the following direct subsidiaries at 31 December:

Name	Country of incorporation and place of business	Registered office	Proportion of ownership interests held 31/12/2016	Proportion of ownership interests held 31/12/2015
Westwing Home & Living GmbH	GER	Munich	72.03	70.63
Westwing Commercial GmbH	GER	Berlin	100.00	100.00
Juwel 183. V V UG	GER	Berlin	100.00	100.00
Westwing Spain Holding UG	GER	Berlin	94.96	94.12
Westwing France Holding UG	GER	Berlin	94.56	94.56
Westwing Italy Holding UG	GER	Berlin	91.24	88.76
Westwing Netherlands Holding UG	GER	Munich	87.64	87.12
Tekcor 1. V V UG	GER	Bonn	92.76	90.96
Brillant 1256. GmbH & Co. Dritte Verwaltungs KG	GER	Berlin	88.80	88.03
Brillant 1256. GmbH	GER	Berlin	100.00	100.00
Bambino 65. V V UG	GER	Berlin	100.00	100.00
Bambino 68. V V UG	GER	Berlin	93.72	93.72
Bambino 66. V V UG	GER	Berlin	94.20	93.92
wLabels GmbH	GER	Berlin	100.00	100.00
VRB GmbH & Co. B-156 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-157 KG	GER	Berlin	77.30	75.99
VRB GmbH & Co. B-160 KG	GER	Berlin	97.50	90.00
VRB GmbH & Co. B-165 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-166 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-167 KG	GER	Berlin	90.00	90.00

In addition, the Group consolidated the following indirect subsidiaries at 31 December:

Name	Country of incorporation and place business	Registered office	Proportion of ownership interests 31/12/2016	Proportion of ownership interests 31/12/2015
WW E-Services Iberia S.L.	ES	Barcelona	94.96	94.12
WW E-Services Italy S.r.I.	IT	Milan	91.24	88.76
WW E-Services France SAS	FR	Paris	94.56	94.56
Westwing Home and Living Poland S.P.Z.O.O.	PL	Warsaw	92.76	90.96
WW E-Services The Netherlands B.V.	NL	Amsterdam	87.64	87.12
Westwing Comercio Varejista Ltda.	BR	Sao Paulo	77.29	75.98
Westwing Russia OOO	RU	Moscow	88.80	88.03

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Company.

30. Events after the balance sheet date

The following events arose after the close of the 2016 fiscal year with a significant impact on Westwing's future net assets, financial position and results of operations:

On 10 January 2017, Westwing and Kreos entered into an agreement on a credit line amounting to EUR 10.0m, in addition to an option agreement. The option is accounted for separately to the loan, as it is independent from the credit line. Drawing the loan is subject to management's discretion and is possible until 1 January 2018. The value of the option is TEUR 210 and is recorded among financial liabilities in the 2017 fiscal year. On 8 March 2017, the first tranche of the credit line amounting to EUR 5.0m has been drawn. The cash inflow is expected to occur beginning April 2017.

Munich, 29 March 2017

Dr. Dr. Florian Drabeck	Stefan Smalla
Managing Director	Managing Director
Westwing Group GmbH	Westwing Group GmbH

The following English-language translation of the German-language audit opinion (Bestätigungsvermerk) refers to the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) as well as the group management report prepared on the basis of German commercial law (HGB), of Westwing Group GmbH, Berlin, as of and for the fiscal year ended December 31, 2016 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The group management report is not part of this Prospectus.

Audit opinion

We have audited the consolidated financial statements prepared by Westwing Group GmbH, Berlin, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January 2016 to 31 December 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report.

We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with the legal requirements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 29 March 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dahmen	Rettenmayr
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Westwing Group GmbH
Berlin

Audited consolidated financial statements
as of and for the year ended December 31, 2015
(prepared in accordance with IFRS)

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Westwing Group GmbH
Consolidated Financial Statements

Consolidated Income Statement

For the period from 1 January to 31 December 2015 and 2014

	Notes	2015	2014
		TEUR	
Revenue	4	219,194	183,332
Cost of sales		(126,617)	(104,036)
Gross profit		**92,578**	**79,296**
Fulfilment expenses		(69,628)	(56,753)
Marketing expenses		(31,491)	(36,171)
General and administrative expenses		(48,262)	(48,925)
Other operating expenses	7	(1,450)	(2,194)
Other operating income	7	951	1,315
Operating result		**(57,302)**	**(63,432)**
Finance costs	8	(1,852)	(1,935)
Finance income	8	10	60
Other financial result	8	(2,374)	(6,824)
Financial result		(4,215)	(8,699)
Result before income tax		**(61,517)**	**(72,131)**
Income tax expense	24	(166)	(85)
Result for the year		**(61,683)**	**(72,216)**
Loss attributable to:			
Owners of the Company		(53,079)	(63,600)
Non-controlling interests		(8,604)	(8,616)
Result for the year		**(61,683)**	**(72,216)**

Westwing Group GmbH
Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the period from 1 January to 31 December 2015 and 2014

	2015	2014
	TEUR	
Result for the year	**(61,683)**	**(72,216)**
Other comprehensive income:		
Items that subsequently will be reclassified to the income statement:		
Exchange translation differences of foreign operations	3,167	6,412
Other comprehensive income for the year, net of tax	**3,167**	**6,412**
Attributable to:		
Owners of the Company	2,692	5,674
Non-controlling interests	475	738
Total comprehensive loss for the year	**(58,516)**	**(65,804)**
Attributable to:		
Owners of the Company	(50,387)	(57,926)
Non-controlling interests	(8,129)	(7,878)
Total comprehensive loss for the year	**(58,516)**	**(65,804)**

Westwing Group GmbH
Consolidated Financial Statements

Consolidated Statement of Financial Position

	Notes	31/12/2015	31/12/2014
		TEUR	
Assets			
Non-current assets			
Property, plant and equipment	9	6,104	5,348
Intangible assets	10	2,608	1,489
Trade and other receivables	11	2,467	1,278
Total non-current assets		**11,179**	**8,115**
Current assets			
Inventories	12	14,500	12,604
Trade and other receivables	11	5,763	9,857
Other assets	14	2,645	1,731
Cash and cash equivalents	0	18,674	20,699
Total current assets		**41,581**	**44,891**
Total assets		**52,760**	**53,006**
Equity and liabilities			
Equity/(deficit)			
Share capital	15	92	81
Share premium	15	210,343	155,111
Other reserves	15	17,279	13,661
Retained earnings	15	(215,403)	(161,809)
Other comprehensive income (OCI) reserve		9,138	6,554
Equity attributable to the owners of the Company		**21,448**	**13,598**
Non-controlling interests		(33,187)	(27,565)
Total equity/(deficit not covered by equity)		**(11,739)**	**(13,967)**
Non-current liabilities			
Borrowings	17	-	1,708
Finance lease liabilities	18	-	1,365
Other liabilities	19	10,542	11,696
Provisions	20	296	296
Total non-current liabilities		**10,837**	**15,065**
Current liabilities			
Borrowings	17	1,708	3,249
Finance lease liabilities	18	-	268
Trade payables and accruals	19	32,981	30,713
Customer prepayments	19	9,115	10,060
Other liabilities		8,331	6,240
Provisions	20	1,527	1,378
Total current liabilities		**53,662**	**51,908**
Total liabilities		**64,499**	**66,973**
Total equity and liabilities		**52,760**	**53,006**

Consolidated Statement of Changes in Equity

TEUR	Notes	Attributable to the owners of the Company						Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained earnings	Other comprehensive income (OCI) reserve	Total		
		TEUR							
As at 1 January 2014		**74**	**122,285**	**7,161**	**(98,498)**	**880**	**31,902**	**(20,172)**	**11,730**
Result for the year		-	-	-	(63,600)	-	**(63,600)**	(8,616)	**(72,216)**
Other comprehensive income for the year		-	-	-	-	5,674	**5,674**	738	**6,412**
Total comprehensive income for the year		**-**	**-**	**-**	**(63,600)**	**5,674**	**(57,926)**	**(7,878)**	**(65,804)**
Issue of share capital	15	7	32,826	-	-	-	**32,833**	-	**32,833**
Share-based compensation	16	-	-	6,500	-	-	**6,500**	429	**6,929**
Acquisitions / disposals of non-controlling interest / other		-	-	-	289	-	**289**	56	**345**
As at 31 December 2014 / 1 January 2015		**81**	**155,111**	**13,661**	**(161,809)**	**6,554**	**13,598**	**(27,565)**	**(13,967)**
Result for the year		-	-	-	(53,079)	-	**(53,079)**	(8,604)	**(61,683)**
Other comprehensive income for the year		-	-	-	-	2,692	**2,692**	475	**3,167**
Total comprehensive income for the year		**-**	**-**	**-**	**(53,079)**	**2,692**	**(50,387)**	**(8,129)**	**(58,516)**
Issue of share capital	15	11	55,232	-	-	-	**55,243**	-	**55,243**
Share-based compensation	16	-	-	3,596	-	-	**3,596**	1,867	**5,464**
Acquisitions / disposals of non-controlling interest / other		-	-	22	(515)	(109)	**(602)**	640	**38**
As at 31 December 2015		**92**	**210,343**	**17,279**	**(215,403)**	**9,138**	**21,448**	**(33,187)**	**(11,739)**

Westwing Group GmbH
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Consolidated Statement of Cash Flows

	Notes	2015	2014
		TEUR	
Cash flows from operating activities:			
Result before income tax		(61,517)	(72,131)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	9	1,744	1,446
Amortization and impairment of intangible assets	10	972	1,257
Loss/(gain) on disposal of property, plant and equipment		79	-
Share-based compensation expenses	16	4,641	13,797
Fair value loss on financial liabilities		4	144
Finance income	8	(10)	(60)
Finance costs		1,847	1,791
Result from closure of subsidiary		(329)	415
Other non-cash related adjustments		2,356	6,922
Changes in provisions and pensions		234	753
Cash effective operating loss before changes in working capital		(49,979)	(45,666)
Adjustments for changes in working capital:			
Changes in trade and other receivables and prepayments		1,248	(4,154)
Changes in inventories		(2,626)	(7,350)
Changes in trade and other payables		6,121	20,431
Cash used in operations		**(45,237)**	**(36,739)**
Interest received		10	60
Interest and other finance charges paid		(1,847)	(1,733)
Tax paid		(315)	-
Net cash flows used in operating activities		**(47,390)**	**(38,412)**
Investing Activities:			
Proceeds from sale of property, plant and equipment		14	-
Purchase of property, plant and equipment		(4,384)	(2,863)
Purchase of intangible assets		(2,000)	(1,819)
Net cash flows used in investing activities		**(6,370)**	**(4,682)**
Financing activities:			
Proceeds from shareholder funding		55,240	37,835
Proceeds/(Repayment) of borrowings		(3,249)	(2,697)
Payments of finance lease liabilities		(152)	(313)
Net cash flows from financing activities		**51,839**	**34,825**
Net change in cash and cash equivalents		**(1,920)**	**(8,269)**
Effect of exchange rate fluctuations on cash held		(105)	(779)
Cash and cash equivalents at 1 January	13	20,699	29,747
Cash and cash equivalents at 31 December		**18,674**	**20,699**

Westwing Group GmbH

Notes to the Consolidated Financial Statements

1. General information

The consolidated financial statements of Westwing Group GmbH (referred to as the "Company" or "Westwing") and its subsidiaries (together referred to as the "Group") for the financial year ended 31 December 2015 were authorised for issue by management to the shareholders meeting according to IAS 10 on 31 March 2016.

The Group's principal business activity is the operation of an eCommerce shopping club for home and living products. By offering the products for a limited timeframe only, Westwing is able to offer its customers up to 70 % discount compared to the supplier's recommended retail price. Since February 2015, Westwing operates the new online shop WestwingNow, which offers certain products on a permanent basis.

The Company was incorporated in 2011 and is registered at Berlin District Court, Germany, under the number HRB 136693. The company is headquartered in Dingolfinger Str. 2, 81673 Munich, Germany. As of 31 December 2015, the Group operated in 14 countries (Germany, Austria, Switzerland, Italy, Brazil, Spain, the Netherlands, France, Poland, Russia, Belgium, Kazakhstan, Czech Republic and Slovakia) and consisted of 28 legal companies, which are all integrated in these financial statements.

2. Summary of significant accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) applicable as of the reporting date, as adopted by the EU, and in accordance with the provisions applicable under German Commercial law as defined in Section 315a German Commercial Code (Handelsgesetzbuch, 'HGB').

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented. Changes to accounting standards which had to be applied for the first time during the financial year 2015 had no impact on the financial statements.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

The Company presents its consolidated income statement classifying expenses by function.

The consolidated statement of financial position is classified based on the maturity of assets and liabilities. Assets that are used or settled within a normal cycle of business operations, are held for the purpose of trading or are expected to be realized within twelve months from balance date are classified as current. Assets not meeting this criteria are classified as non-current.

Liabilities are classified as current where they are expected to be settled in a normal cycle of business operations, within twelve months or where there is no unconditional right to defer settlement beyond twelve months. All other liabilities are classified as non-current.

The financial year comprises one calendar year. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (TEUR), except indicated otherwise. The values in the consolidated financial statement have been rounded according to commercial principles. Therefore, the sum of a table may not exactly be the same as the addition of the individual numbers. The balances in the consolidated statement of cash flows are based on actual cash flows for the period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2. New standards, amendments and interpretations

This section details new standards and amendments issued, but not effective for periods starting on 1 January 2015 which will be effective for later periods.

The following table summarizes the respective new standards and amendments and the expected effects on the Group. Changes of new standards and amendments which are still analysed and might have an effect on the Group are explained below the table.

		IASB Mandatory application	Adoption by the EU by 31/12/2015	Expected Effects
	Annual improvements of International Financial Reporting Standards – 2012-2014 cycle	1/7/2016	Yes	No significant effects
IFRS 15	Revenue from Contracts with Customers	1/1/2018	No	Effects are still analysed
IFRS 9	Financial instruments (July 2014)	1/1/2018	No	Effects are still analysed
IFRS 16	Leases	1/1/2019	No	Effects are still analysed
IAS 12	Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1/1/2017	No	No significant effects
IAS 7	Amendments to IAS 7: Disclosure Initiative	1/1/2017	No	No significant effects

IFRS 15 'Revenue from contracts with customers' was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS (IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue-Barter Transactions). Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted, in case the EU will not change the mandatory effective date in its ongoing endorsement process. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 9 'Financial instruments' was issued in July 2014 and reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted, in case the EU will not change the mandatory effective date in its ongoing endorsement process. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 16 'Leases' was issued in January 2016 and will eventually replace IAS 17 as well as all related interpretations. According to the new standard leases that represent the right to use an asset result in the recognition of an asset and a corresponding leasing liability for the lessee. The right to use an asset is subsequently depreciated on a straight-line basis and shown separately from the interest on the lease liability, which results from the measurement of the lease liability at amortized cost using the effective interest method. IFRS 16 allows for exemptions from the above accounting treatment for short-term leases of 12 months or less as well as for leases of low value assets with a value of up to USD 5,000. Exempt leases can be accounted for comparatively to the current operating leasing treatment. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, however early application is permitted if IFRS 15 is already applied at such time. IFRS 16 is not yet adopted by the EU. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

2.3. Consolidation

2.3.1. Scope of consolidation

The consolidated financial statements incorporate the financial statements of Westwing and entities controlled by Westwing (“subsidiaries”). Consequently all companies in which the Company holds a controlling interest are fully consolidated in the financial statements (full consolidation).

As at 31 December 2015, the Company controls 20 domestic (2014: 20). In addition, the Company indirectly controls seven foreign subsidiaries as of 31 December 2015 (2014: ten). The composition of and changes to the Group are detailed in Note 27.

The annual financial statements of the Company and its subsidiaries are prepared under uniform accounting standards. Where necessary, the accounting policies of subsidiaries have been changed to align them with the policies adopted by the Group. The financial statements of the Company and its subsidiaries are prepared as of the reporting date of these consolidated financial statements. Intercompany receivables, liabilities and results between the Group companies are eliminated in the consolidation process.

2.3.2. Subsidiaries

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

2.3.3. Non-controlling interests (NCI)

If an acquirer acquires less than 100% of shares in an acquiree, there is a non-controlling interest. Non-controlling interest is the equity in a subsidiary that is not attributable, directly or indirectly, to a parent.

Non-controlling interests can be measured either at fair value (full goodwill method) or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets (partial goodwill method).

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

2.3.4. Disposal of subsidiaries

When the Group ceases to have control of a subsidiary, the gain or loss on disposal is calculated as the difference between the proceeds from the sale less the subsidiary´s net assets and NCI. Any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

2.4. Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are recorded in the local functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and

losses resulting from the settlement of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in other financial result in the consolidated income statement.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate ruling at the balance sheet date;

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

- all resulting exchange differences are recognised in other comprehensive income in equity. On disposal of a foreign operation, the related component of OCI is recognised in the consolidated income statement.

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

	Assets and liabilities Spot rates		Income and expenses Cumulative average rates	
Value of EUR 1	**31/12/2015**	**31/12/2014**	**2015**	**2014**
Brazil Real	4.31	3.22	3.74	3.11
Russian Rubel	80.67	72.34	68.77	51.93
Polish Zloty	4.26	4.27	4.18	4.19

2.5. Revenue recognition

Westwing generates revenue primarily from the sale of goods through its retail website. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, marketing vouchers, rebates and return allowances. Revenue is recognised net of value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when the risks and rewards of the inventory have passed, which is generally when the goods have been delivered. As the customer mostly pays upon placing the order online, the amount paid is recognised as deferred income until the products are delivered. The amount deferred as at 31 December 2015 is shown separately in the statement of financial position and is generally referred to as advance payments from customers.

The risk of return from customers is captured in the return provision, which is estimated based on past experience in respect of return rates and time lag. The return provision is recorded against revenue and cost of sales.

2.6. Expenditure

Cost of sales mostly consists of the purchase price of consumer products and inbound shipping charges.

Fulfilment expenses include postage, freight, packaging and handling costs as well as fees in respect of payment services. In addition, fulfilment expenses include personnel expenses, warehouse rent, depreciation and other expenses in respect of the logistics, customer care, supply chain, buying and sourcing functions of the Group.

Marketing expenses consist of costs for online and offline marketing or promotional activities. Also included are expenses for personnel, other operating expenses and depreciation in respect of the marketing function of the Group.

General and administrative expenses consist of personnel expenses, rent and utilities, and depreciation in respect of the technology, campaign and content production and administrative functions of the Group. General and administrative expenses further comprise consulting and other professional and legal fees including external accounting, recruiting, tax consulting and audit fees.

Included within other operating income and expenses are rental income and the costs incurred when providing for bad debt on accounts receivable.

Included within the financial result are interest income and interest and other financial expenses as well as foreign exchange gains and losses (other financial result).

2.7. Property, plant and equipment

The main components of property, plant and equipment are furniture, fittings, equipment and leasehold improvements.

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Historical costs include expenditure directly attributable to the acquisition.

Costs of minor repairs and maintenance are expensed when incurred. Costs of replacing major parts or components of property, plant and equipment are capitalised.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the consolidated income statement.

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

Asset	Useful lives in years
Furniture, fittings and equipment	2 to 15
Computers and printers	2 to 5
Telecommunication (mobile phones, copy, fax)	2 to 5
Hardware (servers)	5 to 7
Office furniture	10 to 13
Warehouse equipment and fixtures	10 to 15
Cars and other vehicles	3 to 8
Leasehold improvements	Shorter of useful life or the term of the underlying lease
Assets under finance lease	Shorter of useful life or the term of the underlying lease

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Included within property, plant and equipment are such amounts that have been prepaid for items to be classified as property, plant and equipment. Such amounts are not subject to depreciation.

2.8. Intangible assets

2.8.1. Purchased trademarks, brands, licenses and software

Separately acquired trademarks, brands, software and licences have a finite useful life and are shown at cost less accumulated amortization and provision for impairment, where required.

Acquired computer software licences, domains, trademarks and brands are capitalised on the basis of the costs incurred to acquire them and bring them to use, including cost for further development of software for which licenses had been acquired.

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

2.8.2. Internally generated software

Research and development costs are expensed as incurred, except for development costs which can be capitalised.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalized as part of software products include employee related expenses and costs incurred for external services needed to develop the software. Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period.

2.8.3. Amortization

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

Asset	Useful lives in years
Internally generated software	3
Acquired software and licences	2 to 5
Trademarks	Shorter of 15 years or the life of the trademark agreement

2.8.4. Impairment of property, plant and equipment and intangibles

Whenever events or changes in market conditions indicate that the carrying amount of property, plant and equipment and intangibles may not be fully recoverable, the assets are tested for impairment. An impairment

loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments are reviewed for possible reversal at each reporting date.

2.9. Leases

The Group leases certain items of property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest over the remaining balance of the liability. The interest element is charged as finance costs to the income statement. The assets acquired under finance leases are depreciated over their respective useful lifes. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases for which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as operating expenses in the income statement on a straight-line basis over the lease term.

At 31 December 2015 the Group did not have any finance leases.

2.10. Inventories

Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The cost of inventory includes purchase costs and costs incurred to bring the inventories to their present location and condition.

Write-downs to the net realisable value are made if, at period-end, the carrying amounts of the inventories are above their realisable fair values. In order to represent the value of inventories appropriately in the statement of financial position, and to take into account impairment losses due to obsolete or broken stock and slow moving inventory, inventory write off provisions have been calculated and are deducted from the carrying amount of the inventories to show the net amount in the statement of financial position.

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

2.11. Financial assets

The classification of a financial asset depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All of the Group's financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets.

The Group's financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' (Notes 11 and 13).

Financial assets are recognised at their fair value including directly attributable transaction costs. Subsequently they are measured at amortized cost using the effective interest method.

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

2.12. Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Where recovery is in doubt, an allowance is made against the specific financial asset and the loss is recognised in the consolidated income statement. Once the Group believes the amount to be irrecoverable, the financial asset is written off.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.13. Financial liabilities

The classification of financial liabilities depends on the nature and purpose of the liability and is determined by management at initial recognition.

Financial liability at fair value through profit or loss

A financial liability at fair value through profit or loss is initially recognised at fair value on the commencement date of the contract and is subsequently re-measured to its fair value. Any changes to the instrument´s fair value are recognised directly through the consolidated income statement. When referring to financial liabilities at fair value through profit and loss, IAS 39 differentiates between held-for-trading instruments and such instruments designated at fair value upon initial recognition.

The loan agreement entered into with Kreos Capital IV (Luxembourg) S.à r.l. (referred to as "Kreos") entail a warrant agreement whereby Kreos has the option to be provided with shares in Westwing upon execution of the warrant. The warrant is attached to the borrowings, but is not closely related to that instrument. Following further analysis, it was classified as a financial liability and accounted for separately to the loan. To Westwing, the cost of the warrant is heavily dependent on the development of Westwing's share price. Given the connection to the moving share price and the variability of the value of the instruments, the definition of a derivative under IAS 39 was met and the warrants have been classified as financial liabilities held-for-trading. Consequently it is revalued to fair value at each reporting date.

Upon initial recognition of such liabilities, any transaction costs incurred are recognized in the consolidated income statement.

Financial liabilities at amortized cost

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

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Any differences between the amount received and the amount repayable are recognised in the income statement over the term of the loan.

The Group's financial liabilities at amortized cost include trade payables and accruals as well as borrowings.

2.14. Fair value measurement

The Group measures all of its financial assets and all of its financial liabilities at fair value at initial recognition. In addition it measures derivatives at fair value through profit and loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

2.15. Cash and cash equivalents

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

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

2.16. Share capital

The share capital is fully paid in.

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

2.17. Provisions for liabilities and charges

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

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

The majority of the amount shown as provisions in the statement of financial position relates to the provision for returns recognised by Westwing to account for the customers' right to return products within a certain timeframe after purchase and the provision for restoration to account for the obligation to dismantle certain leasehold improvements.

2.18. Share-based compensation

Certain eligible employees of the Group are entitled to receive remuneration in the form of share-based compensation, whereby employees render services as consideration for equity instruments (equity-settled transactions) of the Group. In addition, certain eligible employees are also granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled share-based transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. For share-based compensation awards, the Company analyses whether the price paid by a participant, if any, or the exercise price to be paid is in line with the estimated market price of the underlying equity instruments at the grant date. If a positive difference exists between (i) the estimated market value of the equity instruments and (ii) the purchase price or exercise price; this results in a fair value to be reported as a share-based compensation expense. The fair value determined at the grant date is expensed immediately or on a straight-line basis over the applicable vesting period of the arrangement, based on the Company's estimate of the number of equity instruments that will eventually vest subject to non-market based vesting conditions, with a corresponding credit to equity. The cumulative expense recognised for equity-settled share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period recognised in the income statement represents the movement in cumulative expense recognised as at the beginning and end of that period.

Cash-settled transactions

The cost of cash-settled transactions is measured at fair value using an appropriate valuation model. The fair value is established initially at the grant date and at each reporting date thereafter until the awards are settled. During the vesting period, a liability is recognised representing the fair value of the award and the vesting period expired as at the reporting date. Changes in the carrying amount of the liability are recognized as an expense in the income statement over the period.

2.19. Current and deferred income taxes

Income tax comprises current and deferred tax. Income tax expense is recognised in the income statement, except to the extent it relates to items directly recognised in equity, in which case it is recognised in equity.

Current tax expense is calculated on the basis of the tax regulations applicable on the balance sheet date in those countries in which the subsidiaries are operating and generate taxable income. The management regularly checks tax declarations, particularly with regards to matters which leave room for interpretation, and, if appropriate, recognises provisions based on the amounts that are likely to be payable to the tax authorities.

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

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax losses carried forward will be utilised.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Critical accounting estimates and judgements

3.1. Overview

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

Estimates and judgements are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Changes in accounting estimates are recognised in the period in which the change takes place where such change exclusively affects that period.

Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

3.2. Allowance for obsolete inventories (Note 12)

The allowance for obsolete inventories reflects management's estimate of losses resulting from the sale of such items, calculated on the basis of historical experience as well as past and anticipated market performance.

3.3. Income taxes (Note 24)

Deferred income tax

The Group recognizes a deferred tax asset only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilized.

The Group considers many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent earnings experience by jurisdiction, expectations of future taxable income, and the carry forward periods available for tax reporting purposes, as well as other relevant factors. Due to inherent complexities arising from the nature of its businesses, future changes in income tax law or variances between our actual and anticipated operating results, the Group assesses the likelihood of future realization of its deferred tax assets based on judgements and estimates. Therefore, actual income taxes could materially vary from these judgements and estimates.

Based on current plans and estimates, deferred tax assets are recognized only to the extent, to which they net off against deferred tax liabilities.

3.4. Share-based compensations (Note 16)

The Group measures the cost of equity- and cash-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and yield and making assumptions about them. At the end of each reporting period, the Group reviews its estimates of the number of awards expected to vest and recognises the impact of any revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

3.5. Provision for returns (Note 20)

Customers ordering products online have the right to return such products within a few weeks after the purchase, depending on the country. In its accounts, Westwing records a provision for such returns to ensure

revenue is not overstated. The amount recorded as the provision is calculated based on past experience and current information on gross sales. The provision is calculated per country and adjusts both revenue and cost of sales.

4. Analysis of revenue

Revenue for the year is comprised of the following:

	2015	2014
	TEUR	
Revenue from the sale of products	208,587	174,098
Revenue from shipping charges	12,391	11,348
Revenue from payment fees	657	539
Other revenue	1,378	374
Sales reductions	(3,819)	(3,027)
Total	**219,194**	**183,332**

The geographical split of the Group's revenue is as follows:

	2015	2014
	TEUR	
DACH	61,707	45,717
Rest of Europe	111,855	90,058
Emerging Markets	45,632	47,557
Total	**219,194**	**183,332**

The geographical regions are defined as follows:

- "DACH" includes revenue recognised in Germany, Switzerland and Austria.
- "Rest of Europe" includes revenue recognised in Spain, Italy, France, Poland, Czech Republic, Slovakia, Belgium and the Netherlands.
- "Emerging markets" includes revenue recognized in Brazil, Russia and Kazakhstan.

5. Additional information on income and expenses

Included in the loss for the year are the following income and expenses:

	2015	2014
	TEUR	
Rent and other operating lease expenses	5,603	4,493
Depreciation and amortization	2,716	2,704
Loss / (gain) from revaluation of a financial liability	4	144
Auditor's remuneration		
Audit cost according to Sec. 314 para. 1 No. 9a HGB Of which for previous periods TEUR 105	434	901
Other assurance services according to Sec. 314 para. 1 No. 9b	9	-
Other services according to Sec. 314 para. 1 No. 9d HGB	10	-

6. Personnel expenses

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

	2015	2014
	TEUR	
Wages, salaries and other short-term employee benefits	47,132	34,080
Share-based compensation expenses	4,641	13,797
Social security and similar expenses	10,525	6,599
Total	**62,298**	**54,476**

In 2015, Westwing employed on average 1,713 employees (2014: 1,262 employees) in the following functional areas:

	2015	2014
Fulfilment	1,017	846
Marketing	139	79
Administration	557	337
Total	**1,713**	**1,262**

The categorisation of employees into the functional areas was amended in the financial year 2015 to adapt to the structure of the consolidated income statement.

7. Other operating income and expenses

Other operating income for the year is comprised of the following:

	2015	2014
	TEUR	
Rental income	153	465
Income from release of provisions	140	124
Income from closure of a subsidiary	329	-
Other operating income	328	726
Total	**951**	**1,315**

Other operating expenses for the year are comprised of the following:

	2015	2014
	TEUR	
Bad debt expenses	613	1,147
Expenses from closure of a subsidiary	-	415
Other operating expenses	836	632
Total	**1,450**	**2,194**

8. Financial result

The financial result for the year comprises the following:

	2015	2014
	TEUR	
Finance income:		
Interest income	10	60
Total finance income	**10**	**60**
Finance costs:		
Interest expenses	(1,740)	(1,633)
Finance lease interest	(49)	(99)
Other financial expenses	(63)	(202)
Total finance costs	**(1,852)**	**(1,935)**
Net finance result	**(1,842)**	**(1,875)**
Other financial result:		
Currency exchange gains	7,850	1,337
Currency exchange losses	(10,224)	(8,161)
Other financial result	**(2,374)**	**(6,824)**
Financial result	**(4,215)**	**(8,699)**

Interest expenses in parts relate to the Kreos loan agreement, which carries an interest rate of 12.48%. In addition, interest expenses include the fees resulting from credit card payments in Brazil.

Other financial expenses include transaction costs for the Kreos loan as well as the impact of the remeasurement of the Kreos warrant to its fair value.

9. Property, plant and equipment

The property, plant and equipment employed by the business is analysed below:

	Leasehold improvements	Furniture, fittings and equipment	Assets under finance lease	Prepayments on PPE	Total
			TEUR		
Cost at 1 January 2014	917	2,315	2,099	-	5,331
Additions	488	2,586	36	1	3,110
Exchange adjustment	(94)	(497)	-	-	(591)
Cost at 31 December 2014	1,311	4,404	2,135	1	7,851
Accumulated depreciation at 1 January 2014	491	711	149	-	1,351
Depreciation charge	451	739	256	-	1,446
Exchange adjustment	(92)	(150)	(52)	-	(294)
Accumulated depreciation at 31 December 2014	850	1,300	353	-	2,503
Carrying amount at 31 December 2014	**461**	**3,104**	**1,781**	**1**	**5,348**

	Leasehold improvements	Furniture, fittings and equipment	Assets under finance lease	Prepayments on PPE	Total
			TEUR		
Cost at 1 January 2015	1,311	4,404	2,135	1	7,851
Additions	495	2,285	60	3	2,843
Transfers	410	1,778	(2,187)	(1)	-
Disposals	-	(172)	-	-	(172)
Exchange adjustment	(66)	(393)	(8)	-	(466)
Cost at 31 December 2015	2,151	7,902	-	3	10,056
Accumulated depreciation at 1 January 2015	850	1,300	353	-	2,503
Depreciation charge	294	1,459	106	-	1,859
Transfers	48	407	(455)	-	-
Disposals	-	(82)	-	-	(82)
Exchange adjustment	(38)	(287)	(4)	-	(329)
Accumulated depreciation at 31 December 2015	1,154	2,797	-	-	3,952
Carrying amount at 31 December 2015	**996**	**5,105**	**-**	**3**	**6,104**

In 2015, the company bought out the steel racks and other warehouse equipment that it had previously leased under a finance lease agreement from the lessor. The assets were purchased at value of the remaining lease liability of TEUR 1,542. The useful economic lives of the respective assets were not affected by this transaction.

Significant acquisitions of furniture, fittings and equipment occurred across all entities and included servers and IT hardware as well as office and warehouse equipment.

10. Intangible assets

The intangible assets employed by the business are analysed below:

	Software and licenses	Trademarks	Internally generated intangibles	Intangibles under development	Total
			TEUR		
Cost at 1 January 2014	263	164	1,023	-	1,450
Additions	127	133	111	1,412	1,782
Exchange adjustment	(34)	(36)	(30)	-	(99)
Cost at 31 December 2014	356	261	1,104	1,412	3,133
Accumulated depreciation at 1 January 2014	110	22	389	-	522
Amortization charge	16	2	484	-	503
Impairment charge	-	-	-	754	754
Exchange adjustment	(4)	(1)	(130)	-	(135)
Accumulated depreciation at 31 December 2014	123	24	743	754	1,644
Carrying amount at 31 December 2014	**233**	**237**	**361**	**658**	**1,489**

	Software and licenses	Trademarks	Internally generated intangibles	Intangibles under development	Total
			TEUR		
Cost at 1 January 2015	356	261	1,104	1,412	3,133
Additions	255	12	1,711	18	1,995
Transfers	-	-	658	(658)	-
Disposals	(9)	-	(6)	(754)	(768)
Exchange adjustment	(19)	-	(18)	-	(36)
Cost at 31 December 2015	584	273	3,450	18	4,324
Accumulated depreciation at 1 January 2015	123	24	743	754	1,644
Amortization charge	165	27	676	-	867
Impairment charge	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	(7)	-	(6)	(754)	(767)
Exchange adjustment	(10)	-	(18)	-	(29)
Accumulated depreciation at 31 December 2015	270	50	1,395	-	1,716
Carrying amount at 31 December 2015	**314**	**222**	**2,054**	**18**	**2,608**

Additions to internally generated intangibles of TEUR 1,711 as well as to intangibles under development of TEUR 18 mainly include additional development costs in respect of the following two IT systems:

- OMS (TEUR 1,362) - a warehouse management system that provides an interface with the Westwing website and order management system
- Partner Portal (TEUR 335) - a platform that facilitates the interaction with suppliers including purchase order and drop shipment management

Both development projects have been separated into identifiable project phases, characterised by the development of new functionalities. Upon the completion and roll out of a functionality, the related costs are transferred into internally generated intangibles, at which point amortization over the useful life of three years commences.

There were no impairments in the financial year 2015 (2014: TEUR 754 in respect of a production software for which development was cancelled in the same year).

11. Trade and other receivables

Trade and other receivables are comprised of the following:

	31/12/2015	31/12/2014
	TEUR	
Trade receivables	4,989	9,442
Rent deposits	2,558	1,429
Other receivables	684	264
Trade and other receivables, net	**8,230**	**11,135**
Of which:		
Non-current	2,467	1,278
Current	5,763	9,857

Trade receivables are shown net of an allowance for impairment losses of TEUR 1,467 (2014: TEUR 1,403). The other classes within trade and other receivables do not contain impaired assets.

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

	31/12/2015	31/12/2014
	TEUR	
Up to 3 months	4,453	7,042
3 months to 1 year	1,129	3,313
1 to 5 years	873	488
over 5 years	-	-
Trade receivables (gross)	**6,455**	**10,845**
Allowance for impairment	(1,467)	(1,403)
Trade receivables (net)	**4,989**	**9,442**

Trade receivables of TEUR 4,989 (2014: TEUR 9,442) are considered to be neither past due nor impaired.

Trade receivables that are past due are fully provided for. The trade receivables aged between 3 months and one year are in respect of credit card transactions in Brazil as well as cash on delivery transactions in Italy and Poland. The trade receivables aged between one and 5 years are considered to be past due and are fully provided for when the collectability is not assured anymore.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2015	2014
	TEUR	
At 1 January	1,403	721
Provided in the year	279	1,367
Utilised in the year	-	(682)
Reversed in the year	(215)	(3)
At 31 December	**1,467**	**1,403**

The need for impairment mainly arises from realised debtor risks.

Due to their short-term nature, there is no material difference between the carrying amounts shown above and the fair value of trade and other receivables.

Trade receivables are composed of receivables from payment service providers for credit card payments made by customers. These are usually settled within a day of the customer placing the order online and submitting the payment. There is no history of default with any of the payment service providers, so that the credit risk with regards to these balances is assessed to be low.

The Company does not hold any collateral as security.

Disclosures in respect of financial assets and liabilities can be found in notes 21 and 22.

12. Inventories

Inventories and prepayment on inventories have developed as follows:

	31/12/2015	31/12/2014
	TEUR	
Inventories	13,812	11,801
Prepayments on inventories	687	803
Total	**14,500**	**12,604**

Inventories available for sale representing products and merchandize are stated net of an allowance for inventory write off amounting to TEUR 2,404 (2014: TEUR 1,868).

13. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	31/12/2015	31/12/2014
	TEUR	
Cash at bank and in hand	18,674	15,699
Short-term bank deposits	0	5,000
Total	**18,674**	**20,699**

14. Other assets

	31/12/2015	31/12/2014
	TEUR	
Prepaid expenses	2,098	552
VAT receivables	155	876
Other tax receivables	171	115
Other receivables	221	188
Total	**2,645**	**1,731**

15. Share capital and reserves

Share capital

An overview of how share capital developed is as follows:

	Number of outstanding shares
	In thousands
1 January 2014	74
Issue of ordinary shares in 2014	7
At 31 December 2014 / 1 January 2015	**81**
Issue of ordinary shares in 2015	11
At 31 December 2015	**92**

The total authorised number of ordinary shares as per 31 December 2015 is 91,702 shares (31 December 2014: 81,091 shares) with a nominal value of EUR 1 per share. The nominal value of all ordinary shares is fully paid.

In 2015, the nominal capital was increased twice:

- On 23 December 2014 an increase of the nominal capital of EUR 4,818 including a share premium of TEUR 25,187 was agreed with existing shareholders. Of the EUR 4,818, EUR 3,071 were received before the year-end, which were accounted for as other non-financial liabilities in 2014. The remaining payments were received in January and February 2015 and the capital increase was reflected in the financial statements in this financial year.

- On 24 March 2015 5,793 shares with a nominal value of EUR 5,793 and a share premium of TEUR 30,284 were issued.

- The Group incurred costs in respect of capital increases of TEUR 239, which were deducted from equity.

In 2014, the nominal capital was increased four times:

- On 10 January 2014 3,675 shares with a nominal value of EUR 3,675 and a share premium of TEUR 15,994 were issued.
- On 29 January 2014 2,297 shares with a nominal value of EUR 2,297 and a share premium of TEUR 9,997 were issued.
- On 25 February 2014 1,148 shares with a nominal value of EUR 1,148 and a share premium of TEUR 4,996 were issued.
- On 7 May 2014 460 shares with a nominal value of EUR 460 and a share premium of TEUR 2,002 were issued.
- The Group incurred costs in respect of capital increases of TEUR 163, which were deducted from equity.

Reserves

The other reserves include the IFRS adoption reserve and the share-based compensation reserve. The IFRS adoption reserve includes the effect of the conversion from German GAAP to IFRS as of 1 January 2013. The share-based compensation reserve comprises the value of equity-settled share-based compensation.

In 2015 the Group changed the presentation of equity-settled share options, for which the settling will occur in a Group entity other than the one intended, to the effect that non-controlling interest is no longer shown.

The other comprehensive income reserve represents foreign currency differences arising from the translation of foreign operations into the presentational currency. Amounts may be recycled through profit and loss upon disposal of such foreign operations.

16. Share-based compensation

Since 2011 the Company and its subsidiaries operate share-based compensation schemes under which eligible employees have been provided with (i) the opportunity to invest in the Company's shares or in the shares of a subsidiary or (ii) they have been granted options over shares in the Company or options over shares in a subsidiary of the Company.

The share-based compensation awards have a vesting period of 36 or 48 months. The first tranche vests after 3-12 months, while the remaining awards vest in equal instalments on quarterly basis over the remainder of the vesting period. Generally, the awards may only be exercised once vested.

Share awards

The table below provides an overview of the movements in the equity-settled share-based compensation awards related to shares in the Company or the shares in the Company's subsidiaries:

	2015	2014
	TEUR	
Number of unvested awards outstanding at the beginning of the period	3,578	10,013
Forfeited during the period	-	916
Vested during the period	2,401	5,519
Number of unvested awards outstanding at the end of the period	**1,177**	**3,578**
Total number of vested awards outstanding at the end of the period	18,619	16,218

Share options and phantom options

Share options and phantom options relating to the Company's shares or to a subsidiaries' shares have been granted to eligible employees. The share options granted to eligible employees are classified as equity-

settled. The phantom options are accounted for as cash-settled since the Company has a legal or constructive obligation to settle these options in cash upon the occurrence of an exit event.

The exercise price of the granted options is based on the market price of the shares on the date of the grant, or EUR 1 in some cases. Both the options and the phantom options are conditional on the employee completing 4 years of service (the vesting period) or, in some cases, conditional upon being employed at the date of an exit event. Furthermore, the phantom options are only exercisable if an exit event occurs.

Movements in the number of share options and phantom options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
Share options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**	**Number of Options**
Outstanding at 1 January	1,241.44	7,017	1.00	325
Granted during the year	825.88	1,161	1,261.83	6,967
Forfeited during the year	935.97	450	292.00	275
Outstanding at 31 December	1,196.79	7,728	1,241.44	7,017

	2015		2014	
Phantom options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**	**Number of Options**
Outstanding at 1 January	129.46	6,514	78.53	6,043
Granted during the year	1,456.22	272	570.41	821
Forfeited during the year	2,047.30	73	284.49	350
Outstanding at 31 December	162.36	6,713	129.46	6,514

Out of the total 14,441 outstanding options (2014: 13,531 options), 8,843 options (2014: 6,403 options) were vested. Out of the vested options, 3,069 were exercisable (2014: 1,469 options). No options were exercised in 2015 (2014: no options).

Share options and phantom options outstanding at the end of the year have the following vesting dates and exercise prices:

Share options		**Weighted Average Exercise price per share options**		**Share Options**	
Grant Date	**Vesting Date**	**2015**	**2014**	**2015**	**2014**
2011	2015	-	-	-	-
2012	2016	-	-	-	-
2013	2017	1.00	1.00	325	325
2014	2018	1,317.48	1,301.68	6,368	6,692
2015	2019	829.76		1,035	-
		1,196.79	**1,241.44**	**7,728**	**7,017**

Phantom options		**Weighted Average Exercise price per share options**		**Share Options**	
Grant Date	**Vesting Date**	**2015**	**2014**	**2015**	**2014**
2011	2015	53.91	53.91	5,407	5,407
2012	2016	328.65	292.00	74	88
2013	2017	292.00	292.00	191	198
2014	2018	480.83	570.41	779	821
2015	2019	1,312.23		262	0
		162.36	**129.46**	**6,713**	**6,514**

The contractual lives for the options are not specified in the option agreements. As a result, the weighted average remaining contractual life for the options outstanding as of each reporting date is dependent on future exit events.

Fair value of equity-settled share options and cash-settled phantom options

The fair values of the share options granted and phantom options granted to employees are measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historical average share price volatility of comparable companies. The expected lives for the options are dependent on future exit events. As a result, the Company used management's judgment to develop appropriate assumptions as to when these exits occur.

The weighted average grant date fair value for the equity-settled share options granted during 2015 was TEUR 0.9 (2014: TEUR 1.8). The inputs used in the measurement of the fair values of these share options at the date of grant are summarized below:

Grant date	2015 (Subsidiary shares)	2015 (Company shares)	2014 (Subsidiary shares)	2014 (Company shares)
Share price (EUR)	976 – 36,866	3,817 – 3,983	0 - 33,570	3,075 - 3,817
Option exercise price (EUR)	260.70 – 15,428	4,352 – 5,228.69	1.00 - 4,558.00	1.00 - 4,352.09
Volatility based on expected life	51%	51%	51% - 53%	52% - 54%
Expected life	4.00	4.00	1.58 - 4.00	1.66 - 3.83
Dividend yield	nil	nil	nil	nil
Risk-free rate	0%	0%	-0.1% - 0.3%	0.0% - 0.4%
Fair value per option (EUR)	727 – 3,050	732 – 1,286	0 - 33,569	651 - 3,074

The phantom options are cash-settled. Accordingly, the fair value of the underlying shares and the fair value of the phantom options will have to be determined at each reporting date.

The weighted average fair value for the phantom options outstanding as of 31 December 2015 was TEUR 1.8 (2014: TEUR 1.8). The inputs used in the measurement of the fair values of the cash-settled phantom options at the reporting dates are summarized below:

Balance sheet date	2015 (Subsidiary shares)	2015 (Company shares)	2014 (Subsidiary shares)	2014 (Company shares)
Share price (EUR)	1,863	3,889	300 - 2,120	3,817
Weighted Average Option exercise price (EUR)	478.17	5,228.69	76.29	4,352.09
Volatility based on ex-pected life	48.1% - 53.4%	51%	48% - 55%	51% - 54%
Expected life	2.08 – 2.50	4.00	1.00 - 3.75	1.58 - 3.83
Dividend yield	nil	nil	nil	nil
Risk-free rate	0%	0%	-0.1% - 0%	-0.1% - 0%
Fair value per option (EUR)	1,089 – 1,783	650 - 877	299 - 2,119	924 - 1,148

Share-based compensation expenses and liabilities

The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. For awards with graded-vesting features, each instalment of the award is treated as a separate grant. This means that each instalment is separately expensed over the related vesting period.

Estimated forfeitures are revised if the number of awards expected to vest differ from previous estimates. Differences between the estimated and actual forfeitures are accounted for in the period they occur.

In 2015, the total share-based compensation expense recognized amounted to TEUR 4,641 (2014: TEUR 13,797), which includes expenses in respect of social security of TEUR 335. The total expense recognised includes expenses due to equity-settled share-based compensation awards of TEUR 5,464 (2014: TEUR 6,929).

In contrast, the revaluation of cash-settled options as of 31 December 2015 resulted in a gain of TEUR 1,154. The liability recognised for the cash-settled options as of 31 December 2015 therefore amounts to TEUR 10,542 (2013: TEUR 11,696). The total intrinsic value at the end of the period of liabilities for phantom options that had vested by the end of the period amounts to TEUR 10,327 (2014: TEUR 9,818). These vested phantom options are only exercisable upon the occurrence of an exit event.

17. Borrowings

The Company has the following borrowings as of 31 December:

	31/12/2015	31/12/2014
	TEUR	
Non-current portion		
Loans	0	1,708
Current portion		
Loans	1,708	3,249
Total borrowings	**1,708**	**4,957**

The Kreos loan agreement from 12 April 2013 allowed the Company to draw up to TEUR 10,000 in individual tranches. Two tranches of each TEUR 5,000 were drawn on 1 July 2013 and on 27 August 2013 respectively and paid out for an amount of TEUR 9,328 after holding back the first and last scheduled payments on both tranches. Both tranches have to be repaid within 36 months of being granted. The loan carries interest at 12.48%. Transaction costs of TEUR 125 were payable upon the closing of the loan agreement. Furthermore an "End of Loan Payment" of 1.75% of the amount of each tranche drawn is payable at the end of the term of the individual tranche. The loan is measured at amortized cost.

The loan agreement entered into entails a warrant agreement whereby Kreos has the option to be given shares in Westwing upon execution of the warrant. Specifically, for a payment of TEUR 1,250 Kreos will receive equity, whereby the price per share can be chosen by Kreos, but has to be in line with the price agreed in any financing round since the grant of the loan. The warrant constitutes a derivative financial instrument and is measured at fair value through profit or loss.

Furthermore, Kreos and Westwing also signed various agreements to provide securities to Kreos related to the given loan:

- Any trade receivables up to the amount of the outstanding obligation act as a security
- Cash and cash equivalents up to 110% of the outstanding obligation act as a security
- Any Intellectual Property Rights held by Westwing act as a security
- All inventory held by the Group acts as a security to cover the outstanding obligation

While the agreement was entered into by the Westwing Group GmbH, a separate agreement was signed by the Westwing Home & Living GmbH, which states that the Westwing Home & Living GmbH will act as a guarantor of the loan.

In 2015, the Group entered into a bridge loan agreement with Rocket Internet SE and Kinnevik Online AB in order to cover short term financing needs. The agreement allows the Group to draw up to TEUR 12,000 in two individual tranches and carries an interest rate of between 5% and 15% depending on the length of the draw down. As at 31 December 2015 the Group had not drawn down either of the tranches.

18. Finance lease liabilities

Until June 2015, the Group leased steel racks and other warehouse equipment under finance lease agreements. On 30 June 2015, the Group bought out the steel racks and other warehouse equipment from the lessor at the value of the remaining lease liability of TEUR 1,542. The useful economic lives were not affected by the transaction.

The present value of finance lease liabilities is as follows:

	31/12/2015	31/12/2014
	TEUR	
No later than 1 year	-	268
Later than 1 year and no later than 5 years	-	803
Later than 5 years	-	562
Total	**-**	**1,633**

Undiscounted minimum lease payments are presented in note 25.

19. Current and non-current liabilities

Current and non-current liabilities comprise of the following:

	31/12/2015	31/12/2014
	TEUR	
Trade payables	24,378	23,878
Accruals	8,602	6,834
Customer prepayments	9,155	10,060
Liabilities to employees	15,224	15,437
VAT liabilities	2,453	813
Tax liabilities	259	312
Other financial liabilities	861	885
Other non-financial liabilities	76	484
Payments from shareholders for capital increase	-	3
Total	**60,969**	**58,709**
Of which current	50,427	47,013
Of which non-current	10,542	11,696

Liabilities to employees of TEUR 15,224 (2014: TEUR 15,437) includes the liability for cash-settled share-based compensations of TEUR 10,542 (2014: TEUR 11,696). Please refer to note 16.

Disclosures in respect of financial assets and liabilities can be found in notes 21 and 22.

20. Provisions

Movements in provisions for liabilities and charges are as follows:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
At 1 January 2015	**223**	**296**	**1,096**	**59**	**1,674**
Provided in the year	127	-	1,308	65	**1,500**
Released during the year	(137)	-	-	(3)	(140)
Utilised during the year	(59)	-	(1,077)	(55)	(1,191)
Exchange differences	-	-	(19)	(1)	(20)
At 31 December 2015	**154**	**296**	**1,308**	**65**	**1,823**

Analysis of total provisions:

	Legal claims	Restoration	Returns	Other	Total
		TEUR			
Included in:					
Current liabilities	154	-	1,308	65	**1,527**
Non-current liabilities	-	296	-	-	**296**
At 31 December 2015	**154**	**296**	**1,308**	**65**	**1,823**

The provision for returns of TEUR 1,308 (2014: TEUR 1,096) is recorded in order to capture the risk of products being returned within the legal period. The provision is calculated per country at an estimated return rate of between 4.0% and 14.3%.

The restoration provision relates to the obligation to reinstate the leasehold property to its former condition at the end of the lease term. The timing of the cash outflow depends on the timing of vacating the leased property, in respect of which the provision was recorded. Since the relevant leases have renewal clauses, the timing is currently uncertain but likely to be over one year.

The provision for legal claims represents the best estimate of the obligation in connection with claims against the Group. The increase in the provision of TEUR 127 is due to a labour claim in Brazil and trademark infringement claims. The timing of the cash outflow relating to the legal claims provision is uncertain but likely to be within one year.

21. Financial risk management

21.1. Financial risk factors

21.1.1. Overview

The Group actively manages its financial risks, operational risks and legal risks. The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The primary objectives of the financial risk management function are to establish risk limits, and ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks. The Group's risk management is carried out centrally and covers all consolidated entities.

21.1.2. Market risk

The Group is exposed to market risks. Market risks arise from open positions in foreign currencies (currency risk), and interest bearing assets and liabilities (interest rate risk), which are sensitive to general and specific market movements. Management monitors such risks on an ongoing basis to ensure that exposure stays within certain limits. However, this approach does not prevent losses in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while keeping all other factors constant. In practice, this is unlikely to occur as changes in certain factors may be correlated.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Polish Zloty, Russian Rubel, Brasilian Real and Swiss Francs. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's business model minimises the foreign exchange risk. A significant portion of local revenue as well as local costs is generated in the respective local currencies. Foreign exchange gains and losses shown in consolidated profit and loss arise mainly from intercompany funding activities.

The following table demonstrates the sensitivity of profit and loss as well as equity to a reasonably possible change in foreign exchange rates at the reporting date, with all other variables held constant.

	31/12/2015	31/12/2014
	TEUR	
Polish Zloty strengthening/ (weakening) by 10%	+94 / (94)	+880 / (880)
Russian Rubel strengthening/ (weakening) by 10%	+1,692 ((1,692)	+1,092 / (1,092)
Swiss Franc strengthening/ (weakening) by 10 %	+21 / (21)	+71 / (71)
Total	**+1,807 / (1,807)**	**+2,042 / (2,042)**

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency. There is no effect on other comprehensive income due to the lack of application of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises mainly from fixed rate borrowings. Hence, a reasonably possible change in interest rates on the reporting date would have no impact on profit or loss or equity.

21.1.3. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation by being unable or unwilling to meet its commitments. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Exposure to credit risk arises as a result of the sale of products on credit terms and other transactions with counterparties giving rise to financial assets. Credit exposures to customers are recorded systematically, analysed and managed in the respective subsidiaries, using both internal and external sources of information.

The Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the statement of financial position, as shown below:

	Note	31/12/2015	31/12/2014
		TEUR	
Trade and other receivables	11		
Trade receivables (net)		4,989	9,442
Other financial receivables		3,241	1,693
Cash and cash equivalents	0		
Cash in hand		13	24
Bank balances		18,661	15,675
Short-term bank deposits		-	5,000
Total on-balance sheet exposure		**26,903**	**31,834**

Trade and other receivables

Due to the Group's type of business, exposure to credit risk with counterparties is limited because in the majority of transactions cash is received at the time of the sale or on delivery in the case of payment when the goods are delivered. Trade and other receivables are hence mainly limited to receivables from payment service providers and credit card companies.

The Group manages its exposure to credit risk by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risks are monitored on a regular basis and are subject to at least annual review.

The Group regularly reviews the ageing analysis of outstanding trade receivables and follows up on past due balances.

Cash and cash equivalents

The credit quality of the financial institutions with which accounts are held have been analysed below using Standard and Poor's ratings:

	31/12/2015	31/12/2014
	TEUR	
AAA	-	-
AA- to AA+	66	-
A- to A+	3	17,832
BBB- to BBB+	17,871	691
Lower than BBB- rated	354	-
Unrated	368	2,152
Total	**18,661**	**20,675**

Concentration of credit risks

Considering the Group's set-up, the Group's credit risk is towards many different parties and there is therefore no concentration of credit risk.

21.1.4. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities without effecting the daily operations or the financial condition of the Group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash.

The Group's objective is to maintain a stable balance between continuity of funding and flexibility through the use of capital increases and loans.

The Group is exposed to daily calls on its available cash resources. To ensure such calls can be met, monthly cash flow forecasting is performed in each operating entity and aggregated into a Group cash flow forecast. Group finance monitors these rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below shows the Group's non-derivative financial liabilities as at 31 December 2015 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, except for finance lease liabilities, where the effect between the discounted and undiscounted cash flows is immaterial.

The undiscounted cash flows differ from the amount included in the statement of financial position because the carrying amount disclosed in the statement of financial position is based on discounted cash flows.

The maturity analysis of financial liabilities at 31 December 2015 is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			TEUR		
Liabilities					
Borrowings	993	837	-	-	1,830
Trade payables	23,512	866	-	-	24,378
Accruals	8,602	-	-	-	8,602
Total future payments, including future principal and interest payments	**33,107**	**1,703**	**-**	**-**	**34,810**

The maturity analysis of financial liabilities at 31 December 2014 is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
			TEUR		
Liabilities					
Borrowings	993	2,979	2,161	-	6,133
Finance lease liabilities	4	279	970	775	2,028
Trade payables	23,422	268	188	-	23,878
Accruals	6,834	-	-	-	6,834
Total future payments, including future principal and interest payments	**31,253**	**3,526**	**3,319**	**775**	**38,873**

21.2. Capital management

The Group manages its capital structure in order to finance the Group's activities and continued growth. Particular focus is laid on generating liquid funds from business operations and through capital injections from new or existing investors. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

21.3. Fair value estimation

In accordance with IFRS 13, fair values of financial assets and financial liabilities have to be allocated to one of the three levels of the fair value hierarchy. The individual levels of the fair value hierarchy are defined as follows:

- *Level 1:* quoted prices (unadjusted) in an active market for identical assets and liabilities that the entity can access at the measurement date
- *Level 2:* inputs other than quoted market prices included within Level 1 that are observable for the asset and liability, either directly or indirectly
- *Level 3:* inputs for the assets and liabilities not based on observable market data

The table below presents the carrying values of the Group's financial assets and liabilities measured at fair value and discloses their fair value by hierarchy level:

	31/12/2015				31/12/2014			
	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
				TEUR				
Liabilities								
Other financial liabilities:								
Derivative financial instrument	-	-	834	834	-	-	831	831
Total liabilities	**-**	**-**	**834**	**834**	**-**	**-**	**831**	**831**

There were no transfers between the levels of the fair value hierarchy during the year.

Cash and cash equivalents, trade and other receivables, trade and other payables and other financial liabilities have short-term maturities. Therefore, their carrying amount at the end of the reporting period approximates to their fair value.

The carrying amount of the Kreos loan which is measured at amortized cost approximates its fair value, as market conditions have not changed significantly.

Included in the derivative financial instruments category is a warrant under which Kreos, the loan provider, has the right to be provided with shares in Westwing upon execution of the warrant. The fair value of the warrant is calculated using a Black Scholes model. The valuation is based on data, where the inputs are based on unobservable market data (Level 3). Inputs of market data into the Black Scholes model is in line with the inputs for the valuation of share-based compensation under IFRS 2.

22. Financial instruments by category

The tables below present the analysis of the balance sheet items and their classification into subsequent measurement at amortized cost and at fair value through profit or loss.

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

Loans and receivables:

	Note	31/12/2015
		TEUR
Cash and cash equivalents	13	18,674
Trade and other receivables	11	8,230
Total		**26,904**

	Note	31/12/2014
Cash and cash equivalents	13	20,699
Trade and other receivables	11	11,135
Total		**31,834**

Financial liabilities:

		31/12/2015		
	Note	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss – held-for-trading	Total
			TEUR	
Trade payables	19	24,378	-	24,378
Accruals	19	8,602	-	8,602
Other financial liabilities				
Other payables		27	-	27
Derivative financial instrument		-	834	834
Finance lease liabilities*	18	-	-	-
Borrowings	17	1,708	-	1,708
Total		**34,715**	**834**	**35,549**

		31/12/2014		
	Note	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss – held-for-trading	Total
			TEUR	
Trade payables	19	23,878	-	23,878
Accruals	19	6,834	-	6,834
Other financial liabilities				
- Other payables		54	-	54
- Derivative financial instrument		-	831	831
Finance lease liabilities*	18	1,633	-	1,633
Borrowings	17	4,957	-	4,957
Total		**37,356**	**831**	**38,187**

* The categories in this disclosure are determined by IAS 39. Finance leases are mostly outside the scope of IAS 39, but they remain within the scope of IFRS 7. Therefore, finance leases have been shown separately (Note 18).

Income and expenses from financial instruments

The total impact on profit and loss from financial instruments for the year ended 31 December 2015 was a loss of TEUR 2,455 (2014: a loss of TEUR 3,021).

Income and expenses from financial instruments can be split as follows:

	Category	2015	2014
		TEUR	
Interest income	Loans & Receivables	10	60
Interest expense	Liabilities at amortized cost	(1,740)	(1,633)
Finance lease interest	IAS 17	(49)	(99)
Valuation of Kreos warrant	Held for trading	(4)	(144)
Other financial expenses	Liabilities at amortized cost	(59)	(58)
Impairment of financial assets	Loans & Receivables	(613)	(1,147)
Total		**(2,455)**	**(3,021)**

23. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests (NCI) is provided below:

	Country of incorporation and operation	31/12/2015 NCI in %	31/12/2014 NCI in %
Westwing Home & Living GmbH	Germany	29.37%	29.37%
Westwing Comércio Varejista Ltda.	Brazil	24.02%	25.14%

	31/12/2015	31/12/2014
	TEUR	
Accumulated balances of material non-controlling interest:		
Westwing Home & Living GmbH	(17,866)	(15,454)
Westwing Comércio Varejista Ltda.	(4,070)	(3,541)
Loss allocated to material non-controlling interest:		
Westwing Home & Living GmbH	(3,828)	(4,252)
Westwing Comércio Varejista Ltda.	(892)	(442)

No dividends were paid to non-controlling interest for neither company in 2015 or 2014.

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Summarized statement of profit or loss for the year ended 31 December 2015:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Revenue	67,032	28,251
Result for the period	(13,035)	(3,715)
Total comprehensive income or (loss)	(13,035)	(3,715)

Summarized statement of profit or loss for the year ended 31 December 2014:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Revenue	52,087	29,092
Result for the period	(12,158)	(2,251)
Total comprehensive income or (loss)	(12,158)	(2,251)

Summarized statement of financial position as of 31 December 2015:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Cash and cash equivalents	3,432	328
Trade and other receivables	6,155	399
Inventory	5,442	1,556
Total current assets	15,121	2,299
Total non-current assets	3,694	658
Total current liabilities	(69,126)	(6,567)
Total non-current liabilities	(10,521)	-

Summarized statement of financial position as of 31 December 2014:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Cash and cash equivalents	2,004	21
Trade and other receivables	3,432	4,446
Inventory	3,300	2,382
Total current assets	8,847	6,875
Total non-current assets	2,734	701
Total current liabilities	(51,141)	(9,250)
Total non-current liabilities	(13,057)	-

Summarized cash flow information for the year ended 2015:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Operating cash flow	(9,162)	(275)
Investing cash flow	(2,569)	(362)
Financing cash flow	13,115	930
Net increase / (decrease) in cash and cash equivalents	**1,384**	**293)**

Summarized cash flow information for the year ended 2014:

	Westwing Home & Living GmbH	Westwing Comércio Varejista Ltda.
	TEUR	
Operating cash flow	(4,174)	(701)
Investing cash flow	967	(378)
Financing cash flow	3,090	1,000
Net increase / (decrease) in cash and cash equivalents	**(117)**	**(79)**

24. Income taxes

Current income taxes

The major components of current income tax expense for the year ended 31 December 2015 and 2014 are:

	2015	2014
	TEUR	
Current income tax:		
Current income tax charge / gain	166	85
Income tax expense reported in the income statement	**166**	**85**

Reconciliation of the expected tax income as the accounting profit multiplied by Germany's domestic corporate and trade tax rate for 2015 (2014) to the tax expenses recognized in income statement:

	2015	2014
	TEUR	
Result before income tax	**(61,517)**	**(72,131)**
Applicable tax rate	32.975%	32.975%
At domicile applicable tax rate expected tax income	(20,285)	(23,785)
Unrecognised tax losses	16,463	15,643
Non-deductible expenses and other	1,335	5,475
Effect on different tax rate of foreign operations	2,321	2,752
Income tax expenses reported in the income statement	**166**	**85**

Deferred taxes

The Group's deferred taxes relate to the following:

	Consolidated statement of financial position		Consolidated income statement	
	31/12/2015	31/12/2014	2015	2014
	TEUR			
Software	(613)	(59)	(554)	132
Differences in tax depreciation	1	1	0	(38)
Finance lease capitalisation	0	(11)	11	89
Inventories	25	31	(6)	(156)
Receivables	(499)	24	(524)	(19)
Provisions	58	6	52	(154)
Cut off and provisions increase	233	(215)	449	1,296
Stock options	795	223	572	1,150
Deferred taxes expense (income)			**0**	**0**
Net deferred tax assets / (liabilities)	**0**	**0**		
Reflected in the statement of financial position as follows:				
Deferred tax liabilities	0	0		
Deferred tax assets	0	0		
Deferred tax liabilities, net	0	0		

The Group offsets tax assets and liabilities if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets on temporary differences in the amount of TEUR 3,749 (2014: TEUR 4,135) and on tax loss carry forwards in the amount of TEUR 185,972 (2014: TEUR 145,241) have not been recognized as they may not be used with sufficient probability to offset taxable profits. They have arisen in companies that have been loss making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The Group has tax losses which arose in different jurisdictions of TEUR 185,972 (2014: TEUR 145,241) that are available for offsetting against future taxable profits of the companies in which the losses arose as follows:

	2015	2014	Restrictions on tax losses carried forward
	TEUR		
Germany	(61,846)	(49,785)	No
Brazil	(15,914)	(12,496)	No
France	(23,308)	(16,599)	No
Italy	(23,079)	(17,424)	No
Netherlands	(13,748)	(8,589)	No
Poland	(12,903)	(8,434)	Yes
Russia	(20,399)	(15,855)	Yes
Spain	(14,775)	(8,729)	Yes
Other (UK/SE/AU/TR)	-	(7,330)	No
Total	**(185,972)**	**(145,241)**	

The following tax losses expire as indicated:

	2015	2014	Restrictions on tax losses carried forward
	TEUR		
Poland	(12,903)	(8,434)	Exp 2017-2020
Russia	(20,399)	(15,855)	Exp 2022-2025
Spain	(14,775)	(8,729)	Exp 2030-2033
Total	**(48,077)**	**(33,018)**	

Deferred tax assets have only been recognized in the equivalent amount of recognized deferred tax liabilities considering the minimum taxation rules.

The Group has determined that due to the losses carried forward there are no undistributed profits of its subsidiaries, joint venture or associate which are available for distribution in the foreseeable future.

25. Other financial commitments

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	31/12/2015	31/12/2014
	TEUR	
Not later than 1 year	2,792	1,921
Later than 1 year and not later than 5 years	5,929	7,722
Later than 5 years	-	-
Total	**8,721**	**9,643**

The Group leases various offices, warehouses and equipment which have varying terms, notice periods and renewal rights.

Major operating lease agreements include the lease of the headquarter office in Munich, Dingolfinger Straße and the warehouse in Großbeeren. Both lease agreement are non-cancellable until their respective maturity dates.

Finance lease commitments

Until June 2015, the Group leased various items of plant and machinery under finance lease agreements, which were subsequently bought out.

Future minimum lease payments under finance leases are as follows:

	31/12/2015	31/12/2014
	TEUR	
Not later than 1 year	-	283
Later than 1 year and not later than 5 years	-	970
Later than 5 years	-	775
Total	**-**	**2,028**

Contingent liabilities

From time to time the Group is involved in claims incidental to its line of business, for which the likelihood of a negative outcome is not considered to be more likely than not.

As at 31 December 2015 the Group has provided guarantees amounting to TEUR 6,643 (2014: TEUR 3,644) to its vendors.

26. Balances and transactions with related parties

Following review of the requirements, all ventures of Rocket Internet, a shareholder of the Company, are classified as related parties of the whole Group.

As of 31 December 2015 and 2014, the outstanding balances with such related parties were as follows:

	31/12/2015	31/12/2014
	TEUR	
Gross amount of trade receivables	26	2
Trade and other payables	18	100

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. As in prior year, no provisions are held against receivables from related parties.

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

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

	2015	2014
	TEUR	
Sales of goods and services	62	36
Purchases of goods and services	524	467

Key management compensation

Key management includes 8 executives (2014: 8 executives). The compensation paid or payable to key management for employee services is shown below:

	2015	2014
	TEUR	
Employee benefits:		
Salaries (short-term employee benefits)	1,201	1,049
Share-based compensation	79	1,994
Total	**1,280**	**3,043**

The remuneration of chief executives in accordance with Sec. 314 para. 1 HGB is not disclosed in these consolidated financial statements with reference to the exemption of such disclosure as per Sec. 286 para. 4 HGB.

27. Subsidiaries

The Group consolidated the following direct subsidiaries at 31 December:

Name	Country of incorporation and place of business	Registered office	Proportion of ownership interests held 31/12/2015	Proportion of ownership interests held 31/12/2014
Westwing Home & Living GmbH	GER	Munich	70.63	70.63
Westwing Commercial GmbH	GER	Berlin	100.00	100.00
Juwel 183. V V UG	GER	Berlin	100.00	100.00
Westwing Spain Holding UG	GER	Berlin	94.12	94.12
Westwing France Holding UG	GER	Berlin	94.56	94.56
Westwing Italy Holding UG	GER	Berlin	88.76	88.00
Westwing Netherlands Holding UG	GER	Munich	87.12	87.12
Tekcor 1. V V UG	GER	Bonn	90.96	90.96
Brillant 1256. GmbH & Co. Dritte Verwaltungs KG	GER	Berlin	88.03	88.03
Brillant 1256. GmbH	GER	Berlin	100.00	100.00
Bambino 65. V V UG	GER	Berlin	100.00	100.00
Bambino 68. V V UG	GER	Berlin	93.72	93.72
Bambino 66. V V UG	GER	Berlin	93.92	93.92
wLabels GmbH	GER	Berlin	100.00	100.00
VRB GmbH & Co. B-156 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-157 KG	GER	Berlin	75.99	74.86
VRB GmbH & Co. B-160 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-165 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-166 KG	GER	Berlin	90.00	90.00
VRB GmbH & Co. B-167 KG	GER	Berlin	90.00	90.00

In addition, the Group consolidated the following indirect subsidiaries at 31 December:

Name	Country of incorporation and place business	Registered office	Proportion of ownership interests 31/12/2015	Proportion of ownership interests 31/12/2014
WW E-Services Iberia S.L.	ES	Barcelona	94.12	94.12
WW E-Services Italy S.r.I.	IT	Milan	88.76	88.00
WW E-Services France SAS	FR	Paris	94.56	94.56
WW E-Services UK Ltd.	UK	London	Deconsolidated	93.92
Westwing Home and Living Poland S.P.Z.O.O.	PL	Warsaw	90.96	90.96
WW E-Services The Netherlands B.V.	NL	Amsterdam	87.12	87.12
Westwing Comercio Varejista Ltda.	BR	Sao Paulo	75.98	74.85
Westwing Hizmet Teknolojileri Bilisim Pazarlama Ticaret Limited Sirketi	TR	Istanbul	Deconsolidated	90.05
Westwing Russia OOO	RU	Moscow	88.03	88.03

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Company.

The following subsidiaries were deconsolidated due to liquidations in the year ended 2015:

- WW E-Services UK Ltd.
- Westwing Hizmet Teknolojileri Bilisim Pazarlama Ticaret Limited Sirketi

The deconsolidation of these two entities resulted in an income of TEUR 329, of which an income of TEUR 290 resulted from the reclassification of exchange translation differences from other comprehensive income into profit and loss.

The following subsidiaries were deconsolidated due to liquidations in the year ended 2014:

- WW E-Services Sweden AB
- VRB GmbH & Co B-158 KG

The deconsolidation of these two entities resulted in a loss of TEUR 415.

28. Events after the balance sheet date

The following events arose after the close of the fiscal year 2015 with a significant impact on Westwing's future net assets, financial position and results of operations:

In March 2016, the Group signed an addendum to the bridge loan agreement from December 2015 which extends the draw down period until 30 June 2016.

The following English-language translation of the German-language audit opinion (Bestätigungsvermerk) refers to the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) as well as the group management report prepared on the basis of German commercial law (HGB), of Westwing Group GmbH, Berlin, as of and for the fiscal year ended December 31, 2015 as a whole and not solely to the consolidated financial statements presented in this Prospectus on the preceding pages. The group management report is not part of this Prospectus.

Audit opinion

We have audited the consolidated financial statements prepared by Westwing Group GmbH, Berlin, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January 2015 to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 31 March 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Gallowsky	Dahmen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Westwing Group GmbH
Berlin
Audited unconsolidated financial statements
as of and for the year ended December 31, 2017
(prepared in accordance with the German Commercial Code
(*Handelsgesetzbuch*))

Westwing Group GmbH, Berlin

Balance sheet as of 31 December 2017

	31/12/2017 EUR	31/12/2016 EUR
Assets		
A. Fixed assets		
I. Intangible assets		
1. Internally generated intangible rights and assets	3,573,209.25	3,113,280.93
2. Purchased software, licenses and similar rights	261,884.08	350,860.45
	3,835,093.33	3,464,141.38
II. Property, plant and equipment		
Other equipment, furniture and fixtures	1,503,976.37	1,357,057.58
	1,503,976.37	1,357,057.58
III. Financial assets		
1. Shares in affiliates	3,284,152.35	3,603,821.72
2. Loans to affiliates	178,478,686.52	207,100,160.24
	181,762,838.87	210,703,981.96
	187,101,908.57	215,525,180.92
B. Current assets		
I. Receivables and other assets		
1. Trade accounts receivable	18,052.62	5,819.00
2. Receivables from affiliates	1,633,421.97	1,910,875.96
3. Other assets	2,686,413.53	1,964,940.44
	4,337,888.12	3,881,635.40
II. Cash on hand and bank balances	2,180,837.35	4,437,222.76
	6,518,725.47	8,318,858.16
C. Prepaid expenses	304,872.20	307,622.33
	193,925,506.24	224,151,661.41

	31/12/2017 EUR	31/12/2016 EUR
Passiva		
A. Equity		
I. Subscribed capital	91,702.00	91,702.00
II. Capital reserves	235,757,613.59	234,922,561.56
III. Reserve for own shares	-998,488.79	-998,488.79
IV. Accumulated loss	-72,620,772.51	-24,883,115.14
	162,230,054.29	209,132,659.63
B. Provisions		
Other provisions	2,175,754.64	1,434,408.33
	2,175,754.64	1,434,408.33
C. Liabilities		
1. Trade payables	245,027.95	929,106.75
2. Liabilities to affiliates	20,290,950.26	11,778,456.80
3. Other liabilities thereof for taxes EUR 548.600,54 (Prior year EUR 391.908,60) thereof for social security EUR 40.949,81 (Prior year EUR 45.799,23)	8,816,268.50	877,029.90
	29,352,246.71	13,584,593.45
D. Deferred income	167,450.60	0.00
	193,925,506.24	224,151,661.41

Westwing Group GmbH, Berlin

Income statement for 2017

		2017	2016
		EUR	EUR
1.	Revenue	20,142,525.13	21,324,615.44
2.	Other own work capitalized	3,656,552.54	1,960,607.23
3.	Other operating income thereof income from currency translation EUR 4,889.81 (Prior year EUR 3,965.39)	512,623.67	999,676.43
	Total income	24,311,701.34	24,284,899.10
4.	Cost of materials Cost of purchased services	5,885,255.15	9,300,224.64
5.	Personnel expenses		
a)	Wages and salaries	17,868,248.89	14,128,528.52
b)	Social security	2,662,215.22	2,562,303.44
6.	Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	4,008,115.08	4,140,405.68
7.	Other operating expenses thereof expenses from currency translation EUR 4,553.17 (Prior year EUR 7,629.45)	4,688,502.82	5,767,106.86
		-10,800,635.82	-11,613,670.04
8.	Income from other securities and loans classified as fixed financial assets thereof from affiliates EUR 8,192,057.22 (Prior year EUR 7,945,830.47)	8,192,057.22	7,945,830.47
9.	Other interest and similar income	0.00	96.09
10.	Write-downs of financial assets	43,211,054.41	0.00
11.	Interest and similar expenses thereof to affiliates EUR 559,250.00 (Prior year EUR 312,187.50)	1,918,024.36	392,607.70
	Financial result	-36,937,021.55	7,553,318.86
	Result before taxes	-47,737,657.37	-4,060,351.18
12.	Income taxes	0.00	182.96
13.	Result after taxes/Net loss for the year	-47,737,657.37	-4,060,168.22
14.	Loss carryforward	-24,883,115.14	-20,822,946.92
15.	Accumulated loss	-72,620,772.51	-24,883,115.14

Westwing Group GmbH, Berlin

Notes to the financial statements for the financial year from 1 January 2017 to 31 December 2017

I. General information

The Westwing Group GmbH ("Group GmbH" or "Company") is a limited liability company incorporated in Germany, and registered in Berlin, Germany (commercial register of Berlin-Charlottenburg HRB 136 693 B).

These financial statements have been prepared in accordance with §§ 242 et seq. and §§ 264 et seq. HGB as well as the relevant provisions of the GmbHG (German Limited Liability Companies Act) based on the going concern assumption. The Company meets the criteria of a medium-sized company pursuant to § 267 para 2 HGB. The balance sheet and the profit and loss account correspond to §§ 266, 275 HGB and § 42 of GmbHG. Disclosure exemptions in accordance with § 288 HGB have been applied in these notes to the financial statements.

The profit and loss account is prepared without change in accordance with the total costs method.

Amounts are expressed in thousands of Euro (T€, TEUR) unless otherwise indicated.

In order to improve the clarity of the financial statements, we summarized individual balance sheet and income statement items and presented and commented on them separately in these notes to the financial statements.

The accounting and valuation methods applied are generally consistent with those of the prior year.

II. Accounting and valuation principles

The following accounting and valuation methods were used to prepare the financial statements:

Purchased **intangible assets** are recognized initially at cost. The intangible assets are recognized in subsequent periods at cost less accumulated amortization. In prior periods a goodwill was recognized and amortized fully over the useful life of three years.

Research and development costs are expensed as incurred, except for certain development costs which can be capitalised in accordance with § 248 HGB.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

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

The directly attributable costs that are capitalized as part of software products include employee related expenses and costs incurred for external services needed to develop the software. Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period.

The intangible assets recognized in the balance sheet are largely made up of purchased or internally generated software which is amortized over an estimated useful life of 3 - 5 years using the straight-line method.

Expenses for maintenance and repair are recognized as incurred.

Interest on debt borrowed for the acquisition of intangible assets is not recognized as part of production costs.

Property, plant and equipment are recognized at acquisition or production cost and are depreciated. Depreciation was recorded using the straight-line method over the customary useful life. Acquisition and production costs contain expenses that are directly attributable to the acquisition. Subsequent acquisition and production costs are only recognized as part of the acquisition and production cost of the asset or — where relevant — as a separate asset when it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Expenses for maintenance and repair are recognized as incurred.

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

The expected useful life of property, plant and equipment is as follows:

Office furniture, equipment and fixtures	2 - 14 years
Vehicles	6 - 8 years

Low-value assets up to a net value of EUR 150.00 are recognized in their acquisition year as expense.

Production or acquisition costs for **low-value assets** with a value between EUR 150.00 and EUR 410.00 are fully deducted in their production or acquisition year.

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

With regard to **financial assets**, equity investments are recognized at cost and loans at their nominal value or at the lower fair value.

Receivables and other assets are measured at the lower of nominal value and fair value at the balance sheet date. All receivables and other assets, with the exception of rental deposits, have a remaining maturity of less than one year.

Prepaid expenses are assets on the balance sheet that represent services or goods to be received after the balance sheet date, for which a cash outflow occurred before the balance sheet date.

Cash on hand as well as **bank balances** are stated at their nominal value.

To determine **deferred taxes** resulting from temporary or semi-permanent differences between the book values of assets, liabilities, accrued and deferred items and their tax bases, these are measured with the individual company tax rates at the time of reduction of differences. The resulting amounts of tax burden and relief are not discounted. Deferred tax assets and liabilities are offset. The recognition of a deferred taxes excess was omitted by exercising the corresponding option.

Provisions account for all discernible risks and uncertain liabilities taking into account expected future price and cost increases and were set up at the settlement value deemed necessary by prudent business judgment.

As compensation for their work, some employees receive cash-settled share-based payments. The expenses arising as a result of cash-settled transactions with employees of the Company are initially valued at fair value at the date on which they are granted using the discounted cash flow model. The fair value is recognized as a liability on a straight-line basis over the vesting period, resulting in an expense.

The liability is revalued at each balance sheet date. Changes to fair value are recognized in the relevant functional costs or other operating income, if applicable.

Liabilities are stated at their settlement amount.

Subscribed **capital** is stated at nominal value. Each amount paid in that exceeds the nominal amount or is voluntarily paid in is recorded in the capital reserve.

All foreseeable risks and losses incurred by the reporting date have been carefully assessed and considered, even if they only became apparent between the reporting date and the preparation of financial statements.

Only profits realized by the reporting date have been considered. Income and expenses for the financial year have been considered regardless of the timing of the payment.

Business transactions in foreign currencies were converted at the spot rate prevailing at the reporting date; unrealized gains are only recognized when they are short-term and, therefore, sufficiently secure.

III. Notes to the Balance Sheet

Intangible assets

The intangible assets of the Company consist of acquired and internally generated software.

Additions to internally generated intangibles of TEUR 3,657 (31.12.2016: TEUR 1,676) mainly include additional development costs in respect of the following two IT systems:

- OMS warehouse management system

- Partner Portal platform that facilitates the interaction with suppliers

as well as other own software for consumer apps and the internationalization of WestwingNow and product information systems. The projects are divided into partial projects for the development of new features.

The total amount of research and development costs for the financial year was TEUR 5,277 (prior year TEUR 4,295).

In the fiscal year 2017 the valuation of software under development was analyzed. Westwing decided to terminate specific projects. The net book value of these projects was unplanned impaired totaling to TEUR 1,020. In prior year for intangible assets no impairment indicators existed.

Property, plant and equipment

The Company's tangible assets mainly consist of office furniture and equipment.

Shares in affiliates and loans

Loans include only loans to affiliated companies, which have an interest rate between 0,1% to 4.5% per annum. These are of short-term nature, if no sub-ordination agreements exist. Since the provided loans have economically a long-term nature and no significant repayments are expected in the following year, they are classified as non-current financial assets.

As in prior years, the loans have been subject to an impairment test. Consequently, the loans to affiliated companies in the amount of TEUR 21,184 were allowed for. Based on the resolutions by the management and advisory boards to sell the Russian and Brazilian operating units, the cost values of the shares of and loans to Russia were fully allowed, and for Brazil partially allowed for. In Brazil and Russia negotiations are ongoing to sell these entities. For Brazil the likelihood to generate sales proceeds is relatively high. In total an additional expense of TEUR 20,527 was incurred. Furthermore, a receivable amounting to TEUR 1,500 from the Russian entity was fully written off.

Receivables and other assets

Receivables from affiliated companies are stated at their nominal value. These are mainly trade receivables from costs allocations, which are due within 14 days.

Other assets include mainly rent deposits (TEUR 1,418; 31.12.2016: TEUR 1,653) as well as creditors (TEUR 356; 31.12.2016: TEUR 266).

All receivables and other assets have are due within one year except for the rent deposits.

Equity

The subscribed capital at the balance sheet date was EUR 91,702. The capital reserve contains amounts paid in excess of the nominal capital.

In January 2017 a loan agreements over EUR 10 million was entered into between Westwing and Kreos with two tranches and a warrant agreement. The warrant agreement provides Kreos the option to be provided with shares in Westwing upon execution of the warrants. The number of shares to be provided depends on the loan tranches' amount. Consequently, the number increased with both tranches fully executed in April and June 2017. Based on the relationship between the options on shares and the loan agreed, the value of the option is accounted for as an amount paid in excess of the nominal capital increasing the capital reserves. The capital reserves increased by TEUR 835 to TEUR 235,758 (31.12.2016: 234,923).

The net book value of internally generated intangible assets (TEUR 3,573; 31.12.2016: TEUR 3,113) is considered restricted for distribution according to § 268 para 8 HGB.

The net loss of the year will be carried forward together with the loss carryforward This represents also the proposal for the appropriation of retained earnings.

On 22 April 2016 the managing directors were authorized by a shareholders‘ resolution to increase the nominal capital until 9 May 2021 up to EUR 15,000 (authorized capital 2016/I).

On 16 December 2016 the managing directors were authorized by a shareholders‘ resolution to increase the nominal capital by up to EUR 450 against cash in one or more steps (authorized capital 2016/II).

As of 31 December 2017 the Company has an authorized capital 2013/II amounting to EUR 600, which might be executed until 13 August 2018.

Provisions

Other provisions totaling TEUR 2,176 (31.12.2016: TEUR 1,434) include mainly provisions for marketing (TEUR 40; 31.12.2016: TEUR 168), provisions for outstanding invoices (TEUR 555; 31.12.2016: TEUR 702), provisions for personnel (TEUR 659; 31.12.2016: TEUR 428), provision for rent-free periods (TEUR 860; 31.12.2016: nil) and a provision for restoration (TEUR 44; 31.12.2016: TEUR 117).

Share-based compensation with cash settlement

The Company provides, at its discretion, share-based compensation to employees under the so-called Employee Share Option Plan (ESOP), which is settled in cash. Individual contracts contain various criteria that must be met in order to assert the claims.

In principle, the contractual term of the agreements is four years, over which the claims can be earned evenly.

In addition, contracts stipulate that the claims can only be asserted upon certain events.

The expenses arising as a result of cash-settled transactions are initially valued at fair value at the date on which they are granted using the discounted cash flow model. The fair value is expensed over the period until vesting with recognition of a corresponding liability. This liability is revalued at each balance sheet date. Changes to fair value are recognized in the relevant functional costs.

At 31 December 2017, the provision amounted to TEUR 10 (31.12.2016: TEUR 19).

Liabilities

Liabilities shown in the balance sheet can be divided as follows:

	31.12.2017 TEUR	31.12.2016 TEUR
Trade payables	245	929
Liabilities to affiliated companies		
- thereof trade payables and other liabilities	5,407	1,802
- loans from affiliated companies	14,884	9,976
Other liabilities		
- loans	8,066	0
- taxes payable	549	392
- from social security	41	46
- other	160	440
Total	**29,352**	**13,585**

As of 31 December 2017 the Company disclosed in the other liabilities a loan from Kreos in the amount of TEUR 8,066 (31.12.2016: nil). On 10 January 2017 Westwing concluded a loan agreement with Kreos over EUR 10 million in two tranches. Both tranches were executed on 3 April 2017 and on 30 June 2017 over EUR 5 million each. Both tranches are being repaid within 33 or 31 months respectively. The loans have an effective interest rate of 11.98% (tranche 1) and 12.03% (tranche 2) respectively. The nominal interest rate is 10.75%. On execution of the loan agreement a fee of TEUR 50 became due. In addition, a fee of 0.4% of the tranches utilized will fall due at the end of the term (“end of loan payment”). The loan is accounted for at amortized costs. An amount of TEUR 4,424 has a duration between one and five years, the rest has a remaining term of up to one year.

The loan agreement contains an option agreement which allows Kreos to receive Westwing’s shares upon execution of the warrant. The option is a derivative financial instrument, the value of which was transferred to the capital reserve in accordance with § 272 para. 2 No. 2 HGB in the amount of TEUR 835. At 31 December 2017 the option had a fair value of TEUR 770.

Another loan agreement with Kreos Capital executed in 2013 contained also an option agreement with similar conditions. Also this option represents a derivative financial instrument, the value of which was transferred to the capital reserve in accordance with § 272 para. 2 No. 2 HGB in the amount of TEUR 564 in 2013. At 31 December 2017 the option had a fair value of TEUR 640 (31.12.2016: TEUR 868).

Furthermore the other liabilities have a remaining due date within one year except for a partial amount of TEUR 4,271 (31.12.2016: TEUR 1,629) being part of the liabilities due to affiliated companies, which have a remaining duration between one and five years. These contain liabilities originated in an asset deal and were transferred from Westwing Home & Living GmbH (nowadays Westwing GmbH) to Westwing Group GmbH representing payables due to employees for cash-settled share-based compensation. This obligation is recognized as a liability to affiliated companies.

To secure the loan amounting to TEUR 8,066, the Westwing Group GmbH provided several collaterals to Kreos, including, in particular, the pledge of bank accounts amounting to TEUR 2,180, as well as outstanding shares of certain affiliates as well as limitations on the disposal of assets.

Deferred income

The deferred income amounting to TEUR 167 (31.12.2016: nil) includes a subsidy received for the new offices in the Moosacher Straße 88, which is released over the rental period.

IV. Notes to the income statement

Revenue

Westwing Group GmbH does not generate revenues with third parties, but only has income from intragroup recharges for services rendered of TEUR 20,143 (2016: TEUR 21,324), which are shown as revenue.

Other own work capitalized

The other own work capitalized include personnel expenses and other capitalized costs to develop software as part of the intangible assets amounting to TEUR 3,657 (2016: TEUR 1,960).

Other operating income

Other operating income of TEUR 513 (2016: TEUR 1,000) contains vendor incentives with TEUR 303 (2016: TEUR 236) and public subsidies for maternity leaves of TEUR 101 (2016: TEUR 63). In the prior year an amount of TEUR 215 was included resulting from the release of provisions for cash-settled share-based compensation.

Cost for services received

The cost for services received of TEUR 5,885 (2016: TEUR 9,300) arose in connection with services rendered by external parties, which were recharged within the Group. They mainly relate to central marketing and IT services.

Headcount

During the year, the Company employed an average of 217 employees excluding managing directors (2016: 223) with the following split:

	2017	2016
Administration	143	162
Sales	74	61
Total	**217**	**223**

Personnel expenses amounted to TEUR 20,530 (2016: TEUR 16,691). They can be broken down as follows:

	2017 TEUR	2016 TEUR
Salaries and wages	15,206	14,129
Social security	2,662	2,562
Share based compensation - ESOP	2,662	0
Total	**20,530**	**16,691**

Other operating expenses

Other operating expenses of TEUR 4,689 (2016: TEUR 5,767) mainly comprise costs incurred in connection with headquarter functions, which could not be recharged.

Financial result

In 2017 income from financial non-current assets amounted to TEUR 8,192 (2016: TEUR 7,946). Interest expense of TEUR 1,918 (2016: TEUR 393) arose mainly from loans from third parties, primarily Kreos, with TEUR 1,359 and in the amount of TEUR 559 with affiliated companies. The interest expense for Kreos resulted from the expensed disagio resulting from the warrant agreement as well as the supplemental interest expense for the loan. The write down of financial non-current assets resulted into expenses of TEUR 43,211 (2016: nil).

V. Other

Other financial obligations

Financial obligations were as follows on a gross base:

Maturity	< 1 year TEUR	1 - 5 years TEUR	> 5 years TEUR	total TEUR
Rental contracts	2,153	8,558	8,911	19,622
Service contracts	513	0	0	513
Server operating leases, etc.	297	166	0	463
	2,963	8,724	8,911	20,598

Westwing partially uses fixed assets based on rental and operating lease contracts. This implies a lower capital base being fixed and that the investment risks remains with the lessor.

Contingent liabilities

The Company has the following contingent liabilities:

	31.12.2017 TEUR	31.12.2016 TEUR
Guarantees	2,670	4,774
	2,670	**4,774**

Due to the holding and financing function of the Company within the Group, contingent liabilities have been entered into in order to support the business operations of affiliates. The risk of claims from individual contingencies is considered to be immaterial, as the respective affiliates develop positively according to the expectations.

Westwing Group GmbH, Berlin

Notes to the financial statements for the financial year from 1 January 2017 to 31 December 2017

Shareholding

The Company holds the following shares at the balance sheet date directly or indirectly:

Company	Registered office	Equity in EUR or converted at the closing rate	Ownership share in %	Result of the year in EUR
Westwing GmbH (formerly Westwing Home & Living GmbH)	Munich	-69,352,693.88	72.03	-5,390,500.43
wLabels GmbH	Berlin	-5,859,034.39	100.00	-1,041,212.85
Westwing Commercial GmbH	Berlin	23,358.71	100.00	-394.07
VRB GmbH & Co. B-156 KG	Berlin	-15,285.66	90.00	-1,490.47
VRB GmbH & Co. B-157 KG	Berlin	-3,237,958.17	77.30	-458,069.49
Bambino 65. V V UG	Berlin	-35,321.59	100.00	-1,905.80
Westwing Spain Holding UG	Berlin	-1,526,875.23	94.96	-582,650.43
Westwing France Holding UG	Berlin	-2,300,211.59	94.56	-696,605.67
VRB GmbH & Co. B-166 KG	Berlin	-7,801.18	90.00	-1,151.13
Westwing Italy Holding UG	Berlin	-3,666,203.83	90.72	-898,267.11
VRB GmbH & Co. B-165 KG	Berlin	-19,009.34	90.00	-1,789.93
VRB GmbH & Co. B-167 KG	Berlin	-9,423.17	90.00	-1,406.51
Westwing Netherlands Holding UG	Munich	48,445.14	84.12	-16,805.36
Tekcor 1. V V UG	Bonn	-990,756.86	92.76	-399,414.78
Brillant 1256. GmbH & Co. Dritte Verwaltungs KG	Berlin	217,532.12	88.80	889,294.00
Bambino 68. V V UG	Berlin	-3,181,992.29	93.72	-596,860.40
VRB GmbH & Co. B-160 KG	Berlin	-818,403.22	97.50	-109,996.64
Bambino 66. V V UG	Berlin	-4,784,901.01	94.20	-895,156.98
Brillant 1256. GmbH	Berlin	-2,086,091.31	100.00	-52,248.82
Juwel 183. V V UG	Berlin	2,775.12	100.00	-2,008.52
WW E-Services Iberia S.L.	Barcelona	1,158,866.54	94.96	549,205.69
WW E-Services Italy S.r.I.	Milan	5,710,260.90	90.72	2,539,703.86
WW E-Services France SAS	Paris	-7,401,110.38	94.56	-2,759,816.32
Westwing Home and Living Poland S.P. Z O.O.	Warsaw	-2,563,636.73	92.76	-752,087.31
WW E-Services The Netherlands B.V.	Amsterdam	-6,285,922.19	84.12	-3,834,884.68
Westwing Comercio Varejista Ltda.	Sao Paulo	-2,492,737.49	77.29	660,880.94
Westwing Russia OOO	Moskow	-1,591,158.47	88.80	75,701.33

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

Events after the balance sheet date

On 23 March 2018, Westwing Group GmbH and GGC EUR S.À.R.L, an affiliate of Rocket Internet SE, entered into a credit facility agreement amounting to EUR 15.0 million and signed an option agreement. The option is accounted for separately, as it is independent from the credit line granted. The value of the option was TEUR 1,047. The first tranche of EUR 5.0 million had to be drawn within three months after signature. It was pulled on 19 April 2018. The remaining credit facility can be drawn within 18 months. The loan has a term of three years and is due at maturity including accumulated interest.

Furthermore in May and June 2018 it was decided by management and approved by the Advisory Board to divest the Russian and Brazilian operating companies. Both countries offer only few synergies with the rest of the Group. Total assets amounted to EUR 8.7 million end of 2017, and revenue in the financial year 2017 was EUR 46.2 million.

Auditor fees

Information on fees paid to auditors has been disclosed as part of the consolidated financial statements of Westwing Group GmbH. The consolidated financial statements will be published in the Federal Gazette (Bundesanzeiger).

Managing Directors

The managing directors throughout the year were Stefan Smalla (CEO) and Dr. Dr. Florian Drabeck (CFO). Both are exempted from the restrictions of § 181 BGB. The disclosure of executive remuneration has been waived under § 286 para. 4 HGB.

Munich, 2 July 2018

Westwing Group GmbH

Stefan Smalla	Dr. Dr. Florian Drabeck
Managing Director	Managing Director

Westwing Group GmbH

Statement of changes in fixed assets for the financial year ended 31 December 2017

	Acquisition and production costs				Accumulated amortization, depreciation and write-downs				Net book values	
	1/1/2017	**Additions**	**Disposals**	**31/12/2017**	**1/1/2017**	**Additions**	**Disposals**	**31/12/2017**	**31/12/2017**	**31/12/2016**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
I. Intangible assets										
1. Internally generated intangible rights and assets	4,267,847.11	3,656,552.54	./. 1,019,707.25	6,904,692.40	./. 1,154,566.18	./. 3,196,624.22	1,019,707.25	./. 3,331,483.15	3,573,209.25	3,113,280.93
2. Purchased software, licenses and similar rights	676,787.17	149,060.74	./. 115,641.25	710,206.66	./. 325,926.72	./. 238,037.11	115,641.25	./. 448,322.58	261,884.08	350,860.45
3. Goodwill	4,337,562.43	0.00	0.00	4,337,562.43	./. 4,337,562.43	0.00	0.00	./. 4,337,562.43	0.00	0.00
	9,282,196.71	3,805,613.28	./. 1,135,348.50	11,952,461.49	./. 5,818,055.33	./. 3,434,661.33	1,135,348.50	./. 8,117,368.16	3,835,093.33	3,464,141.38
II. Property, plant and equipment										
Other equipment, furniture and fixtures	3,271,232.90	890,903.67	./. 175,987.69	3,986,148.88	./. 1,914,175.32	./. 573,453.75	5,456.56	./. 2,482,172.51	1,503,976.37	1,357,057.58
	3,271,232.90	890,903.67	./. 175,987.69	3,986,148.88	./. 1,914,175.32	./. 573,453.75	5,456.56	./. 2,482,172.51	1,503,976.37	1,357,057.58
III. Financial assets										
1. Shares in affiliates	3,637,486.50	0.00	./. 197,455.96	3,440,030.54	./. 33,664.78	./. 122,213.41	0.00	./. 155,878.19	3,284,152.35	3,603,821.72
2. Loans to affiliates	207,100,160.24	22,264,022.65	./. 9,296,655.37	220,067,527.52	0.00	./. 43,088,841.00	1,500,000.00	./. 41,588,841.00	178,478,686.52	207,100,160.24
	210,737,646.74	22,264,022.65	./. 9,494,111.33	223,507,558.06	./. 33,664.78	./. 43,211,054.41	1,500,000.00	./. 41,744,719.19	181,762,838.87	210,703,981.96
Total	**223,291,076.35**	**26,960,539.60**	**./. 10,805,447.52**	**239,446,168.43**	**./. 7,765,895.43**	**./. 47,219,169.49**	**2,640,805.06**	**./. 52,344,259.86**	**187,101,908.57**	**215,525,180.92**

The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the annual financial statements as well as the management report, prepared in accordance with German commercial law (HGB) ("Handelsgesetzbuch": German Commercial Code) applicable to business corporations, of Westwing Group GmbH, Berlin, as of and for the fiscal year ended December 31, 2017 as a whole and not solely to the annual financial statements presented in this Prospectus on the preceding pages. The management report is not part of this Prospectus.

Independent auditor's report

To Westwing Group GmbH

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of Westwing Group GmbH, Munich, which comprise the balance sheet as at 31 December 2017, and the income statement for the fiscal year from 1 January 2017 to 31 December 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Westwing Group GmbH, Munich, for the fiscal year from 1 January 2017 to 31 December 2017.

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 applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its financial performance for the fiscal year from 1 January 2017 to 31 December 2017 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.

Pursuant to Sec. 322 (3) 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 opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the lnstitut 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of the executive directors 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 applicable to business corporations, 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.

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 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 Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the lnstitut 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 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 control.

- 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 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 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 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.

Munich, 2 July 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dahmen	Rettenmayr
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

23. GLOSSARY

€ .... The single European currency adopted by certain participating member states of the European Union, including Germany.

Active Customers .... The number of customers who have placed at least one valid order during the twelve months prior to the relevant period end.

Adjusted EBITDA .... We calculate adjusted EBITDA by adjusting EBITDA for (i) share-based compensation (income) / expenses, (ii) IPO costs recognized in profit or loss (for periods after January 1, 2018) and (iii) central costs allocated to discontinued operations.

AktG .... The German Stock Corporation Act (*Aktiengesetz*).

Articles of Association .... The Company's articles of association.

Audit Committee .... The audit committee (*Prüfungsausschuss*) of the Supervisory Board.

BaFin .... The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

Berenberg .... Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany.

CAGR .... Compound annual growth rate.

Citigroup .... Citigroup Global Markets Limited, London, United Kingdom.

Clearstream .... Clearstream Banking Aktiengesellschaft, Mergenthaleralle 61, 65760 Eschborn, Germany.

Code .... The German Corporate Governance Code, as last amended on February 7, 2017.

Company .... Westwing Group AG (prior to its change in legal form and name, Westwing Group GmbH), with its registered office at Moosacher Straße 88, 80809 Munich, Germany (telephone: +49 89550544323), and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under the docket number HRB 199007 B.

continuing operations .... The Group's continuing operations except its discontinued operations in Brazil, Russia and Kazakhstan.

D&O .... Directors and officers.

DACH segment .... The Company's DACH segment, which includes Germany, Austria and Switzerland.

discontinued operations .... The Group's discontinued operations in Brazil, Russia and Kazakhstan.

EBITDA .... Operating result (EBIT) before depreciation, amortization and impairments.

ECB .... The European Central Bank.

EEA .... The European Economic Area.

EURIBOR .... The Euro Interbank Offered Rate.

euro .... The single European currency adopted by certain participating member states of the European Union, including Germany.

Euroclear .... Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium.

Euromonitor .... Euromonitor International Ltd., www.euromonitor.com.

Eurostat .... Statistical Office of the European Union, database on demographic developments.

GDP .... Gross domestic product.

Germany .... The Federal Republic of Germany.

GMV .... Gross merchandise value.

Greenshoe Option .... The option to acquire up to 660,000 additional shares of the Company at the Offer Price, less the agreed commissions, which the Company has granted the Joint Bookrunners in connection with potential Over-Allotments.

Group .... The Company and its consolidated subsidiaries.

HGB .... The German Commercial Code (*Handelsgesetzbuch*).

IFRS .... International Financial Reporting Standards, as adopted by the European Union.

International segment .... The Company's international segment, which includes Belgium, the Czech Republic, France, Italy, the Netherlands, Poland, Spain and Slovakia.

IT .... Information technology.

Joint Bookrunners .... The Joint Global Coordinators.

Joint Global Coordinators .... Berenberg and Citigroup.

Long-Term Incentive Program 2016 .... The Company's long-term incentive program 2016.

Long-Term Incentive Program 2019 .... The Company's long-term incentive program 2019.

SKUs .... Stock keeping units.

Stabilization Manager .... Berenberg, acting as the stabilization manager for the account of the Joint Bookrunners.

Westwing .... The Group.

WpHG .... The German Securities Trading Act (*Wertpapierhandelsgesetz*).

WpPG .... The German Securities Prospectus Act (*Wertpapierprospektgesetz*).

WpÜG .... The German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

24. RECENT DEVELOPMENTS AND TREND INFORMATION

24.1 Recent Developments

On April 22, 2016, the Company and the Warrant Holders entered into a warrant agreement, pursuant to which the Warrant Holders were granted warrant rights enabling them to acquire shares in the Company. On August 7, 2018, the Company and the Warrant Holders entered into the Warrant Agreement amending the warrant agreement from April 22, 2016 in order to allow for the preliminary settlement of the warrant rights by issuing 11,912 new shares in the Company to the Warrant Holders. In the course of the settlement provided for in the Warrant Agreement, the warrant rights were preliminarily settled in a first step through the issuance of 11,912 new shares in the Company to the Warrant Holders, based on a time-based discount and a fixed discount at a maximum conversion price of €5,229.00 (all numbers before capital increase from own resources). The Management Board and active management received additional 2,296 options to be compensated for the dilution from the settlement of the warrant rights. The final settlement of the warrant rights will be based on a transfer of shares among Warrant Holders and the other shareholders of the Company existing before the IPO in order to realize the percentage of shareholdings as provided for in the original warrant agreement from April 22, 2016, if the valuation of the shares of the Company in the course of the IPO falls below the valuation underlying the preliminary settlement of the warrant rights or if the IPO process is delayed. However, no further adjustments among the relevant shareholders are required, if the valuation of the Company will be above the valuation underlying the preliminary settlement. No additional new shares will be issued by the Company as part of the final settlement.

On August 22, 2018, we entered into an agreement to sell Westwing Comércio Varejista Ltda., the holding company of our operations in Brazil, to a Brazilian private equity investor. We decided to sell our Brazilian operations due to a number of factors, including the challenging macroeconomic environment in Brazil, a historic tendency towards devaluation, difficulty in repatriating cash from Brazil, the lack of synergies with our operations in the rest of the world and our intention to focus on our operations in Europe where we see stronger growth potential and synergies. The agreed purchase price amounts to a total of 61.2 million Brazilian real (corresponding to approximately €12.9 million as of the date of this Prospectus). Closing of the transaction is subject to regulatory approvals from the Brazilian antitrust authorities and customary conditions precedent. If regulatory approvals are not obtained or if any of the conditions precedents is not fulfilled or waived by the relevant party within 90 days from the date on which the parties submit the terms of the sale and purchase agreement to the Brazilian antitrust authorities, either party may terminate the sale and purchase agreement. The sale and purchase agreement contains indemnification provisions. Our indemnification obligations are generally capped at 25% of the purchase price adjusted by the Brazilian Central Bank's overnight rate, with certain exceptions, such as breaches of fundamental representations or fraud and willful misconduct, in which case a cap of 115% applies.

We are in negotiations with a potential buyer concerning the sale of our business in Russia and Kazakhstan. If these negotiations lead to an agreement, we will sell our business in Russia and Kazakhstan for an amount that is not material.

By resolution of the Company's shareholders' meeting held on August 23, 2018, the Company's share capital was increased from the Company's own resources by €15,438,486.00 from €103,614.00 to €15,542,100.00. This capital increase was registered with the commercial register on September 3, 2018.

Current trading in July and August 2018 was in line with our expectation that revenue will increase by 15-20% in 2018. Overall, in the first eight months of 2018, revenue from continuing operations increased by 21% compared to the first eight months of 2017. While revenue from continuing operations increased by 18% in the two months ended August 31, 2018 compared to the two months ended August 31, 2017, growth for the third quarter 2018 as a whole is expected to be slightly below the lower end of our full year guidance for 2018 of 15-20%. This development in the three months ending September 30, 2018 is largely in line with the seasonal trends we see in our business, which were particularly pronounced in the summer of 2018 because of the warm and sunny summer months. Deceleration in our International segment also contributed to this development.

Except as described above, there have been no significant changes to our financial position, financial performance, cash flows or trading position between June 30, 2018 and the date of this Prospectus.

24.2 Trend Information

The home & living market is relatively stable and generally growing in line with GDP. Online penetration in our target home & living market is relatively low compared to other industries and geographical markets and expected to increase significantly in the future, providing a growth opportunity in the home & living industry for eCommerce companies. Given our position as a leading online home & living brand, we believe that we are well positioned to benefit from the expected offline to online shift while operating in a competitive environment. While third party sources (for example Euromonitor) expect the online home & living sector in our target markets to grow at 10% per annum, primarily driven by increasing online penetration, we consider this to be conservative and expect the market to grow by about 15% per year.

We believe that our innovative approach towards home & living eCommerce leads to very high customer loyalty and engagement, which we think we will turn into revenue growth at above market rate. Accordingly, we expect revenue to increase by 15-20% in 2018. Thereafter, we target average revenue growth of about 20% per year in the medium term given our strong customer loyalty and very attractive market dynamics with increasing online penetration.

We expect more active customers to be a key driver of growth. In addition, we expect to see higher GMV per active customer. Increasing share of our permanent assortment, in which we typically offer a higher share of furniture, will support this development. This will be reflected in an increase in order volumes and a tendency towards a slight increase in the average basket size.

We see further potential to improve our contribution margin over time. Increasing our private label share from currently 15% on the Group level and 23% in our DACH segment towards our long-term strategic goal of 50% will be a key driver for our targeted contribution margin expansion, given that the contribution margin of private label products is 8 to 10 percentage points higher than the contribution margin for third party brands. In addition, we expect better pricing, supplier renegotiations and logistics efficiency to contribute to a margin expansion. Investments into customer experience will have a partially offsetting effect. In sum, we target expanding our contribution margin in total by a low single-digit number of percentage points in the medium term.

With respect to marketing, we benefit from our decision to shift the focus of our marketing efforts from paid to organic channels. This shift helped us reduce our marketing expenses as a percentage of revenue to 6.3% in the six months ended June 30, 2018, which is in line with or better than the marketing cost ratio of our peers. Given the strong results of our organic marketing approach, we may decide over the next years to increase our marketing expenses as a percentage of revenue. For example, we may decide to hire additional creative talent or may decide to invest more into our own production of videos. Going forward, we generally plan to incur marketing expenses in a range of 6 to 9% of revenue.

Our general and administrative expenses will, when measured as a percentage of revenue, further benefit from our strong operating leverage as we continuously invest in our platform, delivering economies of scale as the business grows. We expect our general and administrative expenses, when measured as a percentage of revenue, to further decline by a low single-digit number of percentage points from the level in the six months ended June 30, 2018 over the medium term.

We expect to achieve an Adjusted EBITDA of €2 million to €5 million in 2018, corresponding to an Adjusted EBITDA margin of approximately 1% to 2% for 2018 at the Group level. In the medium term, we expect similar or higher levels. In the long-term, as a strategic goal, we consider an Adjusted EBITDA margin of more than 10% achievable given our strong unit economics, strong marketing efficiency and strong operating leverage.

In our business we have very limited capital expenditure and we capitalize most of our technology costs. We do not expect any significant changes to that short-term as percentage of sales.

We expect net working capital to be roughly neutral in the medium term given our increasing share of private label products and bestsellers in our permanent assortment.

From a tax perspective, we have accumulated tax loss carryforwards per December 31, 2017 of €211 million, including €82 million relating to Germany.