Half Year report 2021 results

FÜR DAS WICHTIGSTE AUF DIESER WELT

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Financial summary H1 2021

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Revenues from continuing operations decreased by EUR 16.7 m or 33% compared to the same period of the previous year (H1 2021: EUR 50 m / H1 2020: EUR 33.3 m).

- Revenues decreased in Europe by EUR 3.8 m to EUR 12.8 m (H1 2020: EUR 16.7 m), revenues in China decreased by EUR 12.9 m to EUR 20.5 m (H1 2020: EUR 33.4 m)
- H1 2020 included a surge in demand in Europe at the start of lockdown and sales of hygiene articles in China at EUR 7.0 m which was not repeated in H1 2021
- European revenues were affected by the relocation of the Groups' main warehouse limiting supplies for certain products March – May 2021, which has now been completed
- Contributing factors in China included a significant VAT refund of EUR 3.6 m in the first half of 2020, VAT refunds in H1 2021 amounted to only EUR 40 k
- Revenues in China were further impacted by limited availability of stock for direct shipping from Europe in March and due to decreased inventory levels in China to shore up group liquidity

Adj. EBIT declined from EUR -3.8 m to EUR -8.1 m year-over-year.

- H1 2020 EBIT was positively affected by the VAT refund, adding EUR 3.6 m to the previous year EBIT as a one-off effect.
- Distribution and administrative cost decreased but less than proportional to the decline in revenue, compounding the effect of a decreased gross margin at 15.9% (H1 2020: 22.8%)

Liquidity decreased over the first six months to EUR 2.1 m on June 30, 2021 (Dec. 31, 2020: EUR 8.5 m)

- Main reasons: Net loss for the period of EUR 7.8 m following the effects outline above
- Successfully executed capital increase in March 2021 resulted in a net cash inflow of EUR 1.1 m
- Additional capital increase executed in Q3 shores up liquidity for continued development

Financial targets for full year 2021 adjusted: Slight revenue growth and significant EBIT decline yoy; adj. break-even target for full year 2022.

Business Highlights and Strategy

China: One-off effects and limited stock impact sales

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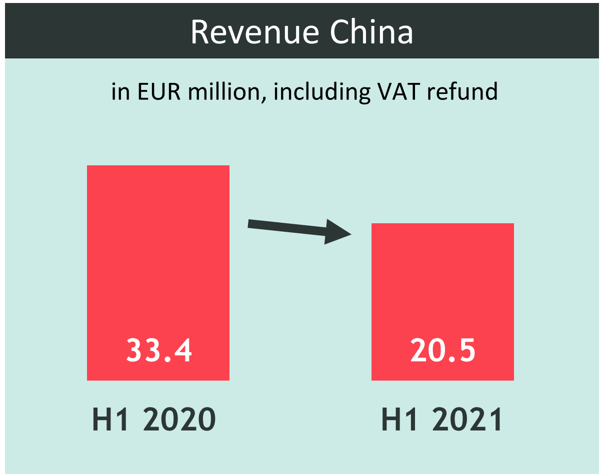
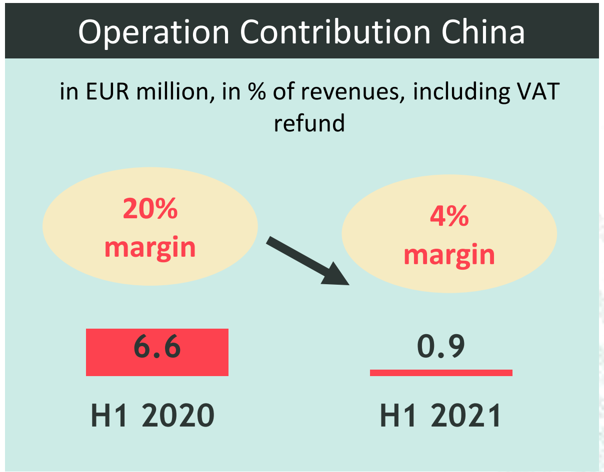
- Revenue decreased to 20.5 m from 33.4 m in H1 2020
- Contribution Margin decreased by 5.7 m
- Revenue decline caused by different one-off effects
    - In H1 2020 unusually high sales revenues were recorded from the sale of hygiene articles to corporate customers
    - Additional impact from VAT refunds in H1 2020 at EUR 3.6 m (H1 2021: EUR 40 k), also impacting margin
    - Negative impact due to limited availability of certain products in the context of relocation of the main group's main warehouse
- Contribution margin negatively affected by shift in customer mix towards private end consumers
- Development of additional channels to increase reach
    - WeChat Mini Program (App in App), directly linked to the important messenger app WeChat
    - Flagship-Store on the online platform BabyTree with large target group of young families





Europe: Operational constraints due to warehouse move and missing lockdown effects compound to slow revenue growth

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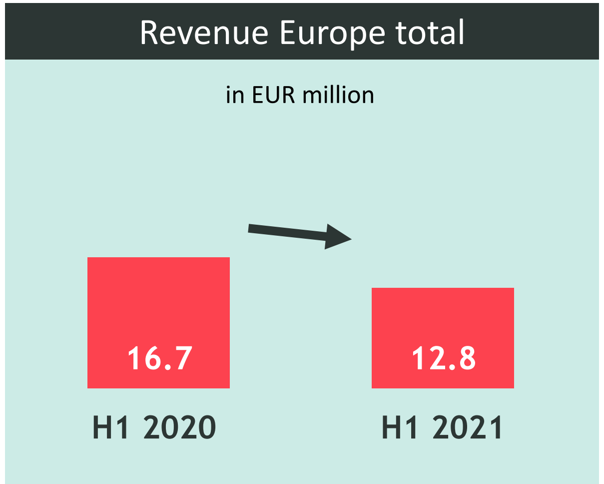
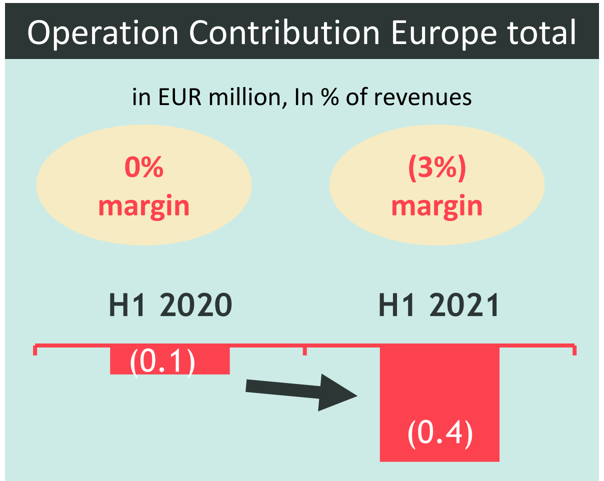
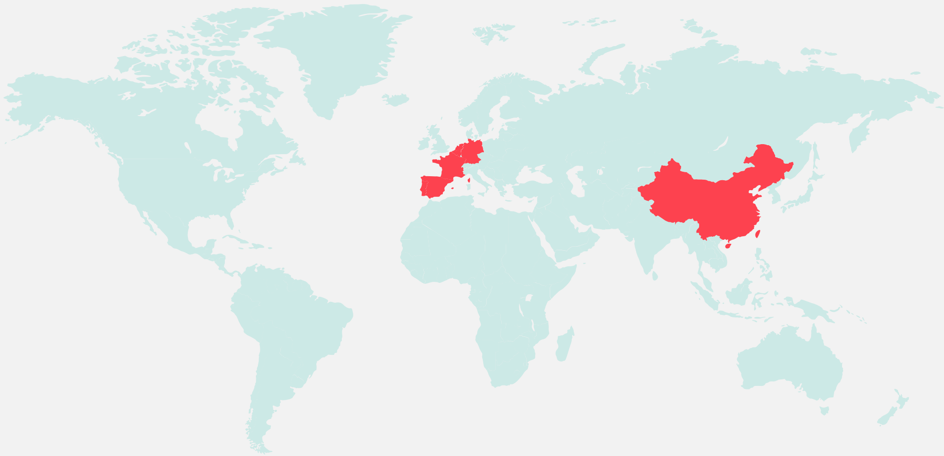
- Relocation of the Group's main warehouse to Halle/Saale March – May 2021
- Outbound delivery of orders for the German and Swiss webshops went live at the new location at the beginning of Q2 2021
- The relocation of the warehouse caused limited availability of certain products which impacted sales during the period
- The positive effect on revenues of increased orders at the start of lockdowns in Europe in H1 2020 was not repeated in H1 2021
- The intention to sell the Bebitus business in Southern Europe remains unchanged. According to IFRS rules, since no buyer has been found as yet, the reported figures include the contribution of Bebitus.





*Europe total includes both the B2C business in DACH as well as the Bebitus Business in Spain, Portugal and France

Progress is being made on key projects to improve profitability and to further scale the business



- Relocation of German warehouse completed
- Roll out of new corporate design in progress
- Outsourcing of IT shop architecture continues at pace
- Continued efforts to sell Bebitus
- Evaluation funding of net working capital

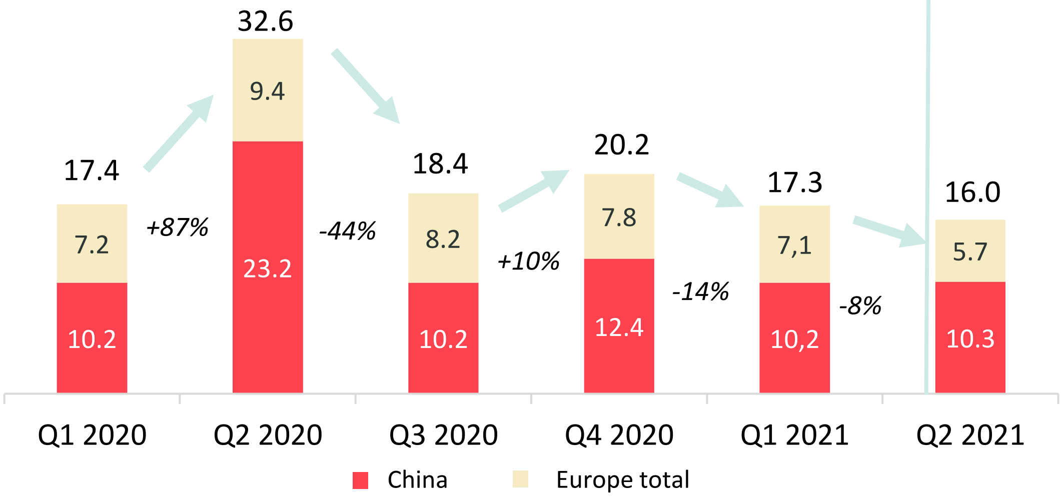
- Efficient set up of team in China
- Enhancement of business model (export from China)
- Launch of further platforms in China
- Changes of the management to ensure lean structures

Revenue development H1 year over year

Revenues by quarter year over year

in EUR million, Group total

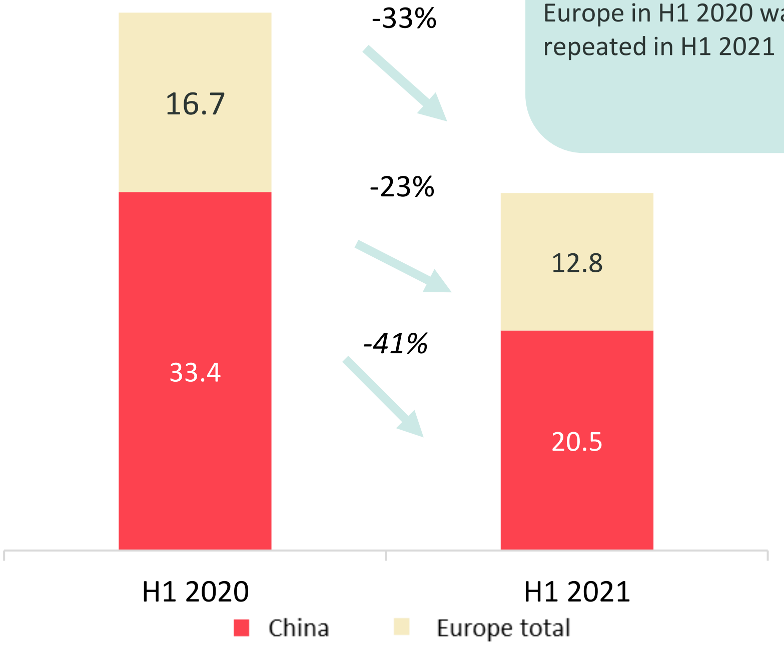
China: Exceptionally strong Q2 2020 benefitted from one-off effects (VAT refund, sale of hygiene articles to corporate customers) that did not occur in this effect in 2021



H1 Revenues year over year

in EUR million, Group total

Europe: The positive effect on revenues of increased orders at the start of lockdowns in Europe in H1 2020 was not repeated in H1 2021



*Europe total includes both the B2C business in DACH as well as the Bebitus Business in Spain, Portugal and France

Sales mix affects margin; previous year`s half year influenced by positive one-off effect (VAT refund)

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	H1	
	2020	2021
Revenues	50.0	33.3
Gross profit	24%	16%
Fulfilment costs 1)	(7.9)%	(8.7)%
Marketing costs 2)	(3.1)%	(4.5)%
Operating contribution	6.5	0.4
Operating contr. Margin	13.1%	1.3%
Adj. Other SG&A 3)	(10.4)	(8.6)
Adj. Other SG&A 3)	(20.8)%	(25.8)%
Adj. EBIT (EUR)	(3.9)	(8.2)
Adj. EBIT (%)	**(7.7)%**	**(24.5)%**

Comments

H1 2020 incl. EUR 3.6m positive effect from **VAT refund;** Pandemic related sales effects (hygiene articles to corporate customers, lockdowns) not repeated in H1 2021

8pp of the decline in Gross Profit and Operating Contribution Margin is due to the **VAT refund** in the previous year and the customer mix shifting to private consumers instead of businesses

In addition, the share of deliveries from the local Chinese warehouses has increased, which leads to less Gross Profit, but more favorable fulfilment costs than for the direct delivery from Germany to Chinese customers

H1 2020 incl. **EUR 3.6m positive effect from VAT refund**; adjusted for this effect EBIT decreased by EUR 0.7m

In addition, the **build up of the new Team in China** led to increased costs in order to increase growth in this strategically most important region

Source: Ecommerce Research Center of China, 2020E company estimates
https://www.chinadaily.com.cn/a/202007/16/WS5f0fca86a310834817259e76.html iiMedia Research

Both segments affected by changes coming out of lockdown and by relocation of main warehouse

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	EUR million % of revenues	H1 2020	H1 2021
Revenues (EUR m)	Europe total	16.6	12.8
	China	33.4	20.5
	excl. VAT refund	29.8	20.5
	Total Group	**50.0**	**33.3**
Operating Contribution (EUR m; % of revenues)	Europe total	(0.1)	(0.4)
	Europe total	(0)%	(3)%
	China	6.6	0.9
	China	19.8%	4.3%
	excl. VAT refund	4.0	0.9
	Total Group	**6.5**	**0.4**
	Total Group	**13.1%**	**1.3%**

Comments on 2021/H1

- Revenue in Europe and China influenced by one-off effects (VAT refunds, Covid-19, relocation of warehouse)
- Group and Europe figures include Bebitus due to delay in sale
- Profitability in Europe impacted by relocation of warehouse
- Projects to increase profitability ongoing
- Profitability development in China impacted by VAT refund and change in customer mix

Inventory and net working capital decreased over H1 2021

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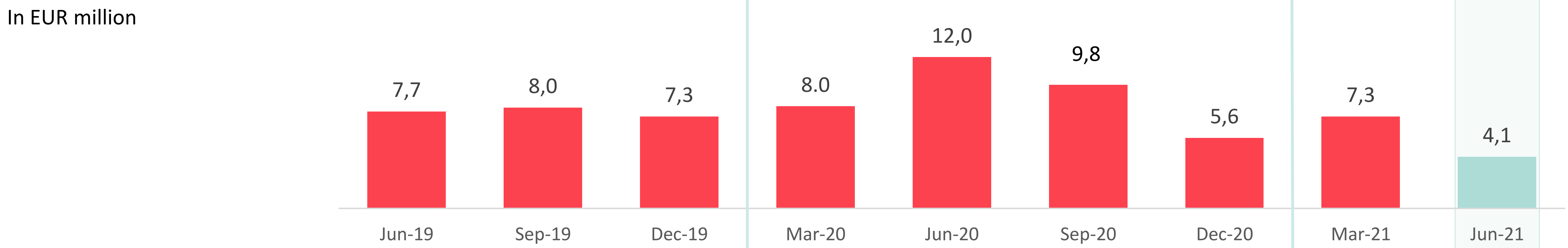
Inventory



	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Days inventory (DIO)	51	33	36	46	60	57	40	46	30
Accrued advertising revenues + vendors with credit balance (EUR million)	1.7	1.8	1.9	1.1	1.3	0.9	0.7	0.8	0.8
Net Working Capital (EUR million)	**8.1**	**6.3**	**5.4**	**4.1**	**10.5**	**6.2**	**2.2**	**2.9**	**1.4**
as % of LTM* revenues	**5.5%**	**5.6%**	**6.6%**	**5.2%**	**11.0%**	**6.8%**	**2.5%**	**3.3%**	**2.0%**

Note:
Net Working Capital (NWC) defined as inventories, prepayments, trade receivables, accrued advertising subsidies, vendors with credit balance, net VAT assets/liabilities minus trade payables and deferred revenues. Figures include Bebitus; without remeasurement according to IFRS 5
* LTM = last twelve months

Outlook 2021

	2021 updated Outlook
Revenue	Slight increase
Adj. EBIT	Significant decline, however adj. EBIT break-even target for full year 2022
Operating CF	low two-digit million range
NWC	improved cash conversion cycle for Chinese business very strong overall improvement

Any Questions?

Appendix

Current Shareholder Structure

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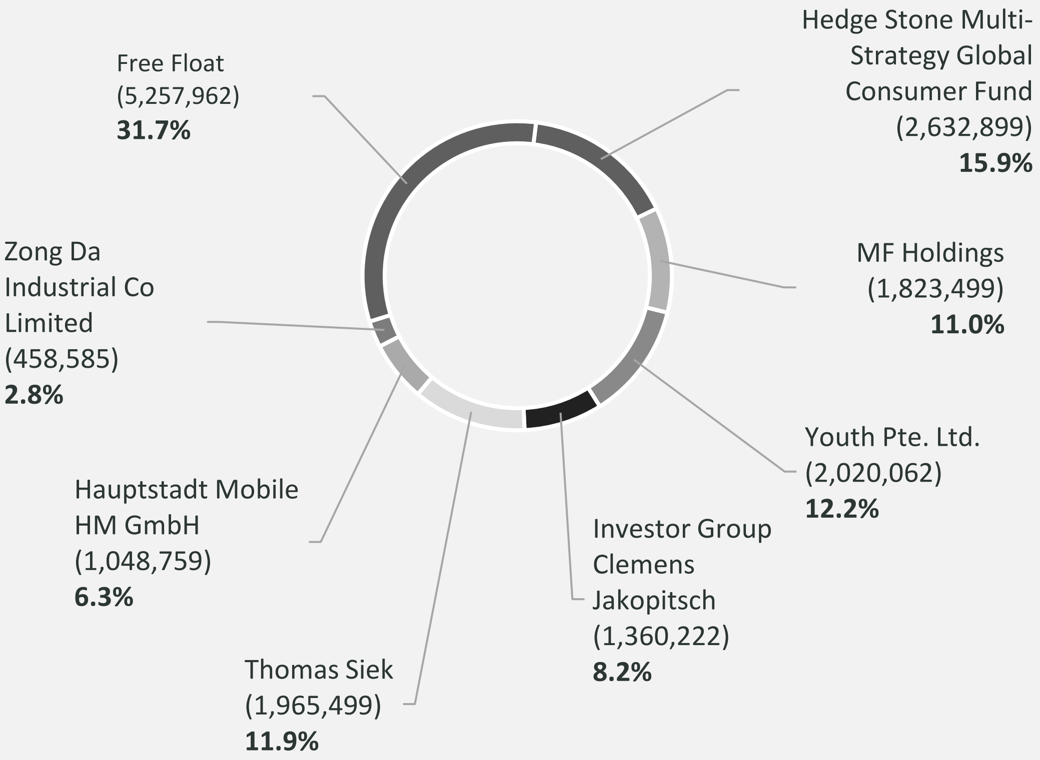

Basic share data

WKN	WNDL20 / WNDL12
ISIN	DE000WNDL201 DE000WNDL128
Market place	Frankfurt Stock Exchange / Stuttgart Stock Exchange
Type of share	No-par value bearer shares
Initial listing	May 6, 2015
Designated Sponsor	Pareto Securities
Number of shares	16,567,487

Supervisory Board members

Clemens Jakopitsch (Chairman)

Christian Reitermann

Maurice Reimer

As of 31 July 2021
Disclaimer: The shareholder structure pictured above is based on the number of shares in voting rights announcements published most recently and company information. windeln.de SE assumes no responsibility for the correctness, completeness or currentness of the figures. Total number of shares: 16,567,487.

Free Float > 3 %
ISINs: DE000WNDL201 and DE000WNDL128

Key performance indicators quarter over quarter from continuing operations (incl. Bebitus)

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Excl. pannolini, Feedo and Bebitus	Q1 '19	Q2'19	Q3' 19	Q4 ' 19	Q1' 20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Site Visits (in thousand) [1]	10,266	9,962	9,620	8,997	7,559	10,056	9,640	8,842	5,901	6,920
Mobile Visit Share (in % of Site Visits) [2]	78.5%	73.3%	76.7%	85.3%	84.9%	84.6%	86.1%	87.0%	84.5%	86.2%
Mobile Orders (in % of Number of Orders) [3]	61.3%	60.4%	62.7%	60.3%	60.5%	63.7%	65.3%	66.3%	68.8%	67.2%
Active Customers (in thousand) [4]	490	455	438	404	389	396	384	389	392	368
Number of Orders (in thousand) [5]	201	179	187	172	156	159	145	173	147	129
Average Orders per Active Customer (in number of Orders) [6]	2.0	1.9	1.9	1.8	1.8	1.7	1.6	1.6	1.6	1.6
Orders from Repeat Customers (in thousand) [7]	145	131	133	124	107	101	91	106	89	80
Share of Repeat Customer Orders (in % of Number of Orders) [7]	54.51%	58.69%	63.30%	72.08%	70.96%	68.91%	67.62%	65.41%	62.09%	62.05%
Gross Order Intake (in kEUR) [8]	17,821	16,376	16,210	16,514	14,730	14,570	12,792	15,739	12,822	11,151
Average Order Value (in EUR) [9]	88.81	91.69	86.72	95.87	94.51	91.58	88.49	90.81	87.11	86.75
Returns (in % of Gross Revenues from orders) [10]	3.4%	2.6%	2.9%	2.3%	4.5%	1.7%	2.7%	2.2%	2.4%	1.7%

Definitions of key performance indicators

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1) We define Site Visits as the number of series of page requests from the same device and source in the measurement period. Visits to our online magazine are included until mid of Q3 2020. A visit is considered ended when no requests have been recorded in more than 30 minutes. The number of site visits depends on a number of factors including the availability of the products we offer, the level and effectiveness of our marketing campaigns and the popularity of our online shops. Measured by Google Analytics (Bebitus, Windeln.cn, Windeln.de and Windeln.ch) / TMall / JD. For TMall each request on the site is considered a visit.
2) We define mobile visit share (as % of site visits) as the number of visits via mobile devices (smartphones and tablets) to our mobile optimized websites and mobile apps divided by the total number of site visits in the measurement period. Site visits of our online magazine are excluded. Measured by Google Analytics (Bebitus, Windeln.cn, Windeln.de and Windeln.ch) / TMall / JD. For TMall each request on the site is considered a visit.
3) We define mobile orders (as % of number of orders) as the number of orders via mobile devices to our mobile optimized websites and mobile apps divided by the total number of orders in the measurement period. Measured by Google Analytics (Bebitus, Windeln.cn, Windeln.de and Windeln.ch) / TMall / JD. For TMall each request on the site is considered a visit.
4) We define active customers as the number of unique customers placing at least one order in one of our shops in the twelve months preceding the end of the measurement period, irrespective of returns.
5) We define number of orders as the number of customer orders placed in the measurement period, irrespective of returns. An order is counted on the day the customer places the order.
5) Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period or have been cancelled. Every order which has been placed, but for which the products in the order have not been shipped (e. g., the products are not available, or the customer cancels the order), is considered ''cancelled''. Cancellations are deducted from the number of orders.
6) We define average orders per active customer as number of orders divided by the number of active customers in the last twelve months.
7) We define orders from repeat customers as the number of orders from active customers who have placed at least one previous order, irrespective of returns. The share of repeat customer orders represents the number of orders from repeat customers in the last twelve months divided by the number of orders in the last twelve months.
8) We define gross order intake as the aggregate Euro amount of customer orders placed in our web shops in the measurement period minus cancellations. The Euro amount includes value added tax and excludes marketing rebates.
9) We define average order value as gross order intake divided by the number of orders in the measurement period.
10) We define returns (as % of gross revenues from orders) as the returned amount in Euro divided by gross revenues from orders in the measurement period. Gross revenues from orders are defined as the total aggregated Euro amount spent by our customers minus cancellations but irrespective of returns. The amount does not include value added tax.

Footnotes to page 9

1) Fulfilment costs consist of logistics and warehouse rental expenses which are recognized within selling and distribution expenses in the consolidated statement of profit and loss

2) Marketing costs mainly consist of advertising expenses, including search engine marketing, online display and other marketing channel expenses, as well as costs for the marketing tools of the Group and are recognized within selling and distribution expenses in the consolidated statement of profit and loss

3) Other selling, general and administration expenses (other SG&A expenses) consist of selling and distribution expenses, excluding marketing costs and fulfilment costs, and administrative expenses as well as other operating income and expenses. Adjusted other SG&A expenses exclude expenses and income in connection with share-based compensation, the cancelled warehouse move planned for 2020 (was adjusted in 2020), one-time foreign exchange effects from the deconsolidation of windeln.ch AG (was adjusted in 2020), and expenses in connection with the intended disposal of the Bebitus business. Latter contains impairments due to the classification as assets held for sale as well as other costs in connection .

Income statement H1 2021

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kEUR	H1 2020 R[1]	H1 2021
Revenues	**50,029**	**33,314**
Cost of sales	-38,637	-28,012
Gross profit	**11,392**	**5,302**
% margin	*22.8%*	*15.9%*
Selling and distribution expenses	-14,177	-9,739
Administrative expenses	-3,619	-3,264
Other operating income	603	95
Other operating expenses	-178	-82
EBIT	**-5,979**	**-7,688**
% margin	*-12.0%*	*-23.1%*
Financial result	--24	-59
EBT	**-6,003**	**-7,747**
% margin	*-12.0%*	*-23.3%*
Income taxes	-3	-5
Profit or loss for the period	**-6,006**	**-7,752**
% margin	*-12.0%*	*-23.3%*
EBIT	**-5,979**	**-7,688**
Effects of deconsolidation	-207	-
Share-based compensation	-11	-1
Expenses in connection with the intended disposal of Bebitus business	2,112	-460
Costs of warehouse move	250	-
Adjusted EBIT	**-3,835**	**-8,149**
% margin	*-7.7%*	*-24.5%*

1 Retrospective adjustment of comparative figures for 2020 due to changed presentation of Bebitus business, which was presented as discontinued operation so far. Also, comparative figures were adjusted due to a correction of an error in connection with IFRS 2.

Bridge to adjusted EBIT: Major effect in the amount of EUR -460k in connection with intended disposal of Bebitus in H1 2021

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	H1	
EUR million % of revenues	H1 2020	H1 2021
Reported EBIT	**(5,979)**	**(7,688)**
Reported EBIT	**(12.0)%**	**(23.1)%**
Effects of deconsolidation	(207)	-
Share-based compensation	(11)	(1)
Expenses in connection with the intended disposal of Bebitus business	2,112	(460)
Costs of warehouse move	250	-
Adjusted EBIT	**(3,835)**	**(8,149)**
Adjusted EBIT	**(7.7)%**	**(24.5)%**

Balance sheet June 30, 2021

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kEUR	December 31, 2020	June 30, 2021
Intangible assets	2,017	1,676
Fixed assets	1,385	1,190
Other financial assets	108	108
Other non-financial assets	121	108
Deferred tax assets	6	7
Total non-current assets	**3,637**	**3,179**
Inventories	4,079	4,060
Prepayments	435	9
Trade receivables	718	520
Miscellaneous other current assets[1]	2,555	2,321
Cash and cash equivalents	8,530	2,098
Total current assets	**16,317**	**9,008**
Assets held for sale	1,089	-
Total assets	**21,043**	**12,187**

kEUR	December 31, 2020	June 30, 2021
Issued capital	10,982	12,080
Share premium	173,714	173,671
Accumulated loss	-174,482	-182,234
Cumulated other comprehensive income	-11	-8
Total equity	**10,203**	**3,509**
Total non-current liabilities	**1,738**	**1,629**
Other provisions	138	39
Financial liabilities	603	607
Trade payables	3,490	3,163
Deferred revenue	2,210	1,035
Miscellaneous current liabilities[2]	2,661	2,205
Total current liabilities	**9,102**	**7,049**
Total equity & liabilities	**21,043**	**12,187**

1 Miscellaneous other current assets include income tax receivables, other current financial assets and other current non-financial assets.
2 Miscellaneous other current liabilities include income tax payables, other current financial liabilities and other current non-financial liabilities.

Thank you!

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