Half year 2018 results

August 9, 2018

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Progress on restructuring, softer market environment in China

- **We made good progress on improving product margins at our European shops, lowering the SG&A cost base, managing net working capital/liquidity and the divestiture of Feedo. However, we continued to experience weaker demand in China in Q2**
- **Revenues excl. Feedo EUR 56.4 million in H1 and EUR 23.5 million in Q2 (-51% year over year)**
  - China EUR 29.1 million in H1 and EUR 11.6 million in Q2 (-57% yoy) impacted by temporary stricter customs controls, competitive pricing due to overstock and lower customer demand due to upcoming product relaunches
  - DACH EUR 12.6 million in H1 and EUR 5.3 million in Q2 (-52% yoy) given lower marketing spent and assortment optimization
  - Rest of Europe (Bebitus) EUR 14.7 million in H1 and EUR 6.6 million in Q2 (-35% yoy) due to profitability focus
- **Adj. EBIT of EUR -11.1 million (-19.8% margin) in H1 and EUR -5.9 million (-24.9% margin) in Q2 compared to EUR 5.0 million (-10.3% margin) in Q2 of previous year**
  - Adj. gross profit margin at 24.0% in Q2 (with improvement at European shops), adjusted fulfilment at 19.7% (negative fix costs effects from lower volume) and adjusted marketing 4.6% (focused spending)
  - Operating contribution EUR -0.1 million in Q2 impacted by weaker Chinese business
  - Adj. other SG&A of EUR 5.8 million in Q2 significantly lower than in previous year (EUR 8.6 million)
  - SG&A cost savings offset by lower contribution margin mainly form China
- **Total available cash of EUR 17.1 million higher than March 31, 2018 with EUR 14.4 million**
  - Increase of EUR 2.7 million mainly due to reduction of net working capital / inventory management
- **Key goal remains to reach adj. EBIT break-even early 2019**
  - Profitability improvement with priority over revenue growth
  - Strong focus on net working capital / liquidity
  - Adj. EBIT break-even target driven by a) stabilization of the Chinese business, b) further progress of margin improvement at European shops and c) continuation of lowering SG&A cost base

Progress on restructuring

Matthias Peuckert

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Good progress on restructuring priorities for 2018 but not there yet

Announcement February 2018

We streamline the business and create a leaner organization to lay the foundation for a structural profitable business and sustainable growth going forward

windeln.de Group

One shop platform, one ERP system, shared services and management

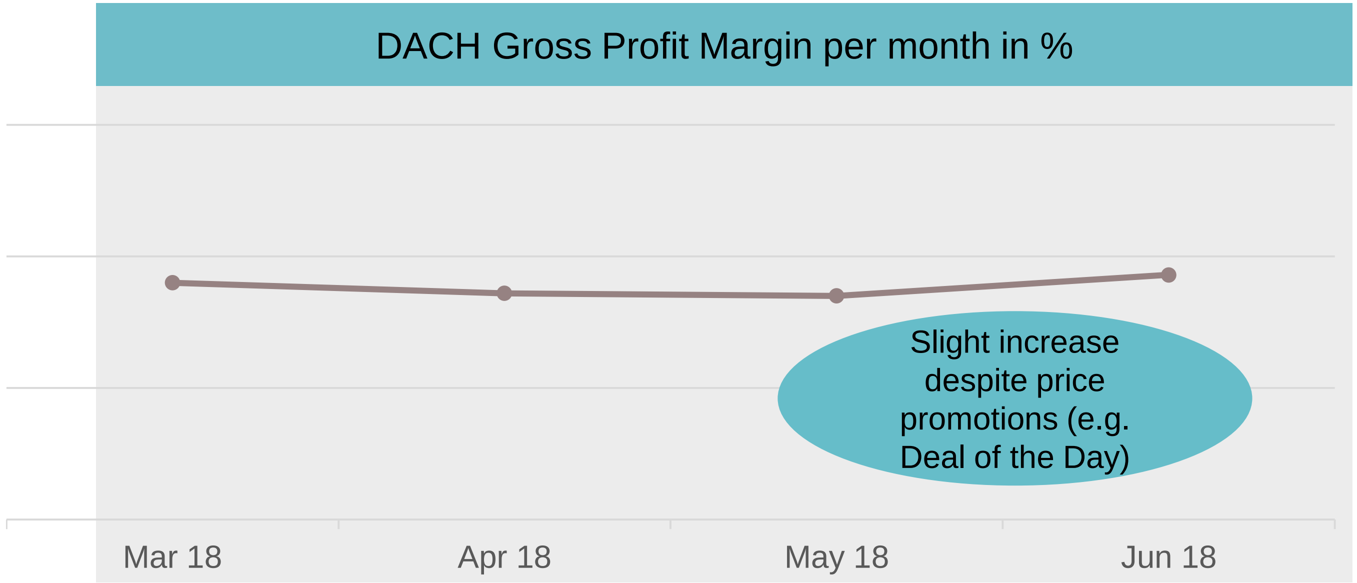
Priorities 2018

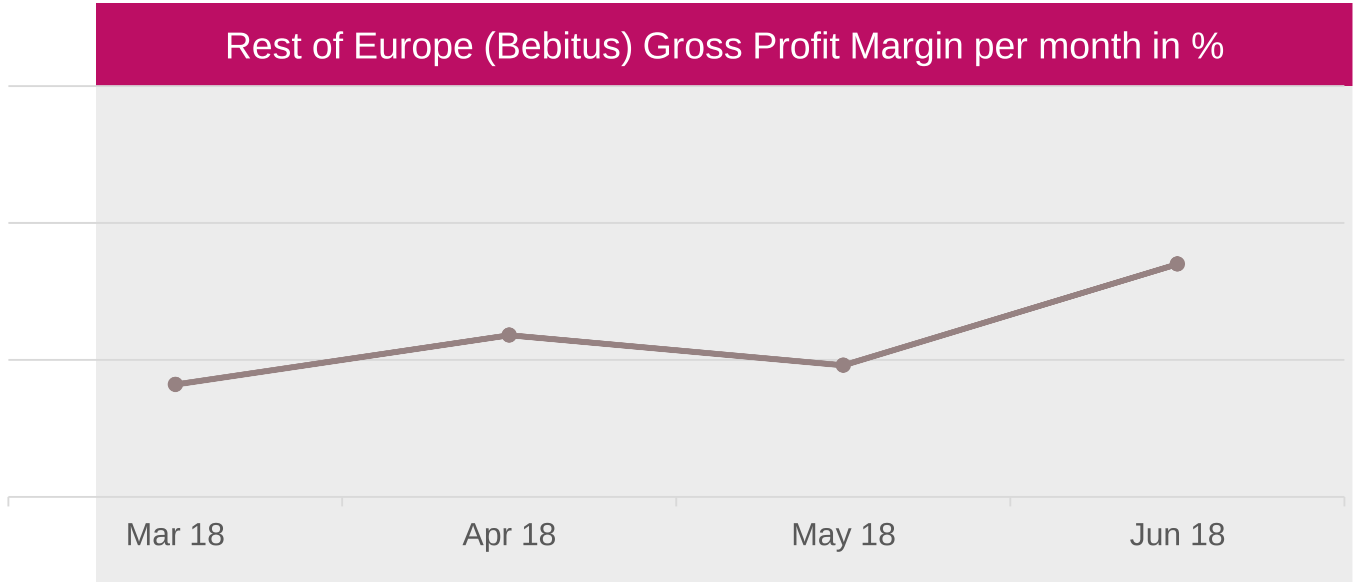
- Become an efficient organization in terms of processes and costs
- Develop the right product mix to deliver on customer needs and on economics
- Invest internal resources to increase customer experience, e.g. shop search and pricing
- Clean up inventory

Region (Rev. share) / Measures

China (52%)	DACH (22%)	Rest of Europe (26%)
• Extend channels/platforms - ONGOING • Extend assortment - ONGOING • Establish permanent bonded warehouse - WORK IN PROGRESS • Improve customer experience - ONGOING	• Reorganization - DONE • Review assortment - ONGOING • Strengthen direct traffic - ONGOING • One domain strategy (windeln.de, windeln.ch) - DONE	• Review assortment - ONGOING • Finalize integration Bebitus - DONE • Close pannolini.it - DONE • Divest Feedo - DONE (signed)

Margin improvements at our European shops

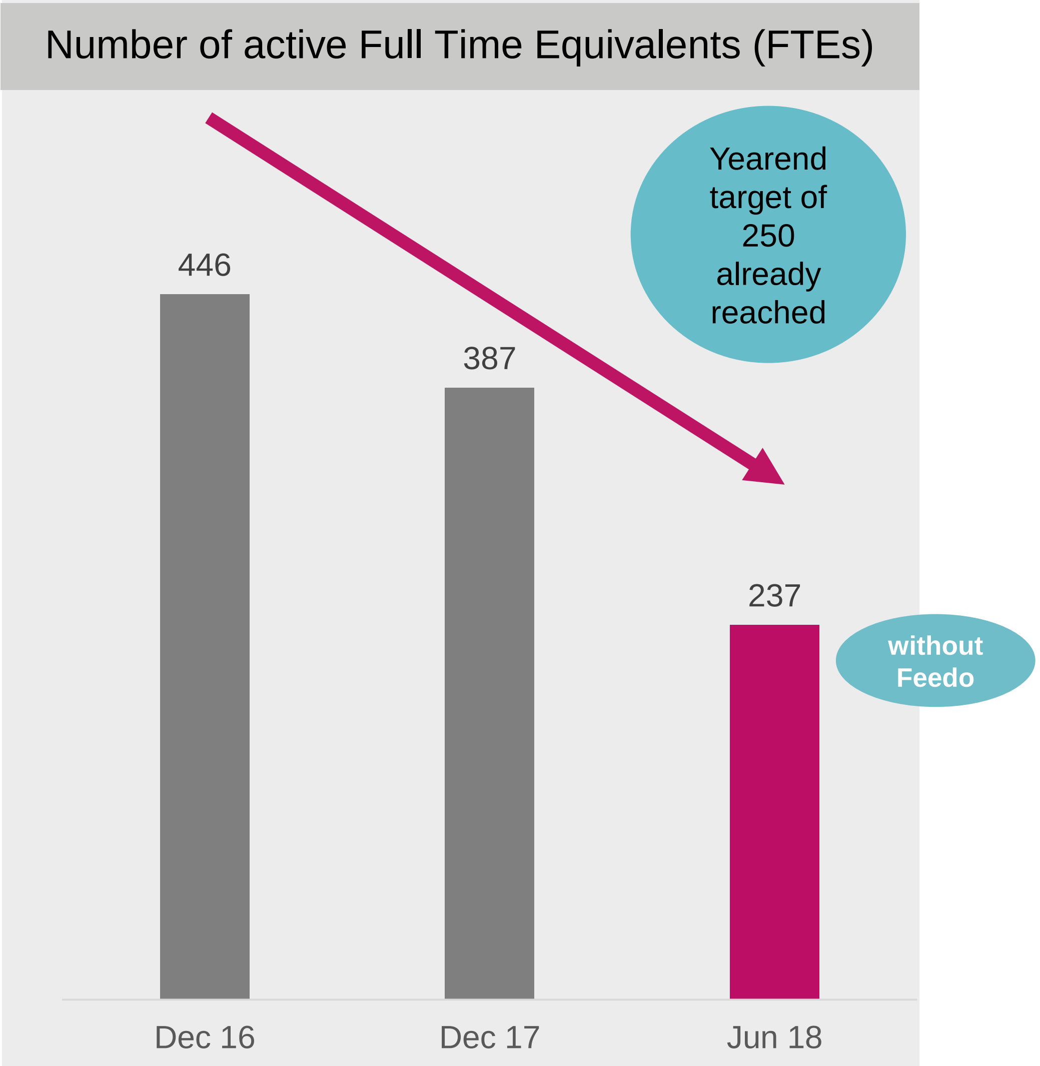




Actions taken

- Introduced margin 2 tool by product
- Strict rules for new product listings
- Continuous review of product portfolio
- Clean-up of inventory
- Extension of product assortment
- Adoption of pricing rules

Significant headcount reduction

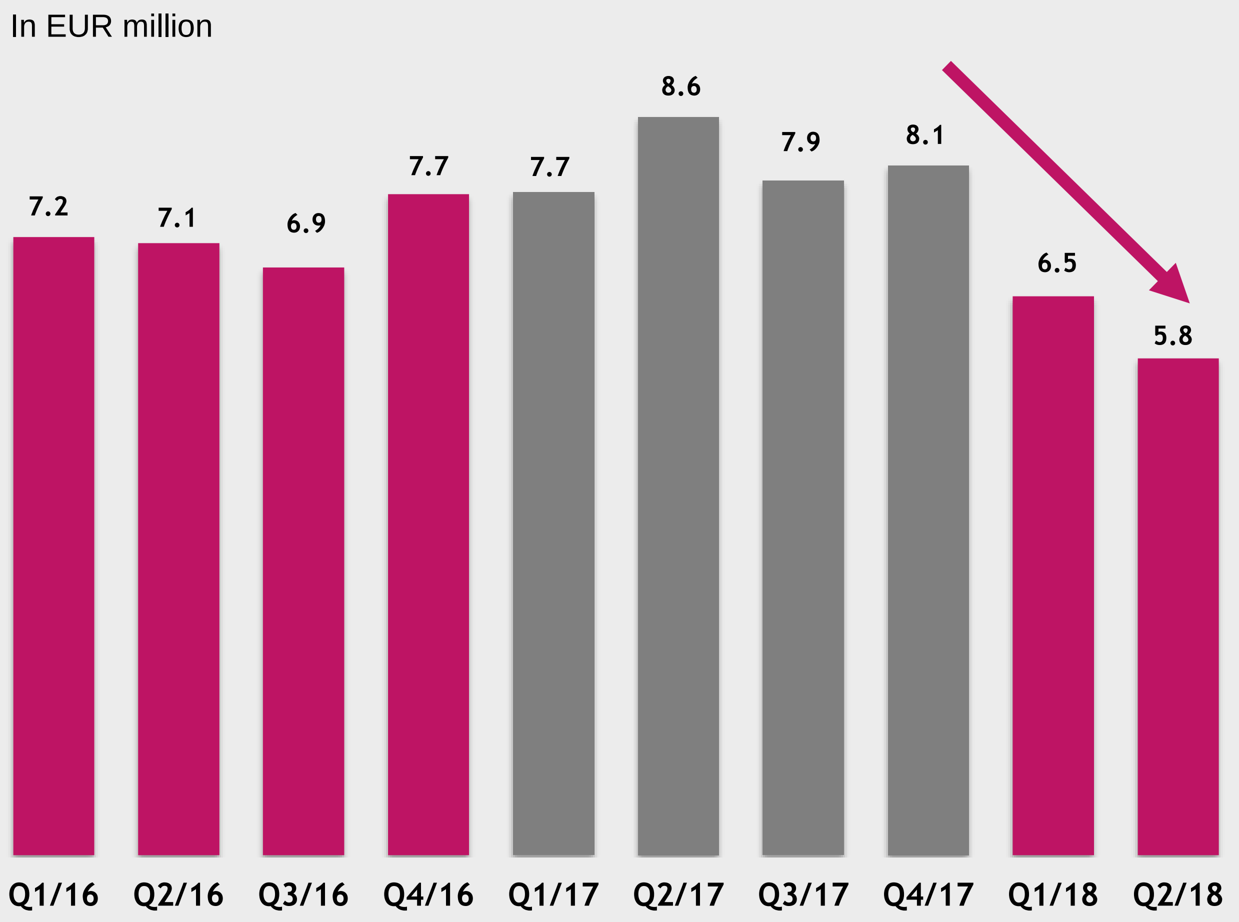


Actions taken

- Relocated customer service
- Closed Swiss office
- Reorganized internal departments
- Integrated Bebitus
- Closed Italian shop
- Announced sale of Feedo Group
- Reduced headcount at headquarter

SG&A costs have been lowered

Adj. Selling, General & Administrative costs



Actions taken

- Reduced headcount
- Reduced external services (e.g. IT freelancer, legal)
- Lowered payment costs (introduction Worldpay)
- Lowered IT hosting costs
- Built up IT development capacities in Sibiu

Feedo divestiture signed, pannolini shop closed

Feedo (Eastern Europe)

- Sale agreement signed July 20, 2018
- Closing expected end of Q3 / beginning of Q4 2018
- Divestiture due to high negative operating result and cash flow, no integration in windeln.de Group

kEUR	H1 2018	H1 2017	Q2 2018	Q2 2017
Revenues	**11,112**	11,572	5,310	6,278
EBIT	**-2,265**	-2,108	-1,225	-999
Net cash flow	**-2,920**	-1,312	-1,012	-310

Pannolini (Italy)

- Online shop, office and warehouse closed end of February 2018
- Closing due to high cost structure, negative cash flow and strong focus on consumables

2017 adj. EBIT
EUR -2.3 million

Extraction of negative cash flow businesses

Reduction of organizational complexity

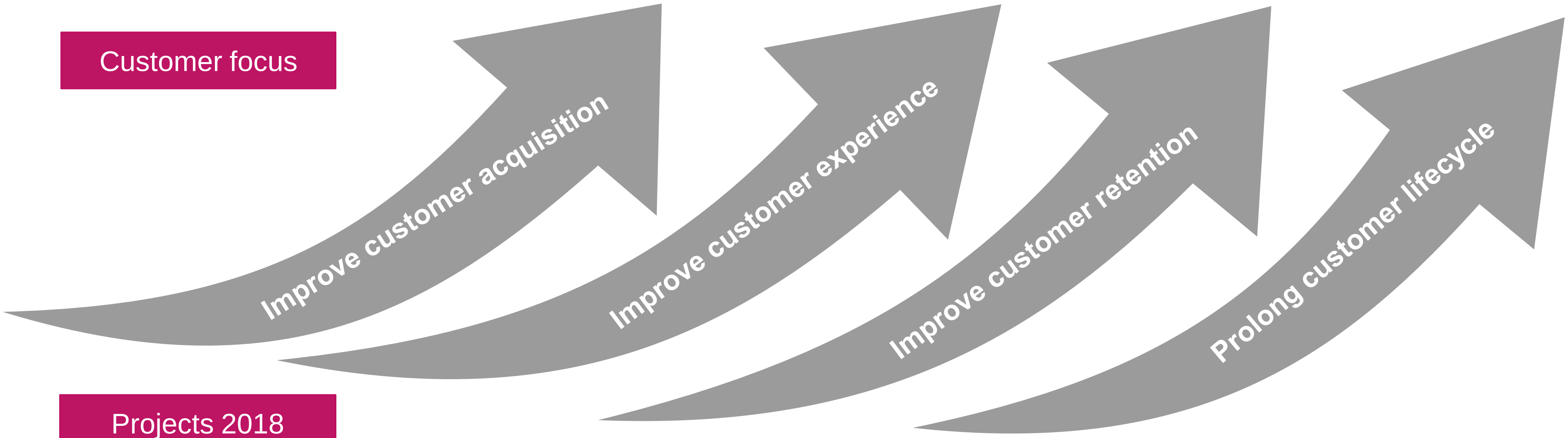
Fully integrated remaining businesses

Planned measures for the second half of the year

Measure	Description	Benefit	Status
Shop Search	Implementation of new search engine	Faster and better search results for customers	Introduction H2 2018
Product Pricing	New pricing tool for shops	Tailor-made pricing algorithms for product categories and sub-categories	Introduction H2 2018
Product Assortment	Expansion of product categories around families	More selection for customers; higher margins	Ongoing (e.g. introduction nutrition, food supplements)

Strategic projects as drivers for future customer acquisition and sales growth

Customer focus



Projects 2018

Pregnancy App
- Personalized recommendations for customers
- 5x more downloads since implementation

live

China App
- Faster and easier shopping experience for customers
- Higher conversion rate

live

Baby welcome box
- Customer acquisition box
- Supported by suppliers

Q3

Referral program China
- Promotional benefits for customers
- Higher conversion driven by personal recommendations

H2

Express check-out
- Faster and easier check-out
- Higher conversion rate

H2

H1 and Q2 2018 financials

Dr. Nikolaus Weinberger

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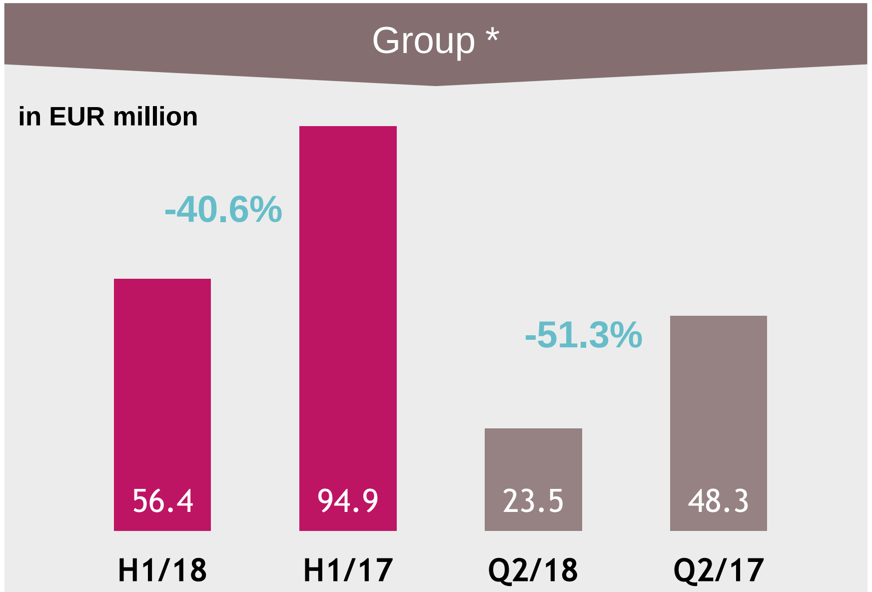
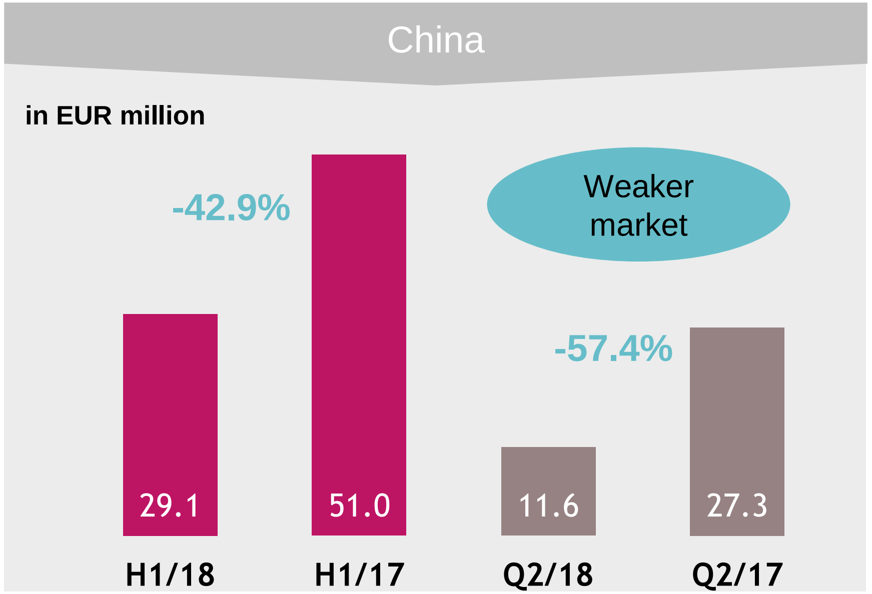
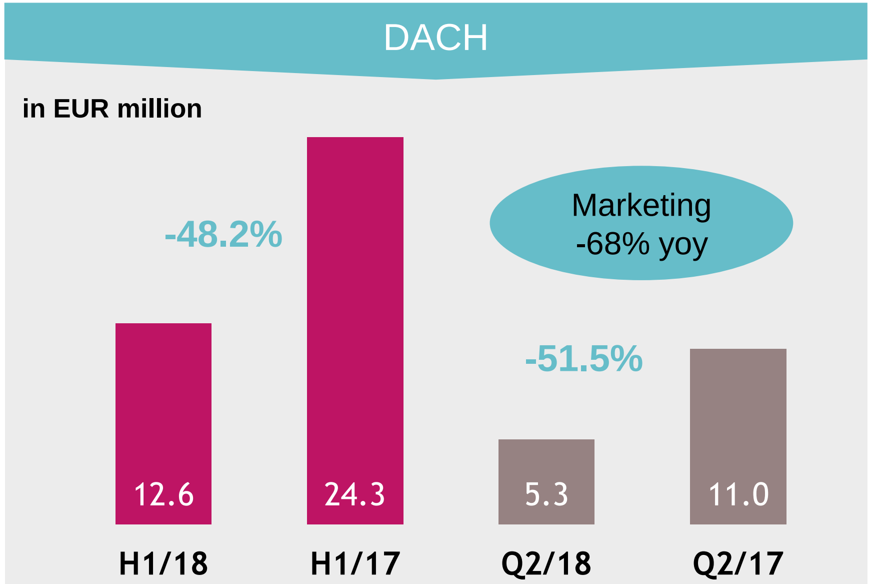
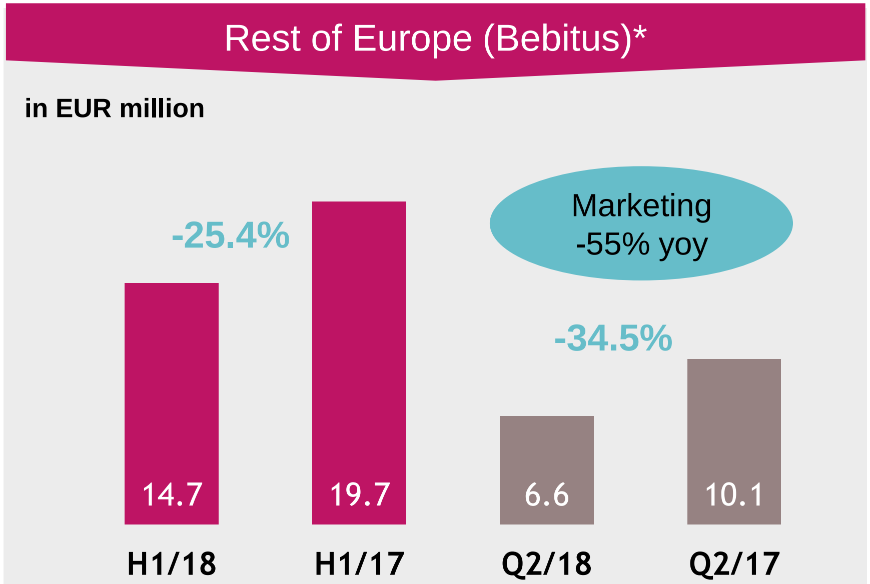
Lower revenues driven by weaker Chinese market and profitability focus in Europe



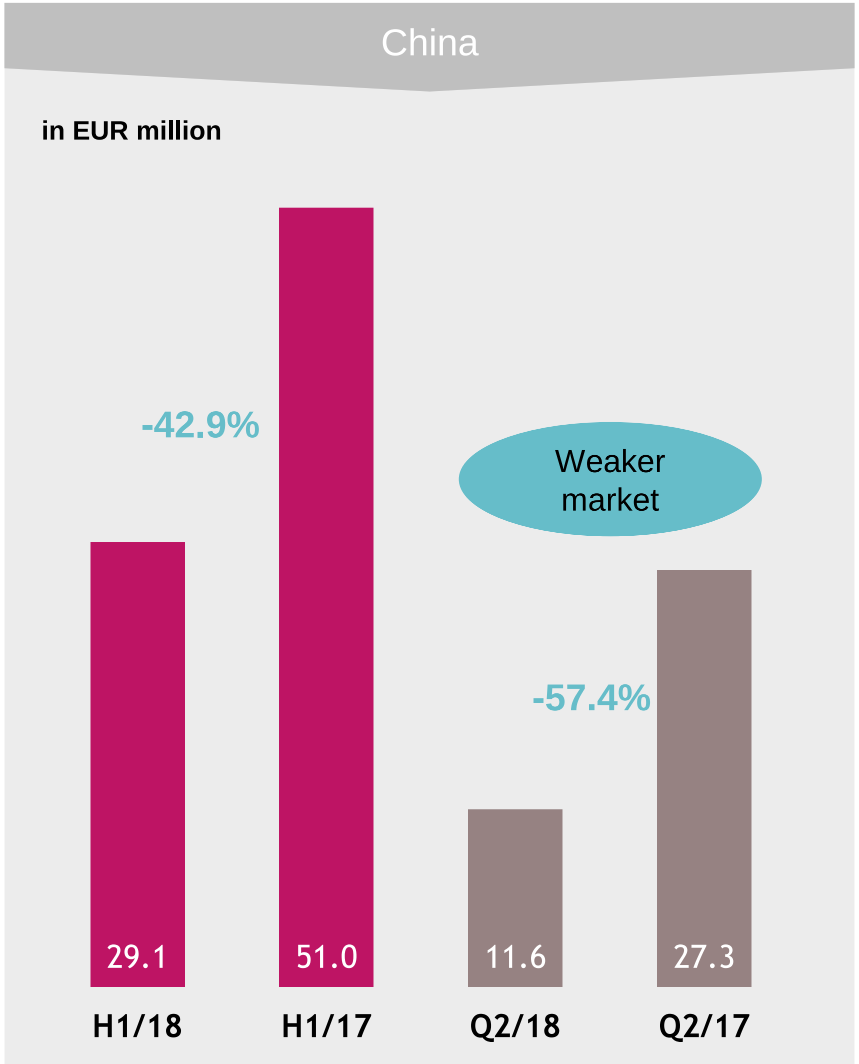




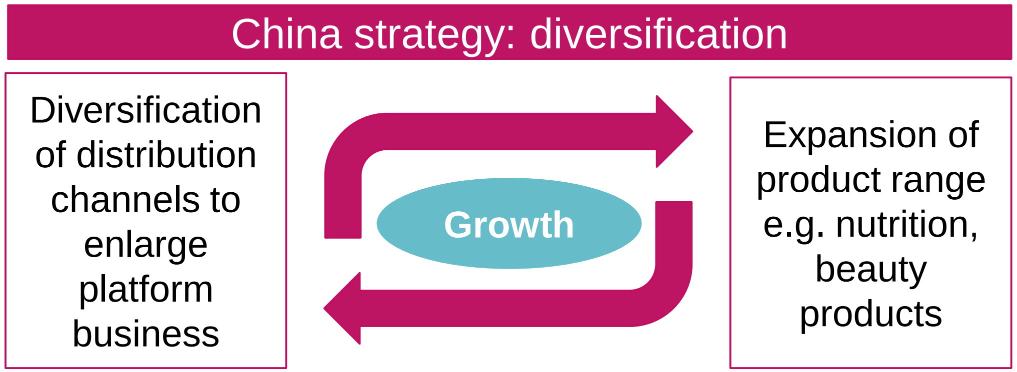


* Excluding Feedo (sales agreement signed)

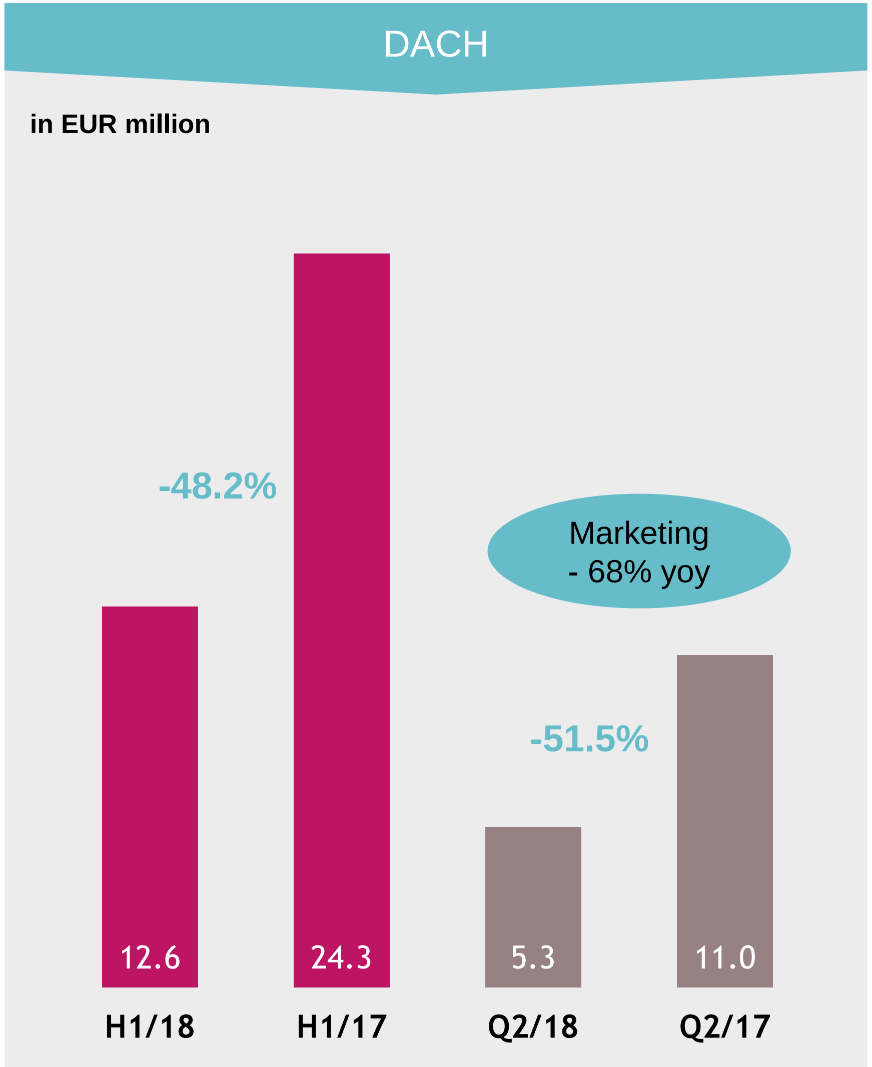
China revenues lower due to temporary border controls, competitive pricing and upcoming product launches



- Temporary stricter border controls (no longer acute)
  - Delay of product deliveries to Chinese customers of 4-8 weeks
  - Order cancellations and refunds (approx. EUR 0.6 million negative EBIT impact)
- Competitive product pricing due to overstock from Q1 (expected to be cleared in Q3)
- Customers hesitation as larger suppliers plan product relaunches (new recipe and packaging) in H2
  - Nevertheless, product relaunches expected to lead to noticeable market recoveries



DACH revenues driven by focus on profitability



- Significantly lower marketing spend (Q2: -68% yoy)
- One-domain strategy implemented for CH
- Ongoing process to review product assortment
- New product categories: nutrition, food supplements, couple support
- Baby welcome box, express check-out
- New Head of DACH: Stephan Bölte (coming from Amazon) starting October 1, 2018

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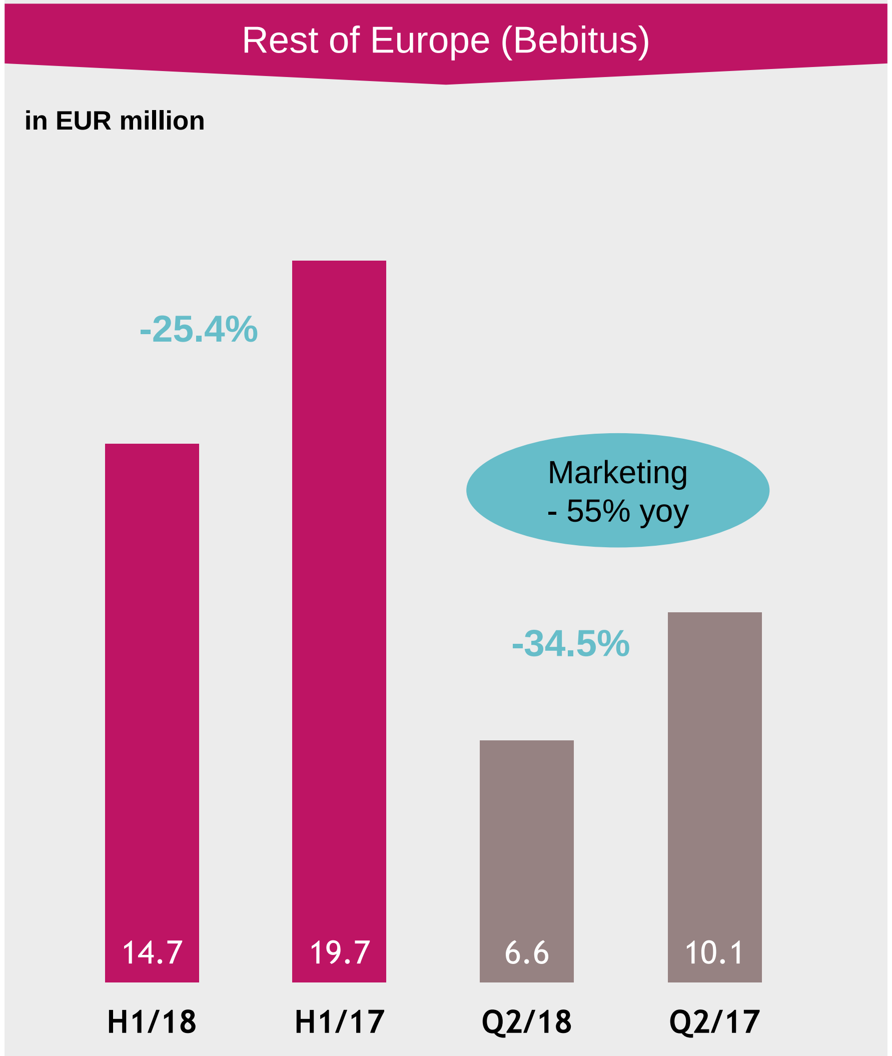
Revenues for Rest of Europe driven by focus on profitability



- Significantly lower marketing spend (Q2: -55% yoy)
- New Head of Bebitus (Erich Renfer)
- Ongoing process to review product assortment
- New promotional process with focus on profitable selection
- Overhead cost reduction post integration

bebitus contigo desde el principio

bebitus consigo desde o princípio

bebitus avec vous dès le début

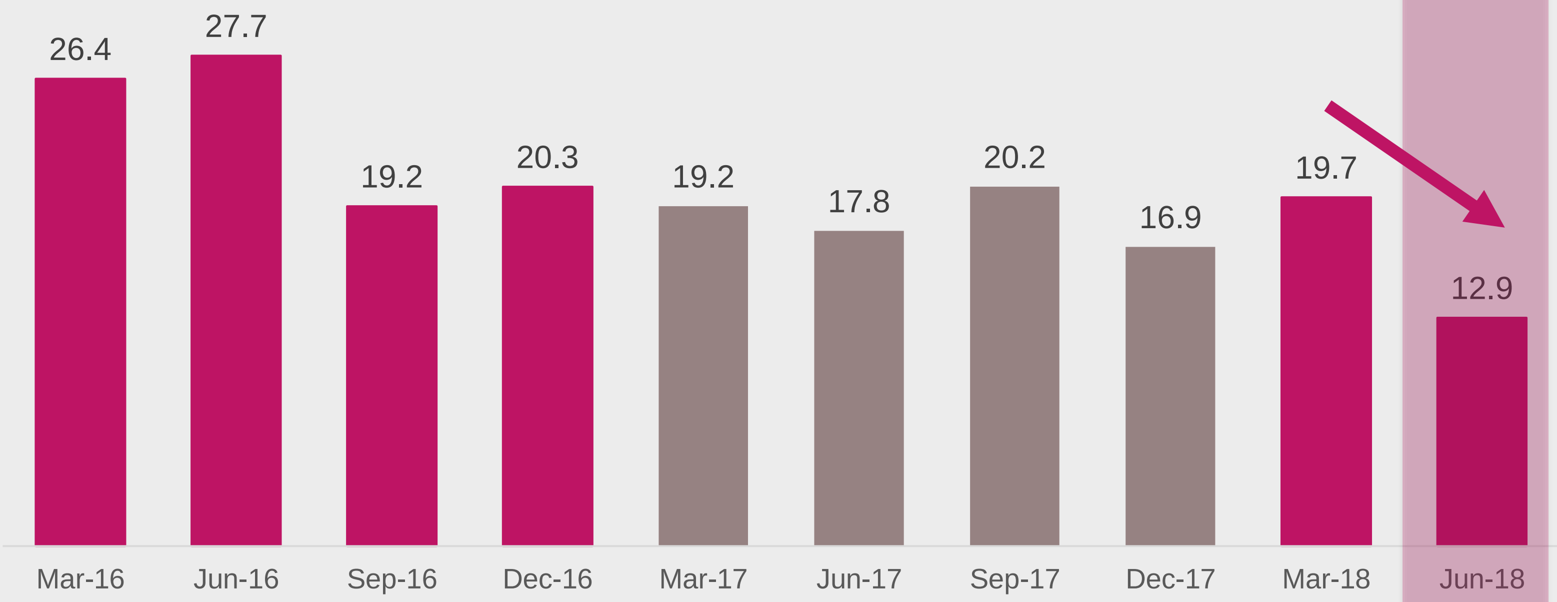
Improved cost structure but lower contribution margin; liquidity improved

EUR million % of revenues	Q2 2017	Q2 2018	H1 2017	H1 2018	
Revenues	***48.3***	***23.5***	***94.9***	***56.4***	Lower China; Europe profitability focus
Gross profit[1]	**26.8%**	**24.0%**	**25.4%**	**24.4%**	Margin improved at European shops; lower China business
Fulfilment costs[2]	**(14.5)%**	**(19.7)%**	**(15.1)%**	**(17.5)%**	Increase due to lower revenue base (warehouse rent)
Marketing costs[3]	**(4.8)%**	**(4.6)%**	**(5.2)%**	**(4.6)%**	Lower year over year
Operating contr.	***3.7***	***(0.1)***	***4.8***	***1.3***	Lower China; Europe improved
Operating contr.	**7.6%**	**(0.2)%**	**5.1%**	**2.3%**	
Other SG&A[4]	***(8.6)***	***(5.8)***	***(16.4)***	***(12.3)***	Improved in absolute terms
Other SG&A[4]	**(17.8)%**	**(24.6)%**	**(17.2)%**	**(22.1)%**	
Adj. EBIT[5]	***(5.0)***	***(5.9)***	***(11.5)***	***(11.1)***	Margin and cost improvement offset by weaker China; low EBIT adjustments
Adj. EBIT[5]	**(10.3)%**	**(24.9)%**	**(12.1)%**	**(19.8)%**	
Change in Cash av.	***(6.3)***	***2.7***	***(13.8)***	***(12.1)***	Increase in cash available in Q2

Note: 1,2,3,4,5 see appendix for definitions

Net working capital significantly lowered

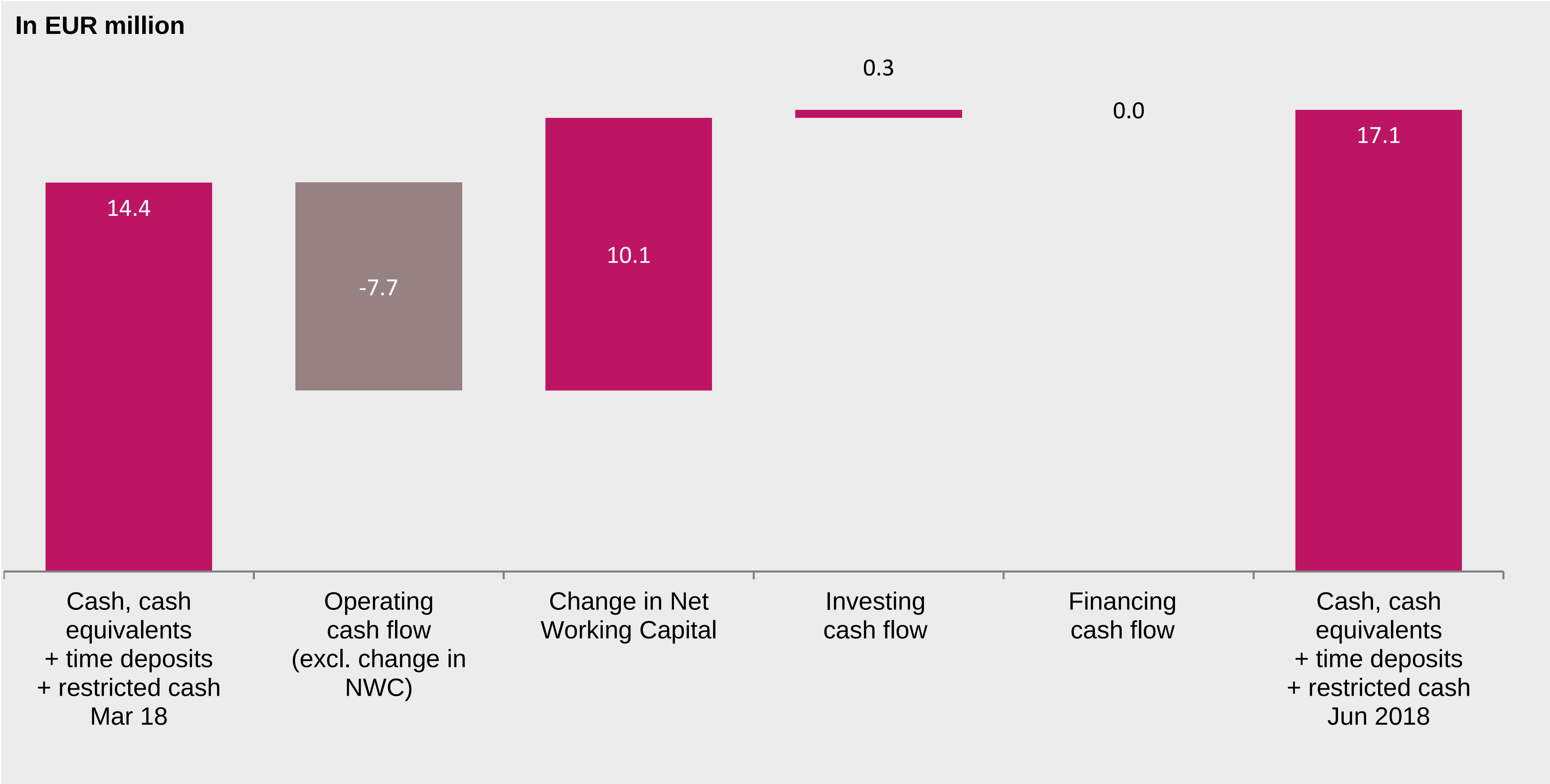
Inventory (EUR million)



	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Days inventory (DIO)	80	90	59	47	49	46	53	45	71	65
Accrued advertising revenues + vendors with credit balance (EUR m)	1.5	2.7	2.8	3.0	2.1	2.6	2.6	3.9	7.2	1.8
Net Working Capital (EUR million)	**11.9**	**15.7**	**6.1**	**8.0**	**6.6**	**7.5**	**11.3**	**10.6**	**19.1**	**9.2**
as % of LTM revenues	**6.5%**	**8.3%**	**3.1%**	**4.2%**	**3.5%**	**3.9%**	**5.8%**	**5.7%**	**10.9%**	**6.1%**

Note: Net Working Capital (NWC) defined as inventories, prepayments, trade receivables, accrued advertising subsidies, vendors with credit balance minus trade payables and deferred revenues. Continued operations shown (excl. Feedo Group).

Liquidity position improved



Adj. EBIT break-even targeted for early 2019

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H1/Q2 2018

- Q2 Adj. EBIT EUR -5.9 million
- Cash available EUR 17.1 million

Further SG&A cost savings

Further gross profit margin improvement

China stabilisation

Early 2019

Adjusted EBIT break-even

	Further SG&A cost savings	Further gross profit margin improvement	China stabilisation
Status quo:	Cost base lowered from EUR 8.6 million to EUR 5.8 million yoy	Margins European shops improved	Temporary customs delays, oversupply, product relaunches
Ongoing / to come:	Further positive impact in H2 from already implemented cost measures	New head DACH, assortment review, category extension, pregnancy app, express check out, pricing tool	Channel and product diversification, China app, referral program

windeln.de SE financial calendar H2 2018

Event, City	Date
Hamburg Investor Day HIT Montega, Hamburg	23 August 2018
Commerzbank Retail Sector Conference, Frankfurt	30 August 2018
DVFA Equity Forum Herbstkonferenz, Frankfurt	3 September 2018
ZKK Zürcher Kapitalmarkt Konferenz, Zurich	5 September 2018
Berenberg / Goldman Sachs – German Corporate Conference, Munich	25-26 September 2018
windeln.de Capital Markets Day, Munich	4 October 2018
Publication of nine months/Q3 results 2018	8 November 2018
Deutsches Eigenkapitalforum, Frankfurt	26-28 November 2018

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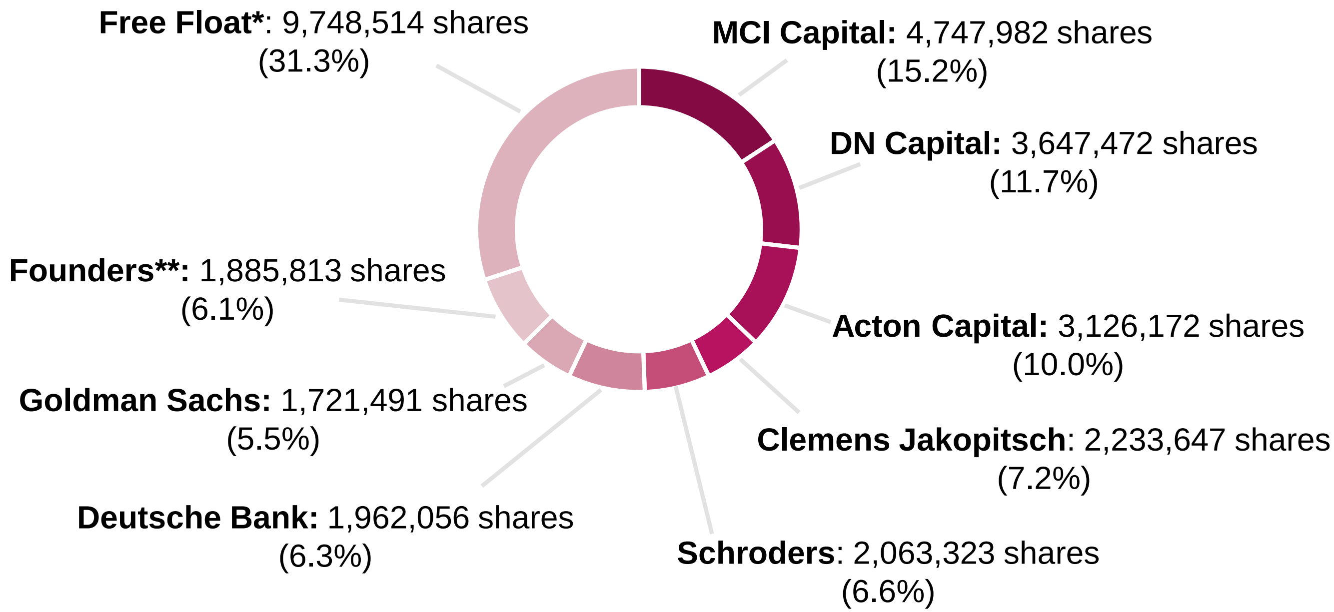
Questions

Appendix

Shareholder structure and supervisory board

Shareholder structure[1)]



Basic share data

WKN	WNDL11
ISIN	DE000WNDL110
Market place	Frankfurt Stock Exchange
Type of share	No-par value bearer shares
Initial listing	May 6, 2015
Designated Sponsor	Equinet AG
Number of shares as of June, 2018	31,136,470
Share capital	EUR 31,136,470

Supervisory Board members

Willi Schwerdtle (Chairman)	Dr. Hanna Eisinger (get2trade)
Dr. Christoph Braun (Acton Capital)	Tomasz Czechowicz (MCI Capital)
Dr. Edgar Carlos Lange (Lekkerland)	Clemens Jakopitsch (Behördenengineering Jakopitsch)

1) As of July 5, 2018
Disclaimer: The shareholder structure pictured above is based on the published voting rights announcements and company information. windeln.de SE assumes no responsibility for the correctness, completeness or currentness of the figures. Total number of shares: 31,136,470

**Free float according to the definition of Deutsche Börse*
*** Aggregate shareholding of the founders (Alexander Brand & Konstantin Urban)*

Key performance indicators quarter over quarter

Excl. pannolini and Feedo	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	H1 '18
Site Visits (in thousand) [1]	22,549	18,119	18,340	16,800	12,255	9,127	21,382
Mobile Visit Share (in % of Site Visits) [2]	70.5%	71.4%	74.1%	75.0%	72.3%	71.8%	72,1%
Mobile Orders (in % of Number of Orders) [3]	47.9%	48.8%	49.6%	52.7%	53.3%	55.2%	54.2%
Active Customers (in thousand) [4]	900	915	919	859	742	681	681
Number of Orders (in thousand) [5]	523	468	457	464	330	283	614
Average Orders per Active Customer (in number of Orders) [6]	2.2	2.2	2.2	2.2	2.0	2.2	2.2
Orders from Repeat Customers (in thousand) [7]	391	354	424	352	302	233	535
Share of Repeat Customer Orders (in % of Number of Orders) [8]	75.7%	76.2%	84.6%	76.6%	87.0%	74.9%	74.9%
Gross Order Intake (in kEUR) [9]	45,166	45,712	43,463	43,214	29,774	25,514	55,288
Average Order Value (in EUR) [10]	86.3	97.6	95.1	93.2	90.2	90.0	90.1
Returns (in % of Gross Revenues from orders) [11]	3.9%	2.8%	2.9%	3.0%	3.4%	3.6%	3.5%

Income statement (continuing operations)

kEUR	2017 R*	H1 2017 R*	H1 2018	Q2 2017 R*	Q2 2018
Revenues	**188,332**	**94,909**	**56,371**	**48,342**	**23,548**
Cost of sales	-140,206	-70,581	-42,912	-35,372	-17,959
Gross profit	**48,126**	**24,058**	**13,459**	**12,952**	**5,589**
% margin	*25.6%*	*25.3%*	*23.9%*	*26.8%*	*23.7%*
Selling and distribution expenses	-62,089	-29,103	-21,637	-14,544	-9,307
Administrative expenses	-20,377	-11,889	-4,291	-7,381	-1,707
Other operating income	708	297	479	224	317
Other operating expenses	-649	-491	-456	-465	-351
EBIT	**-34,281**	**-17,128**	**-12,446**	**-9,214**	**-5,459**
% margin	*-18.2%*	*-18.0%*	*-22.1%*	*-19.1%*	*-23.2%*
Financial result	1,081	-36	-20	-10	1
EBT	**-33,200**	**-17,164**	**-12,466**	**-9,224**	**-5,458**
% margin	*-17.6%*	*-18.1%*	*-22.1%*	*-19.1%*	*-23.2%*
Income taxes	2,954	3	-14	**1**	-11
Profit or loss from continuing operations	**-30,246**	**-17,161**	**-12,480**	**-9,223**	**-5,469**
% margin	*-16.1%*	*-18.1%*	*-22.1%*	*-19.1%*	*-23.2%*
Profit or loss from discontinued operations	**-7,573**	**-2,079**	**-9,862**	**-982**	**-985**
Profit or loss for the period	**-37,819**	**-19,240**	**-22,342**	**-10,205**	**-6,454**

EBIT	**-34,281**	**-17,128**	**-12,446**	**-9,214**	**-5,459**
Share-based compensation	8,231	5,503	-387	4,190	-472
Acquisition, integration and expansion costs	90	198	-	80	-
Reorganization	94	-103	1,058	-24	2
Intangible assets	4,547	-	-	-	-
Closure pannolini.it	-	-	714	-	74
Adjusted EBIT	**-21,319**	**-11,530**	**-11,061**	**-4,968**	**-5,855**
% margin	*-11.3%*	*-12.1%*	*-19.8%*	*-10.3%*	*-24.9%*

* Restated for presentation of discontinued operations in connection with the planned divestiture of Feedo Group, and restated for the effects of the first application of IFRS 9

Financials for discontinued operations Feedo

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kEUR	H1 2017	H1 2018	Q2 2017	Q2 2018
Revenues	**11,572**	**11,112**	**6,278**	**5,310**
Cost of sales (adjusted)	-9,416	-8,860	-5,116	-4,202
Adjusted gross profit	**2,156**	**2,252**	**1,162**	**1,108**
Selling and distribution expenses (adjusted)	-3,487	-3,144	-1,837	-1,514
Administrative expenses (adjusted)	-546	-424	-283	-204
Other operating income	357	4	170	-61
Other operating expenses	-78	-401	-42	-311
Adjusted EBIT	**-1,598**	**-1,713**	**-830**	**-982**
Re-measurement of the disposal group	-	-9,215	-	263
Share-based compensation	-484	-179	-143	-89
Severances, waiver of claim assets, legal fees, other	-26	-373	-26	-154
IFRS EBIT	**-2,108**	**-11,480**	**-999**	**-962**
Financial result	26	-2	15	-4
Income taxes / deferred taxes	3	1,620	2	-19
Profit or loss from discontinued operations	**-2,079**	**-9,862**	**-982**	**-985**

Balance sheet and cash flow statement

Consolidated statement of financial position

kEUR	December 31, 2017 R	March 31, 2018	June 30, 2018
Total non-current assets	**22,714**	**12,856**	**12,534**
Inventories	19,174	19,663	12,886
Prepayments	332	88	82
Trade receivables	2,258	1,360	1,151
Miscellaneous other current assets[1]	11,052	12,717	6,532
Cash and cash equivalents	26,465	11,920	15,354
Total current assets	**59,281**	**45,748**	**36,005**
Assets classified as held for sale	**-**	**3,036**	**2,874**
Total assets	**81,995**	**61,640**	**51,413**
Issued capital	28,472	31,101	31,136
Share premium	168,486	170,993	170,437
Accumulated loss	-143,427	-159,315	-165,769
Cumulated other comprehensive income	-298	-283	18
Total equity	**53,233**	**42,496**	**35,822**
Total non-current liabilities	**2,289**	**607**	**545**
Other provisions	315	629	185
Financial liabilities	3,575	57	54
Trade payables	14,779	8,245	5,919
Deferred revenue	3,057	2,390	1,947
Miscellaneous current liabilities[2]	4,747	4,180	4,067
Total current liabilities	**26,473**	**15,501**	**12,172**
Liabilities directly associated with the assets held for sale	**-**	**3,036**	**2,874**
Total equity & liabilities	**81,995**	**61,640**	**51,413**

Consolidated statement of cash flows

kEUR	2017	H1 2017	H1 2018	Q2 2017	Q1 2018	Q2 2018
Net cash flows from/used in operating activities	**-27,963**	**-13,114**	**-13,784**	**-5,975**	**-16,214**	**2,430**
Net cash flows from/used in investing activities	-201	-328	1,387	378	503	884
Net cash flows from/used in financing activities	3,339	-26	1,590	-50	1,571	19
Cash and cash equivalents at the beginning of the period	51,302	51,302	26,465	43,487	26,465	12,324
Net increase/ decrease in cash and cash equivalents	**-24,825**	**-13,468**	**-10,807**	**-5,647**	**-14,140**	**3,333**
Cash and cash equivalents at the end of the period	**26,465**	**37,837**	**15,656**	**37,837** [3]	**12,324**	**15,656**

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.
3 Thereof EUR 15,354k attributable to continuing operations and EUR 302k attributable to disposal group.

Definitions of key performance indicators

1) We define Site Visits as the number of series of page requests from the same device and source in the measurement period and include visits to our online magazine. 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.
2) We define Mobile Visit Share (in % 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. We have excluded visits to our online magazine and until the end of 2016 we also excluded visits from China. We excluded visits from China because the most common online translation services on which most of our customers who order for delivery to China rely to translate our website content are not able to do so from their mobile devices, and therefore very few of such customers order from their mobile devices. As we have started a customized website for our Chinese customers in December 2016 we include visits from China from Q1 2017 onwards. Measured by Google Analytics.
3) We define Mobile Orders (in % 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. We have included orders from China from Q1 2017 onwards. Measured by Google Analytics.
4) We define Active Customers as the number of unique customers placing at least one order in one of our shops in the 12 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. 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’’. Cancelled orders are not included in the Number of Orders.
6) We define Average Orders per Active Customer as Number of Orders in the last twelve months divided by the number of Active Customers.
7) We define Orders from Repeat Customers as the number of orders from customers who have placed at least one previous order, irrespective of returns.
8) We define Share of Repeat Customer Orders as the number of orders from Repeat Customers divided by the Number of Orders in the last twelve months.
9) We define Gross Order Intake as the aggregate Euro amount of customer orders placed in the measurement period minus cancellations. The Euro amount includes value added tax and excludes marketing rebates.
10) We define Average Order Value as Gross Order Intake divided by the Number of Orders in the measurement period.
11) We define Returns (in % of Gross Revenues from Orders (until Q1 2017 in % of Net Merchandise Value)) as the returned amount in Euro divided by Gross Revenues from Orders in the measurement period. From Q2 2016 onwards including Bebitus and Feedo returns. Gross Revenues from Orders are defined as the total aggregated Euro amount spent by our customers minus cancellations but irrespective of returns. The Euro amount does not include value added tax. As the Gross Revenues from Orders do not exclude returns and include all marketing rebates it is more reasonable to use this KPI for the return rate calculation than the Net Merchandise Value. The change of the calculation logic has no material impact on the reported return rate. Therefore, the calculation has been changed accordingly from Q2 2017 onwards.

Footnotes to page 17

Note: Adjusted continuing operations shown (i.e. excluding discontinued operation Feedo Group).

1 The adjustments of gross profit relate to income expenses of the shop pannolini.it until the shop´s closure, and expenses for share-based compensation.
2 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. Fulfilment expenses incurred in the shop pannolini.it are adjusted until the shop´s closure. In 2017, costs related to the closure of the Swiss location and income from the release of provisions for onerous contracts are adjusted.
3 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. Marketing expenses incurred in the shop pannolini.it are adjusted until the shop´s closure.
4 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 SG&A expenses exclude expenses from share-based compensation, reorganization measures and income and expenses incurred in the shop pannolini.it until the shop´s closure. Furthermore, expenses for the integration of subsidiaries were adjusted in the comparative period.
5 Adjusted for expenses and income in connection with share-based compensation, reorganization measures and income and expenses of the closed shop pannolini.it. In the prior year comparative period, expenses for the integration of subsidiaries were adjusted.