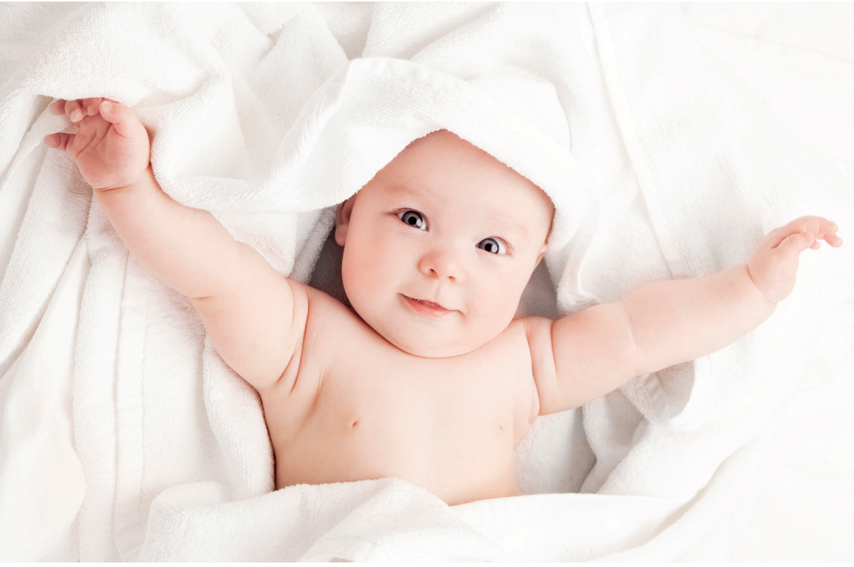
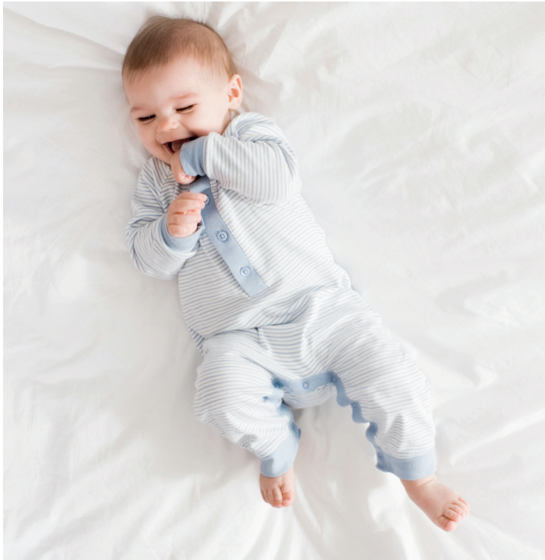
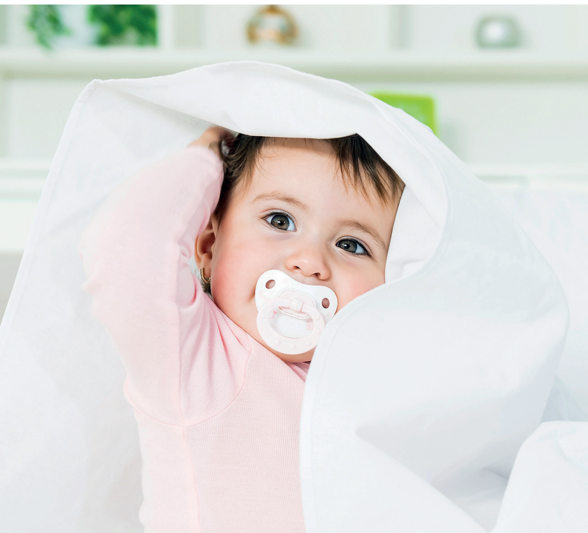
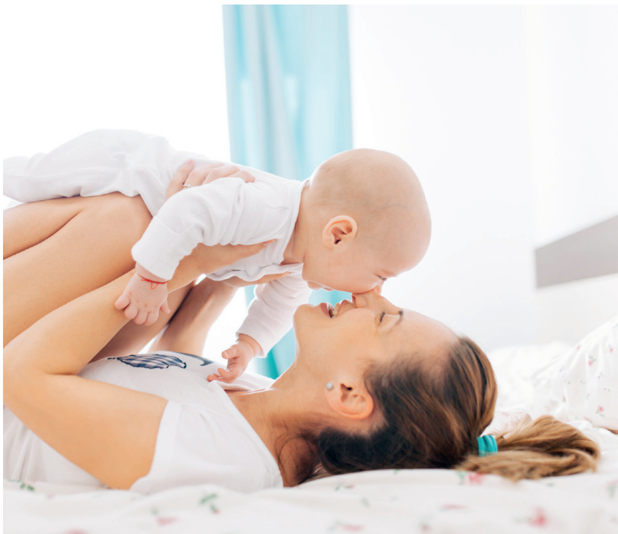
HALF YEAR REPORT 2017

January - June 2017









windeln.de

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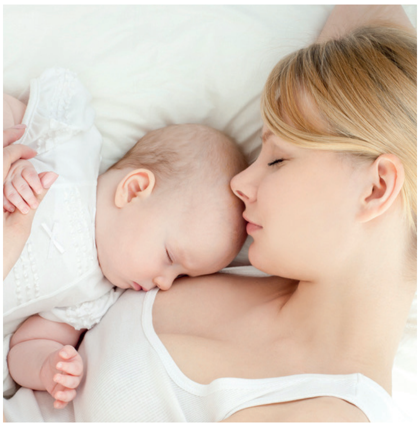

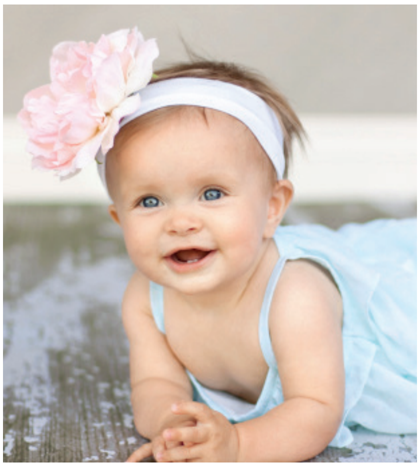

WINDELN.DE GROUP AT A GLANCE

Performance Indicators	H1 2017	H1 2016 R	Q2 2017	Q2 2016 R
Site Visits	47,921,269	43,452,238	21,883,792	22,105,910
Mobile Visit Share (as % of Site Visits)	69.1%	60.3%	69.8%	62.0%
Mobile Orders (as % of Number of Orders)	46.8%	43.2%	47.3%	43.9%
Active Customers	1,102,908	965,493	1,102,908	965,493
Number of Orders	1,209,634	1,125,437	580,052	531,926
Average Orders per Active Customer (as Number of Orders)	2.20	2.32	2.20	2.32
Share of Repeat Customer Orders (as % of Number of Orders)	76.2%	76.9%	76.2%	76.9%
Gross Order Intake (in EUR)	104,982,475	102,408,445	52,772,633	47,886,059
Average Order Value (in EUR)	86.79	90.99	90.98	90.02
Returns (as % of Gross Revenues from Orders)	3.3%	6.0%	2.9%	5.8%
Marketing Cost Ratio (as % of Revenues)	5.6%	7.1%	5.3%	7.8%
Adjusted Fulfilment Cost Ratio (as % of Revenues)	14.8%	18.7%	14.2%	18.3%
Adjusted Other SG&A Expenses (as % of Revenues)	16.4%	16.9%	16.9%	17.3%
Earnings Position				
Revenues (in kEUR)	106,481	91,925	54,602	44,886
Gross Profit (in kEUR)	26,214	26,400	14,114	13,169
Gross Profit (as % of Revenues)	24.6%	28.7%	25.8%	29.3%
Operating Contribution (in kEUR)	4,476	2,832	3,499	1,521
Operating Contribution (as % of Revenues)	4.2%	3.1%	6.4%	3.4%
Adjusted EBIT (in kEUR)	-12,972	-12,727	-5,727	-6,259
Adjusted EBIT (as % of Revenues)	-12.2%	-13.8%	-10.5%	-13.9%
Financial Position				
Cash flow from operating activities (in kEUR)	-13,114	-20,884	-5,975	-11,851
Cash flow from investing activities (in kEUR)	297	-622	378	274
Cash and cash equivalents at the end of the period (in kEUR)	38,462	67,116	38,462	67,116
Current time deposits (in kEUR)	1,875	-	1,875	-
Non-current time deposits (in kEUR)	1,250	-	1,250	-
Restricted cash (in kEUR)	297	107	297	107
Total cash and time deposits (in kEUR)	41,884	67,223	41,884	67,223
Other				
Basic earnings per share (in EUR)	-0.73	-0.81	-0.39	-0.38
Diluted earnings per share (in EUR)	-0.63	-0.75	-0.34	-0.35

pp = percentage points

All performance indicators as well as the section earnings position include amounts from continuing operations only.

INTERIM GROUP MANAGEMENT REPORT AS OF JUNE 30, 2017

1. Fundamental information about the Group

The statements on the business model, Group structure, strategy and competitive situation of the Group, management system as well as research and development made in the Annual Report 2016 still apply as of June 30, 2017.

2. Report on economic position

2.1. Development of the economy as a whole

As an online provider of products for babies, toddlers and children, the windeln.de Group is affected by the general economic development, the consumption climate but especially by the development of internet commerce and mail-order business.

The Institute for World Economy (IfW) in Kiel forecasts an increase in Gross Domestic Product of 1.7% in Germany for 2017 (2016: 1.8%) which is considered being at the threshold to an economic boom period. The IfW therefore warns of increasing economic downside risks.[1] Internet commerce recorded a revenue growth of 11% in Germany in 2016 and thereby continues its strong growth. The German Retail Organisation (Handelsverband Deutschland; HDE) expects a continual revenue growth of 11% in 2017.[2]

In the European Union (EU28), retail sales grew by 3% over the prior year period (April 2017 versus April 2016), attributable factors were the increases in the non-food (+4.2%) and food sector (+2.6%). Mail-order business and internet commerce even increased sales by 11% compared to prior year (also April 2017 versus April 2016).[3] For the full year 2017, GfK Consumer Research Organisation provides a positive outlook for retail in Europe and expects strong growth rates especially in Eastern Europe (up to 9.8%).[4]

2.2. Sector specific environment – market for products for babies, toddlers and children

2.2.1. German and European market

The growth of the e-commerce market for consumable products for babies and other baby and toddler products is decisive for the Group.

The online retail channel generally offers a good possibility to sell consumables for babies, as these products are similar to other product categories that have already been sold online for many years, such as consumer electronics, consumer equipment and clothing. Products for babies, toddlers and children are typically branded articles, durable and bought frequently. This offers a significant opportunity to grow the online share of sales. Demand can also be predicted to a large extent and there is a low need for individualization. The possibility of being able to shop at any time and any place with home delivery also offers a considerably more convenient shopping experience compared to traditional offline shopping.

The turnover in the segment baby and toddler products (only e-commerce) is expected to increase to EUR 2.6bn in Germany in 2017. By 2021, the market volume is expected to amount to EUR 3.7bn.[5] In Germany, the online retail share of all product categories is expected to increase from 7.2% in 2015 to 9.9% in 2019, but below Great Britain and Norway.[6] In 2015, the birth rate reached 1.5 children per woman in Germany – for the first time in 33 years.[7] Since 2012, there has been a positive development of birth rates. From the Group's perspective, the medium-term growth of the entire market for baby and children products is therefore very likely.

1 ifw; https://www.ifw-kiel.de/medien/medieninformationen/2017/konjunkturprognose-deutsche-wirtschaft-mit-uberhohter-drehzahl ; retrieved on July 24, 2017
2 ehi; https://www.handelsdaten.de/deutschsprachiger-einzelhandel/umsatz-im-b2c-e-commerce-deutschland-zeitreihe ; retrieved on July 24, 2017
3 eurostat; http://ec.europa.eu/eurostat/documents/2995521/8048825/4-06062017-AP-DE.pdf ; retrieved on July 24, 2017
4 gfk; http://www.gfk.com/de/insights/press-release/einzelhandel-in-europa-zentral-und-osteuropa-holen-auf/ ; retrieved on July 24, 2017
5 Statista, https://de.statista.com/outlook/257/137/spielzeug-baby/deutschland#, retrieved on July 24, 2017
6 eMarketer, http://www.emarketer.com/public_media/docs/eMarketer_eTailWest2016_Worldwide_ECommerce_Report.pdf, retrieved on July 24, 2017
7 Statistisches Bundesamt, https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Bevoelkerung/Geburten/Geburten.html, retrieved on July 24, 2017

The Group expects growth of the e-commerce share, the online infrastructure as well as an increasing use of online offers in all parts of Europe. In the financial year 2017, revenues of the sector baby and children products (only e-commerce) is expected to reach EUR 12.1bn in Europe. Until 2021, the market volume is expected to amount to EUR 16.1bn.[8]

2.2.2. Mobile devices

The constant rise of the use of smartphones and tablets is one of the main reasons for the increasing penetration of online facilities in Europe. Customers are provided with a comfortable option to shop at any time and anywhere. This is a huge advantage for the sale of products for babies and toddlers. Furthermore, online marketing via mobile devices (e.g. notifications) offers a new opportunity to increase daily interaction with customers.

2.2.3. Cross-border e-commerce market in China

windeln.de is also active in the Chinese cross-border e-commerce market. Chinese customers make purchases directly from foreign online dealers. In 2016, 15% of the Chinese population already bought online from other countries. eMarketer predicts that this number will increase up to 25% in 2020. The overall volume of the Chinese cross-border e-commerce is expected to amount to around USD 85bn in 2016.[9]

With the increasing disposable income of the Chinese population, the demand for high-quality foreign products, especially from Germany, increases as well. According to Tmall[10], the majority of cross-border e-commerce purchases are products like cosmetics, body care as well as products for mothers and children.[11] China is the largest market regarding baby and children's products worldwide. It is expected that revenues in this region will increase to EUR 36.2bn in 2017.[12]

The growth of the Chinese cross-border e-commerce market is stimulated by the following key drivers:

- With more than 17.8 million births in 2016[13] (a growth of 7.9% compared to 2015) and an increasing purchasing power, the Chinese market for baby products is geared towards growth. This trend is particularly strengthened by the end of the one-child policy in China which was announced at the end of October 2015. Experts expect between 17 and 20 million births each year until 2020.
- The market is also strengthened by the fact that more and more babies are fed with milk substitutes instead of breast milk. In 2016, around 800 thousand tons of milk powder were imported into China. Until 2025, the imports are expected to increase to 1.2 million tons.[14] The higher demand for foreign quality products is also supported by past scandals with contaminated local milk formula products.
- The purchasing power of the middle class in China is forecasted to grow by an average annual GDP per capita growth of 8% between 2015 and 2020.[15] Based on these facts, the Group expects the Chinese market for baby products to keep growing considerably in the coming years.

8 Statista, https://de.statista.com/outlook/257/102/spielzeug-baby/europa, retrieved on July 24, 2017
9 eMarketer, https://www.emarketer.com/Article/China-Embraces-Cross-Border-Ecommerce/1014078, retrieved on July 24, 2017
10 Tmall ist eine chinesische Website, über die nationale und internationale Unternehmen Markenartikel an chinesische Kunden verkaufen können. Tmall gehört zur Alibaba-Gruppe und wurde 2008 gestartet.
11 Annual Report on Tmall Global Data 2016, gefunden auf https://jingdaily.com/tmalls-cross-border-e-commerce-sales-grow-by-30-in-china/, retrieved on July 24, 2017
12 Statista, https://de.statista.com/outlook/257/100/spielzeug-baby/weltweit#takeaway, retrieved on July 24, 2017
13 National Health and Family Planning Commission (NHFPC) statistics, gefunden auf http://www.bbc.com/news/world-asia-china-38714949, retrieved on July 24, 2017
14 Außenstelle des amerikanischen Landwirtschaftsministeriums (USDA) in Peking, gefunden auf https://www.agrarheute.com/news/milchprodukte-china-will-import-um-70-prozent-steigern, retrieved on July 24, 2017
15 International Monetary Fund, World Economic Outlook October 2016

2.3. Course of business

New shop system for German windeln.de online shop

Following the successful migration of the shops for Italy (pannolini.it), Switzerland (windeln.ch, kindertraum.ch, toys.ch), China (windeln.com.cn) and nakiki.de last year, the German Shop windeln.de has now been successfully migrated to the new shop platform as well. The fact that these shops are running on the same technical platform will help windeln.de to improve quality for customers, further streamline processes and achieve technical and process-oriented synergies.

The new shop system improves the shopping experience for the customer due to faster webpage loading times on all technical devices as well as new features for payment and checkout. Shopping on windeln.de is much easier now due to an optimized design and user-friendly presentation on small devices such as mobile phones.

New features can be implemented much faster and can be scaled across shops due to the modern IT architecture based on micro services. In terms of marketing, the migration offers advantages by developing campaigns solely for one particular market which can then be quickly rolled out to other markets and on all devices. Furthermore, cross selling between the shops windeln.de and nakiki.de is enhanced by using a joint shopping cart.

Foundation of windeln Management Consulting (Shanghai) Co., Ltd.

Effective February 21, 2017, the subsidiary company windeln Management Consulting (Shanghai) Co., Ltd. with registered offices in Shanghai, China, was founded. The subsidiary operates as a service company for marketing activities and for the development of further distribution channels in the Chinese market.

Additional transport service provider for deliveries to China

End of Q1 2017, windeln.de engaged an additional transport service provider for deliveries to China. More favorable conditions offered by the new provider result in cost savings in selling and distribution expenses for windeln.de. As a result, selling and distribution expenses could be noticeably reduced in the first half of 2017.

Guarantee claims from the acquisition of Bebitus

Since Q4 2016, windeln.de SE is involved in discussions with two of the sellers of Bebitus on the enforcement of guarantee claims from the share purchase agreement, and on a potential reduction of subsequent purchase price components. The discussions were ongoing in H1 2017 and completed at the beginning of Q3 2017. Please refer to sections 6 and 10 of the Notes for further information.

Amendment No. 2 to the purchase agreement of the Feedo Group

On April 13, 2017, one founder of the Feedo Group left the company. Thereby, a so called leaver event occurred. As a result, Amendment No. 2 to the purchase agreement was agreed. Besides the processing of the leaver event, Amendment No. 2 regulates the payment of the contingent consideration of the years 2015 and 2016. Please refer to section 6 of the Notes for further information.

Tmall Global award

On April 18, 2017, windeln.de received an award as most popular international brand at a Tmall Global ceremony at Alibaba Group's headquarter in Hangzhou, China. The award underlines windeln.de's strong performance since opening of a flagship store on Alibaba's e-marketplace Tmall Global in July 2016.

Annual General Meeting of windeln.de SE

On June 2, 2017, the first Annual General Meeting (AGM) of windeln.de SE took place since the transition into a European company (SE). Attendance at the AGM was 75.56% of the voting share capital. The AGM elected Tomasz Czechowicz as new member of the supervisory board. The supervisory board therefore consists of six members again. Besides the election of Mr. Czechowicz, the AGM approved all other agenda items with majority of the votes.

Update on STAR program

In the first half of 2017, windeln.de sucessfully implemented further measures of the STAR program. The main focus was on the outsourcing of customer service, on the closure of the Swiss office and on the preparation of (a) the relocation of the central warehouse and (b) the integration of Bebitus.

The outsourcing of customer service was sucessfully concluded in Q2 2017. Since end of 2016, parts of customer requests have been already handled by an external service provider. In Q2 2017, this service provider completely took over customer service responsibilities. The reaction of our customers to this change was positive. Due to the outsourcing, selling and distribution expenses will further decrease; in the first half of 2017, the savings have not yet been visible as two customer service teams have been parallelly working during the transition phase until end of April 2017.

In the first half of 2017, the office in Uster, Switzerland, was closed. The tasks of the local team were transferred to central departments in Munich. Thereby, synergies are realized and future marketing and administrative expenses are reduced.

The relocation of the central warehouse to Eastern Europe was further prepared in H1 2017 and an external tender was done.

Extensive work is carried out on the further integration of Bebitus to central systems of the Group to realize synergies. In the first half of 2017, necessary preparations were performed to migrate the online shops of Bebitus to the new shop architecture of the Group. Simultaneously to the migration, the shops of Bebitus are connected to the ERP system of the Group.

2.4. Net assets, financial position and results of operations of the windeln.de Group

2.4.1. Results of operations

<u>Consolidated income statement</u>

kEUR	H1 2017	H1 2016 R	Change absolute in kEUR	Change relative in %	Q2 2017	Q2 2016 R	Change absolute in kEUR	Change relative in %
Continuing operations								
Revenues	106,481	91,925	14,556	16%	54,602	44,886	9,716	22%
Cost of sales	-80,267	-65,525	-14,742	22%	-40,488	-31,717	-8,771	28%
Gross profit	**26,214**	**26,400**	**-186**	**-1%**	**14,114**	**13,169**	**945**	**7%**
Selling and distribution expenses	-32,434	-33,694	1,260	-4%	-16,310	-16,758	448	-3%
Administrative expenses	-12,945	-11,917	-1,028	9%	-7,833	-5,607	-2,226	40%
Other operating income	654	607	47	8%	394	520	-126	-24%
Other operating expenses	-569	-595	26	-4%	-507	-518	11	-2%
Earnings before interest and taxes (EBIT)	**-19,080**	**-19,199**	**119**	**-1%**	**-10,142**	**-9,194**	**-948**	**10%**
Financial income	33	820	-787	-96%	15	710	-695	-98%
Financial expenses	-43	-14	-29	>100%	-10	47	-57	<-100%
Financial result	**-10**	**806**	**-816**	**<-100%**	**5**	**757**	**-752**	**-99%**
Earnings before taxes (EBT)	**-19,090**	**-18,393**	**-697**	**4%**	**-10,137**	**-8,437**	**-1,700**	**20%**
Income taxes	6	-8	14	<-100%	3	-8	11	<-100%
Profit or loss from continuing operations	**-19,084**	**-18,401**	**-683**	**4%**	**-10,134**	**-8,445**	**-1,689**	**20%**
Profit or loss after taxes from discontinued operations	**-**	**-2,892**	**2,892**		**-**	**-1,662**	**1,662**	
PROFIT OR LOSS FOR THE PERIOD	**-19,084**	**-21,293**	**2,209**	**-10%**	**-10,134**	**-10,107**	**-27**	**0%**

In H1 2017, the Group generated revenues of EUR 106,481k, an increase of 16% compared to H1 2016 (EUR 91,925k). Thus, windeln.de Group is growing faster than the overall internet commerce market (11% expected growth for 2017).

The revenue growth was in particular driven by the Tmall Shop in China, launched in July 2016. Also the International Shops pannolini.it (+169%), Bebitus (+35%) and Feedo (+30%) demonstrate an above-average growth. Generally, the management team of the windeln.de Group aims at growing profitably. Thus, investment is made in those markets with a high growth potential. On markets with a high market share, the focus has shifted to an increase in profitability.

The margin (gross profit as percentage of revenues) decreased in H1 2017 by 4.1pp to 24.6%, compared to the prior year period. The operating segment International Shops could improve its margin, it is however still below the margin of the German Shop operating segment. The growing revenue share of the segment International Shops within the Group negatively affects the Group's margin. The margin of the operating segment German Shop decreased compared to the prior year period. This development is caused by a product mix with higher sales of low-margin products compared to the prior year period.

Selling and distribution expenses decreased in the reporting period by EUR 1,260k or 4% to the comparative period. This is mainly attributable to a reduction in logistics expenses by 12%. On the one hand, the above-mentioned product mix of low-margin products in the German Shop lead to lower logistics expenses. On the other hand, cost reduction measures implemented in the past start showing their effects, those measures comprise in detail the change to an additional transport service supplier for deliveries to China and savings from the reduction of split shippings to customers in Switzerland and Italy. Additionally, the increase in the average order value in H1 2017 positively impacts the ratio of logistics expenses to revenues.

Further cost savings of 7% were achieved for marketing expenses. The German Shop in particular focused its online marketing activities in H1 2017 on high-margin non-consumable products, resulting in a decrease in transaction volume and also in lower fees per transaction.

The outsourcing of customer service activities, completed in the end of Q2 2017, had a smaller effect, that was almost fully compensated by the parallel operation of two customer service teams at the beginning of the year. Overall, windeln.de increasingly benefits from economies of scale. This is reflected by the moderate increase in selling and distribution expenses (3%, without savings in logistics) compared to the strong revenue growth (16%).

Administrative expenses increased by EUR 1,028k or 9% over the comparable period. This development is mainly attributable to increasing personnel expenses in relation to the acquisition of the Feedo Group and Bebitus. Portions of the economic purchase price of these subsidiaries are considered share-based payments. In H1 2017, personnel expenses of EUR 5,687k (H1 2016: EUR 4,459k) were recognized for those transactions. Excluding share-based payments from acquisitions, administrative expenses would have decreased by 3%.

Other operating income and expenses mainly consist of gains and losses from foreign exchange rate differences between the date of origin and the date of payment of foreign exchange receivables and liabilities. Foreign exchange gains decreased by EUR 117k, foreign exchange losses decreased by EUR 56k. In H1 2017, underpayments to suppliers and overpayments from customers in the amount of EUR 97k were recognized as other operating income, after they had expired the statutory limitation period.

With minus EUR 10k, the financial result is significantly lower than in the prior year period (plus EUR 806k). This is mainly attributable to EUR 795k recognized as financial income for the remeasurement of contingent purchase price obligations (Earn Outs) in the prior year. In the current six months period, only EUR 1k were recognized as financial expense for the fair value remeasurement.

In Q1 2017, the Group entered into a foreign exchange forward agreement after the Czech National Bank announced to give up its exchange rate peg between Czech Koruna and Euro. The agreement is accounted for as a Fair Value Hedge and incurred realized foreign exchange gains of EUR 1k and unrealized foreign exchange gains of EUR 12k, recognized within the financial result. The agreement comprises 17 separate tranches with maturity dates between April 21 and December 22, 2017.

Material financial and non-financial key performance indicators

Material financial key performance indicators

The material financial performance indicators of the Group consist of revenues, operating contribution as percentage of revenues and adjusted EBIT as percentage of revenues. The development of revenues is described in the prior section. The development of operating contribution as percentage of revenues is described in section 2.5. “Other financial performance indicators”.

For the purposes of managing the Group, earnings before interest and taxes (EBIT) are adjusted for expenses in connection with share-based compensation as well as expenses and income in connection with acquisitions and integration of new subsidiaries and expenses in connection with the expansion of the Group as well as for expenses for reorganization, internal restructuring and the ERP system change.

kEUR	H1 2017	H1 2016 R	Change absolute in kEUR	Change relative in %	Q2 2017	Q2 2016 R	Change absolute in kEUR	Change relative in %
Earnings before interest and taxes (EBIT)	**-19,080**	**-19,199**	**119**	**-1%**	**-10,142**	**-9,194**	**-948**	**10%**
adjusted for costs of acquisition, integration and expansion	224	566	-342	-60%	106	108	-2	-2%
adjusted for share-based compensation	5,987	5,086	901	18%	4,333	2,320	2,013	87%
adjusted for costs of reorganization	-103	351	-454	<-100%	-24	103	-127	<-100%
adjusted for costs of restructuring under corporate law	-	132	-132		-	67	-67	
adjusted for ERP system change	-	337	-337		-	337	-337	
Adjusted EBIT	**-12,972**	**-12,727**	**-245**	**2%**	**-5,727**	**-6,259**	**532**	**-8%**

Adjusted EBIT in H1 2017 is minus EUR 12,972k and has slightly deteriorated compared to the prior year period. However, adjusted EBIT as percentage of revenues improved by 1.6pp from -13.8% to -12.2%.

Material non-financial key performance indicators

The material non-financial key performance indicators consist of number of active customers, average number of order per active customers, average order value and the share of repeat customers.

- The number of active customer increased by 4% from 1,065,089 as of December 31, 2016, to 1,102,908 as of June 30, 2017. The highest increase was achieved in the operating segment International Shops.
- The average number of orders from active customers amounts to 2.20 as of June 30, 2017, and remains basically unchanged compared to December 31, 2016 (2.19).
- The average order value in H1 2017 decreased by 5% compared to H1 2016 to now EUR 86.79. In Q2 2017, this value amounts to EUR 90.98 and was significantly higher than in Q1 2017 (EUR 82.93).
- The share of repeat customers is 76.2% as of June 30, 2017, at a similar level as of December 31, 2016 (76.6%).

Segment results of operations

kEUR	H1 2017	H1 2016 R	Change absolute in kEUR	Change relative in %	Q2 2017	Q2 2016 R	Change absolute in kEUR	Change relative in %
German Shop	71,957	65,958	5,999	9%	36,616	31,163	5,453	17%
International Shops	34,616	26,009	8,607	33%	18,019	13,765	4,254	31%
Reconciling item to Group revenues	-92	-42	-50	>100%	-33	-42	9	-21%
Revenues from continuing operations	**106,481**	**91,925**	**14,556**	**16%**	**54,602**	**44,886**	**9,716**	**22%**
Shopping Clubs	-	9,650	-9,650		-	4,557	-4,557	
Total Group revenues	**106,481**	**101,575**	**4,906**	**5%**	**54,602**	**49,443**	**5,159**	**10%**
German Shop contribution	-57	-368	311	-85%	1,110	-71	1,181	<-100%
International Shops contribution	-11,012	-10,961	-51	0%	-6,927	-5,306	-1,621	31%
Reconciling item to Group EBIT	-8,011	-7,870	-141	2%	-4,325	-3,817	-508	13%
EBIT from continuing operations	**-19,080**	**-19,199**	**119**	**-1%**	**-10,142**	**-9,194**	**-948**	**10%**
Shopping Clubs contribution	-	-2,891	2,891		-	-1,661	1,661	
Total Group EBIT	**-19,080**	**-22,090**	**3,010**	**-14%**	**-10,142**	**-10,855**	**713**	**-7%**
German Shop contribution	-9	-137	128	-93%	1,150	94	1,056	>100%
International Shops contribution	-5,168	-5,956	788	-13%	-2,795	-3,053	258	-8%
Reconciling item to adjusted Group EBIT	-7,795	-6,634	-1,161	18%	-4,082	-3,300	-782	24%
Adjusted EBIT from continuing operations	**-12,972**	**-12,727**	**-245**	**2%**	**-5,727**	**-6,259**	**532**	**-8%**

The operating segment International Shops was the main growth driver in the Group. The segment achieved revenue growth of 33%, mainly in the markets of Bebitus (Spain, France, Portugal), Feedo Group (Czech Republic, Poland, Slovakia) and pannolini.it in Italy. At the same time, profitability could be improved in those growth markets. EBIT improved by 10.3pp to now -31.8%. Adjusted EBIT, mainly adjusted by share-based compensation, improved by 8.0pp to -14.9%.

The operating segment German Shop, comprising the activities of the shops www.windeln.de, www.nakiki.de, www.windeln.com/cn and sales on the shopping platform Tmall, achieved some growth, too. However, the focus in this segment is on moderate growth with substantial improvement of profitability. The segment succeeded in increasing its adjusted EBIT in Q2 2017 to 3.1% after -3.3% in Q1 2017 (EBIT before adjustments: 3.0% in Q2 2017 and -3.3% in Q1 2017). This improvement is a direct result of the strong growth in China as well as measures of the STAR program implemented in the second half of 2016, in particular measures to optimize the product range, the introduction of central purchasing responsibilities, the opening of the Tmall shop and the further expansion of the private label business. We see the German Shop progressing to profitability.

Regional results of operations

kEUR	H1 2017	H1 2016 R	Change absolute in kEUR	Change relative in %	Q2 2017	Q2 2016 R	Change absolute in kEUR	Change relative in %
Revenues from continuing operations	**106,481**	**91,925**	**14,556**	**16%**	**54,602**	**44,886**	**9,716**	**22%**
Germany, Austria, Switzerland (GSA)	24,306	27,349	-3,043	-11%	10,963	13,068	-2,105	-16%
China	50,920	40,901	10,019	24%	27,280	19,135	8,145	43%
Other/rest of Europe	31,255	23,675	7,580	32%	16,359	12,683	3,676	29%

windeln.de Group succeeded in increasing its revenues mainly in the geographical regions China and rest of Europe, compared to the prior year period. GSA, however, fell behind due to reduced marketing activities in this region.

2.4.2. Financial position

kEUR	H1 2017	H1 2016 R	Change absolute in kEUR	Change relative in %
Loss for the period	-19,084	-21,293	2,209	-10%
Net cash flows from operating activities	**-13,114**	**-20,884**	**7,770**	**-37%**
Net cash flows from investing activities	**297**	**-622**	**919**	**<-100%**
Net cash flows from financing activities	**-26**	**-53**	**27**	**-51%**
Cash and cash equivalents at the beginning of the period	51,302	88,678	-37,376	-42%
Change in cash and cash equivalents	-12,843	-21,559	8,716	-40%
Change in cash and cash equivalents due to foreign exchange rates	3	-3	6	<-100%
Cash and cash equivalents at the end of the period	**38,462**	**67,116**	**-28,654**	**-43%**
Time deposits	3,125	-	3,125	
Restricted cash	297	107	190	>100%
Total cash, time deposits and restricted cash	**41,884**	**67,223**	**-25,339**	**-38%**

In H1 2017, the Group incurred negative cash flows from operating activities of EUR 13,114k representing a significant reduction of cash outflows by 37% compared to the prior year period. Also from a longer-term perspective, this position could be continuously improved. Negative cash flows from operating activities gradually decreased from EUR 12,318k in Q4 2015 to EUR 9,554k in Q4 2016 to now EUR 5,975k in Q2 2017. The improvement in H1 2017 results from the lower loss of the period, and from reductions of capital intensive assets, in particular inventories and trade receivables. The reduction of deferred revenue has a negative impact on operating cash flows. This is a consequence of faster deliveries to customers and lower rebates given to customers by means of loyalty bonuses.

The improvement of cash flows from investing activities from cash outflows of EUR 622k in H1 2016 to cash inflows of EUR 297k in H1 2017 is the result of various effects. While the prior year had cash inflows of EUR 678k from the acquisition of subsidiaries, the current year only shows a cash outflow of EUR 8k. Another one-time effect is the redemption of time deposits of EUR 1,250k received in H1 2017.

The credit line agreements with Commerzbank AG (EUR 5m) and DZ BANK AG Deutsche Zentral-Genossenschaftsbank (EUR 4m) were extended until September 30, 2017. The maturity of the secured revolving cash credit line agreement of EUR 5m with Deutsche Bank was amended to September 30, 2017, in line with the maturities of Commerzbank and DZ BANK. The credit lines are secured by inventories and an assignment of receivables (blanket assignment), and they include standard covenants. As in the prior year, none of these credit lines were utilized as of June 30, 2017.

2.4.3. Net assets

			Change	
Assets	**June 30,**	**December 31,**	**absolute**	**relative**
kEUR	**2017**	**2016**	**in kEUR**	**in %**
NON-CURRENT ASSETS				
Intangible assets	31,764	31,169	595	2%
Fixed assets	754	865	-111	-13%
Other financial assets	2,065	3,146	-1,081	-34%
Other non-financial assets	219	330	-111	-34%
Deferred tax assets	10	10	0	0%
Total non-current assets	**34,812**	**35,520**	**-708**	**-2%**
CURRENT ASSETS				
Inventories	19,605	21,645	-2,040	-9%
Prepayments	786	374	412	>100%
Trade receivables	2,156	2,508	-352	-14%
Income tax receivables	11	6	5	83%
Other financial assets	7,421	7,330	91	1%
Other non-financial assets	3,387	2,990	397	13%
Cash and cash equivalents	38,462	51,302	-12,840	-25%
Total current assets	**71,828**	**86,155**	**-14,327**	**-17%**
TOTAL ASSETS	**106,640**	**121,675**	**-15,035**	**-12%**

As of June 30, 2017, non-current assets amount to EUR 34,812k, a slight decrease of 2% compared to December 31, 2016. The largest change results from the reclassification of EUR 1,250k in time deposits from other non-current financial assets to other current financial assets. Additionally, intangible assets increased by EUR 595k. This effects stems basically from the foreign exchange remeasurement of the Feedo Group domains that are accounted for in PLN.

Current assets decreased by 17% compared to December 31, 2016, and amount to EUR 71,828k as of June 30, 2017. The reduction mainly results from reduced cash and cash equivalents, described under 2.4.2. Of the time deposits recognized within other current financial assets, EUR 1,250k were repaid. At the same time, previously non-current time deposits of EUR 1,250k are now recognized as current time deposits. Furthermore, inventories decrease by 9% to EUR 19,605k. The reduction is a result of improved capital management, the sell-off of old stock, and the product range consolidation as one of the measures of the STAR program. In addition to the reduced gross inventory, the improved inventory structure positively impacts the impairment of merchandise, that declines significantly.

Equity and liabilities kEUR	June 30, 2017	December 31, 2016 R	Change absolute in kEUR	 relative in %
EQUITY				
Issued capital	26,318	26,318	-	-
Share premium	165,562	159,993	5,569	3%
Treasury shares	-370	-370	-	-
Accumulated loss	-124,557	-105,473	-19,084	18%
Cumulated other comprehensive income	-53	-233	180	-77%
Total equity	**66,900**	**80,235**	**-13,335**	**-17%**
NON-CURRENT LIABILITIES				
Defined benefit obligations and other accrued employee benefits	338	153	185	>100%
Other provisions	7	86	-79	-92%
Financial liabilities	99	119	-20	-17%
Other financial liabilities	188	589	-401	-68%
Deferred tax liabilities	6,164	6,057	107	2%
Total non-current liabilities	**6,796**	**7,004**	**-208**	**-3%**
CURRENT LIABILITIES				
Other provisions	217	424	-207	-49%
Financial liabilities	69	64	5	8%
Trade payables	17,413	17,517	-104	-1%
Deferred revenues	3,119	4,555	-1,436	-32%
Income tax payables	3	12	-9	-75%
Other financial liabilities	8,199	8,592	-393	-5%
Other non-financial liabilities	3,924	3,272	652	20%
Total current liabilities	**32,944**	**34,436**	**-1,492**	**-4%**
TOTAL EQUITY AND LIABILITIES	**106,640**	**121,675**	**-15,035**	**-12%**

Compared to December 31, 2016, the Group's equity decreased by EUR 13,335k to EUR 66,900k as of June 30, 2017, mainly due to the loss for the period. Share-based payment obligations recognized in equity have a contrary effect on the share premium and increase by EUR 5,569k, thereof EUR 5,204k from the acquisition of Bebitus, EUR 66k from the acquisition of Feedo and EUR 299k from stock option programs to employees of windeln.de SE.

Non-current liabilities decreased slightly by 3% to EUR 6,796k as of June 30, 2017. The main reduction stems from lower liabilities from contingent considerations (Earn Outs) for the Feedo Group. Those decreased from EUR 499k as of December 31, 2016, to EUR 109k as of June 30, 2017. In this context, other accrued employee benefits increased by EUR 169k. Since Q2 2017, parts of share-based payments will be settled with cash. Therefore, a transfer from share premium to other accrued employee benefits was necessary. Deferred taxes, recognized mainly for domains from business combinations, remain the most material position within non-current liabilities. The change of EUR 107k stems basically from the foreign exchange remeasurement of Feedo's deferred taxes that are accounted for in PLN.

Current liabilities decrease by 4% compared to December 31, 2016, and amount to EUR 32,944k as of June 30, 2017. Within current liabilities, deferred revenues reduced by EUR 1,436k. This results from faster deliveries to customers and the corresponding lower deferral of customer fees. Additionally, in the course of adopting IFRS 15 "Revenue from Contracts with Customers", liabilities from loyalty bonuses are recognized within deferred revenues and the prior year numbers were restated accordingly. Less loyalty bonuses given to customers contribute to the decrease of deferred revenues.

2.4.4. Net overall statement

Overall, the first half of 2017 has been satisfying. The revenue growth of 16% slightly exceeds the outlook windeln.de gave in the Annual Report 2016. In addition, adjusted EBIT (as % of revenues) and operating contribution (as % of revenues) improved slightly to moderately.

2.5. Other financial performance indicators

	H1 2017	H1 2016 R	Change	Q2 2017	Q2 2016 R	Change
Marketing cost ratio (as % of revenues)	5.6%	7.1%	-1.5pp	5.3%	7.8%	-2.5pp
Adjusted fulfilment cost ratio (as % of revenues)	14.8%	18.7%	-3.9pp	14.2%	18.3%	-4.1pp
Adjusted other SG&A costs (as % of revenues)	16.4%	16.9%	-0.5pp	16.9%	17.3%	-0.4pp
Operating contribution (as % of revenues)	4.2%	3.1%	1.1pp	6.4%	3.4%	3pp

In the consolidated statement of profit and loss, marketing costs are recognized within selling and distribution expenses. 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. In H1 2017, the Group recognized marketing expenses of EUR 6,009k (H1 2016: EUR 6,494k). We define marketing cost ratio as marketing costs divided by revenues for the measurement period. The marketing cost ratio improved by 1.5pp and is now at 5.6%.

Fulfilment costs consist of logistics and warehouse rental expenses that are recognized within selling and distribution expenses in the consolidated statement of profit and loss. Adjusted fulfilment costs exclude costs in connection with the reorganization of the Swiss warehouse. We define adjusted fulfilment cost ratio as adjusted fulfilment costs divided by revenues for the measurement period.

			Change				Change	
kEUR	H1 2017	H1 2016 R	absolute in kEUR	relative in %	Q2 2017	Q2 2016 R	absolute in kEUR	relative in %
Logistics	-13,779	-15,652	1,873	-12%	-6,777	-7,423	646	-9%
Warehouse rent	-1,867	-1,819	-48	3%	-917	-873	-44	5%
Fulfilment costs	**-15,646**	**-17,471**	**1,825**	**-10%**	**-7,694**	**-8,296**	**602**	**-7%**
Adjustments	-95	303	-398	<-100%	-41	66	-107	<-100%
Adjusted fulfilment costs	**-15,741**	**-17,168**	**1,427**	**-8%**	**-7,735**	**-8,230**	**495**	**-6%**
Adjusted fulfilment cost ratio (as % of revenues)	14.8%	18.7%	-3.9pp		14.2%	18.3%	-4.1pp	

In H1 2017, the adjusted fulfilment cost ratio was 14.8% compared 18.7% in H1 2016. The improvement is primarily attributable to the engagement of a new transport service provider for deliveries to China.

Other selling, general and administrative 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 in connection with share-based compensation as well as expenses and income in connection with acquisitions and integration of new subsidiaries and expenses in connection with the expansion of the Group. In the prior year period, expenses for reorganization, internal restructuring measures and the ERP system change were adjusted, too. We define adjusted other SG&A Expenses (in % of revenues) as adjusted other SG&A expenses divided by revenues.

			Change				Change	
kEUR	H1 2017	H1 2016 R	absolute in kEUR	relative in %	Q2 2017	Q2 2016 R	absolute in kEUR	relative in %
Selling and distribution expenses (w/o marketing and fulfilment costs)	-10,779	-9,729	-1,050	11%	-5,728	-4,950	-778	16%
Administrative expenses	-12,945	-11,917	-1,028	9%	-7,833	-5,607	-2,226	40%
Other operating income	654	607	47	8%	394	520	-126	-24%
Other operating expenses	-569	-595	26	-4%	-507	-518	11	-2%
Other SG&A costs	**-23,639**	**-21,634**	**-2,005**	**9%**	**-13,674**	**-10,555**	**-3,119**	**30%**
Adjustments	6,191	6,075	116	2%	4,448	2,775	1,673	60%
Adjusted other SG&A costs	**-17,448**	**-15,559**	**-1,889**	**12%**	**-9,226**	**-7,780**	**-1,446**	**19%**
Adjusted other SG&A costs (as % of revenues)	16.4%	16.9%	-0.5pp		16.9%	17.3%	-0.4pp	

In H1 2017, adjusted other SG&A costs amount to 16.4% as % of revenues, compared to 16.9% in the prior year period. They increase disproportionally slower than revenues.

We define operating contribution as adjusted gross profit excluding marketing costs and adjusted fulfilment costs. The adjustments of gross profit mainly relate to share-based compensation. In the prior year period, costs for the ERP system change were adjusted, too.

			Change				Change	
kEUR	H1 2017	H1 2016 R	absolute in kEUR	relative in %	Q2 2017	Q2 2016 R	absolute in kEUR	relative in %
Gross profit	26,214	26,400	-186	-1%	14,114	13,169	945	7%
Adjustments	12	94	-82	-87%	8	94	-86	-91%
Adjusted gross profit	**26,226**	**26,494**	**-268**	**-1%**	**14,122**	**13,263**	**859**	**6%**
Marketing costs	-6,009	-6,494	485	-7%	-2,888	-3,512	624	-18%
Adjusted fulfilment costs	-15,741	-17,168	1,427	-8%	-7,735	-8,230	495	-6%
Operating contribution	**4,476**	**2,832**	**1,644**	**58%**	**3,499**	**1,521**	**1,978**	**>100%**
Operating contribution (as % of revenues)	4.2%	3.1%	1.1pp		6.4%	3.4%	3.0pp	

In H1 2017, operating contribution is at 4.2%, about 1.1pp above the prior year period. This mainly results from savings in logistics expenses as part of adjusted fulfilment costs.

2.6. Other non-financial performance indicators

	H1 2017	H1 2016 R	Q2 2017	Q2 2016 R
Site Visits	47,921,269	43,452,238	21,883,792	22,105,910
Mobile Visit Share (as % of Site Visits)	69.1%	60.3%	69.8%	62.0%
Mobile Orders (as % of Number of Orders)	46.8%	43.2%	47.3%	43.9%
Number of Orders	1,209,634	1,125,437	580,052	531,926
Gross Order Intake (in EUR)	104,982,475	102,408,445	52,772,633	47,886,059
Returns (as % of Revenues from Orders)	3.3%	6.0%	2.9%	5.8%

Non-financial performance indicators also showed a positive development compared to prior year. Site visits, number of orders and gross order intake noticably increased. This development is attributable to the increasing share of mobile users as shown in the table above.

Returns (as % of Gross Revenues from Orders) nearly halved compared to prior year. The decrease is mainly attributable to a higher share of revenues outside the GSA region and therefore also an higher share of products with low return rates.

3. Outlook

The outlook of revenue development and the development of the Group's financial and non-financial performance indicators – given in Annual Report 2016 – still applies as of June 30, 2017. Please refer to Annual Report 2016 for further information.

4. Opportunities and risks report

As part of the closing process for the fiscal year 2016, windeln.de Group made a risk assessment. At the end of the first half year 2017, a planned reassessment has been performed. Compared to the assessment as of December 31, 2016, the assessment of some risks has been changed significantly. The Group does not see a material change of opportunities.

Any assignment of risks to another risk class based on the last evaluation is considered as a material change. For the classification as a low, medium or high risk, the same thresholds are applied as the ones for the Annual Report 2016. In the following, all material changes will be presented.

Risk resulting from integration
The Group sees an increased risk related to the planned integration of its subsidiaries Bebitus and Feedo. The main risk is that planned synergies will be leveraged later than estimated or that problems which disturb the operational business arise during the implementation of new systems such as the migration of the ERP systems or the launch of a new shop software. The Group reduces this risk by intensive project planning and management. Nevertheless, the Group sees an increased risk particularly regarding IT risks.

Supplier risks
As the Group is dependent on a limited number of suppliers, in particular for baby food and diapers, it is subject to the risk that suppliers default or offer their products to less favorable conditions. This would have a negative effect on revenues and in particular on product margins. Among other things, the Group sees an increased probability of occurrence for this risk as a result of the deliberate reduction of offered brands and products and regards the risk as high.

Organizational and legal risks
As the planned move of the central warehouse has become more concrete within the last months, the occurrence probability of risks related to the warehouse move has increased compared to the assessment as of December 31, 2016.

Furthermore, penalties for the violation of regulatory provisions which are related to the publication requirements as a listed company as well as related to data protection regulations were increased. In order to meet all requirements and obligations, individuals have been made responsible and corresponding processes have been established in the Group to monitor all relevant developments. Nevertheless, due to the increased requirements the Group regards the legal risks as high.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement and other comprehensive income

kEUR	H1 2017	H1 2016 R	Q2 2017	Q2 2016 R
Continuing operations				
Revenues	106,481	91,925	54,602	44,886
Cost of sales	-80,267	-65,525	-40,488	-31,717
Gross profit	**26,214**	**26,400**	**14,114**	**13,169**
Selling and distribution expenses	-32,434	-33,694	-16,310	-16,758
Administrative expenses	-12,945	-11,917	-7,833	-5,607
Other operating income	654	607	394	520
Other operating expenses	-569	-595	-507	-518
Earnings before interest and taxes (EBIT)	**-19,080**	**-19,199**	**-10,142**	**-9,194**
Financial income	33	820	15	710
Financial expenses	-43	-14	-10	47
Financial result	**-10**	**806**	**5**	**757**
Earnings before taxes (EBT)	**-19,090**	**-18,393**	**-10,137**	**-8,437**
Income taxes	6	-8	3	-8
Profit or loss from continuing operations	**-19,084**	**-18,401**	**-10,134**	**-8,445**
Profit or loss after taxes from discontinued operations	-	-2,892	-	-1,662
PROFIT OR LOSS FOR THE PERIOD	**-19,084**	**-21,293**	**-10,134**	**-10,107**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	180	-339	-177	-384
OTHER COMPREHENSIVE INCOME OR LOSS, NET OF TAX	**180**	**-339**	**-177**	**-384**
TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX	**-18,904**	**-21,632**	**-10,311**	**-10,491**
Basic earnings per share (in EUR)	-0.73	-0.81	-0.39	-0.38
Diluted earnings per share (in EUR)	-0.63	-0.75	-0.34	-0.35
Basic earnings per share from continuing operations (in EUR)	-0.73	-0.70	-0.39	-0.32
Diluted earnings per share from continuing operations (in EUR)	-0.63	-0.64	-0.34	-0.29

Consolidated statement of financial position

Assets kEUR	June 30, 2017	December 31, 2016
NON-CURRENT ASSETS		
Intangible assets	31,764	31,169
Fixed assets	754	865
Other financial assets	2,065	3,146
Other non-financial assets	219	330
Deferred tax assets	10	10
Total non-current assets	**34,812**	**35,520**
CURRENT ASSETS		
Inventories	19,605	21,645
Prepayments	786	374
Trade receivables	2,156	2,508
Income tax receivables	11	6
Other financial assets	7,421	7,330
Other non-financial assets	3,387	2,990
Cash and cash equivalents	38,462	51,302
Total current assets	**71,828**	**86,155**
TOTAL ASSETS	**106,640**	**121,675**

Equity and liabilities kEUR	June 30, 2017	December 31, 2016 R
EQUITY		
Issued capital	26,318	26,318
Share premium	165,562	159,993
Treasury shares	-370	-370
Accumulated loss	-124,557	-105,473
Cumulated other comprehensive income	-53	-233
Total equity	**66,900**	**80,235**
NON-CURRENT LIABILITIES		
Defined benefit obligations and other accrued employee benefits	338	153
Other provisions	7	86
Financial liabilities	99	119
Other financial liabilities	188	589
Deferred tax liabilities	6,164	6,057
Total non-current liabilities	**6,796**	**7,004**
CURRENT LIABILITIES		
Other provisions	217	424
Financial liabilities	69	64
Trade payables	17,413	17,517
Deferred revenues	3,119	4,555
Income tax payables	3	12
Other financial liabilities	8,199	8,592
Other non-financial liabilities	3,924	3,272
Total current liabilities	**32,944**	**34,436**
TOTAL EQUITY AND LIABILITIES	**106,640**	**121,675**

Consolidated statement of cash flows

kEUR	H1 2017	H1 2016 R	Q2 2017	Q2 2016 R
Profit or loss for the period	-19,084	-21,293	-10,134	-10,107
Amortization (+) / impairment (+) of intangible assets	690	444	351	243
Depreciation (+) / impairment (+) of fixed assets	233	259	114	123
Increase (+) / decrease (-) in other provisions	-285	58	-97	29
Non-cash expenses (+) from employee benefits	5,983	4,964	4,371	2,294
Other non-cash expense (+) / income (-) items	-132	228	-3	436
Increase (-) / decrease (+) in inventories	2,091	-2,179	1,115	-1,118
Increase (-) / decrease (+) in prepayments	-411	1,359	-451	341
Increase (-) / decrease (+) in trade receivables	361	-3,207	51	-4,509
Increase (-) / decrease (+) in other assets	-532	-18	-503	-189
Increase (+) / decrease (-) in trade payables	-235	-1,682	1,050	1,962
Increase (+) / decrease (-) in deferred revenues	-1,441	169	-1,794	-279
Increase (+) / decrease (-) in other liabilities	-372	47	-64	-1,059
Gain (-) / loss (+) from disposal of intangible and fixed assets	32	-13	30	-13
Interest expenses (+) / income (-)	3	-22	-	-12
Income tax expenses (+) / income (-)	-6	4	-3	10
Income tax paid (-) / received (+)	-9	-2	-8	-3
Net cash flows from / used in operating activities	**-13,114**	**-20,884**	**-5,975**	**-11,851**
Proceeds (+) from sales of intangible and fixed assets	27	-	5	-
Purchase (-) of intangible assets	-832	-800	-183	-297
Purchase (-) of fixed assets	-142	-528	-62	-120
Purchase (-) or proceeds (+) from financial investments	1,250	-	625	-
Payments (-) or refunds (+) in connection with additions to group structure less acquired cash and cash equivalents	-8	678	-8	678
Interest received (+)	2	28	1	13
Net cash flows from / used in investing activities	**297**	**-622**	**378**	**274**
Transaction cost (-) on issue of shares	-	-18	-	-18
Repayment (-) of finance lease liabilities	-35	-24	-17	-13
Proceeds (+) from financial liabilities	19	-	-30	-
Repayment (-) of financial liabilities	-6	-5	-3	-2
Interest paid (-)	-4	-6	0	-1
Net cash flows from / used in financing activities	**-26**	**-53**	**-50**	**-34**
Cash and cash equivalents at the beginning of the period	51,302	88,678	44,112	78,730
Net increase / decrease in cash and cash equivalents	-12,843	-21,559	-5,647	-11,611
Change in cash and cash equivalents due to foreign exchange rates	3	-3	-3	-3
Cash and cash equivalents at the end of the period	**38,462**	**67,116**	**38,462**	**67,116**

Consolidated statement of changes in equity

kEUR	Issued capital	Share premium	Treasury shares
As at January 1, 2017	**26,318**	**159,993**	**-370**
Total comprehensive income or loss of the period	-	-	-
Issue of share capital	-	-	-
Repurchase of own shares	-	-	-
Transaction costs	-	-	-
Share-based payments	-	5,569	-
As at June 30, 2017	**26,318**	**165,562**	**-370**
As at January 1, 2016	**25,746**	**154,570**	**-**
Total comprehensive income or loss of the period	-	-	-
Issue of share capital	537	27	-
Repurchase of own shares	-	-	-370
Transaction costs	-	-21	-
Share-based payments	-	5,002	-
As at June 30, 2016 R	**26,283**	**159,578**	**-370**

Accumulated loss	Actuarial gains or losses from remeasurement of defined benefit pension plans	Exchange differences on translation of foreign operations	Other comprehensive income	Total equity
-105,473	**14**	**-247**	**-233**	**80,235**
-19,084	-	180	180	-18,904
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	5,569
-124,557	14	-67	-53	66,900
-63,500	**-28**	**8**	**-20**	**116,796**
-21,293	-	-339	-339	-21,632
-	-	-	-	564
-	-	-	-	-370
-	-	-	-	-21
-	-	-	-	5,002
-84,793	-28	**-331**	**-359**	100,339

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2017

1. General information

windeln.de SE (the "Company") is a stock corporation under German law whose shares are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange since May 6, 2015. The Company is entered in the commercial register at Munich local court under HRB 228000. The registered offices of the Company are located at Hofmannstr. 51 in 81379 Munich, Germany. windeln.de SE is the parent of the windeln.de Group ("windeln.de" or the "Group").

The condensed and unaudited interim consolidated financial statements as of June 30, 2017, were approved for publication by resolution of the management board on August 4, 2017.

2. Basic accounting policies

The condensed interim consolidated financial statements as of June 30, 2017, were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union (EU). These interim consolidated financial statements conform with the regulation IAS 34 "Interim financial reporting".

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2016.

Generally, the same accounting and measurement principles were applied as in the consolidated financial statements for the financial year ended December 31, 2016. Exceptions relate to new or revised accounting standards that either require first application in fiscal year 2017 or that are early adopted in fiscal year 2017. We refer to section 3.2 "New accounting standards issued by the IASB" of our notes to the consolidated financial statements as of December 31, 2016. The first adoption of new or revised IFRS standards had no effect on the income position of the Group. The first adoption of IFRS 15 "Revenue from Contracts with Customers" had effects on the Group's net asset position. Please refer to note 3.1.

The implementation progress of new but not yet applicable standards is described below:

IFRS 9 Financial Instruments (Required effective date January 1, 2018)

The new standard is not applied before the required effective date. The preliminary assessment may be subject to changes since the analysis is not yet completed and the impact on the Group's financial statements cannot yet be finally determined.

Classification of financial assets

- windeln.de categorizes its debt instruments as loans and receivables (LaR) or as held-to-maturity investments (htm) that are all measured at amortized cost. It is expected that the majority of those debt instruments is measured at amortized cost under IFRS 9 because they are held with the intention to generate contractual cash flows, that solely represent redemption and interest payments.
- Equity instruments are of immaterial amount and are categorized as available-for-sale financial assets (afs) but are recognized at cost because they cannot be reliably measured. Under IFRS 9, they would be measured at amortized cost. windeln.de does not expect to use the FVOCI option.
- Derivatives are of immaterial amount and are categorized as assets held for trading (hft) as they are not designated as a hedging instrument in effective hedging relationships. Derivatives do not fulfil the cash flow conditions introduced in IFRS 9, therefore they continue to be recognized at fair value through profit or loss under IFRS 9.

Impairment of financial assets

Trade receivables of the windeln.de Group have no significant financing component and can therefore be assessed under the simplified impairment model in IFRS 9, where the expected credit losses are recognized over the cumulated runtime. It is expected that the current impairment matrix is compliant to IFRS 9, and therefore no impact on net assets, financial position and results of operations is expected.

New regulations on measurement of financial liabilities and accounting of hedging instruments are not applicable at windeln.de.

IFRS 16 Leases (required effective date January 1, 2019)

The application of the new standard will affect leased items such as office and warehouse spaces and leased company cars if they exceed certain terms and quantitative thresholds. Their recognition as finance leases will result in a capitalization of new rights of use, and simultaneously a capitalization of financial liabilities.

windeln.de Group opts to continue to recognize short-term and low-ticket lease agreements as operating lease. The Group currently analyzes all lease agreements, whereas priority is given to legal entities with operating business rather than to service entities. Especially the measurement of renewal options in the lease agreements requires additional investigation. Therefore, no estimate of the quantitative impact on the Group's net assets, financial position and results of operations can yet be provided.

In addition, a shift of expenses from operating lease expenses to financial expenses from lease liabilities is expected. The Group has not yet decided if a full retrospective approach or modified retrospective approach should be applied. The Group has not yet decided if it will apply an early adoption.

3. Restatements

3.1. Presentation of loyalty bonuses

In connection with the early adoption of IFRS 15 "Revenue from Contracts with Customers", unfulfilled performance obligations from loyalty bonuses are presented within deferred revenues as part of so-called contract liabilities that are accounted for under IFRS 15, and not within provisions that are accounted for under IAS 37. Thus, the position "deferred revenues" cumulates all unfulfilled performance obligations of the Group towards customers. The change in accounting policy is applied retrospectively and has the following impact on the consolidated statement of financial position:

	As presented	Loyalty bonuses	Adjusted
kEUR	**December 31, 2016**		**December 31, 2016 R**
Other current provisions	1,662	-1,238	424
Deferred revenues	3,317	1,238	4,555
Total current liabilities	**34,436**	-	**34,436**

	As presented	Loyalty bonuses	Adjusted
kEUR	**January 1, 2016**		**January 1, 2016 R**
Other current provisions	2,221	-1,932	289
Deferred revenues	4,352	1,932	6,284
Total current liabilities	**34,373**	-	**34,373**

3.2. Restatements in connection with business combinations

In connection with the acquisition of Feedo Sp. z o.o. and its subsidiaries (hereinafter referred to as “Feedo Group” or “Feedo”) in 2015, a review process of the issued seller guarantees was performed in January 2016. The review was triggered by new findings that indicated an incompleteness of the business plan at the acquisition date. In the course of this review process, windeln.de SE and two of the sellers of the Feedo Group agreed on a compensation payment of EUR 1,050k in March 2016. The compensation payment was received in April 2016. In May 2016, windeln.de SE agreed with the three remaining sellers of the Feedo Group, an investor and both founders, on a compensation of EUR 2,128k that will be offset against subsequent purchase price payments (Earn Outs) in the coming years. The compensation claim has a present value of EUR 2,051k as of the acquisition date.

The subsequent correction of the purchase price and the business plan results in an amendment of the purchase price; the non-forfeitable portion of that purchase price (contingent purchase price, so-called Earn Out) is part of the total transferred consideration. All three components (a) the amended business plan, (b) the compensation payment received and (c) the offset against future contingent purchase price payments are to be recognized as adjustment to the transferred consideration within the measurement period during which the acquirer shall – in accordance with IFRS 3.46 – adjust the provisional amounts recognized for a business combination.

The retrospective recognition of the purchase price amendment as of the purchase date in fiscal year 2015 is described in note 3.4 “Restatements in connection with business combinations” in the notes to the consolidated financial statements as of December 31, 2016.

In the published interim consolidated financial statements as of June 30, 2016, the above-mentioned compensation claims to the sellers of the Feedo Group in the amount of EUR 3,101k are recognized as other operating income. The subsequent correction of the purchase price happened only after publication of the interim consolidated financial statements, giving rise to a restatement of other operating income of the first six months of 2016.

3.3. Discontinued operations

On July 28, 2016, the management board with approval by the supervisory board announced that the business model flash sales will be discontinued. Flash sales operations were the sole business activity of the Shopping Clubs business segment and the “Shopping Clubs” operating segment. With the final exit of flash sales operations by end of September 2016, the business segment qualifies as a discontinued operation under IFRS, and is therefore retrospectively presented separately from continuing operations in the Group’s consolidated statement of comprehensive income of the year 2016.

As a result of the retrospective purchase price adjustment (see note 3.2) and the presentation of discontinued operations, the consolidated income statement and other comprehensive income of the first six months of 2016 is restated as follows:

	as presented	Changes from retrospective purchase price adjustments in accordance with IFRS 3	Changes from presentation of discontinued operation	Adjusted
kEUR	**H1 2016**			**H1 2016 R**
Revenues	101,575	-	-9,650	91,925
Cost of sales	-71,952	-	6,427	-65,525
Gross profit	**29,623**	**-**	**-3,223**	**26,400**
Selling and distribution expenses	-39,609	-	5,915	-33,694
Administrative expenses	-12,155	-	238	-11,917
Other operating income	3,754	-3,101	-46	607
Other operating expenses	-602	-	7	-595
Earnings before interest and taxes (EBIT)	**-18,989**	**-3,101**	**2,891**	**-19,199**
Financial income	820	-	-	820
Financial expenses	-15	-	1	-14
Financial result	**805**	**-**	**1**	**806**
Earnings before taxes (EBT)	**-18,184**	**-3,101**	**2,892**	**-18,393**
Income taxes	-8	-	-	-8
Profit or loss from continuing operations	**-18,192**	**-3,101**	**2,892**	**-18,401**
Profit or loss after tax from discontinued operations	-	-	-2,892	-2,892
PROFIT OR LOSS FOR THE PERIOD	**-18,192**	**-3,101**		**-21,293**
OTHER COMPREHENSIVE INCOME OR LOSS, NET OF TAX	**-403**	**64**		**-339**
TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX	**-18,595**	**-3,037**		**-21,632**
Basic earnings per share (in EUR)	-0.70			-0.81
Diluted earnings per share (in EUR)	-0.64			-0.75
Basic earnings per share from continuing operations (in EUR)	n/a			-0.70
Diluted earnings per share from continuing operations (in EUR)	n/a			-0.64

kEUR	As presented Q2 2016	Changes from retrospective purchase price adjustments in accordance with IFRS 3	Changes from presentation of discontinued operations	Adjusted Q2 2016 R
Revenues	49,443	-	-4,557	44,886
Cost of sales	-34,746	-	3,029	-31,717
Gross profit	**14,697**	**-**	**-1,528**	**13,169**
Selling and distribution expenses	-19,837	-	3,079	-16,758
Administrative expenses	-5,728	-	121	-5,607
Other operating income	2,583	-2,051	-12	520
Other operating expenses	-519	-	1	-518
Earnings before interest and taxes (EBIT)	**-8,804**	**-2,051**	**1,661**	**-9,194**
Financial income	710	-	-	710
Financial expenses	46	-	1	47
Financial result	**756**	**-**	**1**	**757**
Earnings before taxes (EBT)	**-8,048**	**-2,051**	**1,662**	**-8,437**
Income taxes	-8	-	-	-8
Profit or loss from continuing operations	**-8,056**	**-2,051**	**1,662**	**-8,445**
Profit or loss after tax from discontinued operations	-	-	-1,662	-1,662
PROFIT OR LOSS FOR THE PERIOD	**-8,056**	**-2,051**		**-10,107**
OTHER COMPREHENSIVE INCOME OR LOSS, NET OF TAX	**-431**	**47**		**-384**
TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX	**-8,487**	**-2,004**		**-10,491**
Basic earnings per share (in EUR)	-0.31			-0.38
Diluted earnings per share (in EUR)	-0.28			-0.35
Basic earnings per share from continuing operations (in EUR)	n/a			-0.32
Diluted earnings per share from continuing operations (in EUR)	n/a			-0.29

The tables in the presented interim consolidated financial statements are marked with "R" if the disclosed numbers have been restated compared to the last published consolidated financial statements as of December 31, 2016, and the interim consolidated financial statements as of June 30, 2016.

4. Segment reporting

The basis of segmentation remains unchanged compared to the last consolidated financial statements as of December 31, 2016. With the accelerating technical and disciplinary integration of the International Shops, the general reporting structures in the windeln.de Group are currently analyzed and reorganized if necessary. As a consequence, that organizational restructuring may trigger a change in the future segment reporting.

In the first six months, operating segments developed as follows:

H1 2017

kEUR	German Shop	International Shops	Other/ Cons.	Total continuing operations
Revenues	**71,957**	**34,616**	**-92**	**106,481**
EBIT contribution	**-57**	**-11,012**	**97**	**-10,972**
Expenses from share-based payments	32	5,698	-	5,730
Expenses in connection with expansion	16	146	-	162
Expenses in connection with reorganization	-	-	-103	-103
Expenses in connection with the ERP system change	-	-	-	-
Adjusted EBIT contribution	**-9**	**-5,168**	**-6**	**-5,183**
as % of revenues	-0.0%	-14.9%		-4.9%
Corporate				-8,108
Earnings before interest and taxes (EBIT)				**-19,080**
Financial result				-10
Income taxes				6
Profit or loss for the period				**-19,084**

H1 2016 R

kEUR	German Shop	International Shops	Other/ Cons.	Total continuing operations	Shopping Clubs (discontinued operation)	Total
Revenues	**65,958**	**26,009**	**-42**	**91,925**	**9,650**	**101,575**
EBIT contribution	**-368**	**-10,961**	**-12**	**-11,341**	**-2,891**	**-14,232**
Expenses from share-based payments	117	4,532	-	4,649	3	4,652
Expenses in connection with expansion	-	117	-	117	6	123
Expenses in connection with reorganization	-	351	-	351	-	351
Expenses in connection with the ERP system change	114	5	-	119	54	173
Adjusted EBIT contribution	**-137**	**-5,956**	**-12**	**-6,105**	**-2,828**	**-8,933**
as % of revenues	-0.2%	-22.9%		-6.6%	-29.3%	-8.8%
Corporate				-7,858	-	-7,858
Earnings before interest and taxes (EBIT)				**-19,199**	**-2,891**	**-22,090**
Financial result				806	-1	805
Income taxes				-8	-	-8
Profit or loss for the period				**-18,401**	**-2,892**	**-21,293**

Q2 2017

kEUR	German Shop	International Shops	Other/ Cons.	Total continuing operations
Revenues	36,616	18,019	-33	54,602
EBIT contribution	1,110	-6,927	43	-5,774
Expenses from share-based payments	24	4,104	-	4,128
Expenses in connection with expansion	16	28	-	44
Expenses in connection with reorganization	-	-	-24	-24
Expenses in connection with the ERP system change	-	-	-	-
Adjusted EBIT contribution	1,150	-2,795	19	-1,626
as % of revenues	3.1%	-15.5%		-3.0%
Corporate				-4,368
Earnings before interest and taxes (EBIT)				-10,142
Financial result				5
Income taxes				3
Profit or loss for the period				-10,134

Q2 2016 R

kEUR	German Shop	International Shops	Other/ Cons.	Total continuing operations	Shopping Clubs (discontinued operation)	Total
Revenues	31,163	13,765	-42	44,886	4,557	49,443
EBIT contribution	-71	-5,306	-10	-5,387	-1,661	-7,048
Expenses from share-based payments	51	2,120	-	2,171	6	2.177
Expenses in connection with expansion	-	24	-	24	-1	23
Expenses in connection with reorganization	-	104	-	104	-	104
Expenses in connection with the ERP system change	114	5	-	119	54	173
Adjusted EBIT contribution	94	-3,053	-10	-2,969	-1,602	-4,571
as % of revenues	0.3%	-22.2%		-6.6%	-35.2%	-9.2%
Corporate				-3,807	-	-3,807
Earnings before interest and taxes (EBIT)				-9,194	-1,661	-10,855
Financial result				757	-1	756
Income taxes				-8	-	-8
Profit or loss for the period				-8,445	-1,662	-10,107

5. Basis of consolidation

Effective February 21, 2017, the company windeln Management Consulting (Shanghai) Co., Ltd. with registered offices in Shanghai, China, was founded. The subsidiary operates as a service company in the Chinese market for marketing activities and for the development of further distribution channels. It is included in the scope of consolidation since its foundation date.

6. Notes on the subsequent measurement of the acquisitions

Acquisition of Feedo Sp. z o.o.

Following a review of the sellers' guarantees in Q1 2016 made in connection with the acquisition of Feedo Sp. z o.o. and its subsidiaries (hereinafter referred to as "Feedo Group" or "Feedo") in July 2015, windeln.de and both of the founders and one investor agreed to adjust the subsequent purchase price. For detailed information, reference is made to the Annual Report 2016.

In H1 2017, one of the founders of the Feedo Group voluntarily left the company. Pursuant to the purchase agreement, this qualifies as a leaver event. windeln.de is entitled to claim back from the leaver a portion of the shares paid as purchase price and a portion of the shares to be issued for 2015 and 2016 at beneficial conditions.

In May 2017, windeln.de SE, the founders of the Feedo Group and the investor agreed on a second amendment of the purchase agreement about (1) the unsettled subsequent purchase price payments for 2015 and 2016 and (2) the mutual claims from the leaver event. The main components of the contract amendment are as follows:

- The founders obtain 40% of contingent considerations for 2015 in cash. 60% of the subsequent purchase price is settled in shares. The investor obtains 100% of the purchase price in shares.
- The subsequent purchase price for the year 2016 is fully settled in shares.
- The cash contribution for the par value of EUR 1 per share, due from the founders, will be netted against the contingent consideration cash payment for the year 2015. Since the supplement payment will exceed the contingent consideration payment, a further settlement with shares was agreed (new clearing mechanism), also with the investor.
- The new clearing mechanism shall also be applicable to subsequent purchase price payments for the years 2017 and 2018.
- The consequences of the leaver event, pursuant to the purchase agreement, are as follows. The leaver must return a portion of the shares received at the time of the acquisition, and is rewarded with cash in the amount of 60% of the returned shares as of April 13, 2017. For the years 2015 and 2016, a correspondingly reduced number of shares will be issued. The leaver is rewarded in cash. The cash reward qualifies as a settlement. Other shares that the leaver receives for 2015 and 2016 are netted with the shares to be returned.
- Claims from seller guarantees towards the leaver are reduced by EUR 30k.

As a result of the amendment, both founders and the investor receive a total of 312,438 shares and EUR 184k in cash. As of June 30, 2017, cash payments were already transferred. The registration of the capital increase in the Commercial Register and the admission of the shares to the stock exchange are not yet completed as of June 30, 2017. The shares are issued in the third quarter of 2017.

Recognition in group financial statements

From an economic perspective, the subsequent purchase price is composed of contingent purchase price payments (Earn Outs) accounted for under IFRS 3, and – for the two founders – of share-based payments accounted for under IFRS 2.

So far, share-based payment commitments were recognized within share premium based on an assumed equity-settlement. With the contract amendment stipulating cash payments of subsequent purchase prices for 2015 and for the leaver event, a reclassification of EUR 396k from share premium to other accrued employee benefits was made, in accordance with IFRS 2. Additionally, EUR 462k were recognized for share-based payment commitments as personnel expenses within administrative expenses in H1 2017. The amount of share-based compensation recognized within share premium increased from EUR 1,808k as of December 31, 2016, to EUR 1,874k as of June 30, 2017. Because of the leaver event, 70% (2017) respective 80% (2018) of the leaver's claims from subsequent purchase prices of 2017 and 2018 are forfeited. The impacts of the leaver event were already recognized in 2016 as the leaver event was assessed as probable on the closing date December 31, 2016.

As described, EUR 396k were reclassified from share premium to other accrued employee benefits in Q2 2017, because a portion of the share-based compensation will not be settled in shares, but in cash. Out of this portion, EUR 176k were already paid in Q2 2017. Another EUR 51k were released through profit and loss, recognized as reduction of personnel expenses within administrative expenses. Therefore, other accrued employee benefits amount to EUR 169k as of June 30, 2017. This amount will be fully netted in the second half of 2017 against the cash contribution of EUR 1 per share.

The non-financial asset recognized in connection with the prepayment of share-based compensation on the acquisition date to the founders of the Feedo Group was reduced by EUR 72k in H1 2017, recognized as personnel expense within administrative expenses. As of June 30, 2017, the non-current portion is nil (December 31, 2016: EUR 96k); the current portion amounts to EUR 216k (December 31, 2016: EUR 192k).

The fair value of the contingent purchase price amounts to EUR 2,334k as of June 30, 2017, and to EUR 2,340k as of December 31, 2016. The change stems from the fair value measurement of EUR 1k and a cash payment of EUR 7k. The fair value measurement was recognized within the financial result. As of June 30, 2017, the liability is recognized with EUR 2,225k in other current financial liabilities (December 31, 2016: EUR 1,841k) and with EUR 109k in other non-current financial liabilities (December 31, 2016: EUR 499k).

The present value of the claim from purchase price adjustments from guarantee violations decreased from EUR 2,075k to EUR 2,066k in H1 2017. A reduction of the nominal value of EUR 30k resulted in a reduced present value of EUR 26k, recognized within other operating expenses. The variance of EUR 17k was recognized as financial income.

<u>Acquisition of Bebitus Retail S.L.U.</u>

Recognition in group financial statements

In connection with the acquisition of Bebitus Retail S.L.U. (hereinafter referred to as "Bebitus"), equity-settled share-based payment awards were granted to members of the local management board in 2015. From an economic perspective, the equity-settled share-based payment awards are part of the purchase price. In the first six months of 2017, personnel expenses of EUR 5,204k were recognized within administrative expenses. The corresponding portion within share premium increased from EUR 6,101k on December 31, 2016, to EUR 11,305k on June 30, 2017.

The fair value of short-term employee benefits to local management, incurred in the acquisition of Bebitus, remains unchanged. The undiscounted liability thus amounts to EUR 2,333k as of June 30, 2017, and is recognized within other current non-financial liabilities.

As of June 30, 2017, the fair value of the contingent consideration amounts to EUR 3,369k and remains unchanged to December 31, 2016. Contingent purchase price components are fully recognized within other current financial assets as of June 30, 2017.

7. Fair value hierarchy

The following table shows the assets and liabilities measured at fair value, categorized in accordance with the fair value hierarchy:

kEUR	Valuation date	Level 1	Level 2	Level 3
Assets				
Derivative financial instruments	June 30, 2017	12	-	-
Derivative financial instruments	December 31, 2016	-	-	-
Liabilities				
Contingent consideration	June 30, 2017	-	-	5,703
Contingent consideration	December 31, 2016	-	-	5,709

Derivative financial instruments comprise forward agreements to hedge foreign exchange risk exposures. They are measured at quoted prices in active markets and are therefore classified as Level 1.

Contingent considerations relate to the acquisition of the Feedo Group and the acquisition of Bebitus. The fair values are calculated on a quarterly basis. The accounting policies are explained in note 6 and were applied consistently throughout the reporting period. The financial instruments are to be classified as Level 3, because the fair values are calculated on the basis of the estimated future performance of the acquired companies. Changes in the fair value are recognized in the statement of comprehensive income as financial income or financial expenses.

There were no reclassifications between the different levels in the reporting period.

8. Notes to the consolidated statement of financial position and the consolidated statement of comprehensive income

8.1. Financial assets and financial liabilities

The following table shows the carrying amounts and fair value of all financial assets and the allocation of financial statement positions to the measurement categories in accordance with IAS 39:

kEUR	Measurement category pursuant to IAS 39	Carrying amount as of June 30, 2017	Amount recognized in the statement of financial position in accordance with IAS 39: Amortized cost	Fair value in equity	Fair value through profit or loss	Fair value as of June 30, 2017
Trade receivables	LaR	2,156	2,156	-	-	2,156
Other financial assets	LaR / afs / hft / htm	9,486	9,474	-	12	9,486
Cash and cash equivalents	LaR / htm	38,462	38,462	-	-	38,462
Aggregated by measurement category in accordance with IAS 39						
Available for sale	afs	14	14	-	-	14
Held for trading	hft	12	12	-	12	12
Loans and receivables	LaR	46,031	46,031	-	-	46,031
Held to maturity	htm	4,047	4,047	-	-	4,047

kEUR	Measurement category pursuant to IAS 39	Carrying amount as of December 31, 2016	Amount recognized in the statement of financial position in accordance with IAS 39: Amortized cost	Fair value in equity	Fair value through profit or loss	Fair value as of December 31, 2016
Trade receivables	LaR	2,508	2,508	-	-	2,508
Other financial assets	LaR / afs / htm	10,476	10,476	-	-	10,476
Cash and cash equivalents	LaR / htm	51,302	51,302	-	-	51,302
Aggregated by measurement category in accordance with IAS 39						
Available for sale	afs	14	14	-	-	14
Held for trading	hft	-	-	-	-	-
Loans and receivables	LaR	59,165	59,165	-	-	59,165
Held to maturity	htm	5,107	5,107	-	-	5,107

Due to the short-term maturities of cash and cash equivalents, trade receivables and other current financial assets, the fair values less impairment for these items are assumed to be equal to the carrying amounts.

Other current financial assets include cooperative shares of EUR 14k (December 31, 2016: EUR 14k). Those assets are allocated to the “available for sale” category, but are recognized at cost because they cannot be measured.

The following table shows the carrying amounts and fair value of all financial liabilities and the allocation of financial statement positions to the measurement categories in accordance with IAS 39 or measurement in accordance with IAS 17:

kEUR	Measurement category pursuant to IAS 39	Carrying amount as of June 30, 2017	Amount recognized in the statement of financial position in accordance with IAS 39			Amount recognized in the statement of financial position pursuant to IAS 17	Fair value as of June 30, 2017
			Amortized cost	Fair value in equity	Fair value through profit or loss		
Finance lease liabilities	n/a	135	-	-	-	135	135
Other financial debt	FLAC	33	33	-	-	-	33
Trade payables	FLAC	17,413	17,413	-	-	-	17,413
Other financial liabilities	FLAC / FLAFV	8,387	2,684	-	5,703	-	8,387
Aggregated by measurement category in accordance with IAS 39							
Financial liabilities measured at amortized cost	FLAC	20,130	20,130	-	-	-	20,130
Financial liabilities measured at fair value	FLAFV	5,703	-	-	5,703	-	5,703

kEUR	Measurement category pursuant to IAS 39	Carrying amount as of December 31, 2016	Amount recognized in the statement of financial position in accordance with IAS 39			Amount recognized in the statement of financial position pursuant to IAS 17	Fair value as of December 31, 2016
			Amortized cost	Fair value in equity	Fair value through profit or loss		
Finance lease liabilities	n/a	164	-	-	-	164	164
Other financial debt	FLAC	19	19	-	-	-	19
Trade payables	FLAC	17,517	17,517	-	-	-	17,517
Other financial liabilities	FLAC / FLAFV	9,181	3,472	-	5,709	-	9,181
Aggregated by measurement category in accordance with IAS 39							
Financial liabilities measured at amortized cost	FLAC	21,008	21,008	-	-	-	21,008
Financial liabilities measured at fair value	FLAFV	5,709	-	-	5,709	-	5,709

Due to the short-term maturities of trade payables and other current financial liabilities, the fair values for these items are assumed to be equal to the carrying amounts.

8.2. Equity

Capital transactions

In H1 2017, no capital increases occurred. Authorized capital 2016 and conditional capital 2016/I amount to EUR 11,773,796 and EUR 7,997,804; they remain unchanged compared to the prior year. On its meeting held on June 2, 2017, the Annual General Meeting decided to reduce conditional capital 2016/II by EUR 1,444,245 to now EUR 555,206. The previous authorization to grant subscription rights under the Long Term Incentive Program 2015-2017 was revoked in the amount of 1,444,245 not yet granted subscription rights under this authorization.

Simultaneously, a conditional capital 2017 of EUR 1,200,000 was approved. Management board and supervisory board are authorized to grant 1,200,000 subscription rights for up to 1,200,000 non-par bearer shares of the Company under the regulations of the newly created Long Term Incentive Program 2018-2021.

Issued capital

As of June 30, 2017, the issued capital of the Group parent amounts to EUR 26,318k (December 31, 2016: EUR 26,318k). It has been fully paid in and comprises 26,317,970 no-par value bearer shares.

Treasury shares

By means of a supervisory board resolution on May 13, 2016, the Management Board was authorized to purchase up to 70,000 own windeln.de shares to satisfy subsequent purchase prices from acquisitions. The amount of treasury shares stands unchanged to the prior year at 64,683 shares.

Share premium

As of June 30, 2017, the share premium amounts to EUR 165,562k (December 31, 2016: EUR 159,993k) and breaks down as follows:

kEUR	June 30, 2017	December 31, 2016
Premium from financing rounds and/or IPO	165,341	165,341
Capital increases from company funds	-25,232	-25,232
Contributions in kind	3,466	3,466
Costs of equity transactions	-5,464	-5,464
Share-based payments	27,413	21,844
Premium from exercise of stock options	38	38
Share premium	**165,562**	**159,993**

Accumulated loss

The accumulated loss results from losses carried forward from prior periods and the result for the current reporting period.

8.3. Share-based payments

Share-based compensation as component of employee remuneration

The subscription rights recognized in equity changed as follows:

	VSOP 1 - 2	LTIP - RSU	LTIP - SO
Outstanding at the beginning of the reporting period (January 1, 2017)	**163,676**	**35,064**	**71,338**
Expired during the reporting period	-	-	-
Forfeited during the reporting period	-	2,427	7,281
Exercised during the reporting period	-	-	-
Granted during the reporting period	14,837	23,308	59,533
Outstanding at the end of the reporting period (June 30, 2017)	**178,513**	**55,945**	**123,590**
Exercisable at the end of the reporting period (June 30, 2017)	178,513	45,314	91,700

The expense recognized in H1 2017 from these share-based payment obligations amounts to EUR 300k (H1 2016: EUR 576k), with an expense of EUR 1k relating to cash-settled share-based payments (H1 2016: expense of EUR 64k) and an expense of EUR 299k (H1 2016: expense of EUR 640k) relating to equity-settled share-based payment.

As of June 30, 2017, the carrying amount of the liability from these cash-settled share-based payment obligations is EUR 3k (December 31, 2016: EUR 2k). The obligation is recognized under non-current liabilities.

As of June 30, 2017, a figure of EUR 12,148k is reported in the share premium from these equity-settled share-based payment obligations (December 31, 2016: EUR 11,849k).

Share-based payment commitments in the course of acquisitions

In addition, shares with contingent return obligations were issued as part of acquisitions (Feedo Group) that fall within the scope of IFRS 2. Parts of contingent considerations in connection with acquisitions (Feedo Group and Bebitus) also fall within the scope of IFRS 2 and/or IAS 19. See note 6 for further details.

9. Related party disclosures

Pursuant to the principles in IAS 24, the members of the management board and the supervisory board of windeln.de SE are classified as key management personnel. On the Annual General Meeting held on June 2, 2017, Tomasz Czechowicz was elected as member of the supervisory board, and therefore qualifies as key management personnel. There were no further changes in the staff of the management board and the supervisory board.

Transactions with related parties have not materially changed in the reporting period compared to the consolidated financial statements 2016.

10. Events after the reporting date

Since Q4 2016, windeln.de and the founders of Bebitus are in discussions about the existence of guarantee claims from the share purchase agreement and about potential reductions of subsequent purchase prices. On July 19, 2017, windeln.de and the founders concluded a settlement agreement as follows:

- The subsequent purchase price payments for the years 2015 and 2016 amount to EUR 8,412k. Thereof, EUR 1,700k are settled in cash and EUR 6,712k are settled with 1,906,695 shares.
- The subsequent purchase price for the year 2017 amounts to EUR 4,896k and can be settled either with shares or with cash. The number of shares would be determined shortly before the issuance of the shares. The issuance and transfer of the shares or the transfer of cash respectively will occur in 2018.
- The original share purchase agreement stipulates a cash contribution of EUR 1 per share to be paid by the founders. Pursuant to the new agreement, the cash contribution is settled with subsequent purchase prices. The cash contribution will not be applied.

The above-mentioned numbers have not been included in the financial statements as of June 30, 2017, because the agreement was only concluded in July 2017. The fair values recognized in the interim consolidated financial statements are higher than the numbers of the settlement agreement mentioned above.

The cash portion of the subsequent purchase price in the amount of EUR 1,700k was paid in July 2017. The agreed shares for the settlement of subsequent purchase prices for the years 2015 and 2016 will be issued in Q3 2017 and transferred to the Bebitus founders.

Munich, August 4, 2017

Alexander Brand   Konstantin Urban   Jürgen Vedie   Dr. Nikolaus Weinberger

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, August 4, 2017

windeln.de SE
The management board

Alexander Brand   Konstantin Urban   Jürgen Vedie   Dr. Nikolaus Weinberger

SERVICE

1. Glossary

Site Visits

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.

Mobile Visit Share

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 divided by the total number of Site Visits in the measurement period. We have excluded visits to our online magazine. Until the end of 2016 we have also excluded visits from China because the most common online translation services on which most of our customers who ordered in our German shop for delivery to China relied to translate our website content were not able to do so from their mobile devices, and therefore very few of such customers ordered 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.

Mobile Orders

We define Mobile Orders (in % of Number of Orders) as the number of orders via mobile devices to our mobile optimized websites divided by the total Number of Orders in the measurement period. From Q1 2017 onwards we include orders from China. Measured by Google Analytics.

Active Customers

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.

Number of Orders

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.

Average Orders per Active Customer

We define Average Orders per Active Customer as Number of Orders in the last twelve months divided by the number of Active Customers.

Orders from Repeat Customers

We define Orders from Repeat Customers as the number of orders from customers who have placed at least one previous order, irrespective of returns.

Share of Repeat Customer Orders

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.

Gross Order Intake

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.

Average Order Value

We define Average Order Value as Gross Order Intake divided by the Number of Orders in the measurement period.

Returns (as % of Gross Revenues from Orders)

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.

Adjusted Fulfilment Cost Ratio

We define adjusted fulfilment cost ratio as adjusted fulfilment costs divided by revenues for the measurement period. Fulfilment costs consist of logistics and warehouse rental expenses that are recognized within selling and distribution expenses in the consolidated statement of profit and loss. Adjusted fulfilment costs exclude costs in connection with the reorganization of the Swiss warehouse.

Marketing Cost Ratio

We define marketing cost ratio as marketing costs divided by revenues for the measurement period.

Other SG&A Expenses (as % of revenues)

We define adjusted other SG&A Expenses (as % of revenues) as adjusted other SG&A expenses divided by revenues. Other selling, general and administrative 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 in connection with share-based compensation as well as expenses and income in connection with acquisitions and integration of new subsidiaries and expenses in connection with the expansion of the Group. In the prior year period, expenses for reorganization, internal restructuring measures and the ERP system change were adjusted, too.

Operating Contribution

We define operating contribution as adjusted gross profit excluding marketing costs and adjusted fulfilment costs. The adjustments of gross profit mainly relate to share-based compensation. In the prior year period, costs for the ERP system change were adjusted, too.

2. Financial calender

Commerzbank Sector Conference, Frankfurt:	August 31, 2017
Berenberg/Goldman Sachs German Corporate Conference, Munich:	September 19 - 20, 2017
Capital Markets Day in Munich:	September 28, 2017
Publication of nine months results 2017:	November 14, 2017
Deutsche Börse “Deutsches Eigenkapital Forum” in Frankfurt a. M.:	November 27 - 29, 2017
Münchner Kapitalmarkt Konferenz	December 12 - 13, 2017

3. Imprint

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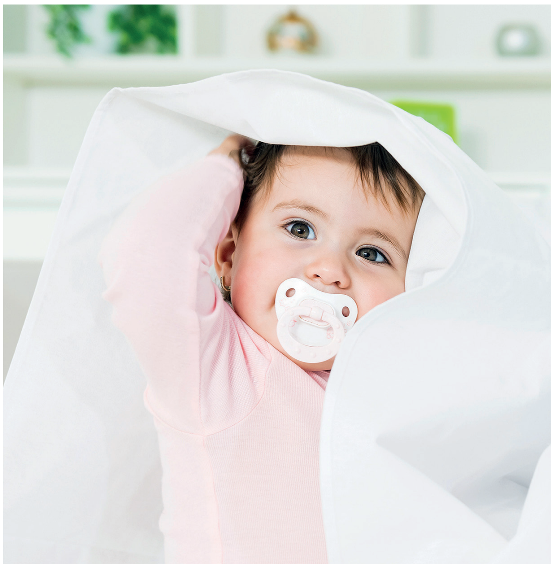
Statement relating to the future

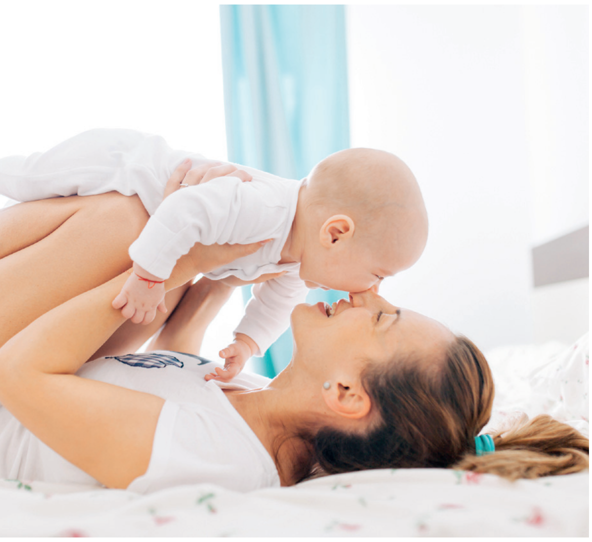
This annual report contains statements that relate to the future and are based on assumptions and estimates made by the management of windeln.de SE. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry.

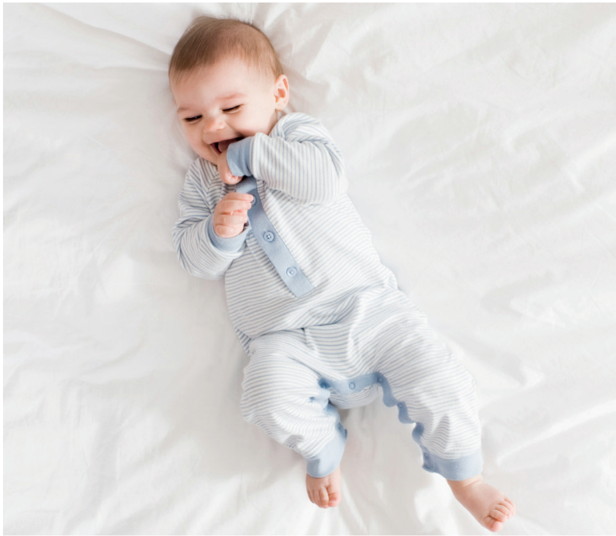
windeln.de SE makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this interim report.

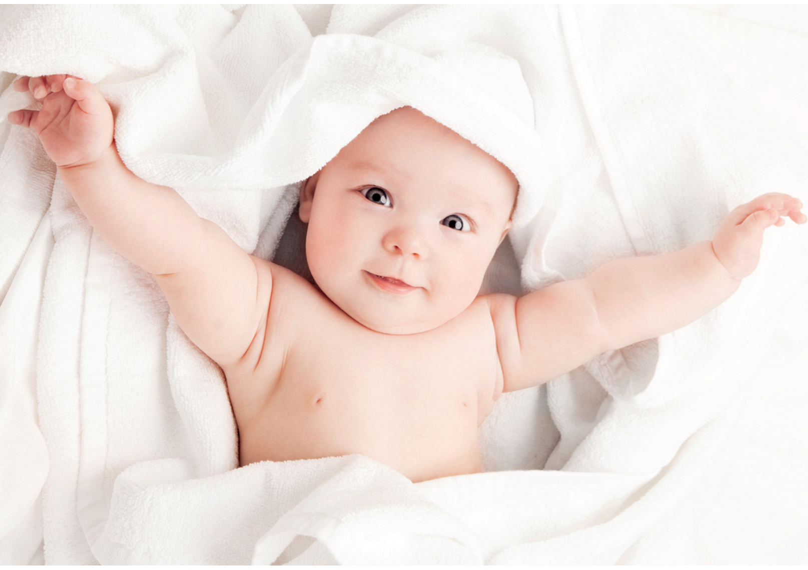
It is neither the intention of windeln.de SE nor does windeln.de SE accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published.

The annual report is available in English. If there are variances, the German version has priority over the English translation. It is available for download in both languages at corporate.windeln.de.









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