

Nine Months Report 2015

July – September 2015

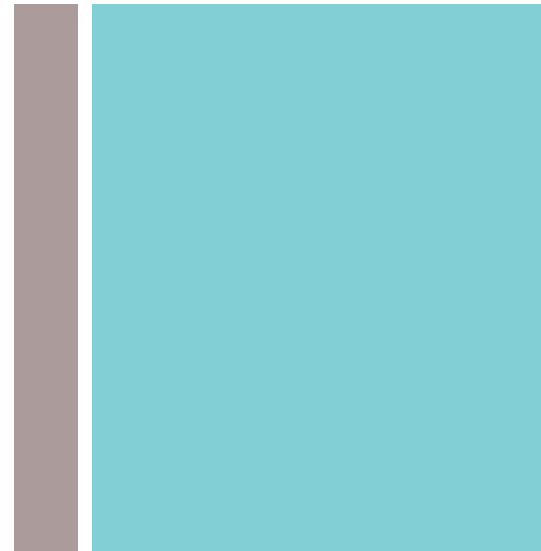


Table of Contents

windeln.de Group at a Glance

Interim Group Management Report

Basic Information on the Group

Economic Report

Subsequent Events

Risks

Opportunities

Outlook

Consolidated Interim Financial Statements

Consolidated Statement of Profit and Loss and other Comprehensive Income

Consolidated Statement of Financial Position

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flow

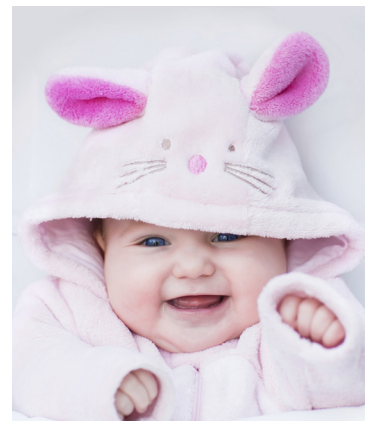
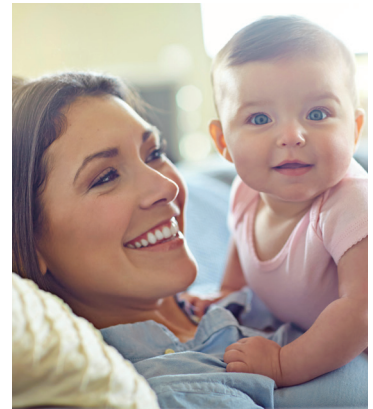
Condensed Notes to the Consolidated Financial Statements

Service

Glossary

Financial Calendar

Imprint



windeln.de Group at a Glance

| Performance Indicators | 9M 2015 | 9M 2014 | Q3 2015 | Q3 2014 |
|---|-------------|------------|------------|------------|
| Site Visits | 50,080,787 | 28,150,623 | 18,516,036 | 11,264,764 |
| Mobile Visit Share (in % of Site Visits) | 60.7% | 45.8% | 64.2% | 50.4% |
| Mobile Orders (in % of Number of Orders) | 44.10% | 35.01% | 45.8% | 38.6% |
| Active Customers | 743,448 | 429,991 | 743,448 | 429,991 |
| Number of Orders | 1,573,575 | 938,100 | 574,936 | 362,760 |
| Average Orders per Active Customer (in number of orders) | 2.71 | 2.69 | 2.71 | 2.69 |
| Share of Repeat Customer Orders (in % of Number of Orders) | 83.3% | 83.7% | 83.3% | 83.7% |
| Gross Order Intake (in EUR) | 141,941,590 | 81,568,354 | 50,306,035 | 32,115,264 |
| Average Order Value (in EUR) | 90.20 | 86.95 | 87,50 € | 88.53 |
| Returns (in % of Net Merchandise Value) | 6.93% | 5.99% | 7.33% | 6.78% |
| Marketing Cost Ratio (in % of revenues) | 6.9% | 5.2% | 8.0% | 5.4% |
| Fulfilment Cost Ratio (in % of revenues) | 11.3% | 11.7% | 13.2% | 11.4% |
| Adjusted Other SG&A Expenses (in % of revenues) | 15.4% | 15.8% | 16.1% | 14.5% |

Earnings Position

| | | | | |
|--|---------|--------|--------|--------|
| Revenues (in kEUR) | 118,312 | 67,122 | 43,286 | 26,485 |
| Gross Profit (in kEUR) | 30,196 | 15,262 | 10,574 | 6,030 |
| Gross Profit (as % of revenues) | 25.5% | 22.7% | 24.4% | 22.8% |
| Operating Contribution (in kEUR) | 8,673 | 3,885 | 1,363 | 1,574 |
| Operating Contribution (as % of revenues) | 7.3% | 5.8% | 3.1% | 5.9% |
| Adjusted EBIT (in kEUR) | -9,574 | -6,725 | -5,609 | -2,272 |
| Adjusted EBIT (as % of revenues) | -8.1% | -10.0% | -13.0% | -8.6% |

Net Asset and Financial Position

| | | | | |
|---|---------|--------|---------|------|
| Cash flow from operating activities (in kEUR) | -9,926 | -5,642 | -6,109 | -508 |
| Cash flow from investing activities (in kEUR) | -9,888 | -885 | -8,679 | -438 |
| Cash and cash equivalents at the end of the period (in kEUR) | 107,473 | 3,733 | -15,092 | -341 |

Other

| | | | | |
|-------------------------------------|-------|-------|-------|-------|
| Basic earnings per share (in EUR) | -0.80 | -0.32 | -0.31 | -0.14 |
| Diluted earnings per share (in EUR) | -0.78 | -0.31 | -0.31 | -0.14 |

PP = Percentage points

All Performance Indicators – except Returns – including consolidation of the feedo Group as of Q3 2015

Interim Group Management Report as of September 30, 2015

1 Basic Information on the Group

1.1 Organizational Structure of the Group

windeln.de AG ("windeln.de") is the parent company of the windeln.de group.

1.2 Business Model

Since its foundation in 2010, windeln.de has become one of the leading and fastest growing online retailers for baby, toddler and children products in Europe. windeln.de provides a convenient e-commerce offering serving the needs of families. windeln.de offers approximately 100,000 products from over 1,000 brands, which parents can conveniently order online from home. The offer ranges from diapers, baby food and personal care products to baby clothing, toys and safety products such as car seats.

windeln.de has two different business models. On the one hand, windeln.de offers a wide range of immediately available products held on stock in order to enable fast delivery through the websites "windeln.de", "windeln.ch", "pannolini.it", "feedo.cz", "feedo.pl" and "feedo.sk".

On the other hand, windeln.de operates shopping clubs through the websites "windelbar.de" and "nakiki.it". They offer articles with significant discounts compared to regular retail prices for their members every day. Delivery of these products normally takes 2-3 weeks after ordering.

In addition, the Group runs an online business of selling baby products to customers in China via its "windeln.de" website, offering a convenient shopping experience for them. This includes payment via Alipay introduced in 2013, the launch of a Chinese version of the website "windeln.de" in 2014 and direct delivery to China since end of August 2015. The Group serves its customers from five warehouses (Grossbeeren near Berlin, Munich and Abensberg in Germany; Uster in Switzerland; Prag in Czech Republic). Delivery to customers is handled by national and international parcel delivery services. windeln.de also runs an offline shop in Grünwald near Munich and a showroom in Uster/Switzerland.

1.3 Strategy

windeln.de's growth strategy is geared towards becoming the leading pure-play online retailer servicing the needs of families in Europe and for customers in China. Against this backdrop the following strategies are pursued:

- grow share of total addressable market in DACH region, Eastern Europe and China by expanding the customer base in these regions as well as increasing the order volume per customer.
- extend regional footprint into other European countries through a combination of targeted acquisitions of locally established businesses with a strong market position and organic growth in such markets.
- expand product offering by adding new merchandise to further increase attractiveness of our offering to customers, at the same time allowing cross-selling of consumable products at higher margins. To achieve this, windeln.de focuses on supplementing its product offering in the DACH region of baby, toddler and children products with products for mothers. windeln.de plans to gradually extend its range of products for customers in China, thus offering other German quality products – consumable and non-consumable – for babies and toddlers.

2 Economic Report

2.1 General Economic Conditions

Being a pure-play online retailer for baby, toddler and children products, the Group is strongly influenced not only by the general economic development and consumer sentiment but also by the development of e-commerce and mail order business.

Despite the challenging worldwide economic environment, the Kiel Institute for the World Economy (IfW) forecasted a GDP increase of 1.8 percent for 2015 in Germany. In the subsequent years the IfW expects an acceleration of growth rates of 2.1% in 2016 and 2.3% in 2017¹. Especially private consumption and export are supposed to benefit from this positive development and the additionally favorable monetary conditions.

Germany's economic situation remains stable compared to the global economy. This is also reflected by a slight increase of the ifo business climate index from 108.4 to 108.5 points. Especially the development of future business in retail sales is assessed optimistically resulting in a significant improvement of the outlook for this sector for the third time in a row².

Net retail sales increased again by 2.5% in comparison with the same period in the previous year, according to the Federal Statistical Office (Destatis). Notably e-commerce and mail order achieved - as in previous months - above-average growth rates (+ 7,4 % in real terms and in nominal terms + 7,8 %)³.

In contrast, the short-term prospects of the global economy deteriorated. At 3.3% in 2015, global economic growth measured in terms of purchasing power parities slightly decreased compared to 2014 and 2013. Reasons for this development are, apart from China, also other emerging markets with only slowly growing economies, or markets - such as Brasil and Russia - which are currently in recession.

2.2 Industry related Economic Conditions – Market for babies, toddlers and children products

German and European Market Characteristics

The total addressable market for baby, toddler and children products in Germany has been estimated to be EUR 4.2 billion in 2014 for babies in the age group of 0 to 3 years⁴ and according to the company's own estimates EUR 8.4 billion for babies and children in the age group of 0 to 6 years. Customer demand in this market exhibits limited cyclicity, supported by relatively stable birth rates and highly predictable customer needs and shopping patterns. From 2009 to 2013, the crude birth rate⁵ in Germany increased by 4.9% from 8.1 to 8.5⁶.

The European market for baby, toddler and children products is very fragmented. According to the company's own estimates, the overall volume of European market (excluding Germany) for baby, toddler and children products amounted to EUR 28.2 billion in 2014 for babies in the age group of 0 to 3 years and to EUR 56.5 billion in 2014 for babies and children in the age group of 0 to 6 years, making the European market in each case 6.7 times larger than the total addressable market in Germany⁷.

1 IfW 2015
 2 Ifo Institute 2015
 3 Statistisches Bundesamt 2015, (https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2015/07/PD15_275_45212.html)
 4 Euromonitor International Ltd., Analysis of Baby and Toddler Products Retail in Germany, Februar 2015 (commissioned by the company) („Euromonitor“)
 5 The crude birth rate relates to the number of births during the year to the average population in that year. The value is expressed per 1,000 inhabitants.
 6 Eurostat Data European Commission, January 2015, Crude birth rate: <http://ec.europa.eu/eurostat/tgm/download.do?tab=table&plug-in=1&language=en&pcode=tps00112>
 7 Company estimates extrapolated from data provided by Eurostat

German and European E-Commerce Market

The growth of the e-commerce market for baby consumables and other baby and toddler products is of key importance to the company.

Consumers have increased their online retailing spend on baby consumables and other baby and toddler products from EUR 265.8 million in 2011 to EUR 392.8 million in 2014. Hence, the company believes that the online market share of the overall total market for baby and toddler products in Germany is likely to increase over the mid-term. Euromonitor expects the online market share to climb from 9.3% in 2014 to 12.7% in 2017, thereby supporting growth of the overall market in which windeln.de operates to EUR 4.4 billion⁸.

The company believes that the online channel is highly suitable for offering baby consumables given the similar characteristics to product categories such as consumer electronics, consumer appliances or fashion (including apparel and footwear) that already show significant online penetration rates. Baby, toddler and children products are typically branded and are purchased with high frequency. This offers a significant opportunity for the online penetration to increase over time. Moreover, demand for baby, toddler and children products is highly predictable while exhibiting low customization requirements. In addition, the ability to shop at any time from anywhere and having the products delivered to their homes increases convenience significantly compared to the traditional offline retail shopping experience.

The German online market for baby, toddler and children products remains largely underpenetrated compared to other product categories such as consumer electronics, consumer appliances, fashion (apparel and footwear).

Across all product categories, German online retail penetration is expected to increase from 6.1% in 2013 to 11.2% in 2018, but will still lag behind the UK and Norway⁹. The online market share of other major European countries such as France, Spain and Italy is lower and is expected to grow with roughly the same momentum. The Group believes that e-commerce penetration as well as online infrastructure and usage will continue to grow substantially throughout Europe.

Chinese Cross-Border E-Commerce Market

windeln.de is also represented in the Chinese cross-border e-commerce market, where Chinese consumers access and purchase directly from foreign online retailers. The total market volume is estimated at EUR 18.4 billion¹⁰. Concurrent to the continuous increase of disposable income, demand for foreign high-quality products is also growing. The product categories primarily purchased online from overseas are cosmetics and personal care items (56.8%) as well as maternal and child products (55.3%)¹¹. The Chinese cross-border e-commerce market is expected to grow from currently CNY 128.4 billion (approximately EUR 18.4 billion) to over CNY 372.2 billion (approximately EUR 53.5 billion) in 2017.

In 2014, the cross-border online shopping market for maternal and children products reached a total of CNY 53.2 billion (EUR 7.6 billion), accounting for 41.5% of the total cross-border online shopping market in China¹². The growth of cross-border online baby product shopping is stimulated by several structural trends. With more than 16.9 million births in 2014 and a forecasted increase to 17.9 million births in 2015¹³ the Chinese baby market is set to grow substantially. This trend is reinforced especially by the annulment of the Chinese one-child policy, which was announced end of October 2015. It had been implemented to curb the rapid growth of China's population,

⁸ See Fn 4, Euromonitor

⁹ eMarketer Inc., Retail Sales Worldwide Will Top \$22 Trillion This Year, <http://www.emarketer.com/Article/Retail-Sales-Worldwide-Will-Top-22-Trillion-This-Year/1011765#sthash.ijARW0lp.dpuf>

¹⁰ IResearch Consulting Group, 2015 China cross-border online shopper behaviour report, January 2015, statistical model and online survey conducted on iClick, (erstellt im Auftrag des Konzerns) ("IResearch")

¹¹ See Fn 10, IResearch

¹² See Fn 10, IResearch

¹³ China Population Association read on China Internet Information Center, January 2015, http://www.china.org.cn/china/2015-02/10/content_34781027.htm

and its annulment could lead to a strong increase of births in China. Additionally, the market is gaining momentum by an increasing number of babies being fed with infant milk formula in lieu of breast-feeding. The Chinese milk formula consumption has increased by 110% from 346.6k tons in 2009 to 727.8k tons in 2014¹⁴. The rising demand for foreign high quality products is also due to past scandals about local baby formula products. Furthermore the middle class in China is rising, with a forecasted annual CAGR of 7.9% GDP per capita from 2014 to 2019¹⁵. For these reasons, the Group believes that the Chinese baby market will continue growing substantially in the coming years.

2.3 Business Development and Significant Events in the Third Quarter

2.3.1 Business Development

Development Third Quarter

Strong revenue growth continued in the third quarter 2015, however – as expected and reflected in the forecast for the full year with around 70% growth year-on-year - at a somewhat lower level than in the first half of 2015 with 85% growth year-on-year. There are two main reasons for a slightly lower growth in Q3: Firstly, revenues during summer months are typically slightly weaker due to the hot weather while the third quarter of last year as basis for this years' growth rate was relatively strong due to an exceptionally high supply of baby food. Secondly, direct delivery to customers in China was successfully launched end of August; previously delivery was exclusively made through freight forwarders. As a result, the average delivery time is prolonged by approximately 10 days from the Group's perspective. Thus, there was a considerable number of orders placed in September (from approx. 10 days), not generating revenues until October.

Growth of the Number of Active Customers

The number of active customers grew further in the third quarter. The number of customers who as of September 30, 2015 placed at least one order in the last twelve months (active customers) amounted to around 744 thousand (compared to 613 thousand as of June 30, 2015). The increase partially results from first-time consolidation of the Feedo Group in the third quarter 2015.

Introduction Direct Delivery to China

At the end of August direct delivery to China was additionally introduced for customers. Until then, packages were sent to China exclusively via freight forwarders.

When using freight forwarders for delivery, Chinese customers - before shopping at windeln.de - register at a freight forwarder in Germany, who specializes in the shipment of goods to China.

When then ordering on windeln.de, customers enter the (German) address of the freight forwarder, to which the packet is sent. This delivery to customers in China takes about 20 days (from a Group perspective delivery time is 1 to 2 days, as it is completed when goods are handed over to the freight forwarder).

Using the direct delivery option, Chinese customers enter their home address directly on windeln.de. The packet is then sent directly to China. This delivery takes about 10 days.

By now, already about 70 % of the order value of deliveries to China are handled via direct delivery. This is partly due

¹⁴ Euromonitor International Ltd., Packaged Food 2015 edition

¹⁵ International Monetary Fund, October 2014, <http://www.imf.org/external/pubs/ft/weo/2014/02/weodata/weorept.aspx?pr.x=24&pr.y=7&sy=2010&ey=2019&scsm=1&ssd=1&sort=country&ds=.&br=1&c=924&s=NGDPDPC&grp=0&a=>

to products being cheaper for the customers considering reduced shipping fees and VAT exclusion and to shorter delivery periods.

Integration of Feedo Group

The Feedo group acquired on July 3, 2015 and consisting of Feedo Sp. z o.o. (Warsaw, Poland), with its two subsidiaries MyMedia s.r.o. (Prague, Czech Republic) and MyMedia Sp. z o.o. (Warsaw, Poland), acquired on July 3, 2015, was fully consolidated in the third quarter for the first time and, in organisational terms, will be gradually integrated into the windeln.de group.

Among other measures a windeln.de Project Manager, being familiar with the Group's processes, was sent to Feedo to promote integration.

Development Private Label

At the beginning of August, a project manager was employed to develop the private label business. The focus will be on brand-insensitive products with corresponding sales potential.

Launch Shopping-Club „nakiki.it“ in Italy

At the end of the third quarter the shopping club “nakiki.it” was launched for Italian customers. Like “windelbar.de” in Germany it offers its members a new time-limited range of products at attractive prices every day.

2.3.2 Significant Events in the Third Quarter 2015

Acquisition of Bebitus Retail S.L.

On 10 August 2015, the Company entered into an acquisition agreement regarding the acquisition of Bebitus Retail S.L. (“bebitus”). Bebitus is a fast growing pure-play online retailer specialized in baby and toddler products. Based in Barcelona, bebitus targets customers in Spain, Portugal and France. In 2014, revenues came to approx. EUR 7 million.

The total purchase price amounts to approximately EUR 5 million plus contingent purchase price payments being subject to whether the company will achieve certain revenue targets for the years up to 2017. The closing of the transaction is subject to certain suspensive conditions that have only been partially fulfilled as of September 30, 2015.

Acquisition of Feedo Sp. z o.o.

With the approval of the transaction by the supervisory board on July 3, 2015, the last closing condition included in the acquisition agreement dated April 17, 2015 regarding 100 % of the shares in Feedo Sp. z o.o. was fulfilled. As of July 3, 2015, the three companies are in a 100 % ownership of the group and therefore they have to be fully consolidated as of this date.

Capital Increase

The company carried out two capital increases, one of these relating to the acquisition of Feedo as a part of the purchase price was paid in the form of shares. The second refers to the coverage of the employee stock option program, thus increasing the share capital to a total of EUR 25,745,826 as of September 30, 2015.

New structure operating business segments

In comparison to previous periods, the titles and the compositions of the operating segments have been changed in the third quarter 2015. In this context, the operating segment "windeln.de" was renamed into "German Shop", "windeln.ch" into "International Shops" and "windelbar" into "Shopping Clubs". The information regarding the segments for previous periods was adjusted accordingly.

Since the third quarter, the online-shop pannolini.it has been assigned to the operating segment "International Shops" and not to the operating segment "windeln.de" respectively "German Shop" any more. In the third quarter of 2015 the operating segment "Shopping Clubs" was extended by nakiki.it and the operating segment "International Shops" by the online-shops feedo.pl, feedo.cz and feedo.sk.

2.4 Net asset, financial and income position of the windeln.de Group

Financial Position

Consolidated Statement of Profit and Loss

| in kEUR | 9M 2015 | 9M 2014 | Change in | | Q3 2015 | Q3 2014 | Change in | |
|--|----------------|---------------|----------------|--------------|---------------|---------------|---------------|--------------|
| | | | total | (relative) | | | total | (relative) |
| | | | in kEUR | in % | | | in kEUR | in % |
| Revenues | 118,312 | 67,122 | 51,190 | 76% | 43,286 | 26,485 | 16,801 | 63% |
| Cost of sale | -88,116 | -51,860 | -36,256 | -70% | -32,712 | -20,455 | -12,257 | -60% |
| Gross profit | 30,196 | 15,262 | 14,934 | 98% | 10,574 | 6,030 | 4,544 | 75% |
| Selling and distribution expenses | -34,122 | -18,470 | -15,652 | -85% | -13,759 | -7,042 | -6,717 | -95% |
| Administrative expenses | -14,875 | -6,166 | -8,709 | -141% | -4,391 | -2,152 | -2,239 | -104% |
| Other operating income | 2,932 | 177 | 2,755 | 1,556% | 341 | 57 | 284 | 498% |
| Other operating expenses | -402 | -26 | -376 | -1,446% | -97 | -11 | -86 | -782% |
| Earnings before interest and taxes (EBIT) | -16,271 | -9,223 | -7,048 | -76% | -7,332 | -3,118 | -4,214 | -135% |
| Financial income | 9 | 2,865 | -2,856 | -100% | 2 | 196 | -194 | -99% |
| Financial expenses | -515 | -62 | -453 | -731% | -412 | -6 | -406 | -6.767% |
| Financial result | -506 | 2,803 | -3,309 | -118% | -410 | 190 | -600 | -316% |
| Earnings before taxes (EBT) | -16,777 | -6,420 | -10,357 | -161% | -7,742 | -2,928 | -4,814 | -164% |
| Income taxes | -1,595 | -82 | -1,513 | -1.845% | -67 | 6 | -73 | -1.217% |
| Profit or loss for the period | -18,372 | -6,502 | -11,870 | 183% | -7,809 | -2,922 | -4,887 | -167% |

In the first nine months of 2015, the Group generated revenues of 118,312k equaling an increase of 76 % compared to the first nine months of 2014 (EUR 67,122k). Since the end of August 2015, windeln.de AG supplies directly to customers in China through its online shop windeln.de, instead of – as before – exclusively using freight forwarders. Thus, the average delivery time has been extended from one day to about ten days. As a result, at the end of the third quarter 2015 a considerable number of orders exists, which will only result in revenues in October. The Group

was able to significantly increase revenues in all regions, all operating online shops as well as across all product categories. The increase in revenues is also attributable to a growing number of orders as well as a larger base of active customers that placed at least one order within the past twelve months. In addition, for the first time the Feedo Group contributed to the growth in revenues in the third quarter 2015 with an amount of EUR 3.146k.

The margin (the ratio between gross profit and revenues) increased in the first nine months of 2015 by 3 % compared to the prior period. The positive development of the margin is primarily due to the increase in sales of higher-margin products as well as improved purchasing conditions with suppliers.

In the first nine months of 2015, distribution costs increased. However, as gross profit is concerned, they fell from 121% to 113% year-on-year, although the relocation of the warehouse of windelbar in the third quarter of 2015 caused double rental expenses and partially double shipping costs from two warehouses. On the other hand, lower average transportation costs due to improved terms and conditions caused an opposite effect.

In the first nine months of 2015 the ratio between administrative expenses and gross profit increased disproportionately from 40 % to 49 %. Firstly, personnel expenses in the administrative division climbed due to an increasing number of employees. For example, the departments IT-administration, finance, legal, strategy & expansion hired additional employees in order to promote current and planned projects such as the IPO, acquisitions and the further (organic) internationalization (e.g. in Italy). Additionally, in 2015, stock options were issued to other members of the management team and the management board that already had partially been vested in the past. Due to the increased enterprise value in the first quarter of 2015, additional expenses were recognized for cash-settled shared-based compensation. Secondly, the increase in administrative expenses is due to expenses related to the IPO, primarily caused by costs for legal, consulting and auditing services. In this context, expenses amounting to EUR 1,677k were included in administrative expenses in the first nine months of 2015. Furthermore, costs related to the acquisition of the Feedo Group in the amount of EUR 315k were incurred. Up to September 30, 2015, incidental acquisition costs of EUR 345k incurred for the acquisition of Bebitus Retail S.L. closed in October 2015.

In the first nine months of 2015, other operating income and expenses increased by EUR 2,379k respectively EUR 2,530k year-on-year. Other operating income includes internal and external costs in the amount of EUR 2,297k passed on to investors in connection with the IPO. The increase was also due to higher foreign currency gains (in total EUR 355k for 9M 2015) standing against currency losses (in total EUR 381k for 9M 2015). The entities of the Group increased its business in different currencies than the functional currency. windeln.de AG recorded an increasing volume of receivables in Swiss Francs. In addition, at windeln.de the volume purchased from foreign suppliers outside the Eurozone has increased, especially in connection with windelbar.

In the first nine months, earnings before interest and taxes (EBIT) decreased by 76% from minus EUR 9,223k to minus EUR 16,271k. However, in relation to revenues EBIT scarcely changed from -13.7% to -13.8%.

The financial result fell from EUR 2,803k in the first nine months of 2014 to minus EUR 506k for the first nine months of 2015. In the first nine months of 2014, the valuation of a derivative instrument (the conditional purchase price reimbursement in connection with the acquisition of windeln.ch AG) at fair value resulted in an income of EUR 2,853k whilst in the first nine month of 2015, expenses of EUR 452k were recorded for the same circumstance. In addition, in the third quarter of 2015 an expense amounting to EUR 41k was recorded resulting from fair value measurement of the conditional purchase price in connection with the acquisition of Feedo Group.

The increase in tax expenses from EUR 82k to EUR 1,595k is primarily attributable to the write-off of deferred tax assets at windeln.de AG as the company does not recognize deferred tax assets due to a lacking profit history.

The profit or loss for the period deteriorated from minus EUR 6,502k in the first nine months of 2014 to minus EUR 18,372k in the first nine months of 2015. This is mainly attributable to the disproportional increase in administrative expenses, the negative financial result in the first nine months of 2015 in comparison to a positive financial result in the same period in 2014 as well as the negative income tax effect.

Other Consolidated Financial Data

Earnings before interest and taxes (EBIT) is adjusted for group managing purposes by expenses related to share-based payments, by extraordinary and/or non-recurring expenses respectively income in connection with the IPO, acquisitions and integration of new subsidiaries as well as expenses in connection with the expansion of the group.

| in kEUR | 9M 2015 | 9M 2014 | total in kEUR | (relative) in % | Q3 2015 | Q3 2014 | total in kEUR | (relative) in % |
|---|----------------|---------------|-------------------------------|--------------------|---------------|---------------|-------------------------------|--------------------|
| Earnings before interest and taxes (EBIT) | -16,271 | -9,223 | -7,048 | -76% | -7,332 | -3,118 | -4,214 | -135% |
| Adjusted for costs related to IPO | 437 | - | 437 | - | 121 | - | 121 | - |
| thereof expenses | -1,677 | - | -1,677 | - | -116 | - | -116 | - |
| thereof income | 2,114 | - | 2,114 | - | 237 | - | 237 | - |
| Adjusted for costs for acquisition, integration and expansion | -1,257 | - | -1,257 | - | -721 | - | -721 | - |
| Adjusted for share-based payments | -5,877 | -2,498 | -3,379 | -135% | -1,123 | -846 | -277 | -33% |
| thereof cost of sales | -5 | - | -5 | - | - | - | - | - |
| thereof selling and distribution expenses | -542 | -186 | -356 | -191% | -71 | -74 | 3 | 4% |
| thereof administrative expenses | -5,330 | -2,312 | -3,018 | -131% | -1,052 | -772 | -280 | -36% |
| adjusted EBIT | -9,574 | -6,725 | -2,849 | -42% | -5,609 | -2,272 | -3,337 | -147% |
| | | | Change in total in kEUR | (relative) in % | Q3 2015 | Q3 2014 | Change in total in kEUR | (relative) in % |
| Gross profit (in % of revenues) | 25.5% | 22.7% | - | 2.8% | 24.4% | 22.8% | - | 1.6% |
| adjusted EBIT (in kEUR) | -9,574 | -6,725 | -2,849 | -5.6% | -5,609 | -2,272 | -3,337 | -147% |
| adjusted EBIT (in % of revenues) | -8.1% | -10.0% | - | -1.9% | -13.0% | -8.6% | - | -4.4% |

The adjusted EBIT fell from minus EUR 6,725k in the first nine months of 2014 to minus EUR 9,574k in the first nine months of 2015, among other reasons due to the acquisition of the Feedo Group and costs related to the relocation of the windelbar warehouse in the third quarter of 2015. During the same period, however, the adjusted EBIT in % of revenues improved from -10.0 % to -8.1 %.

Income Position of the Segments of windeln.de Group

| in kEUR | 9M 2015 | 9M 2014 | Change in total (relative) | | Q3 2015 | Q3 2014 | Change in total (relative) | |
|----------------------------------|----------------|---------------|----------------------------|-------------|---------------|---------------|----------------------------|--------------|
| | | | in kEUR | in % | | | in kEUR | in % |
| Revenues | 118,312 | 67,122 | 51,190 | 76% | 43,286 | 26,485 | 16,801 | 63% |
| German Shop | 97,173 | 58,953 | 38,220 | 65% | 32,739 | 23,211 | 9,528 | 41% |
| International Shops | 8,769 | 2,402 | 6,367 | 265% | 5,414 | 905 | 4,509 | 498% |
| Shopping Clubs | 12,370 | 5,767 | 6,603 | 114% | 5,133 | 2,369 | 2,764 | 117% |
| EBIT | -16,271 | -9,223 | -7,048 | -76% | -7,332 | -3,118 | -4,214 | -135% |
| German Shop contribution | 3,051 | 304 | 2,747 | 904% | 362 | 371 | -9 | -2% |
| International Shops contribution | -4,116 | -1,579 | -2,537 | -161% | -2,593 | -449 | -2,144 | -478% |
| Shopping Club contribution | -4,465 | -1,836 | -2,629 | -143% | -1,827 | -864 | -963 | -111% |
| adjusted EBIT | -9,574 | -6,725 | -2,849 | -42% | -5,609 | -2,272 | -3,337 | -147% |
| German Shop contribution | 3,853 | 386 | 3,467 | 898% | 470 | 408 | 62 | 15% |
| International Shops contribution | -2,645 | -1,448 | -1,197 | -83% | -1,777 | -398 | -1,379 | -346% |
| Shopping Clubs contribution | -4,170 | -1,731 | -2,439 | -141% | -1,788 | -827 | -961 | 116% |

The growth of the Group has been consistent across all segments. In the first nine months of 2015, the operating segment German Shop achieved revenue growth of 65 %, the operating segment International Shops of 265 % and the operating segment Shopping Clubs of 114 % each compared to the prior-year period. In the third quarter of 2015 the operating segment International Shops for the first time includes revenues of the newly acquired Feedo Group amounting to EUR 3,146k.

For assessing the operational result of the segments, the company also considers EBIT and the EBIT margin before expenses with respect to share-based payments as well as extraordinary or non-recurring expenses or income related to the IPO, acquisitions, the integration of new subsidiaries and expansion. The calculated KPIs are named adjusted EBIT and adjusted EBIT-margin.

Primarily the segments German Shop and International Shops contributed to the positive development of the adjusted EBIT margin. In the first nine months of 2015, German Shop achieved an adjusted EBIT margin of 4.0 % compared to 0.7 % in previous year period. For the same period, the adjusted EBIT margin of the International Shops improved from -60.3 % to -30.2 %.

Income Position of the Regions of windeln.de Group

| in kEUR | 9M 2015 | 9M 2014 | Change in total (relative) | | Q3 2015 | Q3 2014 | Change in total (relative) | |
|----------------------|----------------|---------------|----------------------------|------------|---------------|---------------|----------------------------|------------|
| | | | in kEUR | in % | | | in kEUR | in % |
| Revenues | 118,312 | 67,122 | 51,190 | 76% | 43,286 | 26,486 | 16,800 | 63% |
| DACH | 51,331 | 28,716 | 22,615 | 79% | 18,793 | 11,428 | 7,365 | 64% |
| China | 61,374 | 37,096 | 24,278 | 65% | 20,274 | 14,477 | 5,797 | 40% |
| Other/rest of Europe | 5,607 | 1,310 | 4,297 | 328% | 4,219 | 581 | 3,638 | 626% |

The Group substantially increased its revenues across all regions. In the first nine months of 2015, revenues rose by 79 % in the DACH region, 65 % in the China region, and 328 % in "other/rest of Europe", compared to the respective prior-year period. The growth in revenues in the region "other/rest of Europe" is primarily attributable to the finalized acquisition of Feedo Group in the third quarter 2015, and the successful expansion to the Eastern European market thus achieved. The growth in revenues in China was impacted negatively year-on-year by the successful introduction of direct delivery to China and the resulting deferred revenues from orders of September in October.

Financial Position

| in kEUR | 9M 2015 | 9M 2014 | Change in | |
|---|----------------|---------------|------------------|--------------------|
| | | | Total in kEUR | (relative) in % |
| Profit or loss for the period | -18,372 | -6,502 | -11,870 | -183% |
| Net cash flows used in operating activities | -9,926 | -5,642 | -4,284 | -76% |
| Net cash flows used in investing activities | -9,888 | -885 | -9,003 | -1,017% |
| Net cash flows from financing activities | 93,385 | 9,993 | 83,392 | 835% |
| Cash and cash equivalents at the beginning of the period | 33,830 | 267 | 33,563 | 12,570% |
| Net increase in cash and cash equivalents | 73,571 | 3,466 | 70,105 | 2,023% |
| Change in cash and cash equivalents due to foreign exchange rates | 65 | - | 65 | - |
| Cash and cash equivalents at the end of the period | 107,473 | 3,733 | 103,740 | 2,779% |

In the first nine months of 2015, the Group generated a negative cash flow from operating activities in the amount of EUR 9,926k, among others due to negative profit contribution of the fast growing International Shops and Shopping Clubs. In addition, inventory has been built up as of September 30, 2015 in the run-up to the Christmas season and in order to achieve better purchasing terms and conditions.

In the first nine months of 2015 cash outflow from investing activities amounts to EUR 9,888k (in the prior-year period cash outflow of EUR 885k). The cash outflow resulted in particular from the acquisition of the Feedo Group and the cash payment of the purchase price (EUR 8,050k), as well as increased investments in the web shops.

In the first nine months of 2015, cash flow from financing activities was significantly positive at EUR 93,385k. This is mainly due to the proceeds in connection with the IPO in May 2015. In the prior-year period, cash flow from financing activities was also positive due to a financing round in the first quarter (EUR 9,993k).

The equity ratio increased from 61 % as of December 31, 2014 to 80 % as of September 30, 2015. This is primarily due to the capital increase in connection to the IPO (EUR 99,823k). In addition, as of September 30, 2015, obligations in connection with share-based payment arrangements were recorded in the share premium (EUR 11,089 k) due to modifications of the program in the first quarter 2015 as well as due to newly issued equity settled share-based payment arrangements in 2015. Firstly, opposite effects resulted from the overall loss of EUR -18,372k from the first nine months of 2015 recorded in the equity. Moreover, costs in connection with the equity procurement in the amount of EUR 3,400k were deducted from equity in the first nine months of 2015.

In the first nine months of 2015, three new contracts for credit lines were concluded within the Group to provide further financing potential in addition to equity financing.

On March 18, 2015 windeln.de AG entered into a secured borrowing base credit framework agreement with Commerzbank in the amount of EUR 5 m. The borrowing Base Credit Agreement is secured, in particular, by

inventory and assignment of receivables (blanket assignment). It is subject to customary covenants, for example the compliance with certain liquidity ratios by the Group. The Borrowing Base Credit Agreement terminates on March 18, 2016.

On March 20, 2015 windeln.de AG entered into a secured revolving credit facility agreement with Deutsche Bank in the amount of EUR 5 m. The Revolving Credit Facility was entered into for an indefinite term and is secured by inventory and assignment of receivables (blanket assignment).

On April 9, 2015 windeln.de AG entered into a secured credit framework agreement with DZ BANK AG Deutsche Zentral-Genossenschaftsbank in the amount of EUR 4 m. The Credit Framework Agreement is secured by inventory and assignment of receivables (blanket assignment) and is subject to customary covenants, for example the compliance with certain liquidity ratios by the company. The agreement terminates on March 31, 2016. As of September 30, 2015 no credit line was utilized.

Net Asset Position

| Assets in kEUR | September 30, 2015 | December 31, 2014 | Change in total in kEUR | (relative) in % |
|---------------------------------|-----------------------|----------------------|-------------------------------|--------------------|
| NON-CURRENT ASSETS | | | | |
| Intangible assets | 20,525 | 4,043 | 16,482 | 408% |
| Fixed assets | 939 | 480 | 459 | 96% |
| Other financial assets | 13 | 0 | 13 | - |
| Other non-financial assets | 336 | - | 336 | - |
| Total non-current assets | 21,813 | 4,523 | 17,290 | 382% |
| CURRENT ASSETS | | | | |
| Inventories | 18,091 | 10,754 | 7,337 | 68% |
| Prepayments | 538 | 285 | 253 | 89% |
| Trade receivables | 3,032 | 1,725 | 1,307 | 76% |
| Income tax receivables | 4 | - | 4 | - |
| Other financial assets | 5,000 | 3,939 | 1,061 | 27% |
| Other non-financial assets | 2,670 | 1,988 | 682 | 34% |
| Cash and cash equivalents | 107,473 | 33,830 | 73,643 | 218% |
| Total current assets | 136,808 | 52,521 | 84,287 | 160% |
| TOTAL ASSETS | 158,621 | 57,044 | 101,577 | 178% |

| Equity and liabilities | | | Change in | |
|---|-----------------------|----------------------|------------------|--------------------|
| in kEUR | September 30, 2015 | December 31, 2014 | total in kEUR | (relative) in % |
| EQUITY | | | | |
| Issued capital | 25,746 | 163 | 25,583 | 15,695% |
| Share premium | 153,329 | 68,911 | 84,418 | 123% |
| Accumulated loss | -52,860 | -34,488 | -18,372 | -53% |
| Cumulated other comprehensive income | 57 | 35 | 22 | 63% |
| Total equity | 126,272 | 34,621 | 91,651 | 265% |
| NON-CURRENT LIABILITIES | | | | |
| Defined benefit obligations and other accrued employee benefits | 125 | 6,406 | -6,281 | -98% |
| Financial liabilities | 65 | 85 | -20 | -24% |
| Other financial liabilities | 2,146 | - | 2,146 | - |
| Deferred tax liabilities | 3,101 | 322 | 2,779 | 863% |
| Total non-current liabilities | 5,437 | 6,813 | -1,376 | -20% |
| CURRENT LIABILITIES | | | | |
| Other Provisions | 1,392 | 1,246 | 146 | 12% |
| Financial liabilities | 31 | 1,532 | -1,501 | -98% |
| Trade payables | 16,646 | 8,830 | 7,816 | 89% |
| Deferred revenue | 4,596 | 1,985 | 2,611 | 132% |
| Income tax payables | 1 | 5 | -4 | -80% |
| Other financial liabilities | 3,688 | 1,629 | 2,059 | 126% |
| Other non-financial liabilities | 558 | 383 | 175 | 46% |
| Total current liabilities | 26,912 | 15,610 | 11,302 | 72% |
| BALANCE SHEET TOTAL | 158,621 | 57,044 | 101,577 | 178% |

As of September 30, 2015 total non-current assets increased to EUR 21,813k (December 31, 2014: EUR 4,523k).

This is primarily attributable to the acquisition of the Feedo Group. As part of the purchase price allocation, intangible assets were capitalized, such as domains amounting to EUR 14,426k, customer base amounting to EUR 71k, as well as goodwill amounting to EUR 1,038k. Furthermore, additional development costs for the web shops were capitalized, which exceeded the amortization for the same period of time.

There were new investments in fixed assets, primarily attributable to the relocation of the main headquarters building and the new warehouse of windelbar.

Other non-financial assets represent the long-term part of prepayments on share-based payments for the two founders of the Feedo Group.

As of September 30, 2015 the current assets amounted to EUR 136,808k, in comparison to EUR 52,521k on December 31, 2014 and have therefore increased by 178 %. This mainly due to the strong increase of cash and cash-equivalents by EUR 73,643k due to the revenues in connection with the IPO of windeln.de AG.

Inventories increased by EUR 7,337k. The Group adjusted the inventory level in line with the group's growth to ensure even faster supply capability. In addition, the Group has started to build up an inventory level for the coming Christmas season. Moreover, since 2015, full container goods are purchased in order to get better supplier conditions due to larger volumes. In the segment Shopping Clubs more and more prebuys are done. Besides, the acquisition of the Feedo Group has contributed to an increase in inventories (September 30, 2015: EUR 962k).

Current financial assets rose by EUR 1,061k. In September 2015 a loan of EUR 500k was granted to Bebitus Retail S.L. As the conditions precedent of the acquisition were only fulfilled as of October, 2015, the company has not yet been consolidated as of September 30, 2015. In addition, the receivables from advertising subsidies increased by EUR 956k in comparison to the year end of 2014. The reduction of the fair value of contingent consideration by

EUR 451k in comparison to December 31, 2014 has an opposite effect.

Current non-financial assets increased by EUR 682k. The rise can be attributed in particular to higher business volume and the resulting growth of VAT receivables by EUR 418k, claims for return of goods by EUR 123k, and deferred expenses by EUR 484k. The prepayments of share-based payment as of December 31, 2014 in connection with the acquisition of windeln.ch AG decreased by EUR 538k as of September 30, 2015, whereas a prepayment of share-based payment for the two founders of the Feedo Group is shown here (EUR 192k).

As of September 30, 2015 equity amounts to EUR 126,272k and significantly exceeded the level of December 31, 2014 (EUR 34,621k), compare the comments to "Financial Position".

Non-current liabilities decreased by EUR 1,376k in comparison to December 31, 2014. This mainly resulted from the modification of the existing share-based payment agreements to equity-settlement. As of December 31, 2014, the obligations were recognized as cash settled share-based payments under non-current liabilities (EUR 6,349k). In the first quarter of 2015, these obligations were reclassified into share premium.

As of September 30, 2015, the long-term part of contingent consideration in connection with the acquisition of the Feedo Group amounting to EUR 1.984k is presented under financial liabilities. The increase of deferred tax liabilities is also attributable to the acquisition of Feedo Group and the capitalized domains and customer base as carried out in the context of purchase price allocation.

As of September 30, 2015, current liabilities increased by EUR 11,302k compared to the end of 2014.

This fact is primarily attributable to the increased accounts payables by EUR 7,816k, due to the increase in inventories. Prepayments received have increased by EUR 2,611 due to the rise of business activities. The short-term part of the contingent consideration in connection with the acquisition of the Feedo Group as of September 30, 2015 amounting to EUR 1,167k is presented under other financial liabilities for the first time.

There is an opposing effect that the group has not utilized the facility line as of September 30, 2015 (December 31, 2014: EUR 1,505k).

As of September 30, 2015 the amount of the total assets amounted to EUR 158,261k, which is significantly above the value as of December 31, 2014 (EUR 57,044k).

Conclusion

The first nine months of 2015 were positive for the windeln.de Group as revenues increased significantly and adjusted EBIT margin could be improved clearly.

2.5 Non-financial Performance Indicators

| | 9M 2015 | 9M 2014 | Q3 2015 | Q3 2014 |
|--|-------------|------------|------------|------------|
| Site Visits | 50,080,787 | 28,150,623 | 18,516,036 | 11,264,764 |
| Mobile Visit Share (in % of Site Visits) | 60.7% | 45.8% | 64.2% | 50.4% |
| Mobile Orders (in % of Number of Orders) | 44.1% | 35.0% | 45.8% | 38.6% |
| Active Customers | 743,448 | 429,991 | 743,448 | 429,991 |
| Number of Orders | 1,573,575 | 938,100 | 574,936 | 362,760 |
| Average Orders per Active Customer (in number of orders) | 2.69 | 2.71 | 2.71 | 2.69 |
| Share of Repeat Customer Orders (in % of Number of Orders) | 83.3% | 83.7% | 83.3% | 83.7% |
| Gross Order Intake (in EUR) | 141,941,590 | 81,568,354 | 50,306,035 | 32,115,264 |
| Average Order Value (in EUR) | 90.20 | 86.95 | 87,50 € | 88.53 |
| Returns (in % of Net Merchandise Value) | 6.93% | 5.99% | 7.33% | 6.78% |
| Marketing Cost Ratio (in % of revenues) | 6.9% | 5.2% | 8.0% | 5.4% |
| Fulfilment Cost Ratio (in % of revenues) | 11.3% | 11.7% | 13.2% | 11.4% |
| Adjusted Other SG&A Expenses (in % of revenues) | 15.4% | 15.8% | 16.1% | 14.5% |

In a prior-year comparison the key non-financial performance indicators for our corporate management show a positive development – also taking into account the first-time consolidation of the Feedo Group. The number of active customers increased from 430 thousand as of September 30, 2014 to 74 thousand as of September 30, 2015. In the first nine months of 2015 the number of orders significantly increased compared to the previous year period by 68% to 1,573 thousand (938 thousand in prior-year period). Both, the growing number of customers as well as the larger number of orders were primarily driven by considerably higher website traffic. The number of site visits grew by 78% from 28,151 thousand as of September 30, 2014 to 50,081 thousand as of September 30, 2015.

2.6 Employees

The number of employees increased from 337 as of December 31, 2014 to 541 as of September 30, 2015. This rise is mainly related to the consolidation of the Feedo Group in the third quarter and staff increase in both, the administrative and IT, areas.

3 Subsequent Events

3.1 Acquisition of Bebitus Retail S.L.

With the approval of the transaction by the supervisory board on October 6, 2015, the last closing condition included in the acquisition agreement regarding 100 % of the shares in Bebitus Retail S.L., dated on August 10, 2015, was met. As of October 6, 2015, the Bebitus Retail S.L. is in a 100 % ownership of the Group and therefore it has to be fully consolidated as of this date.

3.2 New warehouse location for windelbar

Given the strong increase in order volume, a new warehouse location for the Shopping Club windelbar was opened in Abensberg, Germany, at the end of the second quarter 2015. The existing warehouse in Munich had reached its limits in terms of capacity. In October 2015, the Management Board decided to close the second warehouse in Munich in order to realize efficiency benefits out of only one location. In this context, a commission for vacant leasehold property according to IAS 37 will be established in the fourth quarter of 2015.

4 Risks

4.1 Strategic Risks

Negative developments in general economic framework conditions could adversely impact consumer spending for some of the group's product categories. The future success of windeln.de further depends on the continued growth of e-commerce.

The group is subject to intense competition that presents a constant threat to the success of our business. Failure to provide the customers with an attractive online shopping experience could limit growth and prevent the Group from achieving or maintaining profitability.

The plan to expand its business internationally will expose the Group to a variety of different local legal, regulatory, tax and cultural standards which windeln.de might fail to comply with. The Group aims to counter this risk by means of the necessary legal consultation.

In order to expand the offering across Europe and into new product categories, windeln.de expects to pursue acquisitions of other companies, businesses or assets, any of which could result in significant additional expenses, fail to achieve anticipated benefits, or fail to be properly integrated.

windeln.de is strongly dependent on the sales of baby food products to customers in the People's Republic of China. If the business environment should change, this could have a negative effect on the net asset, financial and income situation of the Group.

Future success will also depend on the ability of the Group to cross-sell new and higher-margin products to its customers.

4.2 Operative Risks

The group is dependent on a limited number of suppliers of baby nutrition and diapers and there is a risk that the suppliers could discontinue selling to windeln.de on financially viable terms, fail to supply high-quality and compliant merchandise, or fail to comply with applicable laws or regulations. By maintaining close cooperation with suppliers and through on-going quality control of the goods the Group minimizes this risk.

In order to expand the offering across Europe and into new product categories, the Group expects to pursue further acquisitions of other companies. Their successful integration is a major factor for the future success of the Group.

Any failure to operate, maintain, integrate and scale network and mobile infrastructure and other technology could

have a material adverse effect on the Group's net asset, financial and income situation. A failure to adopt and apply technological advances in a timely manner could limit growth of the Group and prevent from achieving or maintaining profitability.

windeln.de depends on key employees in its management and may be unable to attract a sufficient number of qualified personnel. Also there is the risk that executive managers leave the company and a suitable replacement cannot be found in time. The Group counters this risk by offering long-term remuneration models.

5 Opportunities

The online share in the market for baby, toddler and children products in Germany is relatively low compared to other product categories (i.e. consumers' electronics, shoes, etc.), which offers strong growth potential. Studies expect an annual growth of the online market share of 12.1% in the years 2014 to 2017¹⁶.

The Group has great potential to open up new markets outside Germany. As in Germany, the e-commerce market also shows high growth rates throughout Europe. In most European countries the online share in the market for baby, toddler and children products is still significantly lower than in Germany and therefore offers additional growth potential.

The European markets are highly fragmented with no distinct market leader in most European countries, which provides the opportunity for consolidation. In 2014 windeln.de AG was able to successfully integrate windeln.ch AG (formerly Kindertraum AG) after its acquisition at the end of 2013 – one of the fastest growing online retailers for baby and children products in Switzerland.

The acquisitions of bebitus - fast-growing online retailer of baby products in Spain, Portugal and France - and of the Feedo- Group - leading online retailer of baby products in the Czech Republic, Poland and Slovakia - and the launch of pannolini.it in Italy in 2015, positions windeln.de well in Southern as well as in Eastern Europe.

windeln.de plans to make further acquisitions in the future to leverage the advantages of inorganic growth apart from organic growth.

windeln.de considers – as in the past – the in future economies of scale with regard to processes and logistics can successfully be realized in relation to logistics and technology infrastructure. In the view of

To most effectively address the needs of families, the Group aims to further extend its product range by adding new categories. With over 100,000 products from over 1,000 brands windeln.de already offers its customers a wide and appealing selection of products for families. By significantly increasing the share of non-consumable products in the past 3 years, windeln.de has shown that it is able to advance into product areas with higher margins.

The successful growth of the Group relies on the expertise and motivation of its employees. windeln.de is dependent on the reinforcement of its team and therefore giving priority to recruiting of new staff, as well as motivating specialists already working for the Group.

6 Outlook

The positive development in online retail will continue in the future. A market volume of EUR 43.6bn is forecasted for the total online retail in Germany in 2015 (EUR 39.0bn in 2014)¹⁷. The total market for baby and toddler products

¹⁶ See Fn 4: Euromonitor

¹⁷ Handelsverband Deutschland: Entwicklung der E-Commerce-Umsätze in den vergangenen Jahren, November 2014.

is expected to have a volume of EUR 4.3 bn. The online share is set at 10.3 %, which relates to a volume of EUR 439.6 m in the market that is relevant for windeln.de¹⁸. Looking at countries outside Germany, the market potential in e-commerce retail is even greater, as the online share is estimated to be lower than in Germany.

The group aims to continue to organically grow its market share in the DACH region, expecting moderately lower growth rates than in the past in this region and other European countries for 2015, but in the medium term aims to achieve growth rates above expectation for the baby consumables online market in Germany (26.7% CAGR over the period 2014 to 2017¹⁹). We aim to achieve this growth by increasing our customer base, the number of orders and the average order value per customer.

Furthermore, the Group intends to allow for expansion of the scope of business in terms of geography and product categories. windeln.de pursues its European expansion strategy by using the proceeds of the Offering, firstly, through targeted acquisitions of locally established businesses with a compelling market position abroad and, secondly, through organic growth within these markets. In 2015, the focus is on Italy, Eastern Europe (Czech Republic, Slovakia and Poland) and also on Spain, France and Portugal.

In China, the company expects to continue to grow organically and aims to achieve approximately the same annual growth (in absolute EUR terms) in the medium term that was achieved in the fiscal year ended December 31, 2014. In all of these markets, the Group will add new merchandise and expand its product offering to further increase relevance and attractiveness to customers and to increase the share of products with higher margins.

In the medium term, we intend to further enhance profitability in particular by:

- reducing cost of sales as a percentage of revenues, on the one hand supported by our strong partnerships with suppliers, negotiating more favorable purchasing terms, and on the other hand by continuing to improve our pricing algorithm and continuing to cross-sell products with higher margins by further broadening our product offering;
- maintaining fulfilment costs low as a percentage of revenues by means of efficiency improvements;
- maintaining attractive marketing costs as a percentage of revenues by focusing on increasing our share of wallet for our new and existing customers.
- implementing higher degrees of process optimization, economies of scale and acquisition synergies with the aim to lower Adjusted Other SG&A Expenses as a percentage of revenues.

The continued revenue growth, as well as ongoing improvement of margins in the first nine months of 2015 compared with the previous year, are a good basis for further business development and for achieving set goals for the full year 2015 of around 75% revenue growth year-on-year (including acquisitions) and improvement of the adjusted EBIT margin.

¹⁸ See Fn 4: Euromonitor

¹⁹ See Fn 4: Euromonitor

Consolidated interim financial statements

Consolidated statement of profit and loss and other comprehensive income

| in kEUR | 9M 2015 | 9M 2014 | Q3 2015 | Q3 2014 |
|--|----------------|---------------|---------------|---------------|
| Revenues | 118,312 | 67,122 | 43,286 | 26,485 |
| Cost of sales | -88,116 | -51,860 | -32,712 | -20,455 |
| Gross profit | 30,196 | 15,262 | 10,574 | 6,030 |
| Selling and distribution expenses | -34,122 | -18,470 | -13,759 | -7,042 |
| Administrative expenses | -14,875 | -6,166 | -4,391 | -2,152 |
| Other operating income | 2,932 | 177 | 341 | 57 |
| Other operating expenses | -402 | -26 | -97 | -11 |
| Earnings before interest and taxes (EBIT) | -16,271 | -9,223 | -7,332 | -3,118 |
| Financial income | 9 | 2,865 | 2 | 196 |
| Financial expenses | -515 | -62 | -412 | -6 |
| Financial result | -506 | 2,803 | -410 | 190 |
| Earnings before taxes (EBT) | -16,777 | -6,420 | -7,742 | -2,928 |
| Income taxes | -1,595 | -82 | -67 | 6 |
| Profit or loss for the period | -18,372 | -6,502 | -7,809 | -2,922 |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Deferred taxes relating to items that will not be reclassified | 0 | - | 0 | - |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Exchange differences on translation of foreign operations | 22 | 26 | -242 | 11 |
| Other comprehensive income, net of tax | 22 | 26 | -242 | 11 |
| TOTAL COMPREHENSIVE INCOME, net of tax | -18,350 | -6,476 | -8,051 | -2,911 |
| Basic earnings per share (in EUR) | -0.80 | -0.32 | -0.31 | -0.14 |
| Diluted earnings per share (in EUR) | -0.78 | -0.31 | -0.31 | -0.14 |

Consolidated statement of financial position as of September 30, 2015

| in kEUR | 30.09.2015 | 31.12.2014 |
|---|----------------|---------------|
| NON-CURRENT ASSETS | | |
| Intangible assets | 20,525 | 4,043 |
| Fixed assets | 939 | 480 |
| Other financial assets | 13 | 0 |
| Other non-financial assets | 336 | - |
| Total non-current assets | 21,813 | 4,523 |
| CURRENT ASSETS | | |
| Inventories | 18,091 | 10,754 |
| Prepayments | 538 | 285 |
| Trade receivables | 3,032 | 1,725 |
| Income tax receivables | 4 | - |
| Other financial assets | 5,000 | 3,939 |
| Other non-financial assets | 2,670 | 1,988 |
| Cash and cash equivalents | 107,473 | 33,830 |
| Total current assets | 136,808 | 52,521 |
| TOTAL ASSETS | 158,621 | 57,044 |
| Equity and liabilities | | |
| in kEUR | 30.09.2015 | 31.12.2014 |
| EQUITY | | |
| Issued capital | 25,746 | 163 |
| Share premium | 153,329 | 68,911 |
| Accumulated loss | -52,860 | -34,488 |
| Cumulated other comprehensive income | 57 | 35 |
| Total equity | 126,272 | 34,621 |
| NON-CURRENT LIABILITIES | | |
| Defined benefit obligations and other accrued employee benefits | 125 | 6,406 |
| Financial liabilities | 65 | 85 |
| Other financial liabilities | 2,146 | - |
| Deferred tax liabilities | 3,101 | 322 |
| Total non-current liabilities | 5,437 | 6,813 |
| CURRENT LIABILITIES | | |
| Other Provisions | 1,392 | 1,246 |
| Financial liabilities | 31 | 1,532 |
| Trade payables | 16,646 | 8,830 |
| Deferred revenue | 4,596 | 1,985 |
| Income tax payables | 1 | 5 |
| Other financial liabilities | 3,688 | 1,629 |
| Other non-financial liabilities | 558 | 383 |
| Total current liabilities | 26,912 | 15,610 |
| TOTAL EQUITY AND LIABILITIES | 158,621 | 57,044 |

Consolidated statement of changes in equity as of September 30, 2015

| in kEUR | Issued capital | Share premium | Accumulated loss | Actuarial gains/losses from remeasurement of defined benefit pension plans | Exchange differences on translation of foreign operations | Other comprehensive income | Total Equity |
|---|----------------|----------------|------------------|--|---|----------------------------|----------------|
| As at January 1, 2015 | 163 | 68,911 | -34,488 | 10 | 25 | 35 | 34,621 |
| Total comprehensive income for the period | | | -18,372 | 0 | 22 | 22 | -18,350 |
| Issue of share capital | 351 | 100,900 | | | | | 101,251 |
| Capital increases out of reserves | 25,232 | -25,232 | | | | | - |
| Transaction costs | | -3,400 | | | | | -3,400 |
| Share-based payments | | 12,150 | | | | | 12,150 |
| As at September 30, 2015 | 25,746 | 153,329 | -52,860 | 10 | 47 | 57 | 126,272 |
| As at January 1, 2014 | 124 | 27,587 | -24,661 | -1 | -8 | -9 | 3,041 |
| Total comprehensive income for the period | | | -6,502 | | 26 | 26 | -6,476 |
| Issue of share capital | 14 | 11,136 | | | | | 11,150 |
| Capital increases out of reserves | | | | | | | - |
| Transaction costs | | -122 | | | | | -122 |
| Share-based payments | | | | | | | - |
| As at September 30, 2014 | 138 | 38,601 | -31,163 | -1 | 18 | 17 | 7,593 |

Consolidated statement of cash flows from January 1 to September 30, 2015

| in kEUR | 9M 2015 | 9M 2014 |
|---|----------------|---------------|
| Profit or loss for the period | -18,372 | -6,502 |
| Amortisation (+) /write-up (-) of intangible assets | 511 | 460 |
| Depreciation (+) /write-up (-) of fixed assets | 220 | 136 |
| Increase (+) /decrease (-) in other current provisions | 139 | 200 |
| Non-cash expenses (+) from employee benefits | 5,282 | 2 |
| Other non-cash expenses (+) /income (-) items | - | - |
| Increase (-) /decrease (+) in inventories | -6,840 | -2,439 |
| Increase (-) /decrease (+) in prepayments | -253 | -20 |
| Increase (-) /decrease (+) in trade receivables | -1,193 | -1,063 |
| Increase (-) /decrease (+) in other assets | -1,144 | -2,716 |
| Increase (+) /decrease (-) in trade payables | 6,343 | 2,309 |
| Increase (+) /decrease (-) in deferred revenue | 2,556 | 743 |
| Increase (+) /decrease (-) in other liabilities | 1,246 | 607 |
| Gain (-) / loss (+) from disposal of fixed assets | 0 | - |
| Interest expenses (+) / income (-) | -9 | 50 |
| Income tax expenses (+) /income (-) | 1,588 | 94 |
| Net cash flows from / used in operating activities | -9,926 | -5,642 |
| Proceeds (+) from disposal of fixed assets | 0 | - |
| Purchase (-) of intangible assets | -1,256 | -785 |
| Purchase (-) of fixed assets | -587 | -112 |
| Additions (-) to group structure | -8,050 | - |
| Interest received (+) | 5 | 12 |
| Net cash flows from / used in investing activities | -9,888 | -885 |
| Proceeds (+) from issue of shares | 100,032 | 11,150 |
| Transaction cost (-) on issue of shares | -5,113 | -183 |
| Repayment (-) of finance-lease liabilities | -28 | -13 |
| Proceeds (+) from financial liabilities | - | 1,007 |
| Repayment (-) of financial liabilities | -1,505 | -1,906 |
| Interest paid (-) | -1 | -62 |
| Net cash flows from / used in financing activities | 93,385 | 9,993 |
| Cash and cash equivalents at the beginning of the period | 33,830 | 267 |
| Net increase/decrease in cash and cash equivalents | 73,571 | 3,466 |
| Change in cash and cash equivalents due to changes in group structure | 65 | - |
| Change in cash and cash equivalents due to foreign exchange rates | 7 | - |
| Cash and cash equivalents at the end of the period | 107,473 | 3,733 |

Condensed Notes to the Interim Consolidated Financial Statements as of September 30, 2015

1 General information

windeln.de AG is the parent company of the windeln.de Group.

The condensed and unaudited interim consolidated financial statements as of September 30, 2015 were released for publication by resolution of the management board on September 20, 2015.

2 Accounting principles

The condensed interim consolidated financial statements as of September 30, 2015 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 information and disclosures required for consolidated financial statements as of year-end and must therefore be read in conjunction with the consolidated financial statements for the year ending December 31, 2014.

The same accounting and measurement principles were applied as in the consolidated financial statements for the financial year ending December 31, 2014. Exceptions are related to new respectively revised accounting standards applicable as of financial year 2015. For this we refer to section 4.2 "New IASB Accounting Principles" of our notes to the consolidated financial statements as of December 31, 2014. IFRS standards respectively revised standards applicable for the first time in this reporting period have no effects on the net asset, financial and income position of the windeln.de Group.

3 Scope of consolidation

The Group's scope of full consolidation as of September 30, 2015 has been extended by pannolini.it S.r.l. and the Feedo Group (see the following sections) compared to December 31, 2014. The same consolidation methods were applied as in the consolidated financial statements for the year ending December 31, 2014.

Formation of a Further Group Company

As of April 24, 2015 windeln.de AG has established pannolini.it S.r.l. as a 100 % subsidiary. As a service company, the company will render intercompany services in connection with the access to the Italian market.

Liquidation of Urban-Brand Schweiz GmbH

In April 2015, the management board decided to dissolve Urban-Brand Schweiz GmbH with registered office in Männedorf, Switzerland. The company does not carry out any business activities anymore as all activities are carried out through windeln.ch AG with registered office in Uster, Switzerland. There are no material impacts on the net asset, financial and income position of the group due to the liquidation. As of September 30, 2015, total assets of the company amounts to EUR 39k and consist almost for 100 % of cash, which will stay within the Group after liquidation, respectively equity.

Acquisition of Feedo Sp. z o.o.

On April 17, 2015, windeln.de AG entered into an acquisition agreement regarding the acquisition of Feedo Sp. z o.o., Warsaw, Poland, that operates the online retail shops "www.feedo.cz", "www.feedo.sk" and "www.feedo.pl" together with its both subsidiaries (MyMedia s.r.o., Prague, Czech Republic, and MyMedia Sp. z o.o., Warsaw, Poland). Feedo Group is a fast growing pure-play online retailer focused on baby and toddler products and its target customers are located in Poland, the Czech Republic and Slovakia. In its financial year 2014, Feedo Sp. z o.o. had generated consolidated revenues of approximately EUR 6m almost all of which were generated with Czech customers. With this acquisition, the Group intends to actively enter into the Eastern European market.

The last closing conditions of the acquisition agreement were fully met as of July 3, 2015 by the resolution of the supervisory board regarding the approval of the transaction.

As of July 3, 2015 following entities are wholly owned by the Group and therefore were fully consolidated at that date:

- Feedo Sp. z o.o., Warsaw, Poland
- MyMedia s.r.o., Prague, Czech Republic
- MyMedia Sp. z o.o., Warsaw, Poland

The fair values of the identified assets and liabilities of the Feedo Group as of the date of acquisition are as follows:

| kEUR | Fair value as of date of acquisition |
|---|--------------------------------------|
| Purchase price | |
| Cash | 8,050 |
| Transferred shares of windeln.de AG | 1,231 |
| Fair value of contingent consideration (Earn Out) | 3,110 |
| Total consideration transferred | 12,391 |
| Fair values of acquired assets and liabilities | |
| Intangible assets | 14,701 |
| Fixed assets | 89 |
| Inventories | 496 |
| Trade receivables ¹ | 115 |
| Other assets | 354 |
| Cash and cash equivalents | 665 |
| Loan liabilities towards windeln.de AG | - 596 |
| Accounts payables | - 1,485 |
| Deferred tax liabilities | - 2,791 |
| Other liabilities | - 195 |
| Identified net of the acquisition-date fair values | 11,353 |
| Goodwill from business combination² | 1,038 |
| Fair value of share-based payment | |
| Prepayment of share-based payments | 576 |
| Fair value of additional share-based payment arrangement | 5,676 |

¹ The contractually agreed values of accounts receivables are amounting to EUR 119k. Thereof EUR 4k are impaired.

² Goodwill is not deductible for tax purposes.

The allocation of the purchase price for Feedo Group as described above results in a positive difference which is capitalized as goodwill. Basis for this goodwill are the expected synergies resulting from the combined business activities, the strengthened access to the Eastern European market, and other intangible assets which do not meet the recognition criteria.

Three investors as well as both founders of the Feedo Group were shareholders of Feedo Sp. z o.o. Both founders get new managing director contracts as of July 3, 2015.

The consideration transferred for the acquisition of Feedo Sp. z o.o. is composed of three purchase price components whose valuation of the fair value as of the acquisition date is described below:

Cash

As of July 3, 2015 all shareholders of Feedo Sp. z o.o. receive cash in the total amount of EUR 8,050k.

Shares in windeln.de AG

As of July 3, 2015 one of the investors as well as both founders receive a fix number of shares in windeln.de AG. Under consideration of the share price as of July 3, 2015 in the amount of EUR 11.74, the fair value of the shares as of the acquisition date amounts to EUR 1,231k.

The shares were issued by windeln.de AG newly out of the Authorized Capital 2015.

Contingent consideration (Earn-Out)

One of the investors, as well as the two founders of Feedo Group receive additional contingent consideration (so called Earn Out). The amount of Earn Out is determined by the growth in revenue with regard to customer business in Poland, Czech Republic, and Slovakia for the years 2014 until 2017 and comprises three instalments (2015, 2016, 2017). Based on the annual growth in revenue realized a contractually agreed revenue multiplier is calculated for subsequent measurement. For the financial years 2015 till 2017 each of the three beneficiaries will receive a part of Earn Out for own shares, based on 15 % of previously calculated subsequent measurement amount. The issuance of shares in windeln.de AG should be settled by the payment of nominal value in the amount of EUR 1.00. The number of shares is determined by the amount of the respective Earn Out and valid unweighted average closing price of windeln.de AG shares as of the March following the relevant Earn Out year. The Earn Out will be settled in March of the following year, respectively at the valid share price of windeln.de AG. At the same time, windeln.de AG has also the right to fulfil its obligation in cash.

As of the acquisition date, the fair value of the contingent consideration is estimated to be EUR 3,110 k. The estimate is based on the revenue forecast for 2015 until 2017 as of the acquisition date. A discount rate of 4.15 % was used for calculating a fair value in the amount of EUR 8,786k for the Earn Out payment. The amount of the fair value of the contingent consideration is the fair value of the contingent consideration less an amount classified as share-based payment of EUR 5,676k. The contingent consideration can be up to a maximal undiscounted amount of EUR 17,594k but not less than EUR 365k.

Share-based payments

In addition to the shares as stated in the section of "Shares in windeln.de AG" both founders of Feedo Group receive as of July 3, 2015 an additional fixed number of shares in windeln.de AG. Considering the share price of windeln.de AG as of July 3, 2015 at the amount of EUR 11.74, the fair value of these shares as of acquisition date amounts to EUR 576 k.

The shares were issued by windeln.de AG newly out of the Authorized Capital 2015.

This part of consideration, as well as a part of the contingent consideration for the founders have the nature of employee benefits, since both founders need to be employed within the Group over a period of 36 months (the so-called vesting period) as from July 3, 2015 in order to receive the full amount of commitment. If they leave the Group within a period of 36 months, they have to sell the already received shares to windeln.de AG, 1/36th for each outstanding month of the vesting period. The repurchase price depends on the reason for the leaver event of the founders and is calculated as % of the respective present share price. Simultaneously, the outstanding Earn Out value decreases with the leaver event, depending on the reason for the leaver event or the timing of the leaver event.

Hence, in line IFRS 2 this share-based payment needs to be accounted for separately as real equity instrument granted for the provision of job performance.

The fair value of the shares issued on July 3, 2015, in the amount of EUR 576k will be amortized over the vesting period starting on July 3, 2015 and ending on July 2, 2018 on a straight-line basis as administrative expenses. The prepayment to both founders arising on the acquisition date will be presented as other non-financial asset, thereof EUR 384k as longterm and EUR 192 as shortterm.

As of the acquisition date, the fair value of the share-based payment in connection with the Earn Out is estimated to EUR 5,676k, with regard to the valuation compare with the explanation in section "contingent consideration". With regard to the share-based payments granted as Earn Out the revenue growth parameter has to be classified as exercise condition in the form of a performance condition as the parameter was used in connection with a service period condition. According to IFRS 2.19 performance conditions are not considered in the estimation of the fair value of the option rights on the date of valuation. Instead, the exercise conditions need to be considered by adjusting the amount of the equity instruments which will be used to determine the transaction amount. This results in the fact that even if classified as equity-settled as a result of the structure of the option rights, it is possible that on each reporting date, there is a potential change of the total fair value of the option rights, which needs to be allocated. Therefore, in fact the fair value will be revaluated on each reporting date. The presentation is in the equity balance sheet position, the respective expenses will be recorded as administrative expenses.

In total the fair value of the share-based payments as of the acquisition date amounts to EUR 6,252k and reduces the paid respectively estimated purchase price for the acquisition of Feedo Sp. z o.o. by this amount.

The transaction costs related to the acquisition of Feedo Sp. z o.o. are recorded as expenses and are presented as administrative expenses. In this context, EUR 315k expenses were recorded in the first nine months of 2015.

Between January 1 and July 2, 2015 the Feedo Group has generated revenues in the amount of EUR 4,648k, whilst losses totaled EUR 847k in the same period of time. Since first-time-consolidation, the Feedo Group has contributed EUR 3,146k revenue to total group revenue, the pro rata loss amounts to EUR 877k.

Acquisition Agreement regarding the Acquisition of Bebitus Retail S.L.

On August 10, 2015, windeln.de AG entered into an acquisition agreement regarding the acquisition of 100 % of the shares in Bebitus Retail S.L. Bebitus Retail S.L. is a fast growing pure play online retailer focusing on baby and toddler products. The target customers are located in Spain, Portugal and France. In the financial year 2014, the company generated revenues of approximately EUR 7m. With this acquisition, the Group intends to expand to the markets in Spain, Portugal and France.

As the acquisition is subject to different closing conditions which were not fully met as of September 30, 2015, and windeln.de AG does not had control over the Bebitus Retail S.L, the Bebitus Retail S.L has not been consolidated as of September 30, 2015.

4 Correction of errors

In the current financial year while preparing the interim consolidated financial statements adjustments were necessary with regards to the allocation of expenses for share-based payments. In the first six months of the financial year 2015 the expected expenses in total for share-based payments were not correctly allocated over the respective vesting period. Whereas, the expected total expenses for the entire period of the respective contracts remain unchanged, the allocation of expenses for the first nine months of the year 2015 was corrected, so that the expenses are no longer recorded on a straight-line basis, but in line with IFRS 2 in form of graded vesting (so called vesting in installments).

In order to achieve consistent presentation regarding to published information in the previous quarters, the following tables present the impacts on financial items for the first and the second quarter 2015.

Impact on consolidated statement of profit and loss and other comprehensive income from January 1, 2015 to June 30, 2015

| <i>in kEUR</i> | <i>As presented</i> | <i>Changes from adjustments according to IAS 8</i> | <i>adjusted</i> | <i>As presented</i> | <i>Changes from adjustments according to IAS 8</i> | <i>adjusted</i> |
|--------------------------------------|---------------------|--|-----------------|---------------------|--|-----------------|
| | Q2 2015 | | Q2 2015 | Q1 2015 | | Q1 2015 |
| Selling and distribution expenses | -11,176 | -14 | -11,190 | -8,979 | -194 | -9,173 |
| Administrative expenses | -4,323 | 201 | -4,122 | -5,451 | -911 | -6,362 |
| Profit or loss for the period | -4,263 | 187 | -4,076 | -5,382 | -1,105 | -6,487 |
| Basic earnings per share (in EUR) | -0,18 | 0,00 | -0,18 | -0,27 | -0,04 | -0,31 |
| Diluted earnings per share (in EUR) | -0,17 | 0,00 | -0,17 | -0,26 | -0,04 | -0,30 |

Impact on consolidated statement of financial position from June 30, 2015 to March 31, 2015

| in kEUR | <i>As presented</i> | <i>Changes from adjustments according to IAS 8</i> | <i>adjusted</i> | <i>As presented</i> | <i>Changes from adjustments according to IAS 8</i> | <i>adjusted</i> |
|-------------------------------------|---------------------|--|-----------------|---------------------|--|-----------------|
| | 30.06.2015 | | 30.06.2015 | 31.03.2015 | | 31.03.2015 |
| Share premium | 150,058 | 918 | 150,976 | 78,124 | 1,105 | 79,229 |
| Accumulated loss | -44,133 | -918 | -45,051 | -39,870 | -1,105 | -40,975 |
| TOTAL EQUITY AND LIABILITIES | 153,112 | 0 | 153,112 | 55,866 | 0 | 55,866 |

No adjustments were required to the comparative information of this interim consolidated financial statements.

5 Notes to the consolidated statement of financial position and to the consolidated statement of profit and loss

5.1 Equity

Capital Increases

With resolution as of July 3, 2015, the share capital was increased by EUR 153,937 utilizing the authorized capital 2015. The capital increase became effective upon registration with the commercial register on July 27, 2015.

With resolution as of July 3, 2015, the share capital was increased by EUR 197,378 utilizing the authorized capital 2015. The capital increase became effective upon registration with the commercial register on August 7, 2015.

After partial utilization, the authorized capital amounts to EUR 12,345,940.

Issued capital

As of September 30, 2015, the issued capital of the parent company amounts to EUR 25,745,826 (December 31, 2014: EUR 162,557). It has been paid in full and consists out of 25,745,826 no-par value ordinary bearer shares (shares with no-par value).

Share premium

As of September 30, 2015, the share premium amounts to EUR 153,329k (December 31, 2014: EUR 68,911k). The share premium is composed as follows:

| in kEUR | September 30, 2015 | December 31, 2014 |
|---|--------------------|-------------------|
| Premium from financing rounds resp. IPO | 165,340 | 65,517 |
| Capital increases out of reserves | -25,232 | - |
| Dividends in kind | 3,466 | 2,389 |
| Transaction costs of the financing rounds resp. IPO | -3,829 | -429 |
| Share-based payments | 13,574 | 1,434 |
| Premium from stock options | 10 | - |
| Total | 153,329 | 68,911 |

The increase of the premium from financing rounds respectively IPO, which is presented in share premium, represents in total the income in connection with the IPO in May 2015. Also, the change in transaction costs of the financing rounds respectively IPO, which are presented in share premium, is related to the costs incurred to the company in connection with the IPO, reduced by the related income tax effects.

The share capital was increased by EUR 25,232k utilizing the share premium.

The increase in dividends in kind presented in share premium results from the acquisition of the Feedo Group in the third quarter 2015, see therefore section 3.

The increase of share-based payments, which are presented in share premium, is mainly related to the modification of the virtual stock option program in the first quarter 2015 as well as to in 2015 additionally vested share based payment compensations, compare section 5.3. In addition, the issued bonus shares and preference shares in connection with an employee program in the amount of EUR 76k are included in this line. In connection with the acquisition of the Feedo Group in the third quarter 2015 share-based payments were issued, see therefore section 3.

Accumulated loss

The accumulated loss is the result of losses carried forward from the previous reporting period as well as from the result of the current reporting period.

The development of equity is presented in detail in the consolidated statement of changes in equity.

5.2 Earnings per share

Undiluted earnings per share are calculated as a quotient from consolidated earnings for the period to be allocated to the shareholders of the parent company and the weighted average of issued shares during the reporting period. In line with IAS 33.26, the weighted average of issued shares during the reporting period is adjusted by 19,831,954 newly issued shares in April 2015, as the increase of the shares happened without a corresponding change in resources.

Diluted earnings per share are calculated by dividing the consolidated earnings for the period to be allocated to the shareholders of the parent company by the weighted average quantity of issued shares in circulation during the reporting period and the newly issued shares in April 2015 plus the shares equivalents leading to the dilution.

| | 9M 2015 | 9M 2014 | Q3 2015 | Q3 2014 |
|--|--------------|--------------|--------------|--------------|
| Undiluted earnings | | | | |
| Earnings of the period (in kEUR) | -18,372 | -6,502 | -7,809 | -2,922 |
| Undiluted weighted average of issued shares (in thousands) | 22,978 | 20,130 | 25,623 | 19,970 |
| Earnings per share (in EUR) | -0,80 | -0,32 | -0,31 | -0,14 |
| Diluted earnings | | | | |
| Earnings of the period (in kEUR) | -18,372 | -6,502 | -7,809 | -2,922 |
| Diluted weighted average of issued shares (in thousands) | 23,689 | 20,813 | 26,378 | 20,691 |
| Earnings per share (in EUR) | -0,78 | -0,31 | -0,31 | -0,14 |

5.3 Share-based payments

windeln.de AG set up three different kinds of programs for share-based payments, which are described as follows.

Description of VSOP 1 and 2

Within the virtual stock option program (VSOP 1) cash-settled share-based payment agreements were concluded with employees of the Group, see therefore notes to consolidated financial statements as of December 31, 2014. In the first quarter 2015 all existing share-based payment agreements were modified due to the potential future IPO. The modified agreements are now treated as equity settled share-based payment arrangements according to IFRS 2. The incremental fair value of all modified options amounts to EUR 15,064 (EUR 0.02 per option) as of the modification date. Market input parameters are estimated in the same way before and after modification.

In addition to the share-based payment agreements which already existed as of December 31, 2014, further share-based payment arrangements were conducted with employees of the Group in the first quarter 2015 (VSOP 2). The options will vest in 48 instalments over a period of four years as of the grant date defined by the company. The stock options are treated in line with the existing modified agreements as equity settled share-based payment arrangements.

Description of VSOP 3

In the second quarter 2015, the company entered into a new share-based payment arrangement (VSOP 3) and concluded the respective contracts with employees of windeln.de AG in the second and third quarter of 2015.). The options will vest in 48 instalments over a period of four years as of the grant date defined by the company. At the end of the vesting periods the stock options will be settled in cash, provided that defined revenue growth targets of the Group were met (the so-called performance condition). If the defined revenue growth targets were not met, there will be no payment. In line with IFRS 2 these stock options will be revalued each reporting date.

Description of program LTIP-SO and RSU

In the second quarter 2015, the company set up a Long Term Incentive Plan (LTIP 2015-2017) and concluded the respective contracts with employees of the Group in the second and third quarter 2015. This program includes equity settled stock options (SO) as well as restricted stock units (RSU). Basically, the RSU provide the beneficiaries the right to purchase shares of windeln.de AG at the current valid stock price without the payment an exercise price. 6/48 of the options are vested after the expiration of the six month cliff-period started as of the grant date defined by the company; afterwards the options will vest in further 42 instalments over a period of three and a half years. Provided that the revenue growth targets of the Group were met (the so-called performance condition), the stock options can be exercised after the vesting period of four years. In case the revenue targets are not met, the options cannot be exercised. There is no performance condition for the RSU. The company has basically the choice of settlement for the compensation of RSU. As the company plan to settle in equity instruments the accounting of this part of the arrangement will be done as equity settled share based payments. As for the stock options and RSU there is defined maximum amount (CAP) for the number of issued shares. In line with IFRS 2, the stock options and RSU are measured merely at the grant date.

Valuation of the programs

For all three programs the same valuation method was used and the fair value of options was determined using a Monte Carlo Simulation.

In the Monte Carlo Simulation, the stochastic process which describes the market price performance is simulated with a large number of repetitions. The stochastic process is given by a geometric Brownian motion for which the current share price is the starting price. Volatility is determined on the basis of the peer group average. The drift corresponds to the risk-free interest rate. The random component consists of a Wiener process which can be simulated with the aid of random numbers. For a sufficiently large number of realizations (paths) of the corresponding geometric Brownian motion obtained by simulation, it is possible to make reliable probability statements regarding interesting target parameters. This applies in particular to the value of the option, i.e. max (share price at the time of exercise – exercise price, 0). Provided there is a sufficiently large number of repetitions, the expected value of this target variable under the distribution simulated by Monte Carlo asymptotically approximates the value of the Black Scholes Merton Formula. However, it is possible with Monte Carlo to make many more statements, indeed by this means one can make probability statements about any possible value of the option. This means in particular that degrees of uncertainty in relation to the forecasts can be better estimated.

The following input parameters were used in the Monte Carlo Simulation:

| | VSOP 1-2 | VSOP 3 | LTIP - RSU | LTIP – SO |
|---|--------------------|-------------------|-------------------|-----------|
| Expected volatility (%) | 37.46% - 40.80% | 42.81% - 44.5% | 38.58% - 44.79 | 45.07% |
| Risk free interest rate (%) | 0.00% | 0.00% | 0.00% | 0.00% |
| Expected dividend yield (%) | 0.00% | 0.00% | 0.00% | 0.00% |
| Anticipated maturity of the options (years) | 0.25 – 4 | 3 - 4 | 4 | 4.5 |
| Average stock price as of the valuation date (in EUR) | 13.25 | 10.63 | 10.63 – 14.69 | 10.63 |

The share price was determined via Bloomberg out of the XETRA trading system closing rate. The volatility was determined as maturity-adequate historical volatility of similar companies (peer group) over remaining period. The respective expected volatility is based on the assumption that you can project from the historical volatility to future trends, so that the volatility occurred in fact can be different to the adopted assumptions. The expected dividend yield is based on marked assumptions with regards to the amount of expected dividend of the windeln.de share for the years 2015 and 2016. The risk free interest rates were determined on the basis of interest rates adequate to the period of German government bonds.

The options recorded in equity developed as follows:

| | VSOP 1 und 2* | LTIP - RSU | LTIP – SO |
|--|---------------|------------|-----------|
| Outstanding at the beginning of the reporting period (January 1, 2015) | 752,476 | 0 | 0 |
| Expired during the reporting period | 0 | 0 | 0 |
| Forfeit during the reporting period | 0 | 0 | 0 |
| Exercised during the reporting period | 197,378 | 0 | 0 |
| Granted during the reporting period | 104,331 | 3,878 | 7,023 |
| Outstanding at the end of the reporting period (September 30, 2015) | 659,429 | 3,878 | 7,023 |
| Exercisable at the end of the reporting period (September 30, 2015) | 659,429 | 0 | 0 |

* Due to the modification the number of shares has been changed compared to Q1/2015. The presentation was adjusted accordingly.

Presentation of earnings effects

In the first nine months of 2015 the expenses recorded for these share-based payments amount to EUR 4,710k (9M 2014: EUR 2,498k), thereof EUR 45k (9M 2014: EUR 2,498k) assigned to cash settled share-based payments and EUR 4,665k (9M 2014: -) assigned to equity-settled share-based payments. The respective expense in the third quarter 2015, considering the effects of the correction of errors as described in the fourth section, amounts to EUR 390k (Q3 2014: EUR 845k), with EUR 33k (Q3 2014: EUR 845k) assigned to cash settled share-based payments and EUR 357k (Q3 2014: -) assigned to equity-settled share-based payments.

As of September 30, 2015, the carrying value of the liability from cash settled share-based payments amounts to EUR 45k (December 31, 2014: EUR 6,349k). The obligation has been recorded as non-current liability.

As of September 30, 2015 an amount of EUR 11,014k has been recorded for equity-settled share-based payments in share premium (December 31, 2014: -).

Employee stock ownership program

In the course of the IPO, the company issued bonus shares and preference shares in connection with an employee program in the second quarter 2015. For the calculation of the respective expense no valuation method, but the issue price was used. The expense of the employee stock ownership program amounts to EUR 76k.

Acquisition of windeln.ch AG

In connection with the acquisition of windeln.ch AG end of 2013, a share-based payment arrangement was granted to a member of the management team and the respective shares were issued already at the point of closing, see therefore the comments in the notes of the consolidated financial statements as of December 31, 2014. The respective personnel expense will be spread pro-rata on a straight-line basis over the vesting period of two years. The expenses recorded in the first nine months of 2015 amount to EUR 538k (9M 2014: EUR 538k). The respective expense in the third quarter of 2015 amounts to EUR 179k (Q3 2014: EUR 179k).

Acquisition of Feedo Group

In connection with the acquisition of Feedo Group in the third quarter of 2015, a share-based payment arrangement was granted to two members of the management team and the respective shares have been already issued partially at the point of closing, see therefore the comments in the third section. The respective personnel expense will be spread pro-rata on a straight-line basis over the vesting period of three years. The fair value of the share-based payments that have been not issued yet, will be also distributed over the vesting period of three years. The respective expense in the third quarter of 2015 amounts to EUR 521k.

5.4 Disclosures on fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

- Level 1: Quoted unadjusted market prices in active markets for identical assets or liabilities;
- Level 2: Directly or indirectly observable input factors, which are not categorized in level 1;
- Level 3: Unobservable input factors.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

If a financial instrument is to be classified as Level 3, the management board decides which valuation process will be used. In order to help in the decision-making process, the in-house valuation department present various alternatives to the management board. After having selected a valuation process, this will be used continuously with regards to this financial instrument. The fair value will be measured at least quarterly.

The following table shows the assets and liabilities measured at fair value as of September 30, 2015:

| in kEUR | Level 1 | Level 2 | Level 3 |
|--|---------|---------|---------|
| Assets measured at fair value | | | |
| Contingent consideration | - | - | 1,760 |
| Liabilities for which fair values are disclosed | | | |
| Contingent consideration | | | 3,151 |
| Obligation under finance lease | - | 96 | - |

The following table shows the assets and liabilities measured at fair value as of December 31, 2014:

| in kEUR | Level 1 | Level 2 | Level 3 |
|--|---------|---------|---------|
| Assets measured at fair value | | | |
| Contingent consideration | - | - | 2,211 |
| Liabilities for which fair values are disclosed | | | |
| Obligation under finance lease | - | 112 | - |

There were no reclassifications between the different levels during the reporting period. If circumstances arise which require a change in classification, the affected financial instruments will be reclassified quarterly.

Contingent consideration - repayment

As part of the purchase agreement which was closed with the previous owners of windeln.ch AG, a conditional consideration component was agreed upon. According to this, a return of up to 2,784 shares to the Group by the former owners may become necessary under certain conditions. The fair value of the contingent consideration is measured on a quarterly basis. The valuation approach used for this estimation is described in detail in the notes to the consolidated financial statements as of December 31, 2014 in section 7 "Group information and business combinations" and was applied consistently during the reporting period. This financial instrument is classified as Level 3, since future estimated revenues and EBITDA values are used in the calculation of the fair value. As of September 30, 2015, cumulated revenues of EUR 12,787k (December 31, 2014: EUR 11,600k) and a cumulated EBITDA under EUR -1,575k (December 31, 2015: EUR -1,575k) is expected for the relevant business sector and the relevant time span.

As of September 30, 2015, the fair value of the contingent consideration amounted to EUR 1,760k compared to EUR 2,211k as of December 31, 2014.

Changes to the fair value are recognized in financial income or financial expenses in profit or loss. In the nine

months of 2015, due to changes in the fair value of the financial instrument, financial expenses are recorded in the amount of EUR 451k (9M 2014: financial income of EUR 2,853k). In the third quarter 2015 the respective expense amount to EUR 365 (Q3 2014: income in the amount of EUR 192).

Contingent consideration – Earn Out

As part of the purchase agreement which was closed with the previous owners of the Feedo Group, a conditional consideration component was agreed upon. According to this, an additional purchase price payment is necessary, which will be settled in shares in windeln.de AG. The fair value of the contingent consideration is measured on a quarterly basis. The valuation approach used for this estimation is described in detail in section 3 “Scope of consolidation” and was applied consistently during the reporting period. This financial instrument is classified as Level 3, since future estimated revenues with regard to customer business in Poland, Czech Republic, and Slovakia for the years until 2017 are considered for the calculation of the fair value. As of September 30, 2015, cumulated revenues of EUR 69,637k are expected for the relevant business unit for the relevant time span.

As of September 30, 2015, the fair value of the contingent consideration amounted to EUR 3,151k compared to EUR 3,110k as of the acquisition date July 3, 2015.

Changes to the fair value are recognized in financial income or financial expenses in profit or loss. In the third quarter of 2015, due to changes in the fair value of the financial instrument, financial expenses are recorded in the amount of EUR 41k.

Obligations under Finance Lease

Leased assets, which can be considered as acquired assets with long-term financing, were classified in line with IAS 17 as finance lease arrangements. The corresponding assets are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding finance lease liability is recognized in the statement of financial position as financial liability and classified as Level 2.

5.5 Additional disclosures in financial instruments

The following table shows carrying amounts and fair values of all financial instruments recorded in the consolidated financial statements and how the assets and liabilities or parts of the totals of each category are classified into the valuation categories according to IAS 39 respectively the valuation according to IAS 17:

| in kEUR | Category acc. to IAS 39 | Carrying amount September 30, 2015 | Measurement according to IAS 39 | | | | Fair value September 30, 2015 |
|---|-------------------------|------------------------------------|---------------------------------|-----------------------------|--------------------------|----------------------------|-------------------------------|
| | | | At cost | Fair value (through equity) | Fair value (through p&l) | Measurement acc. to IAS 17 | |
| Financial assets | | | | | | | |
| Other non-current financial assets | LaR / afs | 13 | 13 | - | - | - | 13 |
| Trade receivables | LaR | 3,032 | 3,032 | - | - | - | 3,032 |
| Other current financial assets | LaR / afs / hft | 5,000 | 3,240 | - | 1,760 | - | 5,000 |
| Cash and cash equivalents | LaR | 107,473 | 107,473 | - | - | - | 107,473 |
| Financial liabilities | | | | | | | |
| Non-current finance-lease liabilities | n.a. | 65 | - | - | - | 65 | 65 |
| Other non-current financial liabilities | FLAC/FLAFV | 2,146 | 162 | - | 1,984 | - | 2,146 |
| Trade payables | FLAC | 16,646 | 16,464 | - | - | - | 16,464 |
| Current finance-lease liabilities | n.a. | 31 | - | - | - | 31 | 31 |
| Other current financial liabilities | FLAC / FLAFV | 3,688 | 2,521 | - | 1,167 | - | 3,688 |
| Totals per category acc. to IAS 39 | | | | | | | |
| Available for sale (afs) | afs | 4 | 4 | - | - | - | 4 |
| Financial asset held for trading (hft) | hft | 1,760 | - | - | 1,760 | - | 1,760 |
| Loans and receivables (LaR) | LaR | 113,754 | 113,754 | - | - | - | 113,754 |
| Financial liabilities measured at amortized cost (FLAC) | FLAC | 19,329 | 19,329 | - | - | - | 19,329 |
| Financial liabilities measured at fair value through profit or loss (FLAFV) | FLAFV | 3,151 | - | - | 3,151 | - | 3,151 |

| in kEUR | Category acc. to IAS 39 | Carrying amount December 31, 2015 | Measurement according to IAS 39 | | | | Fair value December 31, 2015 |
|---|-------------------------|-----------------------------------|---------------------------------|-----------------------------|--------------------------|----------------------------|------------------------------|
| | | | At cost | Fair value (through equity) | Fair value (through p&l) | Measurement acc. to IAS 17 | |
| Financial assets | | | | | | | |
| Other non-current financial assets | afs | 0 | 0 | - | - | - | 0 |
| Trade receivables | LaR | 1,725 | 1,725 | - | - | - | 1,725 |
| Other current financial assets | LaR / afs / hft | 3,939 | 1,728 | - | 2,211 | - | 3,939 |
| Cash and cash equivalents | LaR | 33,830 | 33,830 | - | - | - | 33,830 |
| Financial liabilities | | | | | | | |
| Non-current finance-lease liabilities | n.a. | 85 | - | - | - | 85 | 85 |
| Trade payables | FLAC | 8,830 | 8,830 | - | - | - | 8,830 |
| Current financial liabilities | FLAC | 1,532 | 1,532 | - | - | - | 1,532 |
| Current finance-lease liabilities | n.a. | 26 | - | - | - | 26 | 26 |
| Other current financial liabilities | FLAC | 1,629 | 1,629 | - | - | - | 1,629 |
| Totals per category acc. to IAS 39 | | | | | | | |
| Available for sale (afs) | afs | 4 | 4 | - | - | - | 4 |
| Financial asset held for trading (hft) | Hft | 2,211 | - | - | 2,211 | - | 2,211 |
| Loans and receivables (LaR) | LaR | 37,279 | 37,279 | - | - | - | 37,279 |
| Financial liabilities measured at amortized cost (FLAC) | FLAC | 11,991 | 11,991 | - | - | - | 11,991 |

Due to the short maturity of the cash and cash equivalents, trade receivables and trade payables as well as other current financial assets and other current financial liabilities, it is assumed for these items, that the fair values correspond with the carrying amounts.

In other non-current financial assets, the investment in Urban-Brand Management Ltd. is included with a value of EUR 1 (December 31, 2014: EUR 1). In other non-current financial assets, members' shares in a cooperative in the amount of EUR 4 k are included (December 2014: EUR 4 k). Both financial assets are classified as "available for sale". As in regards to the valuation, an active market or traded price cannot be omitted nor can the fair value be reliably measured, both assets are measured "at cost".

The fair values of the current financial liabilities correspond with their carrying amounts, since the contractually agreed interest rates do not deviate significantly from the market-standard interest rates.

Classifications remained unchanged during the reporting period.

6 Segment reporting

For management purposes windeln.de Group is organized into business units based on its different online-shops and shopping clubs, in line with the rules of IFRS 8, has the following reportable operating segments:

- The operating segment "German Shop" operates the online-shop windeln.de.
- The operating segment "International Shops" comprises the online-shops windeln.ch, toys.ch, kindertraum.ch, pannolini.it, as well as online-shops feedo.pl, feedo.cz and feedo.sk.
- The operating segment "Shopping Clubs" operates the online-shop windelbar.de and nakiki.it, which offers its services as part of a free subscription to an online shopping club.

In comparison to previous periods, the titles and the compositions of the operating segments have been changed in the third quarter 2015. In this context, the operating segment "windeln.de" was renamed into "German Shop", "windeln.ch" into "International Shops" and "windelbar" into "Shopping Clubs". The information regarding the segments for previous periods was adjusted accordingly.

Since the third quarter, the online-shop pannolini.it has been assigned to the operating segment "International Shops" and not to the operating segment "windeln.de" respectively "German Shop" any more. With regard to the changes of segment information of the second quarter of 2015 revenues amounting to EUR 4 and adjusted EBIT contribution amounting to EUR -74 k were reclassified from the operating segment "windeln.de" respectively "German Shop" to the operating segment "International Shops". The online-shop pannolini.it went live in May 2015, so that no further adjustments to segment information of the first quarter and previous periods is required.

In the third quarter of 2015 the operating segment "Shopping Clubs" was extended by nakiki.it and the operating segment "International Shops" by the online-shops feedo.pl, feedo.cz and feedo.sk.

The management board monitors revenues and adjusted operating results of its operating segments for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Financial result, income taxes, rental expenses related to office buildings, as well as partially depreciation and amortization are managed on a Group basis and are not allocated to the respective operating segments.

The performance measure "EBIT contribution" per operating segment consists of gross profit less allocated selling, distribution and administrative expenses as well as the proportional other operating income and expenses. In addition, the business departments Human Resources, IT, Finance, as well as the management team render services to the group (shared services). These expenses are not managed on individual operating segments level and are disclosed in the position "Corporate".

There are no intersegment transactions in the internal reporting structure. There is no information available on segment assets or liabilities.

The Group's operating business is not subject to any material seasonal deviations.

The segments developed as follows in the first nine months:

| in kEUR | 9M 2015 | | | | |
|--|---------------|---------------------|----------------|-------------|----------------|
| | German Shop | International Shops | Shopping Clubs | Other/Cons. | Total |
| Revenues | 97,173 | 8,769 | 12,370 | - | 118,312 |
| EBIT contribution | 3,051 | -4,116 | -4,465 | 42 | -5,488 |
| <i>Adjustment share-based payments</i> | <i>781</i> | <i>1,305</i> | <i>286</i> | | <i>2,372</i> |
| <i>Costs in connection with expansion</i> | <i>21</i> | <i>166</i> | <i>9</i> | | <i>196</i> |
| adjusted EBIT contribution | 3,853 | -2,645 | -4,170 | 42 | -2,920 |
| <i>in % of revenues</i> | <i>4.0%</i> | <i>-30.2%</i> | <i>-33.7%</i> | | <i>-2.5%</i> |
| Corporate | | | | | -10,783 |
| Earnings before interest and taxes (EBIT) | | | | | -16,271 |
| Financial result | | | | | -506 |
| Income taxes | | | | | -1,595 |
| Profit or loss for the period | | | | | -18,372 |

| in kEUR | 9M 2014 | | | | |
|--|---------------|---------------------|----------------|-------------|---------------|
| | German Shop | International Shops | Shopping Clubs | Other/Cons. | Total |
| Revenues | 58,953 | 2,402 | 5,767 | - | 67,122 |
| EBIT contribution | 304 | -1,579 | -1,836 | -478 | -3,589 |
| <i>Adjustment share-based payments</i> | <i>82</i> | <i>131</i> | <i>105</i> | | <i>318</i> |
| adjusted EBIT contribution | 386 | -1,448 | -1,731 | -478 | -3,271 |
| <i>in % of revenues</i> | <i>0.7%</i> | <i>-60.3%</i> | <i>-30.0%</i> | <i>-</i> | <i>-4.9%</i> |
| Corporate | | | | | -5,634 |
| Earnings before interest and taxes (EBIT) | | | | | -9,223 |
| Financial result | | | | | 2,803 |
| Income taxes | | | | | -82 |
| Profit or loss for the period | | | | | -6,502 |

The segments developed as follows in the third quarter:

| in kEUR | Q3 2015 | | | | |
|--|---------------|---------------------|----------------|-------------|---------------|
| | German Shop | International Shops | Shopping Clubs | Other/Cons. | Total |
| Revenues | 32,739 | 5,414 | 5,133 | - | 43,286 |
| EBIT contribution | 362 | -2,593 | -1,827 | 245 | -3,813 |
| Adjustment share-based payments | 96 | 724 | 30 | | 850 |
| Costs in connection with expansion | 12 | 92 | 9 | | 113 |
| adjusted EBIT contribution | 470 | -1,777 | -1,788 | 245 | -2,850 |
| <i>in % of revenues</i> | <i>143.6%</i> | <i>-32.8%</i> | <i>-34.8%</i> | <i>-</i> | <i>-6.6%</i> |
| Corporate | | | | | -3,519 |
| Earnings before interest and taxes (EBIT) | | | | | -7,332 |
| Financial result | | | | | -410 |
| Income taxes | | | | | -67 |
| Profit or loss for the period | | | | | -7,809 |

| in kEUR | Q3 2014 | | | | |
|--|---------------|---------------------|----------------|-------------|---------------|
| | German Shop | International Shops | Shopping Clubs | Other/Cons. | Total |
| Revenues | 23,211 | 905 | 2,369 | - | 26,485 |
| EBIT contribution | 371 | -449 | -864 | -183 | -1,125 |
| <i>Adjustment share-based payments</i> | <i>37</i> | <i>51</i> | <i>37</i> | | <i>125</i> |
| adjusted EBIT contribution | 408 | -398 | -827 | -183 | -1,000 |
| <i>in % of revenues</i> | <i>1.8%</i> | <i>-44.0%</i> | <i>-34.9%</i> | <i>-</i> | <i>-3.8%</i> |
| Corporate | | | | | -1,993 |
| Earnings before interest and taxes (EBIT) | | | | | -3,118 |
| Financial result | | | | | 190 |
| Income taxes | | | | | 6 |
| Profit or loss for the period | | | | | -2,922 |

7 Related party disclosures

The following material changes with regards to transactions with related parties compared to the consolidated financial statements as of December 31, 2014 were noted:

A contingent consideration of EUR 2,240k (December 31, 2014: EUR 2,211k) was granted to a member of the management team in connection with the acquisition of windeln.ch AG. In addition, in connection with this transaction, a prepayment for share-based payments was granted to a member of the management team. A current non-financial asset has been recorded in the amount of EUR 179k as of September 30, 2015 (December 31, 2014: EUR 717k).

A contingent consideration of EUR 3,151k was granted to members of the local management team in connection with the acquisition of Feedo Group. In addition, in connection with this transaction, a prepayment for share-based payments was granted to members of the management team. As of September 30, 2015 a current non-financial asset has been recorded in the amount of EUR 192k, as well as a non-current non-financial asset amounting to EUR 336k.

In connection of the recharge of IPO related costs to dispensed shareholders in the amount of EUR 2,297k, in total EUR 240k were recharged to two members of the management board and one member of the local management team. This income is recognized in other operating income. As of September 30, 2015 receivables due from two members of the management board and one member of the local management team were recorded in the amount of EUR 30k, which are presented in other current financial assets.

8 Subsequent events

Acquisition of Bebitus Retail S.L.

With the approval of the transaction by the supervisory board on October 6, 2015, the last closing condition mentioned in the acquisition agreement regarding 100 % of the shares in Bebitus Retail S.L., dated on August 10, 2015, was met.

As of October 6, 2015, Bebitus Retail S.L. is in 100 % ownership of the Group and therefore the entity has to be fully consolidated as of this date.

Two investors as well as both founders of the Bebitus Retail S.L. were shareholders of Bebitus Retail S.L.. Both founders get new managing director contracts as of October 6, 2015.

The consideration transferred for the acquisition of Bebitus Retail S.L. is composed of three purchase price components, cash and contingent considerations in the form of cash payment respectively shares in windeln.de AG. In addition, the company concluded share-based payment agreements respectively agreements on employee benefits.

Cash

As of July 3, 2015 all shareholders of Bebitus Retail S.L. receive cash in the total amount of EUR 5,099k.

Contingent Consideration

Compensation payment inventory

All the shareholders of entity will receive a cash payment, the latter of which is calculated based on the resulting difference of the coming stock accounts. The payment is limited to a maximum amount of EUR 300k. No payment will be made in the event of a negative inventory difference. The payment is due two weeks after the notification by the company.

Earn Out

Both founders will receive a contingent consideration (so called Earn Out). The Earn Out amount will be calculated based on the revenue growth with customers located in Spain, France and Portugal for the years 2014 until 2017 and consists out of three instalments (2015, 2016, 2017). A corresponding revenue multiple will be determined based on the annual revenue growth which is the basis for the future valuation. For the years 2015 until 2017, each of the beneficiaries will receive a part of the Earn Out based on 20 % (for the financial year 2015), respectively 30% (for the financial years 2016 and 2017) of the preassigned valuation. The Earn Out for 2015 will be paid in cash. For the financial years 2016 and 2017, the Earn Out will be settled in shares of windeln.de AG. In this context, both founders have to pay in cash the nominal value of the shares in the amount of EUR 1.00 per transferred shares. The amount of shares will be determined by the amount of the respective earn out and the unweighted average of closing prices of the windeln.de AG share 30 days before the day of the final determination of the Earn Out amount. The Earn Out will be settled in four weeks after the annual shareholder´s meeting in the following year in the amount of the current share price of windeln.de AG. At the same time, windeln.de AG has also the right to fulfil its obligation in cash.

Share-based Payments

The contingent earn out consideration for the founders have the nature of employee benefits, since both founders need to be employed within the Group over a period of 36 months (the so-called vesting period) as from October 6, 2015 in order to receive the full amount of commitment. If they leave the Group within the 36 months period they need reimburse 1/36th of the received cash respectively sell 1/36th of the already received shares to windeln.de AG for each month they left before the end of the vesting period. The repurchase value respectively repurchase price is depending on the reason for the retirement and in terms of a retirement is calculated as % of the share price at that time. Simultaneously, the outstanding Earn Out value decreases with the leaver event, depending on the reason for the leaver event or the timing of the leaver event.

Hence, in line with IAS 19 the employee benefits need to be accounted for separately with regards to the Earn Out 2015. In line with IFRS 2 the share-based payments need to be accounted for separately with regards to the Earn Out 2016 and 2017, as real equity instrument granted for the provision of job performance.

Identified Assets and Liabilities and Purchase Price

At the point of time when the interim financial statements are prepared, the determination of fair values of identified assets and liabilities at the acquisition date, the allocation of the components of the contract into purchase price and share-based payments respectively employee benefits as well as the determination of respective fair values has not yet been finalized, since different approaches are conceivable and the assessment of the circumstances is not completed.

Hence, the following notes as for IFRS 3.B64 e to l as well as n in connection with IFRS 3.B66 cannot or only partially be disclosed: Notes regarding the fair values of identified assets and liabilities, notes regarding the breakdown of the components of the contract into purchase price and share-based payments respectively employee benefits, disclosures regarding the amount of goodwill or bargain purchase, fair value disclosures of contingent purchase price payments as well as their subsequent measurement, disclosures relating to share based payments and employee benefits as well as their subsequent measurement.

The transaction costs related to the acquisition of Bebitus Retail S.L. are recorded as expenses and are presented as administrative expenses. In this context, EUR 345k expenses were recorded in the first nine months of 2015. Between January 1 and October 5, 2015 Bebitus Retail S.L. has generated revenues in the amount of EUR 9,791k, whilst losses totaled EUR 1,215k in the same period of time.

New warehouse location for windelbar

Given the strong increase in order volume, a new warehouse location for the Shopping Club windelbar was opened in Abensberg, Germany, at the end of the second quarter 2015. The existing warehouse in Munich had reached its limits in terms of capacity. In October 2015, the Management Board decided to close the second warehouse in Munich in order to realize efficiency benefits out of only one location. In this context, a commission for vacant leasehold property according to IAS 37 will be established in the fourth quarter of 2015.

Munich, November 20, 2015

The management board

Alexander Brand

Konstantin Urban

Dr. Nikolaus Weinberger

Service

1 Glossar

Site visits

We define Adjusted Other SG&A Expenses (in % of revenues) as Adjusted Other SG&A Expenses divided by revenues. We define Adjusted Other SG&A Expenses as selling and distribution expenses plus administrative expenses and other operating expense less other operating income, but excluding marketing and fulfillment costs, share-based compensation expenses, as well as extraordinary or non-recurring expenses or income related to the IPO, acquisitions, the integration of new subsidiaries and expansion.

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 and visits from China. We exclude visits from China because the most common online translation services on which most of our customers who order for delivery to China rely to translate our website content are not able to do so from their mobile devices, and therefore very few of such customers order from their mobile devices. 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. We have excluded orders from China. Measured by Google Analytics.

Active Customers

We define Active Customers as the number of customers placing at least one order 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".

Average Orders per Active Customer

We define Average Orders per Active Customer as Number of Orders divided by the number of Active Customers in the measurement period.

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 during the measurement period.

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 (in % of Net Merchandise Value)

We define Returns (in % of Net Merchandise Value) as the Net Merchandise Value of items returned divided by Net Merchandise Value in the measurement period.

Marketing Cost Ratio

We define Marketing Cost Ratio as marketing costs divided by revenues for the measurement period. Marketing costs consist mainly of advertising expenses, including search engine marketing, online display and other marketing channel expenses, as well as costs for our marketing tools and allocated overhead costs, but not costs related to our loyalty program. Allocated overhead costs include rent and depreciation, but not costs of shared services.

Fulfillment Cost Ratio

We define Fulfillment Cost Ratio as fulfillment costs divided by revenues for the measurement period. Fulfillment costs consist of logistics and rental expenses.

Adjusted Other SG&A Expenses (in % of revenues)

We define Adjusted Other SG&A Expenses (in % of revenues) as Adjusted Other SG&A Expenses divided by revenues. We define Adjusted Other SG&A Expenses as selling and distribution expenses plus administrative expenses and other operating expense less other operating income, but excluding marketing and fulfillment costs, share-based compensation expenses, as well as extraordinary or non-recurring expenses or income related to the IPO, acquisitions, the integration of new subsidiaries and expansion.

2. Financial Calendar

Publication of the annual report 2015

March 17, 2016

3. Legal notice

Editorial team and contact

windeln.de AG
Hofmannstrasse 51 c
81379 Munich, Germany
corporate.windeln.de

Investor Relations

Alexandra von Kempis
E-Mail: investor.relations@windeln.de

Corporate communications

Amelie Heinz
E-Mail: presse@windeln.de

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windeln.de AG

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Statement relating to the future

This interim report contains statements that relate to the future and are based on assumptions and estimates made by the management of windeln.de AG. 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 AG 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 AG nor does windeln.de AG 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 interim report is available in English. If there are variances, the German version has priority over the English translation. It's available for download in both languages at <https://corporate.windeln.de/>

