HALF YEAR REPORT
2019

windeln.de

TABLE OF CONTENTS

INTERIM GROUP MANAGEMENT REPORT

4 Fundamental information about the Group
4 Report on economic position
14 Outlook
15 Opportunities and risk report
15 Financial risk management and financial instruments

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

16 Consolidated income statement and other comprehensive income
17 Consolidated statement of financial position
18 Consolidated statement of cash flows
19 Consolidated statement of changes in equity
20 Notes to the interim consolidated financial statements
27 Responsibility statement by the management board

SERVICE

28 Glossary
29 Financial calendar 2019
29 Imprint

WINDELN.DE GROUP AT A GLANCE

Performance indicators (continuing operations only)	H1 2019	H1 2018	Q2 2019	Q2 2018
Site visits	20,560,065	21,382,234	10,074,835	9,126,914
Mobile visit share (as % of site visits)	76.3%	72.1%	73.6%	71.8%
Mobile orders (as % of number of orders)	60.9%	54.2%	60.4%	55.2%
Active customers	454,869	681,426	454,869	681,426
Number of orders	379,250	613,671	178,591	283,462
Average orders per active customer (in number of orders)	2.2	2.2	2.2	2.2
Share of repeat customer orders (as % of orders of last 12 months)	73.0%	74.9%	73.0%	74.9%
Gross order intake (in EUR)	34,196,776	55,287,823	16,375,674	25,414,022
Average order value (in EUR)	90.17	90.09	91.69	90.01
Returns (as % of gross revenues from orders)	3.0%	3.5%	2.6%	3.6%
Adjusted marketing cost ratio (as % of revenues)	4.9%	4.6%	5.0%	4.6%
Adjusted fulfilment cost ratio (as % of revenues)	14.9%	17.5%	13.5%	19.7%
Adjusted other SG&A expenses (as % of revenues)	23.1%	22.1%	22.6%	24.6%
Earnings position (continuing operations only)				
Revenues (in kEUR)	40,909	56,371	20,146	23,548
Gross profit (in kEUR)	10,226	13,459	5,010	5,589
Gross profit (as % of revenues)	25.0%	23.9%	24.9%	23.7%
Operating contribution (in kEUR)	2,158	1,270	1,295	-52
Operating contribution (as % of revenues)	5.3%	2.3%	6.4%	-0.2%
Adjusted EBIT (in kEUR)	-7,306	-11,061	-3,261	-5,855
Adjusted EBIT (as % of revenues)	-17.9%	-19.8%	-16.2%	-24.9%
Financial position				
Cash flow from operating activities (in kEUR)	-8,615	-13,784	-3,331	2,430
Cash flow from investing activities (in kEUR)	433	1,387	460	884
Cash flow from financing activities (in kEUR)	9,119	1,590	-551	19
Net decrease in cash and cash equivalents	937	-10,807	-3,422	3,333
Cash and cash equivalents at the end of the period (in kEUR)	12,079	15,656	12,079	15,656
Current time deposits (in kEUR)	-	1,250	-	1,250
Total cash and time deposits (in kEUR)	12,079	16,906	12,079	16,906
Other				
Basic earnings per share (in EUR)	-1.08	-7.32*	-0.37	-2.08*
Basic earnings per share from continuing operations (in EUR)	-1.09	-4.09*	-0.37	-1.76*

All performance indicators and the section earnings position include amounts from continuing operations only. Feedo Group was deconsolidated in August 2018 after its divestiture and is presented as discontinued operation in the consolidated income statement.

* Prior year disclosures of earnings per share were restated in line with IAS 33 due to the capital decrease performed in January 2019.

INTERIM GROUP MANAGEMENT REPORT AS OF JUNE 30, 2019

1. Fundamental information about the Group

The statements on the business model, strategy and competitive situation of the Group as well as research and development made in the Annual Report 2018 still apply as of June 30, 2019. The Group structure is unchanged on June 30, 2019.

The most important performance indicators for the management of the Group comprise revenues, operating contribution as percentage of revenues, adjusted earnings before interest and taxes as percentage of revenues (adjusted EBIT as percentage of revenues) and the Group cash flow.

For the purposes of managing the Group, earnings before interest and taxes (EBIT) are adjusted for expenses and income in connection with share-based compensation, reorganization measures, impairments of intangible assets (if applicable in the reporting period) and income and expenses of the closed shop pannolini.it in 2018.

The management board manages at Group level.

Non-financial key performance indicators remain unchanged compared to the Annual Report 2018.

2. Report on economic position

2.1. Macroeconomic conditions

The German economy grew again in the first half of 2019[1], albeit only slightly. After a surprisingly positive development of the German economy in the first quarter, however, the current economic indicators now point to a subdued development in the second quarter. Gross domestic product (GDP) rose by 0.6% in the first quarter of 2019 (price-adjusted). Economic research institutes, international organizations and the Federal Government had recently lowered their growth forecasts for 2019. The main reasons for this were the slowdown in the global economy, the trade war between the US and China and the uncertainties of Brexit. Most economists expect economic growth in Germany of less than one percent for this year, compared to 1.4% in 2018. For the year 2019, the German government even solely expects a 0.5% increase in price-adjusted GDP.[2]

However, private consumption increased surprisingly strong in the first quarter by 1.2% qoq. Nevertheless, retail sales in May were down 0.6% month-on-month.[3] Retail sales in Germany amounted to around EUR 525 billion in 2018, which corresponds to growth of 2.3% compared to the previous year. For the year 2019, according to the forecast of the trade association Germany HDE, retail sales will increase by around two percent to about EUR 535.5 billion.[4] The retail sector has benefited sustainably from the consumer-friendly environment of recent years. The growth driver remains online trading, which recorded total revenues of EUR 65.1 billion in 2018 (growth of approx. 11% compared to 2017). In the first half of 2019, online sales in Germany recorded sales growth of 11.2% compared to the same period of the previous year.[5] For the year 2019, a growth of approximately 10% to around EUR 71.9 billion is expected.[6]

Across Europe, there was also an increase in online sales in 2018 at EUR 313 billion. For 2019, more consumer spending is expected in all European countries. By 2019, European online sales are expected to generate sales of approximately EUR 344 billion.[7]

Retail sales in China grew by around 9% in 2018 compared to the previous year. In e-commerce, a volume of approximately EUR 576 billion were recorded in 2018. The Group expects further annual growth of around 11% by 2023.[8]

Due to the continued positive growth figures of the online trade and the toy and baby product segments, the Group sees further growing market opportunities for the business model of trading products, children and families.

The withdrawal of the United Kingdom from the European Union (“Brexit”) has no direct impact on the Group. In the first half of 2019, windeln.de delivered only a very insignificant number of products to the United Kingdom procured products from it. There are no plans to expand the business there in the future either. According to eMarketer, the effects of the trade dispute between the US and China also have no negative effects for Europe with regard to the cross-border e-commerce market in China, as the increasing demand for high-quality

[1] Spiegel Online; https://www.spiegel.de/wirtschaft/soziales/bruttoinlandsprodukt-deutsche-wirtschaft-waechst-leicht-a-1267480.html; retrieved on July 26, 2019
[2] Statistisches Bundesamt; https://www.destatis.de/DE/Presse/Pressemitteilungen/2019/05/PD19_184_811.html; Wirtschaftswoche; https://www.wiwo.de/politik/konjunktur/bip-deutsche-wirtschaft-waechst-wieder-aber-keine-entwarnung/24343574.html; both retrieved on July 25, 2019
[3] Bundesministerium für Wirtschaft und Energie; https://www.bmwi.de/Redaktion/DE/Dossier/wirtschaftliche-entwicklung.html; retrieved on July 18, 2019
[4] https://einzelhandel.de/images/presse/Pressekonferenz/2019/Jahres-PK/HDE-Pressemeldung-JahresPK.pdf; retrieved on July 22, 2019
[5] Manager Magazin; https://www.manager-magazin.de/digitales/it/wish-amazon-alibaba-onlinehandel-waechst-zweistellig-a-1277549.html; retrieved on July 25, 2019
[6] Statista; https://de.statista.com/statistik/daten/studie/71568/umfrage/online-umsatz-mit-waren-seit-2000/; https://www.handelsdaten.de/branchen/e-commerce-und-versandhandel; both retrieved on July 25, 2019
[7] Statista; https://de.statista.com/outlook/243/102/ecommerce/europa; retrieved on July 25, 2019
[8] Statista; https://de.statista.com/outlook/243/117/ecommerce/china; retrieved on July 25, 2019

products of the growing Chinese middle class in the ongoing trade dispute between the US and China can be increasingly supplied by Europe and Australia.[9]

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

German and European market

The growth of the e-commerce market for baby consumer goods and other baby, toddler and children's products is important to the Group. According to internal Group estimations, online retailing in the area of baby and toddler supplies in Germany amounted to around EUR 2 billion in 2018 and is expected to grow by 3.5% annually until 2023. Since 2012, a positive birth trend has been observed in Germany. In 2016, around 792,000 children were born. In 2017, a slight decline of 0.9% was recorded with 785,000 births, also because the number of births in the previous years had increased significantly.[10] With a birth rate of 1.59 children per woman, the positive trend observed since 2012 continuers. From the Group's perspective, steady growth is likely.[11]

Sales in the toy and baby segment in Europe are estimated to be around EUR 11.8 billion in 2019. The penetration rate is currently around 16.6% and is expected to reach 23.1% in 2023. The Group expects growth in its e-commerce share and online infrastructure as well as a further increase in the use of online services in all parts of Europe.[12]

Through the expanded offering of health and beauty products, the Group is strengthening its presence in a positively anticipated market with an average annual growth rate of about 6% by 2023 in Germany. In 2018, the market recorded sales of EUR 2.5 billion. For 2019, sales of EUR 2.7 billion are expected. In Europe, sales of around EUR 17.8 billion are expected in the health care and beauty segment. The particular attractiveness of the market is also characterized by an average growth rate that is higher compared to the baby and toddler needs segment.

Mobile devices

The constant rise of the use of smartphones and tablets is one of the main reasons for the increasing online penetration in Europe. Smartphones and tablets offer customers a convenient way to shop at any time and from anywhere. This is a major advantage especially in the sale of baby and toddler products. In addition, online marketing via mobile devices (e.g. push notifications) offers a new opportunity to increase daily interaction with customers. The Group is continuously working to improve the mobile shopping experience for its customers and introduced a new app in 2018, among other things. The share of mobile page views at windeln.de amounted to 76.3% in H1 2019 (the share of mobile orders amounted to 60%).

In China, over 90% of internet users are already using mobile devices online. The mobile platform is in the foreground, which is why windeln.de continuously optimizes its offering on mobile devices in China as well.

Cross-border e-commerce market in China

windeln.de is also active in the Chinese cross-border e-commerce market. Chinese customers buy directly from foreign online merchants in this market segment. The volume of Chinese cross-border e-commerce amounted to USD 121.6 billion last year, which corresponds to growth of around 21.4% year-on-year. It is estimated that further steady growth in the range of just under 13% per annum on average will be achieved until 2023. In 2018, the number of users of the cross-border e-commerce market rose by more than 13%. According to eMarketer, every fourth user of Chinese e-commerce will have completed a cross-border purchase by 2020. The regions around Guandong, Shanghai and Beijing are among the most attractive.[13] With the rising disposable income of the Chinese population and a strongly growing middle class, the demand for high-quality products from Europe, especially from Germany as well, has been growing for years.[14] The main product categories purchased are cosmetics and healthcare products, as well as products for mothers and children.[15]

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

- An increase in the annual restriction on cross-border e-commerce purchases from RMB 20,000 to RMB 26,000 per capita as of January 1, 2019, benefits the Group's business activities. In addition, the limit on the value of goods in individual transactions was increased from RMB 2,000 to RMB 5,000.[16]
- Since September 2018, China's customs administration has been working on new methods to optimize and accelerate customs clearance.[17]
- A reduction in the taxation of incoming mail from 30% to 25% for personal items (clothing and fashion items) and from 60% to 50% for cosmetic products represents a growth-promoting development.[18]

[9] eMarketer; https://retail.emarketer.com/article/trade-war-will-have-little-effect-on-cross-border-ecommerce/5be3322cb979f10520fef8a4 ; retrieved on February 7, 2019
[10] Statista; https://de.statista.com/infografik/14691/geburtenzahl-in-deutschland/; retrieved on July 31, 2019
[11] Zeit ONLINE; https://www.zeit.de/wissen/2018-07/geburten-deutschland-anstieg-2018; retrieved on July 31, 2019
[12] Statista; https://de.statista.com/outlook/257/102/spielzeug-baby/europa; retrieved on July 25, 2019
[13] unit m; https://www.unit-m.de/china-als-ecommerce-markt-zahlen-und-fakten/; abgerufen am 23.07.2019
[14] eMarketer; https://retail.emarketer.com/article/trade-war-will-have-little-effect-on-cross-border-ecommerce/5be3322cb979f10520fef8a4; retrieved on July 23, 2019
[15] Hermes; https://www.hermes-supply-chain-blog.com/marktueberblick-china-das-ist-der-e-commerce-markt-im-reich-der-mitte/; retrieved on July 23, 2019
[16] State Council of the People's Republic of China; http://english.gov.cn/news/top_news/2018/11/30/content_281476413209449.htm; retrieved on July 23, 2019
[17] State Council of the People's Republic of China; http://english.gov.cn/news/top_news/2018/11/30/content_281476413209449.htm; retrieved on July 23, 2019
[18] Herlar; https://jingdaily.com/cross-border-predictions/; retrieved on July 23, 2019

- The market is also strengthened by the fact that more and more babies are being fed milk substitutes instead of breast milk. A total of 800 thousand tonnes of milk powder are expected to have been imported in 2016. Imports are expected to rise to 1.2 million tonnes until 2025.[19] The growth in demand for foreign quality products is additionally strengthened by past scandals with local milk substitutes. As in previous years, Aptamil milk powder was named as one of the top five products sold on Tmall Global on Single's Day, November 11, 2018.[20]
- In addition, the purchasing power of the middle class in China is growing at a rate of around 9% per capita from 2017 to 2022.[21] According to McKinsey, by 2022 the middle class is expected to reach 630 million people, particularly driving the demand for authentic, high-quality foreign products.[22] For these reasons, the Group believes that the overall market for baby products in China will continue to grow substantially in the coming years.[23]

Despite the structural attractiveness of the Chinese market, demand is volatile as it reacts to market changes such as new legal or regulatory regulations, product changes or temporarily tightened customs controls. It should also be noted that due to the attractiveness of the Chinese market, competition and thus price pressure will tend to increase in the future.

2.3. Course of business

This section provides details on material transactions that occurred in the first six months of 2019.

Extraordinary General Meeting

At an Extraordinary General Meeting on January 9, 2019, it was resolved to reduce the share capital of windeln.de SE by way of an ordinary capital reduction by a reverse stock split at a ratio of 10 : 1 from EUR 31,136,470 to EUR 3,113,647. This measure was intended to give the Company the opportunity to raise capital on the capital market by issuing new shares, as the share price is intended to level off above EUR 1.00, the statutory minimum issue amount for capital increases. The merger of the shares reduces the number of shares in the Company without affecting the assets of the Company.

In accordance with IAS 33, presentation of earnings per share was adjusted for the prior year period. Earnings per share for H1 2018 have changed from EUR -0.73 to EUR -7.32.

Furthermore, it was resolved to increase the share capital of the Company by up to EUR 9,000,000 to EUR 12,113,647. The opportunity to implement a capital increase was used for a capital increase against cash contributions while respecting the subscription rights of the shareholders.

Capital increase

With entry in the commercial register on March 14, 2019, the subscription rights capital increase resolved by the Extraordinary General Meeting on January 9, 2019, successfully completed. The share capital was increased by issuing a total of 6,850,023 no-par value bearer shares, each with a nominal value of EUR 1.00 and with a dividend entitlement from January 1, 2018, against cash contribution of EUR 6,850,023 from EUR 3,113,647 to EUR 9,963,670. Based on the fixed subscription price of EUR 1.48 per share, this results in gross issue proceeds of EUR 10,138k.

Change in payment provider

Since end of Q1 2019, payments from customer orders in the German webshop www.windeln.de with payment method "purchase on account" or "direct debit" are processed through the payment provider Arvato Payment Solutions GmbH (AfterPay). The change in payment provider results in further reduction of default risks and service fees for payment processing.

Technical enhancements

In February 2019, a new home page was launched for the shops www.windeln.de and www.windeln.ch. In addition to a leaner navigation panel, all presented contents are customized to the pregnancy week or the child's age. Following elements are customized for the target group: recommended products, latest promotions, favorite brands, product categories, relevant news in the magazine and category advisors. The launch in the other shops is planned for Q3 2019.

Since March 2019, the enhancement of the windeln.de App by the function "pregnancy" is also available in the Portuguese and French App, and thus in all our European markets. Expecting parents can enter the expected date of birth. This is used as a basis to provide information on the prenatal development of the baby and the mother in the various stages of pregnancy. The App offers useful tips and checklists. Furthermore, products are being presented in this section that may meet the mothers' interests.

[19] Agrar Heute; https://www.agrarheute.com/tier/rind/milchprodukte-china-will-import-um-70-prozent-steigern-522743; retrieved on July 23, 2019
[20] Technode; https://technode.com/2017/11/11/alibaba-records-rmb-168-2-billion-in-singles-day-sales/; retrieved on July 23, 2019
[21] Statista; https://www.statista.com/statistics/263775/gross-domestic-product-gdp-per-capita-in-china/; retrieved on July 23, 2019
[22] China Daily; http://www.chinadaily.com.cn/business/tech/2017-02/16/content_28218209.htm; retrieved on July 23, 2019
[23] Seattle Times; https://www.seattletimes.com/opinion/400-million-strong-and-growing-chinas-massive-middle-class-is-its-secret-weapon/; retrieved on July 23, 2019

In April 2019, the Baby App was launched for iOS mobile devices. It offers weekly summaries of the baby's development, midwife tips, automatic weekly push notification and various tracker functions (e.g. breastfeeding, sleeping, diaper changing, feeding or medication). The new App aims at providing additional content to customers and increasing traffic on our mobile shop and webshop. The App will be available for Android devices in July 2019.

Management board and supervisory board

Effective May 17, 2019, the supervisory board appointed Zhixiong Yan as a further member of the management board. In his function, Mr. Yan is responsible for windeln.de's strategy and business development of new sales channels in China driving the further growth of the Group in the attractive Chinese market. The term of his agreement ends on May 16, 2022.

The Annual General Meeting held on June 6, 2019, elected Ms. Xiao Jing Yu and Mr. Weijian Miao as members of the supervisory board of windeln.de SE. Dr. Hanna Eisinger and Dr. Christoph Braun resigned as members of the supervisory board by the end of the Annual General Meeting. The function of the deputy chairman of the supervisory board is assumed by Mr. Miao.

Financial audit

The Annual General Meeting held on June 6, 2019, elected KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, as new auditor from fiscal year 2019 onwards. The election was recommended by the audit committee. Due to internal rotation rules of our previous auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, windeln.de underwent a regular tender process.

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

2.4.1. Results of operations

Consolidated income statement

			Change				Change	
kEUR	**H1 2019**	**H1 2018**	**absolute in kEUR**	**relative in %**	**Q2 2019**	**Q2 2018**	**absolute in kEUR**	**relative in %**
Continuing operations								
Revenues	40,909	56,371	-15,462	-27%	20,146	23,548	-3,402	-14%
Cost of sales	-30,683	-42,912	12,229	-28%	-15,136	-17,959	2,823	-16%
Gross profit	**10,226**	**13,459**	**-3,233**	**-24%**	**5,010**	**5,589**	**-579**	**-10%**
Selling and distribution expenses	-14,240	-21,637	7,397	-34%	-6,530	-9,307	2,777	-30%
Administrative expenses	-4,069	-4,291	222	-5%	-2,286	-1,707	-579	34%
Other operating income	313	479	-166	-35%	101	317	-216	-68%
Other operating expenses	-58	-456	398	-87%	-4	-351	347	-99%
Earnings before interest and taxes (EBIT)	**-7,828**	**-12,446**	**4,618**	**-37%**	**-3,709**	**-5,459**	**1,750**	**-32%**
Financial income	-	6	-6	-100%	-	3	-3	-100%
Financial expenses	-42	-26	-16	62%	-19	-2	-17	>100%
Financial result	**-42**	**-20**	**-22**	**>100%**	**-19**	**1**	**-20**	**<-100%**
Earnings before taxes (EBT)	**-7,870**	**-12,466**	**4,596**	**-37%**	**-3,728**	**-5,458**	**1,730**	**-32%**
Income taxes	-3	-14	11	-79%	-1	-11	10	-91%
Profit or loss from continuing operations	**-7,873**	**-12,480**	**4,607**	**-37%**	**-3,729**	**-5,469**	**1,740**	**-32%**
Profit or loss from discontinued operations	49	-9,862	9,911	-100%	8	-985	993	<-100%
PROFIT OR LOSS FOR THE PERIOD	**-7,824**	**-22,342**	**14,518**	**-65%**	**-3,721**	**-6,454**	**2,733**	**-42%**

Unless stated otherwise, the following explanations relate solely to continuing operations, i. e. without Feedo Group. Feedo Group was sold as of August 24, 2018; its results of operations are presented in the line "profit or loss from discontinued operations".

In the first six months of 2019, the Group generated ***revenues*** of EUR 40,909, a decrease of 27% compared to the prior year period 2018. The decrease in revenue mainly affected the regions "Other / rest of Europe" (-52%) and "DACH" (-29%), China (-14%) is less affected. This results from the implementation of our long-term strategy of focusing on high-margin products, usually non-consumables such as fashion and toys. In return, a lower number of consumable products was sold that tend to have lower margins. Additionally, supplier conditions were successfully renegotiated, such as advertising subsidies and supplier-funded promotion activities. Therefore, the ***margin (gross profit as % of revenues)*** increased by 1.1pp to 25.0% compared to the prior year quarter.

Selling and distribution expenses decreased by EUR 7,397k or 34% to EUR 14,240k. Significant savings stem from expenses for logistics (EUR 3,308k or -39%), personnel (EUR 2,136k or -35%), marketing (EUR 658k or -25%) and warehouse rent (EUR 553k or -38%). The decrease in absolute numbers results from lower order and revenue volumes (-27%). Warehouse rent could be disproportionately reduced through the sell-off of aged inventories. Also, logistics expenses could be disproportionally decreased as more deliveries to Tmall customers were made from our cost efficient warehouse location in Guangzhou/China. The decrease in personnel expenses is a direct result of the headcount reduction initiated in Q1 2018.

Administrative expenses amount to EUR 4,069k and are slightly lower than in the prior year period (-5%). The increase of administrative expenses in the second quarter of 2019 compared to the second quarter of 2018 results from the stock option plan "Incentive 2019" and from legal and consulting fees that were mainly spent for the development of new sales channels in China.

Other operating income decreased in the first six months of 2019 by EUR 166k to EUR 313k, mainly from lower foreign exchange gains. At the same time, income from subleases have increased due to the sublease of unused office spaces. ***Other operating expense*** decreased in the first six months of 2019 by EUR 398k, mainly from lower foreign exchange losses.

As a result of the above-mentioned developments, ***earnings before interest and taxes (EBIT)*** improved by EUR 4,618k or 37% in the first six months of 2019 and amount to minus EUR 7,828k.

The ***financial result*** is minus EUR 42k. The deterioration compared to the prior year period is a consequence of the adoption of IFRS 16 shifting costs from operating expenses to financial expenses.

The profit or loss from ***discontinued operations*** relates to the Feedo Group that was sold in 2018. The profit in the first six months of 2019 results from the remeasurement of claim assets on the historic purchase price and interest income from the deferred sales price payment. The loss incurred in the first six months of 2018 comprises negative operating results (EUR 2,264k) and expenses from the remeasurement of Feedo Group pursuant to IFRS 5 (EUR 7,598k).

Financial key performance indicators

The financial key performance indicators of the Group consist of revenues, operating contribution as percentage of revenues, adjusted EBIT as percentage of revenues and Group cash flow. The development of revenues is described in the paragraph above. The development of operating contribution as percentage of revenues is described in note 2.5 "Other financial performance indicators". The Group cash flow is described in note 2.4.2 "Financial position".

For the purposes of managing the Group, earnings before interest and taxes (EBIT) are adjusted for expenses and income in connection with share-based compensation, reorganization measures, impairments of intangible assets (if applicable in the reporting period) and income and expenses of the closed shop pannolini.it in 2018.

			Change				**Change**	
kEUR	**H1 2019**	**H1 2018**	**absolute in kEUR**	**relative in %**	**Q2 2019**	**Q2 2018**	**absolute in kEUR**	**relative in %**
Earnings before interest and taxes (EBIT)	**-7,828**	**-12,446**	**4,618**	**-37%**	**-3,709**	**-5,459**	**1,750**	**-32%**
adjusted for share-based compensation	536	-387	923	<-100%	448	-472	920	<-100%
adjusted for costs of reorganization	-14	1,058	-1,072	<-100%	-	2	-2	-100%
adjusted for closure of pannolini.it	-	714	714	-100%	-	74	-74	-100%
Adjusted EBIT	**-7,306**	**-11,061**	**3,755**	**-34%**	**-3,261**	**-5,855**	**2,594**	**-44%**
Adjusted EBIT (as % of revenues)	**-17.9%**	**-19.8%**			**-16.2%**	**-24.9%**		

Adjusted EBIT improved by 34% compared to the prior year period and amounts to minus EUR 7,306k in the first six months of 2019. The change in absolute numbers results from lower order and revenue volumes. Adjusted EBIT as percentage of revenues has improved from -19.8% in the first six months of 2018 to -17.9% in the first six months of 2019. Improvements in gross margin, and lower expenses for logistics, personnel and warehouse rent are the main drivers.

Non-financial key performance indicators

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

	H1 2019	H1 2018	Q2 2019	Q2 2018
Active customers	454,869	681,426	454,869	681,426
Average orders per active customer (in number of orders)	2.2	2.2	2.2	2.2
Average order value (in EUR)	90.17	90.09	91.69	90.01
Share of repeat customer orders (as % of orders of last 12 months)	73.0%	74.9%	73.0%	74.9%

The number of active customers decreased by 226.557 despite a relatively constant number of site visits. This is a consequence of the strategy to promote an increasing number of high margin products. Price sensitive customers are attracted by our shop offers, but cannot be convinced to actually make a purchase. The average number of orders per active customers is 2.2 as of June 30, 2019 and is stable compared to prior periods. The average order value amounts to EUR 90.17 in the first six months of 2019 and is almost unchanged compared to the first six months of 2019. Also the share of repeat customers is 73.0% as of June 30, 2019 and is almost at prior year level (74.9%).

Regional results of operations

			Change				Change	
kEUR	H1 2019	H1 2018	absolute in kEUR	relative in %	Q2 2019	Q2 2018	absolute in kEUR	relative in %
Revenues from continuing operations	**40,909**	**56,371**	**-15,462**	**-27%**	**20,146**	**23,548**	**-3,402**	**-14%**
Germany, Austria, Switzerland (DACH)	8,962	12,599	-3,637	-29%	4,262	5,316	-1,054	-20%
China	24,955	29,089	-4,134	-14%	12,671	11,624	1,047	9%
Other / Rest of Europe	6,992	14,683	-7,691	-52%	3,213	6,608	-3,395	-51%

The development of revenues per region can be found in the explanations on revenues.

2.4.2. Financial position

			Change				Change	
kEUR	H1 2019	H1 2018	absolute in kEUR	relative in %	Q2 2019	Q2 2018	absolute in kEUR	relative in %
Loss for the period	-7,824	-22,342	14,518	-65%	-3,721	-6,454	2,733	-42%
Net cash flows from operating activities	**-8,615**	**-13,784**	**5,169**	**-38%**	**-3,331**	**2,430**	**-5,761**	**<-100%**
Net cash flows from investing activities	**433**	**1,387**	**-954**	**-69%**	**460**	**884**	**-424**	**-48%**
Net cash flows from financing activities	**9,119**	**1,590**	**7,529**	**>100%**	**-551**	**19**	**-570**	**<-100%**
Cash and cash equivalents at the beginning of the period	11,136	26,465	-15,329	-58%	15,504	12,324	3,180	26%
Change in cash and cash equivalents	937	-10,807	11,744	<-100%	-3,422	3,333	-6,755	<-100%
Change in cash and cash equivalents due to foreign exchange rates	6	-2	8	<-100%	-3	-1	-2	>100%
Cash and cash equivalents at the end of the period	**12,079**	**15,656**	**-3,577**	**-23%**	**12,079**	**15,656**	**-3,577**	**-23%**

In the first six months of 2019, the Group generated negative cash flows from ***operating activities*** in the amount of EUR 8,615k, which results mainly from the loss of the period (EUR 7,824). The loss of the period contains non-cash expenses for stock option programs (EUR 536k) and amortization/depreciation of intangible/fixed assets (EUR 934k). Inventories were increased by EUR 881k due to increased deliveries to Tmall customers from our warehouse location in China with negative impacts on cash flows from operating activities. In comparison to the six months period of 2018, cash flows from operating activities have significantly improved. This results from increased margins and improvements in the net working capital position, in particular receivables from advertising contributions. In the prior year quarter, cash flows from 2017 and from Q1 2018 were delayed into Q2 2018, therefore this quarter is only merely comparable.

The cash flow from ***investing activities*** was reduced by EUR 954k to EUR 433k, compared to the prior year period. The cash flow stems mainly from following one-time effects:

- EUR 417k were received in the first six months of 2019 from the divestiture of Feedo Group, including interest. Purchase price and interest were initially due in August 2020; but they were paid early by the buyer.
- Claim assets from the purchase of Feedo Group were received in the amount of EUR 70k.
- One-time effects in the prior year period comprise repayments of time deposits (EUR 1,250k) and repayments of claim assets from the purchase of Feedo Group (EUR 365k).

Besides those one-time effects, investments in intangible assets decreased by EUR 139k (-76%) and investments in fixed assets decreased by EUR 43k (-80%).

Cash flows from ***financing activities*** amount to EUR 9,119k and stem mainly from the capital increase processed in March 2019. Gross issue proceeds were EUR 10,138k. From the equity transactions (i. e. capital decrease in January 2019 and capital increase in March 2019), transaction fees of EUR 650k were incurred in the first six months of 2019. Total transaction fees are estimated at EUR 0.7m resulting in further cash outflows in Q3 2019. Due to the change in accounting policies for lease agreements (IFRS 16), payments for lease agreements are recognized as cash flows from financing activities since January 1, 2019. These payments are composed of regular redemption plus interest payments that are disclosed separately in the consolidated cash flow statement.

2.4.3. Net assets

The adoption of the new standard IFRS 16 "Leases" has significant impact on the net assets of windeln.de Group as of June 30, 2019. Comparative periods are not restated; however, the adoption has led to following adjustments of the opening balances as of January 1, 2019:

kEUR	Measurement pursuant to IAS 17 as of Dec. 31, 2018	Adoption of IFRS 16	Measurement pursuant to IFRS 16 as of Jan. 1, 2019
Fixed assets	123	1,057	1,180
Non-current financial liabilities	15	492	507
Current financial liabilities	39	618	657
Other non-current financial liabilities	21	-21	-
Other current financial liabilities	2,335	-32	2,303

Detailed information on the adoption of IFRS 16 is provided in note 2 in the notes to the interim consolidated financial statements.

Assets kEUR	June 30, 2019	Dec. 31, 2018	Change absolute in kEUR	 relative in %
NON-CURRENT ASSETS				
Intangible assets	3,875	4,394	-519	-12%
Fixed assets	831	123	708	>100%
Other financial assets	247	650	-403	-62%
Other non-financial assets	161	177	-16	-9%
Deferred tax assets	2	1	1	100%
Total non-current assets	**5,116**	**5,345**	**-229**	**-4%**
CURRENT ASSETS				
Inventories	7,701	6,820	881	13%
Prepayments	94	-	94	-
Trade receivables	1,628	1,417	211	15%
Income tax receivables	37	39	-2	-5%
Other financial assets	2,420	2,557	-137	-5%
Other non-financial assets	2,923	2,658	265	10%
Cash and cash equivalents	12,079	11,136	943	8%
Total current assets	**26,882**	**24,627**	**2,255**	**9%**
TOTAL ASSETS	**31,998**	**29,972**	**2,026**	**7%**

Non-current assets amount to EUR 5,116k as of June 30, 2019, and are almost unchanged compared to December 31, 2018. However, there were material changes within each position. Intangible assets have decreased by EUR 519k, mainly from regular amortization (EUR 571k). Amortization significantly exceeds investment spending (EUR 44k). The increase in fixed assets results from the above-mentioned adoption of IFRS 16. The decrease in other non-current financial assets of EUR 403k stems solely from the received purchase price payment plus accrued non-current interest from the divestiture of Feedo Group.

Current assets have increased by 9% or EUR 2,255k to EUR 26,882k. Inventories were increased by 13% or EUR 881k due to increased deliveries to Tmall customers from our warehouse location in China. Cash and cash equivalents have increased by EUR 943k. Main drivers are cash outflows from operating activities (EUR 8,615k) and cash inflows from the capital increase (EUR 10,138k).

Equity and liabilities kEUR	June 30, 2019	Dec. 31, 2018	Change absolute in kEUR	Change relative in %
EQUITY				
Issued capital	9,964	31,136	-21,172	-68%
Share premium	173,565	170,391	3,174	2%
Accumulated loss	-160,921	-181,119	20,198	-11%
Cumulated other comprehensive income	201	186	15	8%
Total equity	**22,809**	**20,594**	**2,215**	**11%**
NON-CURRENT LIABILITIES				
Other provisions	0	2	-2	-100%
Financial liabilities	180	15	165	>100%
Other financial liabilities	-	21	-21	-100%
Total non-current liabilities	**180**	**38**	**142**	**>100%**
CURRENT LIABILITIES				
Other provisions	136	235	-99	-42%
Financial liabilities	658	39	619	>100%
Trade payables	3,820	4,573	-753	-16%
Deferred revenues	1,650	1,581	69	4%
Income tax payables	2	2	-	0%
Other financial liabilities	2,317	2,335	-18	-1%
Other non-financial liabilities	426	575	-149	-26%
Total current liabilities	**9,009**	**9,340**	**-331**	**-4%**
TOTAL EQUITY AND LIABILITIES	**31,998**	**29,972**	**2,026**	**7%**

The increase in ***non-current liabilities*** results from the above-mention adoption of IFRS 16. Non-current financial liabilities were increased by EUR 492k on January 1, 2019 and are redeemed through regular monthly lease payments. As of December 31, 2018, other non-current financial liabilities comprised solely accrued liabilities of a rent-free period that is not recognized under IFRS 16.

Current liabilities decreased by EUR 331k or 4% which results mainly from decreases in trade payables of EUR 753k. The rise in current financial liabilities results from the above-mention adoption of IFRS 16.

The company's ***equity*** has increased by EUR 2,215k or 11% to EUR 22,809k. The capital decrease performed in January 2019 resulted in a decrease in share capital and accumulated losses; but had no impact on total equity. The gross issue proceeds of EUR 10,138k from the capital increase performed in March 2019 increased share capital by EUR 6,850k and share premium by EUR 3,288k. Transaction costs are deducted from equity as of the payment date, they are not recognized as expense items in the income statement.

2.4.4. Net overall statement

In the first six months of 2019, the Group achieved sustainable progress in terms of profitability. Adjusted EBIT could be improved by 34% compared to the prior year period, while adjusted EBIT as % of revenues could be improved by 1.9pp. Overall, the cost base has continued to decrease. In particular, the headcount reduction made in 2018 shows its noticeable effects, and the sell-off of old inventories has resulted in lower warehouse costs.

Significant progress was also achieved with regards to cash flows. Particularly, a capital increase was successfully concluded in March 2019, whereby the Group collected fresh capital of EUR 10,138k. In the first half of 2019, an operating cash outflow of EUR 8,615k was recognized, whereas the operating cash outflow was EUR 13,784k in the first half of 2018. After its sale in August 2018, Feedo Group ceases to negatively impact operating cash flows. As a result, windeln.de Group has an available liquidity basis of EUR 12,079k as of June 30, 2019. These developments are generally satisfactory and provide the Group a profound basis for the remaining business year.

However, the development of revenues is below expectations. The Group made a stronger focus on margins with positive results to the liquidity situation, but deliberately accepting a decline in revenues. This clearly reflects the strategy set out in 2018 with a strong focus on profitability.

Overall, the first six months of 2019 were satisfactory. Although sales revenues fell short of the prior year's level and were also below expectations, significant progress was made in terms of profitability and the reduction in cash outflows.

2.5. Other financial performance indicators

	H1 2019	H1 2018	Change	Q2 2019	Q2 2018	Change
Adjusted marketing cost ratio (as % of revenues)	4.9%	4.6%	0.3pp	5.0%	4.6%	0.4pp
Adjusted fulfilment cost ratio (as % of revenues)	14.9%	17.5%	-2.6pp	13.5%	19.7%	-6.2pp
Adjusted other SG&A expenses (as % of revenues)	23.1%	22.1%	1.0pp	22.6%	24.6%	-2.0pp
Operating contribution (as % of revenues)	5.3%	2.3%	3.0pp	6.4%	-0.2%	6.6pp

pp = percentage points

In the consolidated income statement, ***marketing costs*** are recognized within selling and distribution expenses. Marketing costs mainly consist of advertising expenses, including search engine marketing, online display and other marketing channel expenses, as well as costs for the marketing tools of the Group. Marketing expenses incurred in the shop pannolini.it are adjusted until the shop's closure in 2018. In the first six months of 2019, adjusted marketing costs amounted to EUR 1,990k (2018: EUR 2,561k). We define adjusted marketing cost ratio as adjusted marketing costs divided by revenues for the measurement period. The adjusted marketing cost ratio has increased slightly by 0.3pp to 4.9% compared to the prior year.

Fulfilment costs consist of logistics and warehouse rental expenses which are recognized within selling and distribution expenses in the consolidated income statement. In 2018, fulfilment expenses incurred in the shop pannolini.it are adjusted until the shop's closure. In the first six months of 2019, no costs were incurred for this matter. We define adjusted fulfilment cost ratio as adjusted fulfilment costs divided by revenues.

			Change				Change	
kEUR	**H1 2019**	**H1 2018**	**absolute in kEUR**	**relative in %**	**Q2 2019**	**Q2 2018**	**absolute in kEUR**	**relative in %**
Logistics	5,167	8,475	-3,308	-39%	2,271	3,927	-1,656	-42%
Warehouse rent	911	1,464	-553	-38%	444	712	-268	-38%
Fulfilment costs	**6,078**	**9,939**	**-3,861**	**-39%**	**2,715**	**4,639**	**-1,924**	**-41%**
Adjustments	-	-173	173	-100%	-	-3	3	-100%
Adjusted fulfilment costs	**6,078**	**9,766**	**-3,688**	**-38%**	**2,715**	**4,636**	**-1,921**	**-41%**
Adjusted fulfilment cost ratio (as % of revenues)	**14.9%**	**17.5%**			**13.5%**	**19.7%**		

Adjusted fulfilment cost ratio amounts to 14.9% in the first six months of 2019, compared to 17.5% in the first six months of 2018. The decrease in absolute numbers results from lower order and revenue volumes. The improvement of the fulfilment cost ratio by 2.6pp results from the sell-off of aged inventories leading to a disproportionate decrease in warehouse rental expenses of 38%. In addition, more deliveries to Tmall customers were made from our more cost efficient warehouse location Guangzhou/China.

Other selling, general and administration expenses (other SG&A expenses) consist of selling and distribution expenses, excluding marketing costs and fulfilment costs, and administrative expenses as well as other operating income and expenses. Adjusted other SG&A expenses exclude expenses from share-based compensation, reorganization measures, impairments of intangible assets (if applicable in the reporting period) and expenses incurred in the shop pannolini.it until the shop's closure in 2018. We define adjusted other SG&A expenses (in % of revenues) as adjusted other SG&A expenses divided by revenues.

kEUR	H1 2019	H1 2018	Change absolute in kEUR	Change relative in %	Q2 2019	Q2 2018	Change absolute in kEUR	Change relative in %
Selling and distribution expenses (w/o marketing and fulfilment costs)	6,172	9,050	-2,878	-32%	2,815	3,589	-774	-22%
Administrative expenses	4,069	4,291	-222	-5%	2,286	1,707	579	34%
Other operating income	-313	-479	166	-35%	-101	-317	216	-68%
Other operating expenses	58	456	-398	-87%	4	351	-347	-99%
Other SG&A expenses	**9,986**	**13,318**	**-3,332**	**-25%**	**5,004**	**5,330**	**-326**	**-6%**
Adjustments	-522	-987	465	-47%	-448	473	-921	<-100%
Adjusted other SG&A expenses	**9,464**	**12,331**	**-2,867**	**-23%**	**4,556**	**5,803**	**-1,247**	**-21%**
Adjusted other SG&A expenses (as % of revenues)	**23.1%**	**22.1%**			**22.6%**	**24.6%**		

Adjusted other SG&A expenses decreased by EUR 2,867k or 23% compared to the prior year period. The main cost savings were achieved for personnel (EUR 1,952k or 26%), costs for payment processing (EUR 256k or 30%) and external services (EUR 215k or 34%). Adjusted other SG&A expenses as percentage of revenue amount to 23.1% and are 1.0pp higher than in the prior year period. Despite significant cost savings, expenses could not be reduced to the same extent as revenues from sales.

We define ***operating contribution*** as adjusted gross profit excluding marketing costs and adjusted fulfilment costs. The adjustments of gross profit relate to income and expenses of the shop pannolini.it until the shop's closure in 2018, and expenses for share-based compensation.

kEUR	H1 2019	H1 2018	Change absolute in kEUR	Change relative in %	Q2 2019	Q2 2018	Change absolute in kEUR	Change relative in %
Gross profit	10,226	13,459	-3,233	-24%	5,010	5,589	-579	-10%
Adjustments	-	138	-138	-100%	-	71	-71	-100%
Adjusted gross profit	**10,226**	**13,597**	**-3,371**	**-25%**	**5,010**	**5,660**	**-650**	**-11%**
Marketing costs	-1,990	-2,561	571	-22%	-1,000	-1,076	76	-7%
Adjusted fulfilment costs	-6,078	-9,766	3,688	-38%	-2,715	-4,636	1,921	-41%
Operating contribution	**2,158**	**1,270**	**888**	**70%**	**1,295**	**-52**	**1,347**	**<-100%**
Operating contribution (as % of revenues)	**5.3%**	**2.3%**			**6.4%**	**-0.2%**		

In the first six months of 2016, operating contribution came at EUR 2,158k or 5.3% and shows a significant improvement compared to the prior year period. This results from and improved gross margin and fulfilment cost ratio. The slight deterioration of marketing cost ratio has only insignificant impacts on operating contribution.

2.6. Other non-financial performance indicators

	H1 2019	H1 2018	Q2 2019	Q2 2018
Site visits	20,560,065	21,382,234	10,074,835	9,126,914
Mobile visit share (as % of site visits)	76.3%	72.1%	73.6%	71.8%
Mobile orders (as % of number of orders)	60.9%	54.2%	60.4%	55.2%
Number of orders	379,250	613,671	178,591	283,462
Gross order intake (in EUR)	34,196,776	55,287,823	16,375,674	25,414,022
Returns (as % of gross revenues from orders)	3.0%	3.5%	2.6%	3.6%

Site visits are more or less unchanged in 2019 which is attributable to the general awareness of our shop offerings. Also increases in mobile visit share and mobile orders follow a general trend. We see, however, a significant decrease in number orders. We do not succeed in converting site visitors into active customers. This goes back to our strategy of offering high-margin products. Price sensitive customers do find our shop offerings; but they cannot be convinced to actually make a purchase. The amount of gross order intake decreases as a consequence of lower order volumes. Returns remain at a constantly low level.

3. Outlook

The main strategic target realizing profitable and sustainable growth is still existing. Special focus is still achieving provitability and securing liquidity.

Achieving break even on basis of adjusted EBIT is still expected at the beginning of 2020. All other goals are subordinated in order to achieve this main target. Therefore, windeln.de has consiously accepted a decrease in revenues in the first half of 2019 for the benefit of profitability. Furthermore, the management board only expects a slight revenue increase for the whole year of 2019 compared to 2018 and moderate their forecast of a clear revenue increase provided in the annual report 2018.

As of half year 2019, all other in the annual report 2018 forecasted financial and non-financial performance indicators are in line with the expected developments. The expeceted forecasts still reflect the expectations of the management board and are still valid.

In the second half of 2019 strategic investments are planned in the Chinese market. Amongst others, it is planned to expand the distribution channels and to evaluate potential cooperations with local Chinese partners. Amongst others, this comprises the expansion of the business model into retail business in order to utilize our good supplier relationships and the windeln.de trademark, and in order to benefit from favorable customer acquisition costs in retail business. Building up our local office in China with additional headcount already started at the end of the first half year of 2019. Initially, the strategic expansion will require additional capital. In addition, new product categories shall be developed in order to position windeln.de as global “family business” in Europe and China.

Risks relating going concern of the Group

As of June 30, 2019, the Group shows EUR 12,079 cash and therefore sufficient cash is available to cover the net operating cash outflow. In the first half of 2019, the cash outflow from operating activities could be improved clearly compared to the first half of 2018, but it is still negative.

The Group is subject to material uncertainties regarding the achievement of planned increases in revenues and margins as well as further planned cost decreases whose occurrence is mandatorily necessary to ensure the achievement of a positive net cashflow. In the area of revenue increase, further growth is planned in China. Among other things it is planned to develop new channel of distributions and to expand the product assortment. Uncertainty exists relating to planned projects which might be delayed in time, which might not be realized in the planned scope, or which might not happen at all. Margin increases are planned basically in the European business, first positive impacts were already seen in the fist half of 2019. Therefore, different measurements are in the implementation phase, among other things further improved supplier conditions as well as an improved product mix. In the fist half year of 2019 an improved automated pricing tool was implemented for which currently adjustments are narrowed. Furthermore, the expansion of the private label business with in average higher margins is planned. Uncertainty exists relating to the enforcement of improved supplier conditions, the impact of the pricing tool as well as the enforceability of the private label strategy. Additional liquidity is planned by the refund of German value added tax for deliveries via freight forwarders to China, refer to explanations in the opportunities and risk report in the annual report 2018. Management evaluates the refund as highly probable, however, there is uncertainty on the timing of the refund. A big driver related to cost decreases is the opening of a second warehouse in China from which our Chinese webshop shall be served amongst other. A contract with an external warehouse provider is signed already, but uncertainty exists regarding timing delays of the project.

The management board addresses the in the previous paragraph described uncertainties with various measurements. Thus, a dedicated project management is implemented to regularly monitor, to control and, if necessary, to initiate countermeasures for all envisaged projects and measurements. In the first quarter 2019 a capital increase was successfully executed. In the context of the capital increase, two new Asian investors, from whom the management expects positive effects in relation to the Chinese business, have joined the owners of the Group. In this regard, discussions are partially already in advance progress and plans are in establishment. Last but not least, management expects to improve supplier conditions through the continuous dialog with credit insurers. In addition, management invests in relationship to debt or equity providers and evaluates financing options.

Above that, the management board controls proactivly the net working capital.

Achieving break even on basis of adjusted EBIT is planned for the beginning of 2020. In case the planned projects and restructuring measurements cannot be implemented in the full extend or do not lead to the expected outcome, the solvency of the Group and the continuation of operations depends – until a positive net cashflow is achieved in 2020 – on the Group’s ability to collect further liquidity funds, e. g. via a further equity financing round or via raise of borrowed capital.

4. Opportunities and risk report

As part of the closing process for the fiscal year 2018, windeln.de Group made a risk assessment. At the end of the first half year 2019, a reassessment has been performed. Compared to the assessment as of December 31, 2018, the assessment of the extent of damage or the probability occurrence of some risks and opportunities have changed significantly. In the first six months of 2019, there were no events or transactions giving rise to new risks.

Any assignment of risks or opportunities to another risk class based on the last evaluation is considered as a material change. For the classification as a low, medium or high risk the same thresholds for occurrence probability and extent of damage are applied as the ones for the Annual Report 2018. The extent of damage describes the worst-case scenario each risk could have on the Group's earnings before interest and taxes. EBIT as well as the amount and the change in net working capital are significant factors for the cash requirements of the Group. Therefore, the risk assessment as of December 31, 2018 and the below shown material changes of some risk categories are also a significant indicator for the liquidity risk of the Group.

Logistics risks
Risks may arise from delays of logistics projects. As a consequence, budgeted cost savings may not materialize. In addition, budgeted increases in sales may not be achieved as we cannot offer shorter delivery times and competitive prices to certain customer groups. The risk has increased since the Annual Report 2018, and is now assessed as high risk.

Supplier risks
A general risk stems from estimations of order quantities that are basis for negotiations of supplier conditions. Due to the general decrease in sales volumes, agreed order volumes with suppliers may not be met leading to the risks of more unfavorable supplier conditions. The risk has increased since the Annual Report 2018 and is now assessed as medium risk.

Risks from expansion activites
After the early payment of the sales price of the Feedo divestiture, the default risk has become obsolete. Since the entry of new Chinese investors, new measures for the expansion of the Chinese business were planned, leading to further investment needs that are associated with further risks.

5. Financial risk management and financial instruments

The Group is exposed to various financial risks (the market price risk, comprising currency and interest rate risk, the credit risk and the liquidity risk) on account of its business activities. The Group's risk management system focuses on the unpredictability of developments on financial markets and aims at minimizing potential adverse effects on the financial position of the Group. The assessment of ***market risk*** is unchanged compared to the Annual Report 2018.

Credit risk has further decreased after the engagement of an external payment provider who covers all default risks for direct debit payment transactions.

With regards to the ***liquidity risk***, there are no changes to the Annual Report 2018. After the successful capital increase in March 2019, there is no liquidity shortfall for the Group as of June 30, 2019, and as of the publication date of the interim consolidated financial statements. A delay of the planned strategic measures, the occurrence of risk factors as presented in the Opportunities and Risks Report of the last Annual Report 2018 and of this Half Year Report, as well as a deviation from the business plan of the year 2019 could result in a material deterioration of the liquidity situation of the Group. Especially the expansion of our activities in China may lead to additional cash outflows. Therefore, the Group evaluates to source additional liquidity funds through equity or debt instruments in order to ensure solvency and to have a sufficient liquidity buffer. We refer to note 3 "Outlook" describing risks relating going concern of the Group.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

kEUR	H1 2019	H1 2018	Q2 2019	Q2 2018
Continuing operations				
Revenues	40,909	56,371	20,146	23,548
Cost of sales	-30,683	-42,912	-15,136	-17,959
Gross profit	**10,226**	**13,459**	**5,010**	**5,589**
Selling and distribution expenses	-14,240	-21,637	-6,530	-9,307
Administrative expenses	-4,069	-4,291	-2,286	-1,707
Other operating income	313	479	101	317
Other operating expenses	-58	-456	-4	-351
Earnings before interest and taxes (EBIT)	**-7,828**	**-12,446**	**-3,709**	**-5,459**
Financial income	-	6	-	3
Financial expenses	-42	-26	-19	-2
Financial result	**-42**	**-20**	**-19**	**1**
Earnings before taxes (EBT)	**-7,870**	**-12,466**	**-3,728**	**-5,458**
Income taxes	-3	-14	-1	-11
Profit or loss from continuing operations	**-7,873**	**-12,480**	**-3,729**	**-5,469**
Profit or loss after taxes from discontinued operations	49	-9,862	8	-985
PROFIT OR LOSS FOR THE PERIOD	**-7,824**	**-22,342**	**-3,721**	**-6,454**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	15	316	2	301
OTHER COMPREHENSIVE INCOME OR LOSS, NET OF TAX	**15**	**316**	**2**	**301**
TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX	**-7,809**	**-22,026**	**-3,719**	**-6,153**
Basic earnings per share (in EUR)	-1.08	-7.32	-0.37	-2.08
Basic earnings per share from continuing operations (in EUR)	-1.09	-4.09	-0.37	-1.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets		
kEUR	**June 30, 2019**	**December 31, 2018**
NON-CURRENT ASSETS		
Intangible assets	3,875	4,394
Fixed assets	831	123
Other financial assets	247	650
Other non-financial assets	161	177
Deferred tax assets	2	1
Total non-current assets	**5,116**	**5,345**
CURRENT ASSETS		
Inventories	7,701	6,820
Prepayments	94	-
Trade receivables	1,628	1,417
Income tax receivables	37	39
Other financial assets	2,420	2,557
Other non-financial assets	2,923	2,658
Cash and cash equivalents	12,079	11,136
Total current assets	**26,882**	**24,627**
TOTAL ASSETS	**31,998**	**29,972**

Equity and liabilities		
kEUR	**June 30, 2019**	**December 31, 2018**
EQUITY		
Issued capital	9,964	31,136
Share premium	173,565	170,391
Accumulated loss	-160,921	-181,119
Cumulated other comprehensive income	201	186
Total equity	**22,809**	**20,594**
NON-CURRENT LIABILITIES		
Other provisions	0	2
Financial liabilities	180	15
Other financial liabilities	-	21
Total non-current liabilities	**180**	**38**
CURRENT LIABILITIES		
Other provisions	136	235
Financial liabilities	658	39
Trade payables	3,820	4,573
Deferred revenues	1,650	1,581
Income tax payables	2	2
Other financial liabilities	2,317	2,335
Other non-financial liabilities	426	575
Total current liabilities	**9,009**	**9,340**
TOTAL EQUITY AND LIABILITIES	**31,998**	**29,972**

CONSOLIDATED STATEMENT OF CASH FLOWS

kEUR	H1 2019	H1 2018
Profit or loss for the period	-7,824	-22,342
Amortization (+) / impairment (+) of intangible assets	571	664
Depreciation (+) / impairment (+) of fixed assets	363	134
Increase (+) / decrease (-) in other provisions	-100	-130
Non-cash income (-) or expenses (+) from employee benefits	536	-520
Other non-cash expense (+) / income (-) items	0	7,912
Increase (-) / decrease (+) in inventories	-881	4,332
Increase (-) / decrease (+) in prepayments	-94	247
Increase (-) / decrease (+) in trade receivables	-211	789
Increase (-) / decrease (+) in other assets	-184	2,746
Increase (+) / decrease (-) in trade payables	-753	-6,215
Increase (+) / decrease (-) in deferred revenues	70	-1,019
Increase (+) / decrease (-) in other liabilities	-133	-397
Gain (-) / loss (+) from disposal of intangible and fixed assets	-1	0
Interest expenses (+) / income (-)	25	10
Income tax expenses (+) / income (-)	5	13
Income tax paid (-) / received (+)	-4	-8
Net cash flows from / used in operating activities	**-8,615**	**-13,784**
Proceeds (+) from sales of intangible and fixed assets	1	6
Purchase (-) of intangible assets	-44	-183
Purchase (-) of fixed assets	-11	-54
Purchase (-) or proceeds (+) from financial investments	-	1,250
Payments (-) or refunds (+) from acquisition of subsidiaries	70	365
Cash flows from divestiture of subsidiaries	400	-
Interest received (+)	17	3
Net cash flows from / used in investing activities	**433**	**1,387**
Proceeds (+) from issue of shares	10,138	5,242
Transaction cost (-) on issue of shares or capital decrease	-650	-104
Repayment (-) of liabilities from lease agreements	-326	-28
Repayment (-) of financial liabilities	-	-3,507
Interest paid (-)	-43	-13
Net cash flows from / used in financing activities	**9,119**	**1,590**
Cash and cash equivalents at the beginning of the period	11,136	26,465
Net increase / decrease in cash and cash equivalents	937	-10,807
Change in cash and cash equivalents due to foreign exchange rates	6	-2
Cash and cash equivalents at the end of the period	**12,079**	**15,656**
thereof attributable to the disposal group	-	302
thereof attributable to continuing operations	12,079	15,354

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kEUR	Issued capital	Share premium	Accumulated loss	Actuarial gains or losses from remeasurement of defined benefit pension plans	Exchange differences on translation of foreign operations	Other comprehensive income or loss	Total equity
As at January 1, 2019	**31,136**	**170,391**	**-181,119**	**3**	**183**	**186**	**20,594**
Total comprehensive income or loss of the period	-	-	-7,824	-	15	15	-7,809
Capital decrease	-28,022	-	28,022	-	-	-	-
Issue of share capital	6,850	3,288	-	-	-	-	10,138
Transaction costs	-	-650	-	-	-	-	-650
Share-based payments	-	536	-	-	-	-	536
As at June 30, 2019	**9,964**	**173,565**	**-160,921**	**3**	**198**	**201**	**22,809**
As at January 1, 2018	**28,472**	**168,486**	**-143,427**	**3**	**-301**	**-298**	**53,233**
Total comprehensive income or loss of the period	-	-	-22,342	-	316	316	-22,026
Capital decrease	-	-	-	-	-	-	-
Issue of share capital	2,664	2,577	-	-	-	-	5,241
Transaction costs	-	-154	-	-	-	-	-154
Share-based payments	-	-472	-	-	-	-	-472
As at June 30, 2018	**31,136**	**170,437**	**-165,769**	**3**	**15**	**18**	**35,822**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2019

1. Corporate information

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

The condensed and unaudited interim consolidated financial statements as of June 30, 2019, were approved for publication by resolution of the management board on August 6, 2019.

2. Basic accounting policies

The condensed interim consolidated financial statements as of June 30, 2019, were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union (EU). These interim consolidated financial statements conform with the regulation IAS 34 "Interim financial reporting".

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

Generally, the same accounting and measurement principles were applied as in the consolidated financial statements for the financial year ended December 31, 2018. Exceptions relate to new or revised accounting standards – as described below – that either require first application in fiscal year 2019 or that are early adopted in fiscal year 2019. We refer to section 3.2 "New accounting standards issued by the IASB" of our notes to the consolidated financial statements as of December 31, 2018.

Adoption of the new leasing standard IFRS 16

IFRS 16 "Leases" was adopted as of January 1, 2019. According to the new standard, leased office spaces in Munich, Barcelona and Sibiu and the store in Grünwald are capitalized as right-of-use assets, and corresponding financial liabilities are recognized. Until 2018, those lease agreements were accounted for as operating leases pursuant to IAS 17. Considering minimum lease terms and contractual renewal options, lease terms of 20 to 40 months from January 1, 2019, were assumed. The weighted average incremental borrowing rate applied to those lease liabilities as of January 1, 2019, is 8.3%.

Warehouse spaces provided by our logistics partners do not qualify as capitalizable right-of-use assets. Other leases such as technical equipment or office equipment are below the quantitative threshold of EUR 5,000, have a short remaining lease term of max. twelve months, do not qualify as an identifiable asset, or they were already capitalized as finance leases pursuant to IAS 17.

At the date of adoption, the practical expedients were applied, i. e. a single discount rate was applied to a portfolio of leases, and short-term and low-value lease agreements were excluded from capitalization. For those lease agreements that were previously classified as finance leases, the carrying amount of the lease asset pursuant to IAS 17 and the carrying amount of the lease liability pursuant to IAS 17 immediately before the adoption of IFRS 16 were recognized as right-of-use asset and lease liability pursuant to IFRS 16. The measurement principles of IFRS 16 are applied only afterwards. Comparative periods are not restated. The adoption of IFRS 16 has led to following adjustments of the opening balances as of January 1, 2019:

kEUR	Measurement pursuant to IAS 17 as of Dec. 31, 2018	Adoption of IFRS 16	Measurement pursuant to IFRS 16 as of Jan. 1, 2019
Fixed assets	123	1,057	1,180
Non-current financial liabilities	15	492	507
Current financial liabilities	39	618	657
Other non-current financial liabilities	21	-21	-
Other current financial liabilities	2,335	-32	2,303

The adoption of IFRS 16 has led to additional net expenses of EUR 16k in the first six months of 2019, compared to the measurement pursuant to IAS 17. Earnings before interest and taxes (EBIT) had cost reductions of EUR 25k, whereas the financial result was impacted by additional expenses of EUR 41k. In the consolidated statement of cash flows, payments from lease agreements in the amount of EUR 344k were recognized in H1 2019 within cash flows from financing activities, that would have been recognized as cash flows from operating activities under the previous accounting of IAS 17.

Annual improvements to IFRSs (2015-2017 cycle)

Required effective date: January 1, 2019
The adoption had no impact on the net assets, financial position and results of operations of windeln.de Group.

IFRIC 23 Uncertainty over Income Tax Treatment

Required effective date: January 1, 2019
The adoption had no impact on the net assets, financial position and results of operations of windeln.de Group.

3. Restatements

Due to the capital decrease performed in January 2019, prior year disclosures of earnings per share were restated in line with IAS 33.

Basic earnings per share	**As presented H1 2018**	**Adjustment**	**Adjusted H1 2018**
Profit or loss from continuing operations (kEUR)	-12,480	-	-12,480
Profit or loss from discontinued operations (kEUR)	-9,862	-	-9,862
Profit or loss for the period (kEUR)	**-22,342**	**-**	**-22,342**
Basic weighted average number of shares (thousands)	30,535	-27,481	3,054
Earnings per share from continuing operations (EUR)	**-0.41**		**-4.09**
Earnings per share from discontinued operations (EUR)	**-0.32**		**-3.23**
Earnings per share (EUR))	**-0.73**		**-7.32**

At an Extraordinary General Meeting on January 9, 2019, it was resolved to reduce the share capital of windeln.de SE by way of an ordinary capital reduction by a reverse stock split at a ratio of 10 : 1 from EUR 31,136,470 to EUR 3,113,647. The merger of the shares reduces the number of shares in the Company as of the effective date January 14, 2019, the date of the registration in the commercial register. If the number or ordinary shares outstanding decreases as a result of a reverse stock split, the calculation of earnings per share for all periods presented shall be adjusted retrospectively.

4. Segment reporting

The basis of segmentation remains unchanged compared to the last consolidated financial statements as of December 31, 2018. Since 2017, windeln.de is managed as a One-Segment-Group.

5. Basis of consolidation

The scope of consolidation remains unchanged compared to December 31, 2018.

6. Notes on the subsequent measurement of the acquisition of Feedo Sp. z o.o.

General information on the purchase of Feedo Group in 2015 and the divestiture of Feedo Group in 2018 is provided in the Annual Report 2018.

In the first six months of 2019, ***claims from the purchase price amendment*** have decreased from EUR 41k as of December 31, 2018, to EUR 6k as of June 30, 2019. The decrease results from following transactions:

- Partial release of expected credit losses pursuant to IFRS 9 in the amount of EUR 35k
- Payment of EUR 70k received
- The remaining claim from the purchase price amendment is recognized within other current financial assets.

In the first six months of 2019, ***purchase price receivables from the divestiture of Feedo Group*** have decreased from EUR 403k as of December 31, 2018 to EUR - as of June 30, 2019. The change results from following transactions:

- Interest income EUR 8K
- Payment of EUR 411k received

Initially, windeln.de expected the cash flow in the second half of 2020. Therefore, the receivable was recognized within other non-current financial assets as of December 31, 2018 and March 31, 2019. After the payment of EUR 411k, the purchase price for Feedo Group is fully settled.

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

7.1 Intangible assets

As of June 30, 2019, intangible assets include, amongst others, capitalized purchase prices of the domains of Bebitus in the amount of EUR 1,819k (December 31, 2018: EUR 1,819k) and a goodwill from the acquisition of windeln.ch AG in the amount of EUR 530k (December 31, 2018: EUR 522k).

The changed outlook for the current business year and the low market capitalization are events that might indicate an impairment. windeln.de assessed these events and concluded, that as of June 30, 2019, there are no indications for assets of the Group – in particular for the goodwills and domains of Bebitus and windeln.ch – to be impaired.

7.2 Fixed assets

After the adoption of IFRS 16, fixed assets have increased significantly and break down as follows:

kEUR	June 30, 2019	Dec. 31, 2018
Leasehold improvements	3	3
Furniture and fixtures	54	82
Furniture and fixtures from right-of-use assets from lease agreements	21	38
Land and buildings from right-of-use assets from lease agreements	753	-
Fixed assets	**831**	**123**

Detailed information on the adoption of IFRS 16 is provided in note 2.

7.3 Financial assets and financial liabilities

The following table shows the carrying amounts and fair values of the financial assets (except for cash and cash equivalents) and the allocation of financial statement positions to the measurement categories:

kEUR	June 30, 2019 Carrying amount	June 30, 2019 Fair value	December 31, 2018 Carrying amount	December 31, 2018 Fair value
Debt instruments at amortized cost:				
Trade receivables	1,628	1,628	1,417	1,417
Other financial assets	2,667	2,667	3,207	3,207
Debt instruments at fair value through OCI:				
---	-	-	-	-
Equity instruments at fair value through OCI:				
---	-	-	-	-
Financial assets at fair value through profit or loss:				
---	-	-	-	-
Financial assets	**4,295**	**4,295**	**4,624**	**4,624**
current	4,048	4,048	3,974	3,974
non-current	247	247	650	650

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

Other current financial assets include cooperative shares of EUR 14k (December 31, 2018: EUR 14k). Those assets qualify as “equity instruments at fair value through OCI” but are recognized at cost because they cannot be measured at fair value and because of their immaterial amount.

The following table shows the carrying amounts and fair values of all financial liabilities and the allocation of financial statement positions to the measurement categories:

kEUR	June 30, 2019 Carrying amount	June 30, 2019 Fair value	December 31, 2018 Carrying amount	December 31, 2018 Fair value
Financial liabilities at amortized cost:				
Liabilities from lease agreements	838	838	54	54
Trade payables	3,820	3,820	4,573	4,573
Other financial liabilities	2,317	2,317	2,356	2,356
Financial liabilities at fair value through profit or loss:				
---			-	-
Total financial liabilities	**6,975**	**6,975**	**6,983**	**6,983**
current	6,795	6,795	6,947	6,947
non-current	180	180	36	36

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

The increase in liabilities from lease agreements (previously: finance lease liabilities) results from the adoption of IFRS 16 as described in note 2.

7.4 Fair value hierarchy

As of June 30, 2019, and December 31, 2018, no financial assets or financial liabilities were measured at fair value. There were no reclassifications between the different levels in the reporting period.

7.5 Equity

Capital transactions

At an Extraordinary General Meeting on January 9, 2019, it was resolved to reduce the share capital of windeln.de SE by way of an ordinary capital reduction by a reverse stock split at a ratio of 10 : 1 from EUR 31,136,470 to EUR 3,113,647. This measure was intended to give the Company the opportunity to raise capital on the capital market by issuing new shares, as the share price is intended to level off above EUR 1.00, the statutory minimum issue amount for capital increases. The merger of the shares reduces the number of shares in the Company without affecting the assets of the Company.

Furthermore, it was resolved to increase the share capital of the Company by up to EUR 9,000,000 to EUR 12,113,647. The opportunity to implement a capital increase was used for a capital increase against cash contributions while respecting the subscription rights of the shareholders.

With entry in the commercial register on March 14, 2019, the subscription rights capital increase resolved by the Extraordinary General Meeting on January 9, 2019, successfully completed. The share capital was increased by issuing a total of 6,850,023 no-par value bearer shares, each with a nominal value of EUR 1.00 and with a dividend entitlement from January 1, 2018, against cash contribution of EUR 6,850,023 from EUR 3,113,647 to EUR 9,963,670. Based on the fixed subscription price of EUR 1.48 per share, this results in gross issue proceeds of EUR 10,138k.

On June 6, 2019, the Annual General Meeting resolved to revoke the existing authorisation to issue convertible and/or warrant bonds, profit participation rights and/or participating bonds (or combinations of these instruments) of up to EUR 300,000,000 and the Conditional Capital 2016/I of EUR 7,997,804 created to service the convertible and/or warrant bonds. At the same time, the management board was authorised, with the approval of the supervisory board, to issue convertible bonds and / or shares warrant bonds, profit participation rights and / or income bonds (or combinations of these instruments) with a total nominal value of up to EUR 25,000,000 and to grant the holders or creditors of these debt obligations conversion or warrant rights (also with conversion or warrant obligations) for a total of up to 4,981,835 new bearer shares of the Company with a proportionate amount of the share capital of up to EUR 4,981,835 in total (Conditional Capital 2019).

The Authorized Capital (EUR 15,500,00), the Conditional Capital 2016/II (EUR 555,206) and the Conditional Capital 2018 (EUR 1,200,000) are unchanged since December 31, 2018. After completing the capital reduction as resolved by the Extraordinary General Meeting on January 9, 2019, the management board voluntarily committed itself to use the Authorized Capital and the Conditional Capital only to an extent that does not exceed 50% of the share capital existing at the time of utilization.

Issued capital

As of June 30, 2019, the issued capital of the Group parent amounts to EUR 9,964k (December 31, 2018: EUR 31,136k). It has been fully paid in and comprises 9,963,670 no-par value bearer shares. As of December 31, 2018, the number of shares amounted to 31,136,470, that was reduced by 28,022,823 shares after the above-mentioned capital decrease, and then increased by 6,850,023 shares to a total of 9,963,670 after the following capital increase.

Share premium

As of June 30, 2019, the share premium amounts to EUR 173,565k (December 31, 2018: EUR 170,391k) and breaks down as follows:

kEUR	June 30, 2019	December 31, 2018
Premium from financing rounds and/or IPO	171,204	167,916
Capital increases from company funds	-25,232	-25,232
Contributions in kind	4,465	4,465
Costs of equity transactions	-6,324	-5,674
Share-based payments	29,412	28,876
Premium from exercise of stock options	40	40
Share premium	**173,565**	**170,391**

Accumulated loss

The accumulated loss results from losses carried forward from prior periods and the result for the current reporting period. The accumulated loss is reduced by the capital decrease processed in January 2019.

7.6 Share-based payments

In 2019, share-based payment expenses relate solely to remuneration of employees from stock option programs. The subscription rights recognized in equity changed as follows:

	VSOP	LTIP 2015-2017		LTIP 2018-2020		Incentive
	1 - 2	RSU	SO	RSU	SO	2019
Outstanding at the beginning of the reporting period (January 1, 2019)	**147,338**	**102,538**	**241,878**	**22,108**	**66,322**	**-**
Adjustment of subscription rights due the reverse stock split in relation 1 : 10 on January 9, 2019*	14,732	10,232	24,172	2,210	6,631	-
Granted during the reporting period	-	687	1,493	1,703	5,123	591,792
Exercised during the reporting period	-	-	-	-	-	-
Forfeited during the reporting period	-	182	3,112	90	270	-
Expired during the reporting period	-	-	-	9	-	-
Outstanding at the end of the reporting period (June 30, 2019)	**14,732**	**10,737**	**22,553****	**3,823**	**11,484**	**591,792**
Exercisable at the end of the reporting period (June 30, 2019)	14,732	2,695	-	-	-	-

* considering contractual rounding to a full share

** For the interim financial reporting as of June 30, 2018, management has estimated that the performance target for LTIP 2015-2017 relating to the average revenue growth during the 4-year vesting period will most likely not be met. As of June 30, 2019, this estimation is unchanged for the stock options granted in 2016 and 2017. Therefore, management concludes that stock options (SO) granted in 2016 and 2017 with those specific performance targets, are not fully vested. Pursuant to IFRS 2, this assumption was incorporated into the quantity of the stock option plan. For the stock options granted in 2015, the defined performance targets were finally not met, and options forfeited.

Description of stock option program "Incentive 2019"

In the first half year of 2019, windeln.de SE has entered into compensation contracts, so called "Incentive 2019", with the management board and selected executive managers with the aim to bind these people to the Group in the upcoming months or to retain them for the Group. The agreements can be classified into two categories: people who were employed with the Group already in 2018 (group A) and people who joined the Group only in 2019 (group B).

Group A agreed that their partial or complete individual bonus entitlement for the year 2018 will not be paid in cash in the first quarter of 2019. Instead, the entitlement will be settled in shares of the Company; maturity date will be postponed to September 30, 2019. In addition, group A receives a loyalty bonus in a fixed EUR-amount which will be settled in shares of the Company and which has a maturity date as of September 30, 2019.

Group B receives a sign-on bonus in a fixed EUR-amount which will be settled in shares of the Company and which has a maturity date as of September 30, 2019.

Incentive 2019 is granted under the condition that the person is regularly employed as of September 30, 2019. In case the person is in a resigned position as of September 30, 2019, the loyalty bonus entitlements (group A) respectively the sign-on bonus (group B) forfeit. The individual bonus entitlement (group A) will be settled in cash in the month of abandonment.

All persons have agreed to convert their claims regarding the Incentive 2019 upon request by the Company into new shares of the Company, apart from an estimated amount which will be necessary to settle tax and social security liabilities. At the same time, the beneficiaries benefit from a discounted subscription price. Furthermore, the agreements stipulate a lock-up period for the new shares until September 30, 2020.

The subscription price, which will be determined by the company for the determination of the number of the issued shares, must be at least EUR 1.00 per share and may not exceed the discounted minimum subscription price in case the discounted minimum subscription price is higher than EUR 1.00. The discounted minimum subscription price is equal to 75% of the reference price (weighted average price of the Company's shares in the seven trading days before maturity date). If the reference price is above, but the discounted minimum subscription price is below EUR 1.00, the subscription price will be EUR 1.00 per share. If the reference price is below EUR 1.00, there will be no capital increase and the Company is obligated to pay the contribution claim in cash.

At the moment, the management board expects that the reference price will be above EUR 1.00. Therefore, in line with IFRS 2 the loyalty bonus respectively the sign-on bonus will be accounted as share-based compensation with equity settlement as of June 30, 2019. For all commitments the absolute amount is fixed, meaning the beneficiaries get a defined fixed EUR-amount in a variable number of shares. The number of shares is known only on September 30, 2019. The fair value of the committments is measured as the value of the fixed EUR-amount under consideration of the discounted subscription price. An adjustment for time values effects was not done due to the short duration. The valuation of the loyalty bonuses respectively the sign-on bonuses is performed on grant date under the assumption that the subscription price will be the discounted minimum subscription price of 75%. Pursuant to IFRS 2, the agreed loyalty bonuses as well as the sign-on bonuses will be recorded in the capital reserve on a linear basis over the vesting period (grant date until September 30, 2019) and under consideration of the discounted subscription price. Therefore, EUR 518k were recorded as personnel expenses in the first half of 2019.

As of December 31, 2018, the individual bonus claims are accounted as other financial liabilities in line with IAS 19. Pursuant to IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, the financial liability is recognized until its redemption. Only then, the remeasured amount is recognized through equity. As of June 30, 2019, a liability from these agreements relating to individual bonus 2018 is recognized in the amount of EUR 59k within other current liabilities (December 31, 2018: EUR 59k).

Presentation of financial impacts

The net expense recognized in H1 2019 from share-based payment obligations amounts to EUR 536k (H1 2018: income of EUR 387k) and is fully attributable to equity-settled share-based payments from stock options programs.

As of June 30, 2019, a figure of EUR 12,478k is reported in the share premium from equity-settled share-based payment obligations from stock option programs (December 31, 2018: EUR 11,942k).

7.7 Revenues

The Group’s revenue is mainly generated through the sale of baby and toddler products in Germany, China and other European countries.

kEUR	H1 2019	H1 2018	Q2 2019	Q2 2018
Revenues from continuing operations by type				
Revenue from the sale of merchandise	40,592	56,255	19,958	23,516
Revenue from other services	317	116	188	32
	40,909	**56,371**	**20,146**	**23,548**
Revenues from continuing operations by region				
Germany, Austria, Switzerland (DACH)	8,962	12,599	4,262	5,316
China	24,955	29,089	12,671	11,624
Other/rest of Europe	6,992	14,683	3,213	6,608
	40,909	**56,371**	**20,146**	**23,548**

8. Related party disclosure

Pursuant to the principles in IAS 24, the members of the management board and the supervisory board of windeln.de SE are classified as key management personnel. Since their resignation from the supervisory board of windeln.de SE on June 6, 2019, Dr. Hanna Eisinger and Dr. Christoph Braun do not qualify as related parties any more.

Since his appointment as member of the management board on May 17, 2019, Mr. Zhixiong Yan is a related party. Ms. Xiao Jing Yu and Mr. Weijian Miao qualify as related parties since their election as supervisory board members on June 6, 2019.

Mr. Miao acts as lessor of office spaces to the Group entity windeln Management Consulting (Shanghai) Co., Ltd., for a short period of time. Other transactions with related parties have not materially changed in the reporting period compared to the consolidated financial statements 2018.

Munich, August 6, 2019

Matthias Peuckert   Dr. Nikolaus Weinberger   Zhixiong Yan

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

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

Munich, August 6, 2019

Matthias Peuckert　　Dr. Nikolaus Weinberger　　Zhixiong Yan

GLOSSARY

Site visits
We define site visits as the number of series of page requests from the same device and source in the measurement period and include visits to our online magazine. A visit is considered ended when no requests have been recorded in more than 30 minutes. The number of site visits depends on a number of factors including the availability of the offered products, the effectiveness of our marketing campaigns and the popularity of our online shops. Measured by Google Analytics.

Mobile visit share
We define mobile visit share (as % of site visits) as the number of visits via mobile devices (smartphones and tablets) to our mobile optimized websites and mobile apps divided by the total number of site visits in the measurement period. Site visits of our online magazine are excluded. Additionally, we excluded visits from China until end of 2016, 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. Therefore, only few Chinese customers ordered via their mobile devices. Due to the launch of our website in Chinese language in December 2016, site visits from China are included since Q1 2017. Measured by Google Analytics.

Mobile orders
We define mobile orders (as % of number of orders) as the number of orders via mobile devices to our mobile optimized websites and mobile apps divided by the total number of orders in the measurement period. Since Q1 2017, orders from China are included. Measured by Google Analytics.

Active customers
We define active customers as the number of unique customers placing at least one order in one of our shops in the 12 months preceding the end of the measurement period, irrespective of returns.

Number of orders
We define number of orders as the number of customer orders placed in the measurement period irrespective of returns. An order is counted on the day the customer places the order. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period or have been cancelled. Every order which has been placed, but for which the products in the order have not been shipped (e. g., the products are not available or the customer cancels the order), is considered ''cancelled''. Cancellations are deducted from the number of orders.

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 last 12 months.

Share of repeat customer orders
We define orders from repeat customers as the number of orders from customers who have placed at least one previous order, irrespective of returns. The share of repeat customer orders represents the number of orders from repeat customers in the last twelve months divided by the number of orders in the last twelve months.

Gross order intake
We define gross order intake as the aggregate Euro amount of customer orders placed in the measurement period minus cancellations. The Euro amount includes value added tax and excludes marketing rebates.

Average order value
We define average order value as gross order intake divided by the number of orders in the measurement period.

Returns (as % of gross revenues from orders)
We define returns (as % of gross revenues from orders) as the returned amount in Euro divided by gross revenues from orders in the measurement period. Since Q2 2016 including Bebitus returns. Gross revenues from orders are defined as the total aggregated Euro amount spent by our customers minus cancellations but irrespective of returns. The Euro amount does not include value added tax.

Until Q1 2017 returns were calculated in relation to the net merchandise value. As the gross revenues from orders do not exclude returns and include all marketing discounts, it is more reasonable to use this KPI for the return rate calculation than the net merchandise value. The change of the calculation logic has no material impact on the reported return rate. The new calculation method is applied from Q2 2017 onwards.

Adjusted marketing cost ratio
We define marketing cost ratio as marketing costs divided by revenues in the measurement period. Marketing costs, which are recognized within selling and distribution expenses in the consolidated income statement, mainly consist of advertising expenses, including search engine marketing, online display and other marketing channel expenses, as well as costs for the marketing tools of the Group. Marketing expenses incurred in 2018 in the shop pannolini.it are adjusted until the shop's closure.

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

Adjusted other SG&A expenses (as % of revenues)
We define adjusted other SG&A expenses as adjusted other SG&A expenses divided by revenues. The other SG&A expenses comprise selling and distribution expenses, excluding marketing costs and fulfilment costs, and administrative expenses as well as other operating income and expenses. Adjusted other SG&A expenses exclude expenses and income in connection with share-based compensation, reorganization measures, impairment expenses for purchased intangible assets (if applicable in the reporting period) and expenses of the shop pannolini.it until the shop's closure in 2018

Operating contribution
We define operating contribution as adjusted gross profit reduced by adjusted marketing costs and adjusted fulfilment costs. The adjustments of gross profit relate to expenses for share-based compensation. In 2018, income and expenses of the shop pannolini.it are adjusted until the shop's closure.

FINANCIAL CALENDAR 2019

DVFA Equity Forum, Autumn Conference, Frankfurt am Main	September 3, 2019
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Editorial team and contact
windeln.de SE
Hofmannstrasse 51
81379 Munich, Germany
corporate.windeln.de

Corporate Communications
Sophia Kursawe
E-Mail: investor.relations@windeln.de

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windeln.de SE

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The Annual Report is also available in German and can be downloaded in both languages from the Internet at corporate.windeln.de. In the event of deviations, the German version of the annual report takes precedence over the English translation.

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