

windeln



Quarterly Statement
Q1 2022

windeln.de Group at a glance

Performance indicators	Q1 2022	Q1 2021
Site visits	5,612,283	3,748,275
Mobile visit share (as % of site visits)	93.5%	87.4%
Mobile orders (as % of number of orders)	79.6%	69.1%
Active customers	275,728	282,804
Number of orders	147,702	115,919
Average orders per active customer (in number of orders)	1.7	1.7
Share of repeat customer orders (as % of orders of last 12 months)	58.23%	63.71%
Gross order intake (in EUR)	9,599,333	9,517,593
Average order value (in EUR)	64.99	82.11
Returns (as % of gross revenues from orders)	1.6%	2.3%
Marketing cost ratio (as % of revenues)	3.7%	3.6%
Fulfilment cost ratio (as % of revenues)	8.3%	8.7%
Adjusted other SG&A expenses (as % of revenues)	23.2%	27.4%
Earnings position		
Revenues (in kEUR)	12,778	14,644
Gross profit (in kEUR)	3,697	2,360
Gross profit (as % of revenues)	28.9%	16.1%
Operating contribution (in kEUR)	2,170	557
Operating contribution (as % of revenues)	17.0%	3.8%
Adjusted EBIT (in kEUR)	-789	-3,461
Adjusted EBIT (as % of revenues)	-6.2%	-23.6%
Financial position		
Cash flow from operating activities (in kEUR)	686	-4,759
Cash flow from/used in investing activities (in kEUR)	-37	-4
Cash flow from/used in financing activities (in kEUR)	-209	1,236
Net decrease in cash and cash equivalents	440	-3,527
Cash and cash equivalents at the end of the period (in kEUR)	4,557	5,010
Other		
Basic earnings per share (in EUR)	-0.16	-1.09
Basic earnings per share from continuing operations (in EUR)	-0.15	-0.93

Material transactions in Q1 2022

Extraordinary General Meeting

At an Extraordinary General Meeting on January 28, 2022, it was resolved to reduce the share capital of windeln.de SE through redemption of two shares as preparation for an ordinary capital reduction. It was also 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 3 : 1 from EUR 16,567,485 by EUR 11,044,990 to EUR 5,522,495 in order to cover losses. These measures were intended to give the Company the opportunity to raise capital on the capital market by issuing new shares. 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 reduced share capital of the Company by means of an ordinary capital increase by up to EUR 7,000,000.00 against cash contribution and with indirect subscription rights of the shareholders.

At last, an amendment of Article 8 of the Articles of Association (Supervisory Board, composition, elections, term of office) was resolved. Accordingly, the Supervisory Board permanently consists of three members (previously six members).

Capital reduction

On February 22, 2022, the capital reduction was entered in the commercial register. Since then, the share capital of windeln.de SE has been EUR 5,522,495.

Resignation of Management Board member Matthias Peuckert

On March 18, 2022, Chairman of the Management Board and CEO Matthias Peuckert informed the Supervisory Board that he is resigning from his position with effect from March 31, 2022 due to personal reasons.

Shortened billing period at JD.com

Previously, we received customer payments for orders placed on the JD.com platform in the following month. Since March 1, 2022, we have been receiving a weekly payout. Since the order volume has increased significantly in recent months, the shortening of the billing period reduces the amount of capital tied up and thus has a positive effect on our cash flow.

Events after the reporting date

Capital increase

On March 28, 2022, the Management Board of windeln.de SE determined, with approval of the Supervisory Board, the further details of the ordinary capital increase resolved upon by the Extraordinary General Meeting on January 28, 2022. It was determined to increase the share capital of the Company in accordance with the resolution of the General Meeting from EUR 5,522,495.00 by up to EUR 6,730,769.00 to up to EUR 12,253,264.00 by issuing up to 6,730,769 new no-par value bearer shares in the Company, each with a proportionate amount of the share capital of EUR 1.00 and with full dividend rights from January 1, 2021 (the "New Shares") against cash contributions. The subscription price per New Share is EUR 1.04. The original subscription period began on March 31, 2022 and was intended to end on April 13, 2022.

In the forefront of the capital increase, two investors signed commitment agreements and undertook towards the Company to buy New Shares at the subscription price up to a defined maximum number. In total, the Company received commitment agreements with regard to New Shares in an equivalent value (based on the subscription price) of up to EUR 5.5 million.

As the investors that undertook to buy New Shares by means of the commitment agreements are temporarily not in a position to fulfil their commitments due to the COVID-19 caused lockdown in parts of China, in April 2022, the Management Board, with approval of the Supervisory Board, extended the subscription period until May 11, 2022. On May 9, 2022, the subscription period was extended again, and now ends on June 8, 2022.

Newly appointed Chairman of the Management Board

With effect from April 1, 2022, Bastian Salewsky was appointed as the new Chairman of the Management Board. The Management Board contract has an initial term of one year. Bastian Salewsky takes over the functions of Matthias Peuckert.

Comments on net assets, financial position, and results of operations

Unaudited comparative figures as of December 31, 2021

At the time the quarterly statement for Q1 2022 was prepared on May 13, 2022, the auditor had not yet issued an audit opinion for the consolidated financial statements for financial year 2021. The background to this is, as described before, the repeated delays in the ongoing capital increase and the failure to provide proof of the assumption that the Company's operations will continue (so-called going concern). The Management Board expects that the talks with the auditor can be concluded after the capital increase has been successfully implemented and that the auditor will then issue the audit opinion. The consolidated financial statements have therefore not yet been approved by the Supervisory Board.

The comparative figures in this quarterly statement in section "Net assets" and in the consolidated statement of financial position are therefore unaudited and not by the Supervisory Board approved figures from the consolidated financial statements for financial year 2021. The amounts in the line "As of January 1, 2022" of the consolidated statement of changes in equity are also unaudited and not by the Supervisory Board approved figures from the consolidated financial statements for financial year 2021.

Effects of the COVID 19 pandemic on the first quarter of 2022

The Group is currently not experiencing any significant negative consequences from the COVID-19 pandemic in its operating business. Employees mainly work from home, business operations will continue to be fully maintained.

However, due to the COVID-19-related curfew in parts of China, the subscription period of the capital increase in Q2 2022 had to be extended. The investors that undertook to buy New Shares by means of the commitment agreements are affected by the local lockdown. As a result, the preparation and publication of the 2021 consolidated and annual financial statements of windeln.de SE was delayed and the admission prospectus for the shares issued in Q3 2021 could not be published in May 2022 after being approved by the BaFin as originally planned.

Results of operations

Unless stated otherwise, the following explanations relate solely to continuing operations, i. e. without the Southern European Bebitus business which is presented in the line "profit or loss from discontinued operations".

In Q1 2022, the Group generated **revenues** of EUR 12,778k (Q1 2021: EUR 14,644k). Revenues accordingly decreased by EUR 1,866k or 13% compared to Q1 2021. The decline is mainly attributable to segment Europe. The revenues in this segment decreased by EUR 1,746k or 40% to EUR 2,665k (Q1 2021: EUR 4,411k). To conserve capital, the inventory level for the German speaking region was deliberately kept low. As a result, no attractive offer was provided in the German and Swiss shop. The willingness to consume has also fallen significantly due to the Ukraine crisis. The marketing costs are at the level of the previous year; however, as the cost per click has increased, we see a noticeable drop in impact. The revenues of segment China amount to EUR 10,113k and are therefore slightly below the previous year (Q1 2021: EUR 10,233k). Despite high demand, revenues could not be increased due to a shortage of supply. In Q1 2021, windeln.de sold hygiene items amounting to EUR 765k to a corporate customer. A similar transaction did not take place in Q1 2022.

The **margin** (gross profit as % of revenues) increased by 12.8pp to 28.9% in Q1 2022 (Q1 2021: 16.1%). In segment Europe, the margin remained on the level of Q1 2021 (Q1 2022: 18.9%; Q1 2021: 18.1%). The margin in segment China increased by 16.3pp to 31.6% (Q1 2021: 15.3%). This is mainly due to ongoing delivery problems from our main supplier. The resulting shortage of supply led to very strong price increases in the Chinese market, which have a correspondingly positive effect on our margin. In addition, the customer mix of windeln.de shifted to private customers. The margins here are significantly higher than for transactions with intermediaries.

Selling and distribution expenses decreased by EUR 960k or 23% to EUR 3,179k in the reporting period (Q1 2021: EUR 4,139k). On the one hand, the decrease is attributable to the decrease in revenues. On the other hand, the decline is mainly attributable to personnel expenses (decrease by EUR 407k or 29%), logistics (decrease by EUR 287k or 23%) and amortization and depreciation (decrease by EUR 132k or 84%). Marketing expenses also slightly decreased by EUR 53k or 10%. In contrast, warehouse rent increased by EUR 64k.

The team in the Chinese subsidiary was reduced from Q2 2021 onwards. In addition, certain standardized functions were relocated from Germany to Romania. To a lesser extent, the workforce in Germany and Romania was also reduced. As a result, personnel expenses are lower in Q1 2022 than in the comparison period.

The decline in logistic costs is based on several factors. The proportion of deliveries to our Chinese customers from our local bonded warehouses has increased from 50% to 57%, which has a positive effect on the logistic costs. In March 2021, the move of the Group's main warehouse and the change of the service provider of the warehouse was initiated. In this context, the Group had higher logistic expenses in March 2021 due to the parallel operation of two warehouses in Germany. In March 2021, there were also one-off moving costs. The change of the service provider of the warehouse has modified the cost structure, so that the proportion of variable logistic costs is decreasing. In return, however, the rental expenses for the new warehouse are higher.

In Q4 2021, the project to outsource the shop architecture was abandoned. Related rights of use were impaired at the end of 2021. Amortization within selling and distribution expenses are therefore lower in Q1 2022 than in the comparison period.

Administrative expenses decreased by EUR 373k or 22% to EUR 1,303k in the reporting period (Q1 2021: EUR 1,676k). This development is mainly attributable to personnel expenses (decline by EUR 205k or 20%) and audit fees (decline by EUR 84k or 65%). In Q1 2021, the management board of windeln.de SE still had three members. In Q1 2022, on the other hand, the Management Board consisted of two members. Personnel expenses are correspondingly lower. In addition, the workforce has been further reduced from Q2 2021 onwards. In Q1 2021, additional expenses were incurred from the annual audit of the previous year. Corresponding expenses did not arise in Q1 2022.

Other operating income of EUR 67k (Q1 2021: EUR 60k) mainly contains foreign exchange gains of EUR 53k (Q1 2021: EUR 44k). **Other operating expenses** amounting to EUR 80k (Q1 2021: EUR 27k) mainly include foreign exchange losses in the current and previous year.

In Q1 2022, **Earnings before interests and taxes (EBIT)** improved very strongly by EUR 2,624k or 77% to minus EUR 798k (Q1 2021: minus EUR 3,422k). The margin improved significantly. Selling and administrative expenses declined significantly.

The **financial result** amounts to minus EUR 19k in Q1 2022 (Q1 2021: minus EUR 27k). As in the previous year, this mainly contains interest expenses for leasing contracts.

As in the previous year's quarter, the **tax expense** of EUR 2k (Q1 2021: EUR 2k) results mainly from income tax expenses in subsidiaries that do not have tax-loss carry-forwards.

The profit or loss from **discontinued operations** relates to Bebitus operations in the reporting period and in the comparative period. In Q1 2021, the Bebitus operation was still conducting business. The expenses in Q1 2022 only relate to the winding-up of the business operation.

Financial position

In Q1 2022, the Group generated positive cash flows from **operating activities** amounting to EUR 686k (Q1 2021: negative cash flows of EUR 4,759k). This positive development is mainly attributable to the very strong improvement of the result for the period from minus EUR 4,057k to minus EUR 893k and the very strong improvement of the net working capital by EUR 3,674k (Q1 2021: improvement by EUR 1,212k). The latter is also due to the existing shortage of milk powder and the resulting reduction in the Group's inventories.

The cash flows used in **investing activities** amounts to EUR 37k (Q1 2021: EUR 4k). In Q1 2022, the group invested in the development of new software for the ERP system.

The cash flows used in **financing activities** amounts to EUR 209k (Q1 2021: cash inflow of EUR 1,236k). In Q1 2021, the Group was able to generate gross issue proceeds of EUR 1,428k from a capital increase. In this context, equity transaction costs of EUR 76k were paid in Q1 2021. In connection with a capital reduction in Q1 2022, the Group had disbursements for equity transaction costs in the amount of EUR 84k. In Q1 2022, the Group had further disbursements of EUR 101k for the repayment of lease liabilities (Q1 2021: EUR 83k) and for interest in the amount of EUR 19k (Q1 2021: EUR 33k), which mainly result from the lease liabilities.

Net assets¹

Non-current assets decreased by 2% to EUR 1,447k (December 31, 2021: EUR 1,480k), mostly attributable to depreciation and amortization amounting to EUR 102k. In the three-month period of 2022, the group invested approx. EUR 37k in improvements to the ERP system; the project is still under development as of March 31, 2022. The extension of an office rental agreement also resulted in an addition of EUR 37k.

Current assets decreased by 5% to EUR 10,278k (December 31, 2021: EUR 10,797k). This is mainly due to the decrease in inventories by EUR 620k, other current financial assets by EUR 228k and trade receivables by EUR 181k. Cash and cash equivalents increased by EUR 442k. The decrease in inventories is mainly attributable to delivery difficulties from the main supplier of the Group, whereby relevant remaining stocks were significantly reduced in Q1 2022. Other financial assets include advertising subsidies and creditors with debit balances. Both together decreased by EUR 232k, which is mainly attributable to the payment of annual bonuses. In addition, after the discontinuation of the Bebitus operations, the corresponding supplier relationships were terminated, so that no advertising subsidies are deferred for them any longer. The decrease in trade receivables is attributable to both the decrease in revenue compared to the previous quarter, the discontinuation of the Bebitus business unit in the end of 2021 and the shortened billing cycle by JD.com (see above). With regards to the development of cash and cash equivalents, we refer to the financial position.

As of March 31, 2022, **equity** decreased by EUR 971k compared to December 31, 2021. This is mostly attributable to the losses of Q1 2022 amounting to EUR 893k. The group also incurred transaction costs of EUR 83k from the capital reduction. The capital reduction was carried out in February 2022. As a result, issued capital and retained earnings each decreased by EUR 11,045k.

Non-current liabilities decreased by 4% to EUR 1,282k (December 31, 2021: EUR 1,334k). This is mostly attributable to the repayment of financial liabilities in connection with leasing contracts.

Current liabilities increased by 6% to EUR 8,013k (December 31, 2021: EUR 7,542k). This is mainly due to the increase in trade payables by EUR 407k and the increase in deferred revenues by EUR 372k. Other provisions decreased by EUR 106k and other current financial liabilities decreased by EUR 101k. windeln.de received payments from intermediaries at the end of March 2022. Since the goods were not picked up until the beginning of April 2022, these payments are disclosed as deferred revenues as of March 31, 2022. The decrease in other liabilities is due to the use of provisions for onerous contracts in Q1 2022 in connection with the discontinuation of the Bebitus business. Other financial liabilities decrease compared to December 31, 2021 due to payments made.

¹ The comparative figures as of December 31, 2021 were unaudited by the auditor and not approved by the Supervisory Board at the time this quarterly statement was prepared.

Results of operating segments

kEUR	Q1 2022	Q1 2021	Change	
			absolute in kEUR	relative in %
Revenues				
Europe	2,645	7,079	-4,434	-63%
<i>thereof continuing operations</i>	2,665	4,411	-1,746	-40%
<i>thereof discontinued operations</i>	-20	2,668	-2,688	-101%
China	10,113	10,233	-120	-1%
Operating contributions	2,153		1,537	250%
Europe	-215	-238	23	-10%
<i>thereof continuing operations</i>	-198	-297	99	-33%
<i>thereof discontinued operations</i>	-17	59	-76	-129%
China	2,368	854	1,514	177%

Bridge to adjusted EBIT

kEUR	Q1 2022	Q1 2021	Change	
			absolute in kEUR	relative in %
Earnings before interest and taxes (EBIT) from continuing operations	-798	-3,422	2,624	-77%
adjusted for share based compensation	9	-39	48	-123%
Adjusted EBIT from continuing operations	-789	-3,461	2,672	-77%

Consolidated income statement and other comprehensive income

kEUR	Q1 2022	Q1 2021
Revenues	12,778	14,644
Cost of sales	-9,081	-12,284
Gross profit	3,697	2,360
Selling and distribution expenses	-3,179	-4,139
Administrative expenses	-1,303	-1,676
Other operating income	67	60
Other operating expenses	-80	-27
Earnings before interest and taxes (EBIT)	-798	-3,422
Financial income	0	0
Financial expenses	-19	-27
Financial result	-19	-27
Earnings before taxes (EBT)	-817	-3,449
Income taxes	-2	-2
Profit or loss from continuing operations	-819	3,451
Profit or loss after taxes from discontinued operations	-74	-606
PROFIT OR LOSS FOR THE PERIOD	-893	-4,057
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translation of foreign operations	5	3
OTHER COMPREHENSIVE INCOME OR LOSS, NET OF TAX	5	3
TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX	-888	-4,054
Basic earnings per share (in EUR)	-0.16	-1.09
Basic earnings per share from continuing operations (in EUR)	-0,15	-0.93

Consolidated statement of financial position²

Assets		
kEUR	March 31,2022	December 31,2021
NON-CURRENT ASSETS		
Intangible assets	276	241
Fixed assets	974	1,035
Other financial assets	109	109
Other non-financial assets	86	94
Deferred tax assets	2	1
Total non-current assets	1,447	1,480
CURRENT ASSETS		
Inventories	3,599	4,219
Prepayments	32	6
Trade receivables	583	764
Income tax receivables	2	3
Other financial assets	786	1,014
Other non-financial assets	719	676
Cash and cash equivalents	4,557	4,115
Total current assets	10,278	10,797
TOTAL ASSETS	11,275	12,277
Equity and liabilities		
kEUR	March 31,2022	December 31,2021
EQUITY		
Issued capital	5,522	16,567
Share premium	174,771	174,854
Accumulated loss	-177,878	-188,030
Cumulated other comprehensive income	15	10
Total equity	2,430	3,401
NON-CURRENT LIABILITIES		
Accrued employee benefits	55	48
Financial liabilities	1,227	1,286
Total non-current liabilities	1,282	1,334
CURRENT LIABILITIES		
Other provisions	252	358
Financial liabilities	303	313
Trade payables	4,447	4,040
Deferred revenues	1,173	801
Income tax payables	3	-
Other financial liabilities	1,469	1,570
Other non-financial liabilities	366	460
Total current liabilities	8,013	7,542
TOTAL EQUITY AND LIABILITIES	11,725	12,277

² The comparative figures as of December 31, 2021 were unaudited by the auditor and not approved by the Supervisory Board at the time this quarterly statement was prepared.

Consolidated statement of cash flow

KEUR	3M 2022	3M 2021
Profit or loss for the period	-893	-4,057
Amortization (+) / impairment (+) of intangible assets	3	156
Depreciation (+) / impairment (+) of fixed assets	99	127
Increase (+) / decrease (-) in other provisions	-106	9
Non-cash income (-) or expenses (+) from employee benefits	9	-39
Other non-cash expense (+) / income (-) items	4	35
Increase (-) / decrease (+) in inventories	620	-1,808
Increase (-) / decrease (+) in prepayments	-26	395
Increase (-) / decrease (+) in trade receivables	181	141
Increase (-) / decrease (+) in other assets	192	-187
Increase (+) / decrease (-) in trade payables	407	1,508
Increase (+) / decrease (-) in deferred revenues	372	-720
Increase (+) / decrease (-) in other liabilities	-197	-351
Gain (-) / loss (+) from disposal of intangible and fixed assets	-	-
Interest expenses (+) / income (-)	19	32
Income tax expenses (+) / income (-)	2	2
Income tax paid (-) / received (+)	-	-2
Net cash flows used in operating activities	686	-4,759
Purchase (-) of intangible assets	-37	-
Purchase (-) of fixed assets	0	-4
Interest received (+)	0	0
Net cash flows from investing activities	-37	-4
Proceeds (+) from issue of shares	-	1,428
Transaction cost (-) on issue of shares	-84	-76
Repayment (-) of lease liabilities	-101	-83
Repayment (-) of financial liabilities	-5	-
Interest paid (-)	-19	-33
Net cash flows from financing activities	-209	1,236
Cash and cash equivalents at the beginning of the period	4,115	8,530
Net decrease in cash and cash equivalents	440	-3,527
Change in cash and cash equivalents due to foreign exchange rates	2	7
Cash and cash equivalents at the end of the period	4,557	5,010

Consolidated statement of changes in equity³

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, 2022	16,567	174,854	-188,030	3	7	10	3,401
Total comprehensive income or loss of the period	-	-	-893	-	5	5	-888
Capital decrease	-11,045	-	11,045	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Transaction costs	-	-84	-	-	-	-	-84
Share-based payments	-	1	-	-	-	-	1
As at March 31, 2022	5,522	174,771	-177,878	3	12	15	2,430
As at January 1, 2021	10,982	173,714	-174,482	3	-14	-11	10,203
Total comprehensive income or loss of the period	-	-	-4,057	-	3	3	-4,054
Issue of share capital	1,098	330	-	-	-	-	1,428
Transaction costs	-	-76	-	-	-	-	-76
Share-based payments	-	-48	-	-	-	-	-48
As at March 31, 2021	12,080	173,920	-178,539	3	11	8	7,543

Editorial team and contact
windeln.de SE
Stefan-George-Ring 23
81929 München, Deutschland
corporate.windeln.de

Corporate communications
E-Mail: investor.relations@windeln.de

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windeln.de SE

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³ The values in the line "As of January 1, 2022" were unaudited by the auditor and not approved by the Supervisory Board at the time this quarterly statement was prepared.



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