windeln.de SE publishes positive adj. EBIT development in fourth quarter 2018 and resolves on subscription rights capital increase

- **Preliminary adjusted EBIT of EUR -2.4 million (-9.0% margin) in Q4 2018 and EUR -18.4 million (-17.6% margin) in FY 2018; improved quarter over quarter operational contribution margin and lower adj. SG&A costs**
- **Preliminary Q4 2018 revenues of EUR 26.3 million; as expected, sales uplift from Christmas season and sales events (+18% revenues growth compared to Q3); preliminary FY 2018 revenues of EUR 104.8 million; total cash available EUR 11.1 million as of Dec 31, 2018; cash burn of EUR -1.7 million in Q4 2018 lower than in Q3 2018**
- **Subscription rights capital increase from EUR 3,113,647 by up to EUR 6,850,023 to up to EUR 9,963,670 by issuing up to 6,850,023 new shares; subscription price EUR 1,48 per share; subscription period from February 14 to February 28, 2019; gross issue proceeds expected in high single-digit million Euro range**
- **Commitment letters for capital increase of EUR 7.25 million already received; Management share ownership increased through management incentive program**

Munich, February 7, 2019: windeln.de SE ("windeln.de" or "Company" "), one of the leading online retailers for family products in Europe and to customers in China, now publishes the preliminary operating result for the fourth quarter (Q4) and full year (FY) 2018 in connection with the capital increase, after having published its preliminary revenues and liquidity figures on January 9, 2019. Based on the preliminary numbers, the Group generated adjusted (adj.) EBIT of EUR -2.4 million in Q4 2018, which corresponds to an EBIT margin of -9.0%. For the same period, windeln.de was able to increase revenues by 18% to EUR 26.3 million. According to preliminary numbers, windeln.de's adj. EBIT for FY 2018 was EUR -18.4 million (-17.6% EBIT margin) and revenues of EUR 104.8 million (FY 2018: EUR 188.3 million without Feedo). The change of revenues of EUR +0.1 million compared to the publication on January 9, 2019 results from income from advertising services. The respective calculation was only completed afterwards.

In addition, the Management Board today resolved, with the approval of the Supervisory Board, to increase the share capital from currently EUR 3,113,647, divided into 3,113,647 no-par value bearer shares, by up to EUR 6,850,023 issuing up to 6,850,023 shares to up to EUR 9,963,670 in form of a subscription rights capital increase.

Revenue growth in China and DACH, stabilizing revenues at Bebitus shops

The China business recovered in Q4 2018 after the challenging market environment in the first nine months of the year. Consequently, the Group's revenues in China were EUR 15.8 million in Q4 2018 (EUR 56.7 million in FY 2018) which is an increase of +33.3% compared to Q3 2018 driven by strong sales events around Singles Day (11.11.) and Black Friday.

Revenues in the DACH region (Germany, Austria and Switzerland) amounted to EUR 5.9 million in Q4 2018 (EUR 24.2 million in FY 2018). This is an increase of +4.1% compared to Q3 2018 driven by strong Christmas sales, sales activities (e.g. Black Friday) and inventory sell down.

In Rest of Europe (RoE) outside of DACH, mainly the countries of Spain, Portugal and France covered by the Bebitus shops, the Group generated revenues of EUR 4.5 million in Q4 2018 (EUR 23.9 million in FY 2018). This is a decrease of -3.0% compared to Q3 2018 as a result of the ongoing focus on improving margins and profitability of the business.

Improved contribution margin and further cost reductions lead to improvement of adj. EBIT in FY 2018; reduced cash burn in Q4 2018

The efficiency and profitability measures initiated in February 2018, including streamlining the international business and focusing all European operations on improving margins and reducing overhead costs, are reflected in the preliminary numbers of Q4 2018. Operating contribution margin (difference between gross profit and expenses for adj. marketing and adj. fulfillment costs) amounted to EUR 2.4 million (9.3% of revenues) in Q4 2018 and EUR 4.1 million in FY 2018 (3.9% of revenues). This corresponds to a significant improvement by EUR 2.0 million compared to Q3 2018 and is only slightly below the level of EUR 2.8 million in the same quarter of the previous year despite lower revenues. This is the result of an increased gross profit margin of 27.8% in Q4 2018 (Q4 2017: 25.8%) which arises from a higher revenue share from China, the optimization of the product range and subsequently improved purchasing conditions. Adj. other selling and administrative costs (SG&A costs) have further decreased and were at EUR -4.8 million in Q4 2018 (Q4 2017: EUR -8.1 million) and at EUR -22.5 million on FY 2018 (-21.6% of revenues) significantly below the previous year (FY 2017: EUR -32.3 million; -17.1% of revenues).

Based on preliminary numbers, adj. EBIT improved to EUR -2.4 million in Q4 2018 after EUR -5.3 million in the same period of the previous year and EUR -4.9 million in Q3 2018. For the full year 2018, windeln.de reports an improved adj. EBIT of EUR -18.4 million compared to EUR -21.3 million in the same period last year.

The Group's total cash available, consisting of cash and time deposits, was EUR 11.1 million as of December 31, 2018. The total change in cash available was EUR -1.7 million in Q4 2018. This is lower than in the previous quarter due to improved operating performance and low net working capital as of December 31, 2018, mainly the reduction of inventory and trade receivables.

CFO Dr. Nikolaus Weinberger explains: *„In 2018 we worked hard on margin and cost optimization, which led to improvements in the operating result. In addition, operating income and cash flow were positively impacted by sales events, the Christmas season and low net working capital in the fourth quarter."*

For 2019, the Group continues to follow the 2018 initiated restructuring path and expects significant revenue growth compared to the previous year, further improvement of adjusted EBIT and a moderate build-up of net working capital to enable the growth of the China business. The Management Board expects to break-even on the basis of adjusted EBIT in early 2020.

CEO Matthias Peuckert comments on the outlook and the strategic objective for 2019: *"After the restructuring year 2018, we focus on the long-term performance of the company for 2019 and on profitable* *revenue growth as well as further margin optimizations. We are investing specifically in the Chinese market and are adding new product categories to position windeln.de as a comprehensive "family business" in Europe and China."*

The published numbers are preliminary and unaudited. The final results for FY 2018 will be published by windeln.de when it presents the consolidated financial statements on March 20, 2019.

windeln.de resolves on capital increase with subscription rights to finance growth in China and to complete restructuring

The Management Board of windeln.de SE today resolved, with the approval of the Supervisory Board, to increase the share capital based on the resolution of the Extraordinary General Meeting on January 9, 2019 from currently EUR 3,113,647, divided into 3,113,647 no-par value bearer shares, by up to 6,850,023 shares to up to EUR 9,963,670 by issuing up to 6,850,023 New Shares, each representing a pro rata amount in the share capital of EUR 1.00 per share ("New Shares"). The New Shares are entitled to dividends from January 1, 2018. The New Shares will not be admitted to trading at the stock exchange immediately, but presumably in the second quarter of 2019.

Up to 3.369.298 New Shares will be offered as part of a rights offering to the Company's shareholders by way of indirect subscription rights at a subscription ratio of 1:2.2, i.e. 1 existing share entitles to subscribe for 2.2 New Shares from the capital increase (the "Rights Offering"). The subscription price was fixed at EUR 1.48 per New Share resulting in gross proceeds from the Rights Offering of up to EUR 4.99 million. The subscription rights for fractional amounts were excluded. An organized trading of subscription rights will not take place. The subscription offer is expected to be published in the Federal Gazette on February 12, 2019. The subscription period will begin on February 14, 2019 (0:00 CET) and end on February 28, 2019 (24:00 CET). The record date for the allocation of subscription rights is expected to be February 13, 2019.

Remaining New Shares not subscribed by shareholders in the connection of the Rights Offering as well as up to 3,480,725 New Shares in respect to which existing shareholders agreed not to exercise their subscription rights will be offered to interested investors in a private placement at a price of EUR 1.48 per share.

The Company has received commitment letters for the Private Placement covering a maximum volume of EUR 7.25 million at the subscription price from several investors, including from two new Asian investors, under which the investors' obligations are in part subject to the fulfillment of minimum allocation quotas.

Simultaneously with the proposed capital increase, the Supervisory Board also approved a management incentive program for the Management Board and key employees of the Group, to which these persons can contribute part of their variable compensation by way of a capital increase by way of contribution in kind into shares of the Company. This may result in a participation of these persons in the Company of approximately 4%.

The Fintech Group Bank AG with its representative office BankM is accompanying the capital increase and will offer the New Shares to the shareholders in accordance with the subscription offer.

The Company expects gross issue proceeds of a high one-digit million Euro amount. With the gross issue proceeds, windeln.de intends to realize projects for the announced growth course in China and to conclude the restructuring program.

Further information can be found in the subscription offer. The documents will be available in the Federal Gazette and the website of windeln.de (corporate.windeln.de).

Select key figures for the fourth quarter and full year 2018 on the basis of preliminary numbers and FY 2018

	Q4 2018	Q4 2017	2018	2017
Revenues (EUR million)	26.3	46.2	104.8	188.3
China	15.8	27.9	56.7	105.6
DACH	5.9	10.0	24.2	44.2
Rest of Europe	4.5	8.3	23.9	38.5
Operating Contribution (EUR million)	2.4	2.8	4.1	11.0
in % of revenues	*9.3%*	*6.0%*	*3.9%*	*5.8%*
Adjusted EBIT (EUR million)	-2.4	-5.3	-18.4	-21.3
in % of revenues	*-9.0%*	*-11.4%*	*-17.6%*	*-11.3%*

Corporate Communications

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About windeln.de

windeln.de is one of the leading online retailers for family products in Europe. The Group also operates a successful e-commerce business with products for babies and toddlers for customers in China. The broad product portfolio includes everything from diapers, baby food, children's furniture, toys, clothes and strollers to child car seats. windeln.de was founded in October 2010. The Company has been listed in the Prime Standard of the Frankfurt Stock Exchange since May 6, 2015. For more information, go to https://corporate.windeln.de.

Our shops: www.windeln.de, www.windeln.ch, www.bebitus.es, www.bebitus.pt, www.bebitus.fr, www.windeln.com.cn, windelnde.tmall.hk/