windeln.de publishes financial results for the third quarter and nine months 2020; European business further improved, China business below targets in Q3 but with stronger fourth quarter ahead

- **Revenues (excl. Bebitus) EUR 15.0 million in Q3 2020 (EUR 15.4 million in Q3 previous year); 9 months 2020 EUR 58.8 million (+17.9% compared to EUR 49.8m for 9 months previous year)**
- **Successful Singles Day on 11.11.; further sales events in November and December**
- **Adj. EBIT (excl. Bebitus) EUR -3.0 million in Q3 2020 (-19.9% margin) after EUR -3.9 million in Q3 previous year (-25.0% margin); 9 months 2020 EUR -5.5 million (-9.3% margin) compared to EUR -9.3 million for 9 months previous year (-18.6% margin)**
- **Total cash available EUR 5.5 million as of Sept. 30, 2020; successful capital increase in October with gross issue proceeds of EUR 3.4 million, total cash as of Nov. 9th: EUR 8.2 million**

Munich, November 12, 2020: windeln.de SE ("windeln.de", "Group" or "Company"; ISIN DE000WNDL201 and DE000WNDL128) today reported financial results for the third quarter (Q3) and 9 months (9M) of 2020. The Company generated revenues of EUR 15.0 million in Q3 2020 which corresponds to a slight decrease of -2.7% compared to Q3 of the previous year (EUR 15.4 million in Q3 2019) for its continuing operations (i.e. excluding the Bebitus business which is reported as "discontinued operation"). For the first 9 months 2020, revenues increased by 17.9% to EUR 58.8 million compared to the previous year period (9M 2019: EUR 49.8 million). Adjusted (adj.) EBIT improved to EUR -3.0 million in Q3 2020 compared to Q3 2019 with EUR -3.9 million. For the first 9 months 2020, adj. EBIT improved to EUR -5.5 million (-9.3% as percent of revenues) compared to EUR -9.3 million for the first 9 months 2019 (-18.6% as percent of revenues).

Q3 revenue for DACH and Bebitus increased year over year and quarter over quarter; China revenues below targets in Q3 but with stronger 4th quarter ahead

In China EUR 10.2 million revenues were generated in Q3 2020 which is a decrease of -5.3% year over year (Q3 2019 EUR 10.8 million) due to a temporary oversupply of milk formula in the Chinese market and a temporary suspension of the SPDC shipping process (duty-paid air freight from Germany) which will be re-activated in the next weeks. Also, marketing spent and therefore new customer acquisition have been lower during the transition from the cancelled marketing cooperation with LangTao to the local inhouse team in China. 9 months revenues for China were EUR 43.6 million compared to EUR 35.8 million for 9 months 2019 which is an increase of +21.8% year over year (+11.1% excluding the EUR 3.8 million revenue impact of the China VAT refund). The China business accounted for 68% of the Company revenues in Q3 2020 (74% for 9M 2020).

Revenues in Europe (excl. Bebitus) amounted to EUR 4.8 million in Q3 2020. Compared to the same quarter of the previous year, this represents an increase of +3.5% (Q3 2019: EUR 4.6 million). 9 months revenues in 2020 came in at EUR 15.2 million compared to EUR 14.1 million in the same period of the previous year which is an increase of +7.9%. Several promotion deals and social media campaigns are supporting this positive development in the German speaking markets which accounts for 32% of Company revenues in Q3 2020 (26% in 9M 2020).

Reported group revenues exclude the Bebitus business in Spain, Portugal and France which is accounted for as "discontinued operation" due to the ongoing divestiture process. Bebitus revenues amounted to EUR 3.4 million in Q3 2020 which implies a growth rate of +12.1% year over year (9 months 2020 EUR 9.7 million; +1.7% year over year). Revenues growth at Bebitus was supported by the development of the Portuguese Shop which increased +28% in Q3 yoy. The divestiture process of Bebitus is still ongoing.

Improvement in adj. EBIT in Q3 and 9 months 2020 for the group compared to the same period of the previous year mainly due to improvement in operating contribution from the European business and lower SG&A expenses.

Gross profit margin decreased to 17.1% in Q3 2020 (21.8% in Q3 2019) as a result of discount campaigns in China, which were necessary due to the temporary oversupply in the market. Also, the share of business customers was higher than in the previous year. This leads to lower gross profit margin but also lower marketing and fulfillment costs. Marketing costs in Q3 2020 amounted to EUR 0.5 million (3.4% of revenues) compared to EUR 0.6 million in the previous year quarter (4.0% of revenues). Fulfilment costs decreased in absolute terms to EUR 1.2 million (8.2% of revenues) compared to EUR 2.1 million (13.6% of revenues) in the previous year quarter. The Group signed the contract with a new warehouse provider for its German warehouse. The move to the new warehouse location is planned for spring 2021 and will reduce logistics costs further going forward.

Operating contribution margin (Gross profit less marketing and fulfilment costs) on Group level amounted EUR 0.8 million (5.5% of revenues) in the third quarter of 2020 and therefore grew 1.4 percentage points in relative terms above the previous year's level (Q3 2019: EUR 0.6 million or 4.1% of revenues). For the first 9 months 2020, contribution margin increased to EUR 7.2 million (12.2% of revenues) compared to EUR 2.9 million (5.8% of revenues) for the first 9 months 2019. In China, operating contribution margin in the third quarter of 2020 amounted to EUR 0.9 million (EUR 1.0 million in Q3 2019) and to EUR 7.5 million in the first 9 months 2020 (9M 2019: EUR 4.0 million). In the Segment Europe (excl. Bebitus), contribution margin in Q3 2020 improved to EUR -0.1 million compared to the third quarter of the previous year (EUR -0.3 million) and to EUR -0.3 million in 9M 2020 (9M 2019: EUR -1.1 million). Contribution margin of Bebitus improved to EUR 0.1 million in Q3 2020 from EUR 0.0 in the previous year. On 9 months level, contribution margin at Bebitus improved to EUR 0.3 million in 2020 from EUR -0.1 million in 2019.

Adj. other selling, general and administrative (SG&A) expenses decreased in absolute terms to EUR 3.8 million in Q3 2020 compared to EUR 4.8 million in Q2 2020. This essentially results from a one-off income from share-based compensation in Q2 2020. For the 9 months 2020 period, other SG&A costs amounted to EUR 12.6 million (9M 2019: EUR 12.2 million).

Adjusted EBIT of the Group improved to EUR -3.0 million (-19.9% margin) in the third quarter of the current year after EUR -3.9 million (-25.0% margin) in the same period of the previous year. For the 9 months 2020, adj. EBIT of the Group improved to EUR -5.5 million (-9.3% of revenues) including EUR 2.8 million positive impact form the China VAT refund compared to EUR -9.3 million for the first 9 months in 2019 (-18.6% of revenues).

Cash outflow reduced significantly in Q3; successful completion of capital increase in October

In Q3 2020, the cash outflow (incl. Bebitus) amounted to EUR 0.5 million and thereby improved significantly compared to EUR -5.9 Mio. Euro in Q2 2020 (9 months 2020: EUR -2.9 million). Net working capital incl. Bebitus as of September 30, 2020 was EUR 6.2 million and decreased by 38.5% compared to June 30, 2020 due to the reduction of inventory. The Group's total cash available was EUR 5.5 million as of September 30, 2020. In October, the Group successfully completed a capital increase with existing and new investors. Through the placement of 2,821,828 new no-par value bearer shares with a pro-rata amount in the share capital of EUR 1.00 each and dividend entitlement as from January 1, 2020 ("New Shares"), gross issue proceeds of EUR 3,386,193.60 were generated based on the subscription price of EUR 1.20 per New Share. Total cash as of November 9 therefore amounted to EUR 8.2 million.

Matthias Peuckert, CEO of windeln.de, and Nikolaus Weinberger, CFO of windeln.de, state: *"The development for our European business in the third quarter continued to be positive. Revenues for China were lower than targeted, however, preparations for the sales events in November and December in China have successfully been concluded and are expected to pay off in the fourth quarter. Our full year outlook for 2020 remains unchanged with double-digit revenue growth and a moderate improvement in adjusted EBIT. With the capital increase we secured further funding to support our growth projects for 2021 to achieve our adj. EBIT break-even target."*

Select key figures for third quarter and 9 months 2020

	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenues (EUR million)	15.0	15.4	58.8	49.8
China	10.2	10.8	43.6	35.8
Europe (DACH)	4.8	4.6	15.2	14.1
Operating Contribution (EUR million)	0.8	0.6	7.2	2.9
China	0.9	1.0	7.5	4.0
Europe (DACH)	-0.1	-0.3	-0.3	-1.1
in % of revenues	*5.5%*	*4.1%*	12.2%	5.8%
Adjusted EBIT (EUR million)	-3.0	-3.9	-5.5	-9.3
in % of revenues	*-14.0%*	*-14.2%*	-0.7%	-7.5%
Discontinued Operation (Bebitus):				
Revenues	3.4	3.0	9.7	9.5
Operating Contribution	0.1	0.0	0.3	-0.1
Adjusted EBIT	-0.6	-0.8	-2.0	-2.7

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About windeln.de

windeln.de is one of the leading online retailers for baby, toddler and children's 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/.

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