windeln.de optimizes warehouse logistics and successfully carries out capital increase

- **H1 2021 sales EUR 33.3 million (33% decrease compared to EUR 50.0 million in H1 2020)**
- **Adjusted EBIT EUR -8.1 million (-24.5% adjusted EBIT margin) compared to EUR -3.8 million (-7.7% adjusted EBIT margin) in H1 2020**
- **Capital increase successfully implemented in Q1 and Q3 2021 to improve financial position**
- **Forecast of key figures 2021 adjusted**
- **Warehouse relocation successfully completed; future logistics savings possible**

Munich, August 12, 2021: windeln.de SE ("windeln.de", "Group" or "Company"; ISIN DE000WNDL201) today published its financial results for the first half year (H1) 2021. The Company generated revenues of EUR 33.3 million, a decrease of 33% compared to the first half of the previous year (EUR 50.0 million). Adjusted EBIT amounted to EUR -8.1 million in H1 2021 (H1 2020: EUR -3.8 million).

The Bebitus business had not yet been sold as of the reporting date of June 30, 2021; however, it is still intended to sell the Southern European business. The business to be divested may no longer be classified as a discontinued operation under IFRS 5 after June 30, 2021; the figures for the previous year have been adjusted accordingly and include the Bebitus business.

Decline in sales in the target markets of Europe and China due to necessary warehouse relocation and delivery restrictions

China generated sales of EUR 20.5 million in H1 2021, down 39% year-on-year (H1 2020: EUR 33.4 million).

The significant decline in revenue is largely due to the unusually high revenue from the sale of hygiene products to corporate customers in the previous reporting period (EUR 7.0 million revenue in H1 2020, compared to EUR 765 thousand in H1 2021) as well as the VAT refunds for the China business recognized in 2020 for previous years (EUR 3.6 million). In addition, the temporary shipping constraints due to the relocation of the main warehouse as well as a low inventory level in the Chinese warehouses contributed significantly to the decline in turnover. Taking these special effects into account, the decline in turnover is in the low double-digit percentage range.

Sales in Europe amounted to EUR 12.8 million in the first half of 2021. Compared to the same period of the previous year, this represents a decrease of 23% (H1 2020: EUR 16.7 million).

In Europe, too, the decline in sales was significantly influenced by the relocation of the main warehouse, which led to lower availability of individual products in the months March to May 2021. The previous reporting period also saw a strong increase in orders due to the COVID 19 pandemic, which did not continue in the first half of 2021.

Reduced sales volume in China had a negative impact on earnings

Gross profit margin decreased to EUR 5.3 million in the first half of 2021 (H1 2020: EUR 11.4 million). In the second quarter of 2020, the gross profit margin was EUR 7.0 million compared to EUR 2.4 million in the second quarter of 2021.

Marketing costs recorded a slight increase from 3.1% of sales in the first half of 2020 to 4.5% in the current year.

The necessary warehouse relocation and the resulting increase in costs due to double stock management, combined with the reduced sales volume in the reporting period, are reflected in the fulfillment costs. These fell by 27 % to EUR 2.9 million (H1 2020: EUR 3.9 million), a smaller decrease compared to the decline in sales, and thus represent a slightly higher share as a percentage of sales in the first half of 2021 of 8.7 % (H1 2020: 7.9 %), which is also due to an increased share of end customer business in total sales compared to the previous year.

The significantly reduced sales volume ultimately also leads to an operating contribution margin at overall Group level of EUR 446 thousand, which thus corresponded to 1.3% of sales in the first half of 2021. In the previous reporting period, an operating contribution margin of EUR 6.5 million (13.1% of total sales) was recorded.

In China, the contribution margin recorded a significant decline from EUR 6.6 million in the first half of 2020 to EUR 886 thousand in the reporting period. This development goes hand in hand with the significant decline in sales in the China segment and is also reflected in Europe during the reporting period - here, the operating contribution margin also developed negatively from EUR -75 thousand in the first half of 2020 to EUR -440 thousand in the first half of 2021.

Adjusted other selling and administrative expenses represented 25.8% of sales in the first half of the year (H1 2020: 20.7 %) and thus amounted to EUR 8.6 million (H1 2020: EUR 10.4 million). The percentage increase in adjusted other selling and administrative expenses is mainly attributable to the decline in sales volumes in the reporting period.

The Group's reported EBIT declined to EUR -8.1 million (-24.5% margin) in the first half of 2021 compared to EUR -3.8 million (-7.7% margin) in the first half of 2020. In the second quarter of 2021, EBIT amounted to EUR -4.1 million (Q2 2020: EUR -472 thousand).

Negative net result for the period characterizes the first half of the year

In the first half of the year, a cash outflow of EUR -7.3 million was recorded, which was mainly influenced by the negative result for the period. Net working capital decreased by EUR 788 thousand to EUR 1.4 million in the first half of 2021 (December 31, 2020: EUR 2.2 million; June 30, 2020: EUR 10.1 million). The reason for this is primarily a decrease in inventories and advance payments made.

The target of achieving break-even on the basis of adjusted EBIT in 2022 is still considered realistic. A prerequisite for achieving break-even on the basis of adjusted EBIT 2022 is additional liquidity to finance the build-up of inventories.

Adjusted forecast for 2021

Due to the significant decline in sales in the first half of the year, the Management Board is adjusting some of the forecasts made in the 2020 Annual Report.

The Management Board forecasts to recover part of the sales losses in the second half of the year and expects slight growth for the full year 2021. The slight increase in the average order value originally forecast is corrected due to the higher share of direct deliveries from the local Chinese storage locations. From now on, a slight decline is assumed for the full year. Furthermore, contrary to the original forecast, a significant year-on-year deterioration in the contribution margin is expected due to the decline in sales in the China segment, with the result that the contribution margin as a percentage of total sales will also deteriorate noticeably in 2021. The decline in sales in the China segment also impacts the original forecast of a strong improvement in adjusted EBIT as a % of sales, so a significant deterioration is expected for the second half of the year. Cash outflow should be significantly reduced overall in 2021, but the low level of net working capital as of June 30, 2021, means that cash outflow for the full year 2021 is forecast to be significantly higher in the double-digit million range.

The main focus will continue to be on achieving company-wide liquidity protection and profitability.

The partially adjusted guidance therefore does not affect Management Board‘s expectations of reaching the break-even point on the basis of adjusted EBIT in 2022, assuming additional liquidity to finance the build-up of inventories.

Successful capital increases in Q1 and Q3

In March 2021, a capital increase of EUR 1.1 million was successfully completed. On June 15, 2021, a further increase in share capital was resolved. The capital increase of EUR 4.5 million was entered in the commercial register on July 13, 2021 and is therefore not yet visible in the balance sheet as of June 30, 2021. The newly raised capital serves to secure windeln.de's liquidity and to implement further measures to reduce costs and increase efficiency.

Matthias Peuckert, CEO of windeln.de, states: *"After some special effects that positively influenced sales in the first half of 2020, the limitations on shipping due to the relocation of the central warehouse in Europe compounded the discontinuation of these special effects. However, the strategy and our expectations for further business development remain unchanged. We are confident of achieving sustainable and profitable growth in the long term. We have been able to secure the Group's liquidity, primarily through the successfully completed capital increases, and thus take advantage of the strategic opportunities of market growth in China and the expansion of new distribution channels, so we expect a significant increase in sales in the second half of the year."*

Nikolaus Weinberger, former CFO of windeln.de, has left the company effective March 31, 2021. His duties will henceforth be assumed by Matthias Peuckert. The Management Board and Supervisory Board of windeln.de SE would like to express their sincere thanks for the cooperation to date and wish him all the best for the future.

Selected key figures for the second quarter and first half of 2021 incl. comparative periods

	H1 2021	H1 2020	Q2 2021	Q2 2020
Sales (in EUR million)	33.3	50.0	16.0	32.6
China	20.5	33.4	10.3	23.2
Europe	12.8	16.7	5.7	9.4
Operating contribution margin (in EUR million)	0.4	6.5	-0.1	5.0
China	0.9	6.6	0	4.8
Europe	-0.4	-0.1	-0.2	0.3
in % of sales	1.3%	13.1%	-1.1%	15.4%
Adjusted EBIT (in EUR million)	-8.1	-3.8	-4.1	-0.5
in % of sales	-24.5%	-7.7%	-25.4 %	-1.4%

Corporate Communications

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About windeln.de

windeln.de is one of the leading online retailers for family products in Europe. In addition, the company operates a successful e-commerce business with baby and toddler products for customers in China. The broad product range extends from diapers and baby food to children's furniture, toys and clothing, as well as strollers and child car seats. windeln.de was founded in 2010 and has been listed in the Prime Standard of the Frankfurt Stock Exchange since May 6, 2015. For more information, visit https://corporate.windeln.de/

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