windeln.de publishes unaudited financial statements for fiscal year 2021 and quarterly report for the first quarter of 2022

- **Publications are made in view of the pending implementation of the ongoing rights issue without auditor's opinion and approval of the Supervisory Board regarding the annual and consolidated financial statements as of Dec. 31, 2021**
- **Revenues of EUR 12.8 million and significantly improved adj. EBIT of minus EUR 0.8 million in Q1 2022**
- **Significant improvement in gross profit margin and operating contribution margin in Q1 2022**
- **Revenues of EUR 52.1 million and adj. EBIT of minus EUR 9.4 million in fiscal year 2021**
- **Long-term measures for sustainable cost savings and liquidity improvement completed in fiscal year 2021**
- **Very strong improvement in reported EBIT expected in 2022**
- **Publication of audited annual and consolidated financial statements 2021 scheduled for end of June 2022**

Munich, May 16, 2022:
windeln.de SE ("windeln.de", "Group" or "Company"; ISIN DE000WNDL201 and DE000WNDL128) today publishes the annual financial statements and consolidated financial statements for the full year (FY) 2021, which have not yet been audited by the auditor and approved by the Supervisory Board, and the quarterly statement for the first quarter (Q1) 2022. The publication is made irrespective of the still ongoing discussions with the auditor of the Company regarding the evidence for the assumption of going concern for accounting purposes in the annual financial statements and consolidated financial statements for FY 2021. The Company currently assumes that the audit of the financial statements can only be completed after the implementation of the subscription rights capital increase resolved by the Annual General Meeting on January 28, 2022. The subscription period runs until June 8, 2022. The delays in the implementation of the capital increase are due to the fact that investors who have committed to purchase new shares as part of the capital increase are currently temporarily unable to fulfil their obligations due to the Covid-19-related lockdown in parts of the People's Republic of China (according to its own statement for logistical reasons).

First quarter (Q1) 2022

In the first quarter, the company generated revenues of EUR 12.8 million, which corresponds to a decrease of 13% compared to the previous year (Q1 2021: EUR 14.6 million). In China, revenues in Q1 2022 were at a constant level compared to the same quarter of the previous year, with a decrease of EUR 0.1 million to EUR 10.1 million (Q1 2022: EUR 10.2 million). Revenues in the Europe segment (continuing operations only) amounted to EUR 2.7 million in Q1 2022 compared to EUR 4.4 million in the same quarter of the previous year, a decrease of EUR 1.7 million or 40%. On the one hand, the revenue development was influenced by the situation in China. There, the company was unable to meet the high demand as expected due to existing supply shortages. On the other hand, the Ukraine crisis has had a negative impact on customers' propensity to consume since the end of February.

The gross profit margin increased significantly by 12.8 percentage points to 28.9% in the first quarter of 2022 (Q1 2021: 16.1%). The reason for this positive development is ongoing supply difficulties on the part of the company's main supplier, which led to a shortage of supply on the Chinese market. The resulting very strong price increase in turn had a positive impact on the gross profit margin. In addition, the company's customer mix shifted from intermediaries to private customers, resulting in higher margins per product.

The operating contribution margin from continuing operations (gross profit less marketing and fulfillment costs) recorded a strong increase in Q1 2022 to EUR 2.2 million (17.0% of revenues) compared to EUR 0.6 million (3.8% of revenues) in the prior-year quarter. In the China segment, operating contribution margin in Q1 2022 showed a significant positive increase of EUR 1.5 million or 177% to EUR 2.4 million (Q1 2021: EUR 0.9 million). In the same period, the operating contribution margin in the Europe segment (continuing operations only) decreased by EUR 99 thousand or 33% to EUR -0.2 million compared to Q1 2021. Adj. EBIT also improved strongly to EUR -0.8 million (-6.2% of revenue) in Q1 2022 compared to Q1 2021 (EUR -3.5 million or -23.6% of revenue).

For the first time, the Group generated a positive cash flow in a quarter. In the first quarter of 2022, the cash inflow from operating activities amounted to EUR 0.7 million (Q1 2021: cash outflow of EUR 4.8 million). Net working capital improved very strongly by EUR 3.7 million in the first quarter of 2022 (Q1 2021: improvement of EUR 1.2 million).

Bastian Salewsky, CEO of windeln.de SE, comments: "We are looking back on a solid start to the new fiscal year and are confident that the measures taken last year to reduce costs and improve liquidity will have a positive impact on further business development. This development is already reflected in some key financial performance indicators in the first quarter, so overall we believe we are well positioned for the current fiscal year 2022. In the short term, given the disrupted supply chains and delivery difficulties of our main supplier, we expect market conditions to remain challenging, which will also impact windeln.de's business performance."

Fiscal year 2021: Decline in revenues in China and Europe due to non-recurring special effects, but successful cost reduction through discontinuation of unprofitable business areas and further cost-saving measures

In fiscal year 2021, windeln.de recorded total revenues of EUR 52.1 million, down from EUR 76.1 million in the previous year. This decrease is attributable to both the China segment and the Europe segment. Revenues of the China segment decreased by EUR 18.2 million or 32% to EUR 37.9 million in 2021 (2020: EUR 56.0 million), representing 73% of the company's revenues in FY 2021 (FY 2020: 74%). Negative effects on revenues resulted in particular from the lack of availability of certain products, due to non-recurring special effects. Furthermore, necessary measures were taken to preserve liquidity, while at the same time the duty-paid delivery from Germany to China was discontinued in mid-August due to a lack of air freight capacities from Europe to China. In addition, in the fourth quarter, which is generally the strongest in terms of revenues, certain goods were only available to a limited extent due to a change in formulation by a supplier. In addition, the strong order intake for hygiene articles for corporate customers due to the COVID-19 pandemic in 2020, resulting in positive revenue growth, was not repeated in the reporting period.

In the Europe segment, revenues from continuing operations decreased by EUR 5.8 million, or 29%, to EUR 14.2 million (2020: EUR 20.0 million) and represent 27% of corporate revenues in FY 2021 (26% in FY 2020). The development in Europe is partly due to the relocation of the Group's main warehouse and the related delivery difficulties. In addition, the positive effects on order intake and revenues in 2020 due to the pandemic did not recur in the past reporting year. At the end of the fourth quarter, the loss-making Southern European Bebitus business was discontinued after no buyer could be found. The operating result (EBIT) of the Bebitus business unit amounted to minus EUR 3.0 million in 2021 (2020: minus EUR 2.7 million).

In order to adapt to the structural changes in the market in China and the increasingly attractive platform business, windeln.de simultaneously took appropriate measures in the first quarter of 2021 and launched its own WeChat Mini program. In the second quarter of 2021, the offering for customers in China was further expanded by opening its own flagship store on the BabyTree online platform. The flagship store opened on the JD.com platform at the end of 2020 was successfully established over the course of 2021. Furthermore, the relocation of the main warehouse was successfully completed in the middle of the second quarter of 2021, so that significant cost savings can be realized in the logistics area in the future.

Earnings development in FY 2021 significantly influenced by decline in revenues in target market China

In fiscal year 2021, the gross profit margin recorded a slight decrease from 21.3% in the previous year to 19.6%. This development is mainly attributable to revenues in the financial year 2020 in the amount of EUR 3.9 million due to VAT adjustments in the China segment. This special effect did not recur in 2021. Marketing costs were reduced by EUR 0.7 million to EUR 1.9 million in the reporting period through the targeted use of selected marketing tools. Fulfillment costs decreased by 29% year-on-year to EUR 4.1 million (FY 2020: EUR 5.8 million).

In FY 2021, the operating contribution margin decreased to EUR 4.2 million (8.0% of revenues) compared to EUR 7.8 million (10.2% of revenues) in the previous year. The operating contribution margin of the Europe segment (continuing operations only) deteriorated by EUR 0.3 million to EUR -0.7 million in fiscal year 2021 (2020: EUR -0.4 million). This change is mainly due to the decline in revenues. For the same reason, the operating contribution margin of the China segment also deteriorated by EUR 3.3 million to EUR 4.9 million in the reporting period. Significant reductions in personnel costs, triggered by substantial headcount reductions as well as outsourcing of positions to the Romanian site, reduced the Group's adjusted other selling and administrative expenses to EUR 13.6 million (FY 2020: EUR 16.4 million). In the full year 2021, the Group's adj. EBIT of the Group decreased to EUR -9.4 million (-18.1% of revenues) compared to EUR -8.6 million in the previous year (-11.3% of revenues).

The company had EUR 4.1 million in cash and cash equivalents available as of December 31, 2021 (FY 2020: EUR 8.5 million). This decrease is mainly due to lower cash inflows in the context of the capital increases and the negative result of FY 2021. As of December 31, 2021, net working capital amounted to EUR 1.0 million (December 31, 2020: EUR 2.2 million) and was thus reduced by 54.1%. The decisive factor for this positive development was the shortened liquidity commitment for deliveries to Chinese customers.

As a result of the negative result for the fiscal year, the Group recorded a negative cash outflow from operating activities of EUR 10.4 million (FY 2020: EUR -7.1 million).

Positive outlook for 2022 due to cost-saving measures to date

The Management Board expects very strong revenue growth in fiscal year 2022. The economic focus will remain on achieving profitability and securing liquidity. Furthermore, a significant improvement in operating contribution margin as a percentage of revenues and a strong improvement in adjusted EBIT as a percentage of revenues are targeted for the financial year 2022. Furthermore, a cash outflow from operating activities in the mid-single-digit million range is expected for fiscal year 2022. Assuming a favorable business performance, the Management Board believes it is possible to achieve positive adjusted EBIT across the Group, at least on a monthly basis, in the fourth quarter of 2022. Breakeven on the basis of adjusted EBIT is expected to be reached in 2023.

Publication of audited annual and consolidated financial statements scheduled for end of June 2022

The date for publication of the audited annual and consolidated financial statements approved by the Supervisory Board has been postponed to the end of June 2022 following a further extension of the subscription period for the current subscription offer as part of the ordinary rights issue resolved by the Annual General Meeting on January 28, 2022. The Company currently assumes that the audit of the financial statements can only be completed after implementation of the capital increase and that the auditor will issue the auditor's report.

Selected key figures for the first quarter of 2022

	Q1 2022	Q1 2021
Revenues (EUR million)	12,8	14,6
China	10,1	10,2
Europe (continuing operations only)	2,7	4,4
Operating contribution margin (EUR million)	2,2	0,6
China	2,4	0,9
Europe (continuing operations only)	-0,2	-0,3
in % of revenues	17,0	3,8
Adjusted EBIT (EUR million)	-0,8	-3,5
in % of revenues	-6,2	-23,6

Selected key figures for the fourth quarter and full year 2021

	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenues (EUR million)	14,7	17,3	52,1	76,1
China	11,2	12,4	37,9	56,0
Europe (continuing operations only)	3,5	4,9	14,2	20,0
Operating contribution margin (EUR million)	2,5	0,6	4,2	7,8
China	2,7	0,6	4,9	8,2
Europe (continuing operations only)	-0,2	-0,0	-0,7	-0,4
in % of revenues	17,3%	3,5%	8,0%	10,2%
Adjusted EBIT (EUR million)	-0,7	-3,1	-9,4	-8,6
in % of revenues	-5,0%	-17,9%	-18,1%	-11,3%

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About windeln.de

windeln.de is one of the leading online retailers for family products in the German-speaking region. 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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