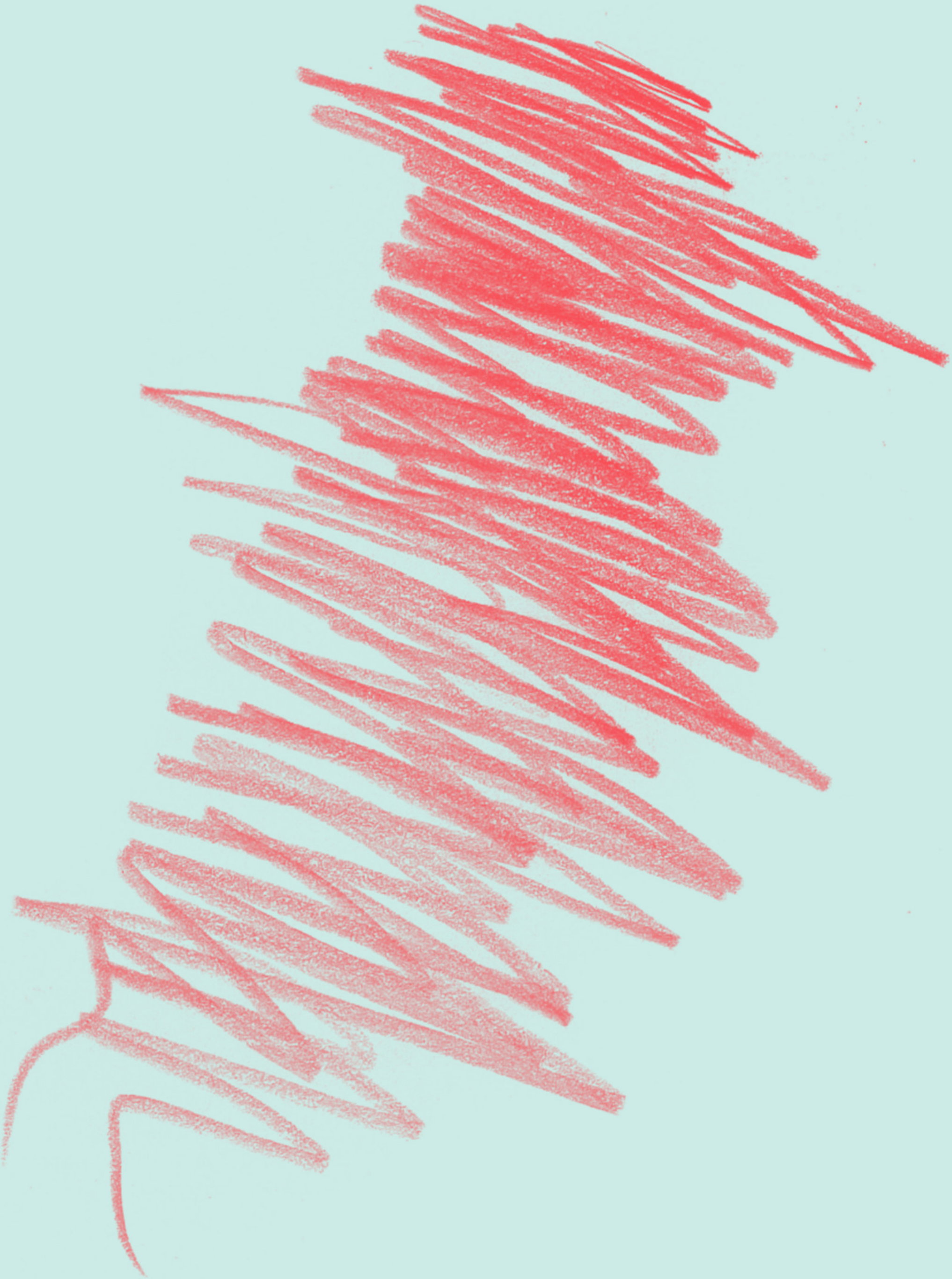
windeln



# HALF YEAR REPORT 2021

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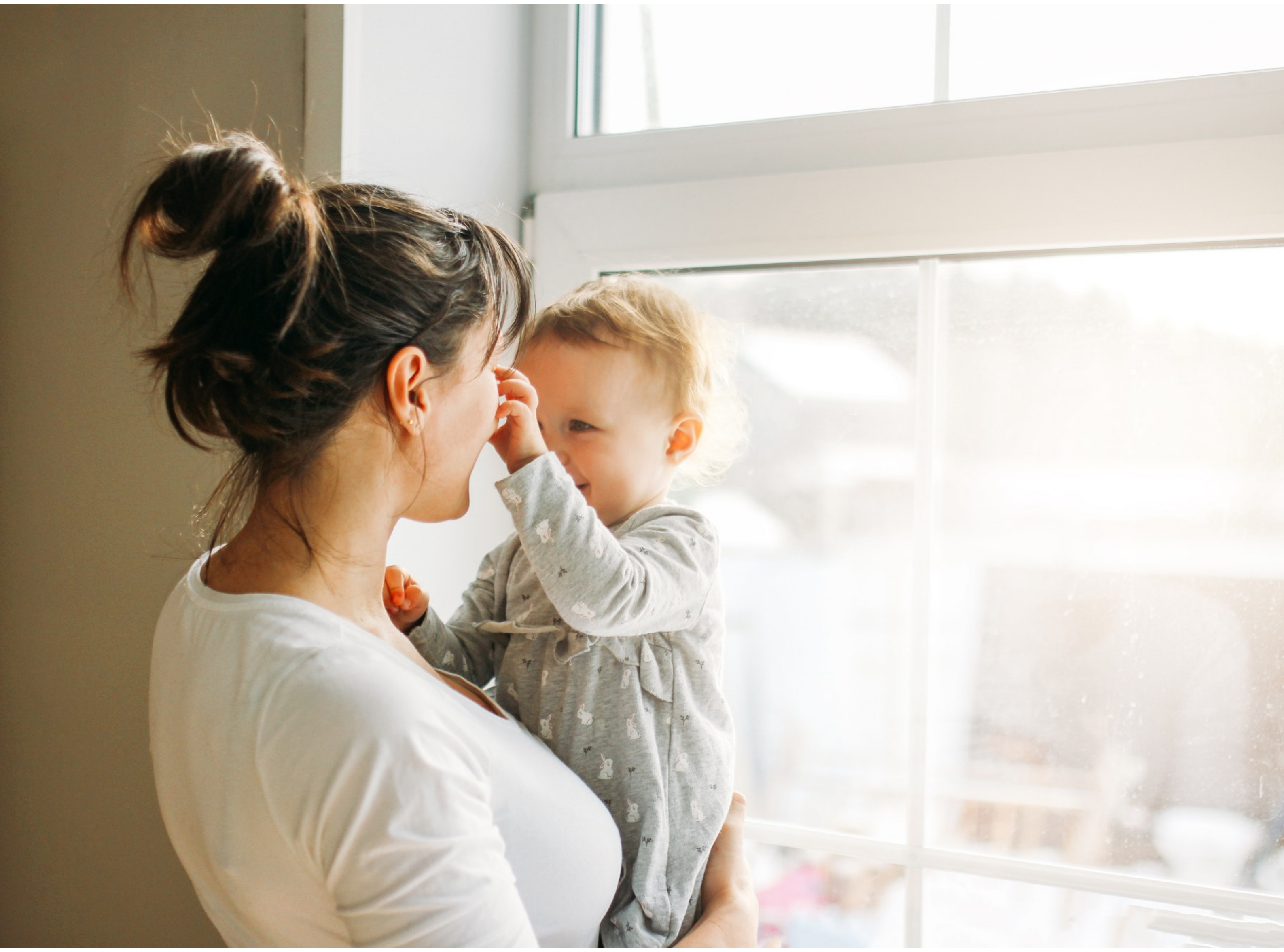
# WINDELN.DE GROUP AT A GLANCE

| Performance indicators | H1 2021 | H1 2020 R | Q2 2021 | Q2 2020 R |
|---|---|---|---|---|
| Site visits[1] | 12,820,995 | 17,615,390 | 6,920,128 | 10,056,075 |
| Mobile visit share (as % of site visits) | 85.4% | 84.7% | 86.2% | 84.6% |
| Mobile orders (as % of number of orders) | 68.0% | 62.2% | 67.2% | 63.7% |
| Active customers | 368,058 | 395,634 | 368,058 | 395,634 |
| Number of orders | 275,743 | 314,952 | 128,541 | 159,101 |
| Average orders per active customer (in number of orders) | 1.6 | 1.7 | 1.6 | 1.7 |
| Share of repeat customer orders (as % of orders of last 12 months) | 62.05% | 68.91% | 62.05% | 68.91% |
| Gross order intake (in EUR) | 23,972,802 | 29,299,611 | 11,150,522 | 14,569,958 |
| Average order value (in EUR) | 86.94 | 93.03 | 86.75 | 91.58 |
| Returns (as % of gross revenues from orders) | 2.1% | 2.7% | 2.7% | 1.7% |
| Marketing cost ratio (as % of revenues) | 4.5% | 3.1% | 5.3% | 2.2% |
| Fulfilment cost ratio (as % of revenues) | 8.7% | 7.9% | 8.0% | 6.0% |
| Adjusted other SG&A expenses (as % of revenues) | 25.8% | 20.7% | 24.3% | 16.9% |
| | | | | |
| **Earnings position** | | | | |
| Revenues (in kEUR) | 33,314 | 50,029 | 16,002 | 32,608 |
| Gross profit (in kEUR) | 5,302 | 11,392 | 2,423 | 7,042 |
| Gross profit (as % of revenues) | 15.9% | 22.8% | 15.1% | 21.6% |
| Operating contribution (in kEUR) | 446 | 6,533 | -170 | 5,023 |
| Operating contribution (as % of revenues) | 1.3% | 13.1% | -1.1% | 15.4% |
| Adjusted EBIT (in kEUR) | -8,149 | -3,835 | -4,057 | -472 |
| Adjusted EBIT (as % of revenues) | -24.5% | -7.7% | -25.4% | -1.4% |
| | | | | |
| **Financial position** | | | | |
| Cash flow used in operating activities (in kEUR) | -7,282 | -7,094 | -2,523 | -5,148 |
| Cash flow from/used in investing activities (in kEUR) | -15 | -312 | -11 | -249 |
| Cash flow from/used in financing activities (in kEUR) | 859 | 5,025 | -377 | -511 |
| Net decrease in cash and cash equivalents | -6,438 | -2,381 | -2,911 | -5,908 |
| Cash and cash equivalents at the end of the period (in kEUR) | 2,098 | 5,996 | 2,098 | 5,996 |
| | | | | |
| **Other** | | | | |
| Basic earnings per share (in EUR) | -0.67 | -0.89 | -0.31 | -0.35 |

[1] In Q3 2020, the method of measuring visits on Shop sites has been changed to exclude traffic from the connected magazine sites. Historical data before the implemented change cannot be updated because of technical restrictions.

# INTERIM GROUP MANAGEMENT REPORT AS OF JUNE 30, 2021



# 1. Fundamental information about the Group

The statements on the business model, strategy, and competitive situation of the Group as well as research and development made in the Annual Report 2020 still apply as of June 30, 2021. The Group structure is unchanged on June 30, 2021.

The structure and management of the segments is unchanged compared with the Annual Report 2020.

Material financial and non-financial key performance indicators remain unchanged compared with the Annual Report 2020.

On June 30, 2021, the southern European Bebitus business with web shops in Spain, Portugal and France is still offered for sale. For further details we refer to section 2.3.

# 2. Report on economic position

## 2.1. Macroeconomic conditions

The global economy is still heavily dependent on the further development of the COVID 19 pandemic. The vaccination campaign to protect against the coronavirus started worldwide in the first half of 2021. In almost all major economies, substantial proportions of the population have already been vaccinated, but "herd immunity" has not yet been achieved. In contrast, various virus mutations are on the rise and further waves and lock-downs are to be expected. Therefore, further effects on the recovering business climate in the western industrialized nations and China are expected.

The German "Sachverständigenrat" expects real gross domestic product (GDP) in Germany to gain by 3.1% in 2021. For 2022, it expects growth of 4.0% again. However, this means that GDP in Germany will be back to the level before the pandemic in 2022 at the earliest.[2] The unemployment rate in Germany is expected to decrease in the coming months and stabilize at the 2019 level in 2022.[3] High uncertainty remains regarding the further course of the pandemic globally.

Amongst other sectors, transport & logistics as well as the automotive and tourism industry were massively affected by the crisis globally, whereas pharmaceuticals; medical technology, environmental technology, IT, artificial intelligence as well as online service providers online platforms and online retailers are generally benefiting from the COVID 19 pandemic.

E-commerce sales in Germany will amount to around EUR 96.6 billion in 2021 (+13.8% compared to the previous year). According to Statista, an e-commerce market volume of EUR 118.9 billion will be reached in Germany by 2025, which equals a compound annual growth rate of 5.35% (CAGR 2021-2025).[4]

It is estimated that sales in e-commerce in Europe in 2021 will amount to around EUR 470 billion, which corresponds to a growth rate of 15.2% compared to 2020. By 2025, a market volume of EUR 581 billion is expected in Europe with a growth rate of 5.4% (CAGR 2021-2025).[5]

Sales in e-commerce in China will amount to EUR 1,366 billion in 2021 (+14.8% compared to 2020) according to Statista. Until 2025, the annual compound growth rate is estimated to be 6.65% (CAGR 2021-2025) and reach EUR 1,768 billion in market volume in China.[6]

## 2.2. Sector specific environment – market for products for babies, toddlers, and children

**German and European market**

The growth of the e-commerce market for baby consumer goods and other baby, toddler and children's products is important to the Group. According to Statista, online retailing in the segment of baby and toddler supplies in Germany will amount to around EUR 2.9 billion in 2021 which will represent a growth rate of 14.9% compared to 2020. Until 2025, a CAGR of 7.04% (CAGR 2021-2025) is expected in this segment in Germany.[7]

Sales in the toy and baby segment in Europe are estimated to be equivalent to EUR 16.5 billion in 2021 which represents a growth rate of 13.8% year over year. Until 2025, a CAGR of 4.87% (CAGR 2021-2025) is expected in this segment in Europe.[8]

These very high growth rates, especially compared to 2020, reflect the ongoing COVID 19 pandemic and the growing tendency to shop online in the baby and children segment.

**Mobile device**

The constant rise of the use of smartphones and tablets as well as the improvement in mobile or wireless networks are the main reasons for the increasing online penetration in Europe. Smartphones and tablets offer customers a convenient way to shop at any time and from anywhere. This is a major advantage especially for the sale of baby and toddler products. In addition, online marketing via mobile devices (e.g., push notifications. social shopping) offers a new opportunity to increase daily interaction with customers. The Group is continuously working to improve the mobile shopping experience for its customers. The share of mobile page views at windeln.de amounted to 85.4% in H1 2021 (the share of mobile orders amounted to 68.0%).

[2] https://www.sachverstaendigenrat-wirtschaft.de/konjunkturprognose-2021, retrieved on July 30, 2021
[3] https://de.statista.com/statistik/daten/studie/164530/umfrage/prognose-zur-arbeitslosenzahl-in-deutschland/, retrieved on July 30, 2021
[4] https://de.statista.com/outlook/dmo/ecommerce/deutschland, retrieved on July 30, 2021
[5] https://de.statista.com/outlook/dmo/ecommerce/europa, retrieved on July 30, 2021
[6] https://de.statista.com/outlook/dmo/ecommerce/china, retrieved on July 30, 2021
[7] https://de.statista.com/outlook/dmo/ecommerce/spielzeug-hobby-diy/spielzeug-baby/deutschland, retrieved on July 30, 2021
[8] https://de.statista.com/outlook/dmo/ecommerce/spielzeug-hobby-diy/spielzeug-baby/europa, retrieved on July 30, 2021

In China, over 90% of internet users are using mobile devices online.[9] The mobile platform is in the foreground, which is why windeln.de continuously optimizes its offering on mobile devices in China as well.

**Cross-border e-commerce market in China**

windeln.de is active in the Chinese cross-border e-commerce market. Chinese customers buy directly from foreign online merchants in this market segment. During the COVID 19 pandemic, the number of Internet connections in China has increased to 854 million, which corresponds to a growth rate of 6% compared to 2020. Accordingly, the number of cross-border online shopping users is expected to rise to 246 million in 2021.[10]

With the rising disposable income of the Chinese population and a strongly growing middle class, the demand for high-quality products from Europe, especially from Germany, has been growing for years. The main product categories purchased are cosmetics and healthcare products, food & beverage as well as products for mothers and children. In general, female consumers and those with children show higher purchasing frequency and spending than others in cross-border e-commerce.

Despite the structural attractiveness of the Chinese market, demand is volatile as it reacts to market changes such as new legal or regulatory regulations, product changes or temporarily tightened customs controls. It should also be noted that due to the attractiveness of the Chinese market, competition and thus price pressure will tend to increase in the future.

Due to the strong growth in e-commerce and in the toy and baby product segments, especially as a result of the global COVID 19 pandemic, the Group sees further growing market opportunities for the business model of trading products for children and families in Europe and China.

**Three-child policy in China**

End of May 2021 the Chinese government announced the political change towards a three-child policy. This relaxation in family planning is intended to counteract the decline in the birth rate. At the same time, the government promised to create appropriate monetary incentives for families. The group expects an increase in the birth rate to have a corresponding impact on sales figures in China.[11]

## 2.3. Course of business

The Group has not experienced any significant negative consequences from the COVID 19 pandemic. Employees mainly work from home and business operations are still fully maintained.

This section provides details on material transactions that occurred in the first six months of 2021.

**Planned sale of southern European Bebitus business**

On June 30, 2021, the southern European Bebitus business with web shops in Spain, Portugal and France is still offered for sale. In the first half of 2021 further discussions with interested parties took place. As of June 30, 2021, a tangible offer to buy does not exist.

In March 2020 it was decided to sell the Bebitus business. The requirements of IFRS 5 were fulfilled and the Bebitus business was classified as discontinued operation. In the second quarter of 2020, the plan was changed as not the complete business operations should be sold but rather only specific assets related to the business operations. Since the first quarter of 2020, the assets intended for sale were classified as held for sale and were presented as “disposal group” on the face of the consolidated statement of financial position and measured at fair value less costs of disposal. Profit or loss of the Bebutis operations were presented in a separate item “profit or loss after taxes from discontinued operations” in the consolidated income statement.

As of June 30, 2021, the Bebitus business is still not sold. If a business is not sold within a period of twelve months (period starts with the changed plan on June 30, 2020) after classification as IFRS 5 or if a disposal is not directly imminent, the business to be sold shall not be classified as IFRS 5 anymore. Therefore, the assets intended for sale will not be presented in the item “disposal group” anymore and the profit or loss of the operations will not be presented in the item “profit or loss after taxes from discontinued operations” anymore. Prior year periods of the consolidated income statement were adjusted retrospectively.

As of June 30, 2021, the Management Board of the Company still intends to sell the Bebitus business or to abandon it in case there will be no investor found. In the first six months of 2021, the Bebitus operations generated revenues in the amount of EUR 5,096k (H1 2020: EUR 6,286), an operating contribution margin in the amount of EUR 23k (H1 2020: EUR 173k) and an adjusted EBIT of EUR -1,297k (H1 2020: EUR -1,355k).

**WeChat Mini Program**

In the first quarter of 2021, windeln.de launched its own WeChat Mini Program. The WeChat Mini Program is a shopping platform of the popular messenger app WeChat, which is used by more than 900 million users in China. The WeChat Mini Program has grown tremendously in recent years. As the shopping platform is directly linked to the messenger app WeChat (App in App), users can easily and quickly share products they find in the WeChat Mini Program with their friends and family. Also, the WeChat Mini Program offers various attractive marketing tools such as live chats with customers or special promotional offers that can be shared with friends. The new sales channel is served via windeln.de's existing logistics network. Through the WeChat Mini Program, the group mainly sells baby food, drugstore items and toys.

**Flagship store on online platform BabyTree**

In the second quarter of 2021, windeln.de has further expanded its offering for customers in China and has opened its own flagship store on the BabyTree online platform. With high average monthly active users (MAUs) of around 91.2 million users in 2020, BabyTree is one of the largest and most active online platforms in the Maternity and Child (M&C) focused online community in China. Its users mainly include young families, which means there is a high overlap with the customer base of windeln.de.

[9] https://de.statista.com/statistik/daten/studie/39526/umfrage/zugangsgeraete-der-internetnutzer-in-china/, retrieved on July 30, 2021
[10] https://www.mittelstandsbund.de/themen/digitalisierung/cross-border-e-commerce-in-china/, retrieved on July 30, 2021
[11] https://www.zeit.de/politik/ausland/2021-05/china-geburtenkontrolle-zwei-kind-politik-volkszaehlung-wirtschaft, retrieved on July 30, 2021

**Change of warehouse service provider**

At the end of 2020, a warehouse service contract was signed with Radial GmbH ("Radial") for the site in Halle an der Saale with a term of four years. Radial is a wholly owned subsidiary of the Belgian postal service and operates fulfilment centers specialized in e-commerce worldwide. The move to the new location began at the end of the first quarter of 2021 and the move was completed by the mid of the second quarter 2021. The contract with the previous warehouse service provider FIEGE Logistik Stiftung & Co. KG expired in the second quarter of 2021. With the change of the warehouse provider cost savings in the logistic area will be realized going forward.

**Progress in envisaged projects in the IT area**

To keep pace to the latest technological developments, the Group made significant efforts in 2020 to replace the currently internally managed shop architecture by a third-party solution. This step becomes necessary due to our limited internal resources and increasing technical demands. With the outsourcing of the shop architecture, we especially aim at creating better customer experience and flexible adaptation of future technical enhancements. In the first half of 2021, the IT team focused especially on the switch of the Swiss web shop, which is planned for the second half of 2021.

**Change in the Management Board**

On March 4, 2021, the Management Board contract with Matthias Peuckert was extended by another three years until April 30, 2024. The contract with Dr. Nikolaus Weinberger has been expired on March 31, 2021. His duties will be taken over by Matthias Peuckert.

**Change in the Supervisory Board**

On January 19, 2021, it was announced that Tomasz Czechowicz had resigned as a member of the Supervisory Board of windeln.de SE effective as of December 23, 2020. The Munich Local Court has appointed Christian Reitermann as his successor on the Supervisory Board of windeln.de SE.

On conclusion of the Annual General Meeting on May 14, 2021, the term of office ended for all Supervisory Board members. As part of the reelections, Clemens Jakopitsch, Maurice Reimer and Christian Reitermann were reelected as members of the Supervisory Board of the Company. In the following constituent meeting, Clemens Jakopitsch was again elected as Chairman of the Supervisory Board.

**Capital increase Q1 2021**

On March 12, 2021, the Management Board of windeln.de SE resolved, with the approval of the Supervisory Board and making partial use of the Authorized Capital 2020, to increase the share capital by EUR 1,098,207.00 to EUR 12,080,280.00. The subscription price of the new shares is EUR 1.30. The gross issue proceeds amounted to EUR 1,427,669.10. The capital increase was entered into the commercial register on March 19, 2021. In this context, a commission agreement for brokered subscription volume amounting to a maximum of 3% of the issue volume was agreed with the Chairman of the Supervisory Board Clemens Jakopitsch on March 5, 2021.

**Annual General Meeting / capital increase Q3 2021**

On May 14, 2021, the Annual General Meeting resolved, under cancelation of existing the Authorized Capital 2020, the creation of a new Authorized Capital 2021 in the amount of EUR 6,040,140.00 with the possibility of excluding subscription rights.

On June 15, 2021, the Management Board resolved, with the approval of the Supervisory Board and making use of the Authorized Capital 2021, to increase the issued capital from EUR 12,080,280.00, comprises into 12,080,280 no par value bearer shares, by up to EUR 6,040,140.00 by issuing new shares in the amount of up to 6,040,140, each representing a pro rata amount in the share capital of EUR 1,00, up to EUR 18,120,420 against contribution in cash. The subscription price was determined by EUR 1.30 per new share, so that the maximum gross issue proceeds of the capital measurement amount to EUR 7.8 million. The new shares are entitled for dividends starting January 1, 2021. The subscription period started on June 22, 2021, and run until July 5, 2021, inclusively.

With the issue proceeds of the capital increase, the Company plans to improve the financial position of the Group. With the successfully completion of the capital increase, the Management Board assumes that the financing for the business year 2021 is ensured.

## 2.4. Net assets, financial position, and results of operations of windeln.de Group

### 2.4.1. Results of operations

**Consolidated income statement**

| kEUR | H1 2021 | H1 2020 R | Change absolute in kEUR | Change relative in % | Q2 2021 | Q2 2020 R | Change absolute in kEUR | Change relative in % |
|---|---|---|---|---|---|---|---|---|
| Revenues | 33,314 | 50,029 | -16,715 | -33% | 16,002 | 32,608 | -16,606 | -51% |
| Cost of sales | -28,012 | -38,637 | 10,625 | -27% | -13,579 | -25,566 | 11,987 | -47% |
| **Gross profit** | **5,302** | **11,392** | **-6,090** | **-53%** | **2,423** | **7,042** | **-4,619** | **-66%** |
| | | | | | | | | |
| Selling and distribution expenses | -9,739 | -14,177 | 4,438 | -31% | -4,583 | -8,027 | 3,444 | -43% |
| Administrative expenses | -3,264 | -3,619 | 355 | -10% | -1,457 | -1,950 | 493 | -25% |
| Other operating income | 95 | 603 | -508 | -84% | 32 | 236 | -204 | -86% |
| Other operating expenses | -82 | -178 | 96 | -54% | -50 | -117 | 67 | -57% |
| **Earnings before interest and taxes (EBIT)** | **-7,688** | **-5,979** | **-1,709** | **29%** | **-3,635** | **-2,816** | **-819** | **29%** |
| Financial income | 1 | 5 | -4 | -80% | 1 | 5 | -4 | -80% |
| Financial expenses | -60 | -29 | -31 | >100% | -58 | -13 | -45 | >100% |
| **Financial result** | **-59** | **-24** | **-35** | **>100%** | **-57** | **-8** | **-49** | **>100%** |
| **Earnings before taxes (EBT)** | **-7,747** | **-6,003** | **-1,744** | **29%** | **-3,692** | **-2,824** | **-868** | **31%** |
| Income taxes | -5 | -3 | -2 | 67% | -3 | -1 | -2 | >100% |
| **PROFIT OR LOSS FOR THE PERIOD** | **-7,752** | **-6,006** | **-1,746** | **29%** | **-3,695** | **-2,825** | **-870** | **31%** |

Prior year figures in the consolidated income statement were adjusted retrospectively and include the Bebitus business again. Same applies to the financial and non-financial performance indicators. Also, prior year figures in connection with share-based payments (personnel expenses) were adjusted. Details on this can be found in the notes, note 3.2.

In H1 2021, ***revenues*** decreased by EUR 16,715k or 33% to EUR 33,314k compared to prior year. The decrease is attributable to both segments China and segment Europe.

In Europe, revenues decrease by EUR 3,842k or 23% to EUR 12,815k compared to prior year. The development is mainly attributable to the relocation of the main warehouse of the Group. The relocation was completed in Q2 2021. Because of that, availability of specific products was restricted between March and May 2021. In addition, in March 2020, the Group recorded a strong order intake due to the COVID 19 pandemic which led to a strong increase of revenues in Q2 2020. There was no similar effect in H1 2021.

In China, revenues decreased by EUR 12,873k or 39% to EUR 20,499k. In H1 2020, the Group recorded revenues amounting to EUR 3,563k from VAT refunds (H1 2021: EUR 40k). As a result of the COVID 19 pandemic, the Group also sold hygiene articles amounting to EUR 6,950k to corporate customers in the segment China. In H1 2021, sales of hygiene articles amounted to only EUR 765k. In consideration of these two special effects, revenue decreased by a lower double-digit percentage range. The segment China is also affected by the relocation of the main warehouse of the Group. In March 2021, direct deliveries to China were restricted. In order to conserve liquidity, stock levels were kept low in the Chinese warehouses until the capital increase in Q3 2021. Both, the relocation of the warehouse and the conservation of liquidity negatively affected revenues.

The ***margin*** (gross profit as % of revenues) is 15.9% in H1 2021 and thereby is by 6.9pp below the previous year's margin. In the segment Europe, expenses amounting to EUR 632k were recorded in connection with the planned disposal of the Bebitus operation and the resulting remeasurement (IFRS 5) in H1 2020. Without consideration of these effects, the margin in the segment Europe remained stable compared to prior year. The margin in the segment China decreased by 13.9pp compared to prior year. Thereof 9.9pp are attributable to the VAT refunds mentioned above. In the Chinese end customer business, more orders were fulfilled using the Chinese warehouses of the Group. The share of deliveries from our Chinese warehouses increased from 16% in H1 2020 to 52% in H1 2021 compared to direct deliveries from Germany. The margin is lower, but deliveries from the Chinese warehouses causes significantly lower logistic expenses.

***Selling and distribution expenses*** decreased by EUR 4,438k or 31% to EUR 9,739k in the reporting period. This is mostly attributable to the decrease of logistic expenses by EUR 916k, of compensation for expenses related to VAT refunds mentioned above by EUR 932k, of personnel expenses by EUR 363k, of amortization and depreciation by EUR 331k and of warehouse rent by EUR 212k. Also, in H1 2020, the domains of Bebitus (EUR 1,365k) and investment subsidies to Kids Fashion Group (EUR 250k) were impaired/written off. There were no similar effects in H1 2021. Selling and distribution expenses include one-time expenses for the relocation and implementation expenses related to the relocation. Marketing expenses amounting to EUR 1,497k remain stable compared to prior year.

The decrease of logistic expenses is mainly attributable to the development of revenues. Compared to revenues, logistic expenses decrease disproportionately. This results from a change of customer mix. The percentage of end customers in total revenues has increased. The end customer business causes higher logistic expenses than the business with intermediaries and corporate customers. This effect is partially offset by a higher share of deliveries from the Chinese warehouses. For the same reason, warehouse rent decreases. This effect is partially offset by special effects resulting from the relocation of the warehouse (e.g., double expenses for warehouse management for a period of three months).

The decrease of personnel expenses is mainly attributable to the relocation of the IT development department and accounts receivables department to our office in Romania. Amortization and depreciation decrease due to the outsourcing of the shop architecture. In H1 2020, amortization of self-developed software related to the shop architecture was accelerated.

***Administration expenses*** decreased by EUR 355k or 10% to EUR 3,264k in the reporting period. This development is mainly attributable to the decrease of legal and other consulting expenses by EUR 200k, of personnel expenses by EUR 146k and of supervisory board renumeration by EUR 74k. In the prior year period, expenses related to the planned disposal of Bebitus and for the setup of a new office in Beijing occurred. There were no similar expenses in H1 2021. The decrease of personnel expenses is attributable to the reduction of members of the Management Board from three to two members as of April 2021. Personnel expenses also decrease without this effect. The renumeration of the Supervisory Board was reduced by the General Annual Meeting 2020 effective as of July 2020. In addition, the Supervisory Board consists of three members since the mid of May 2021 (previously six members).

***Other operating income*** mainly contains foreign exchange gains (EUR 61k). In prior year, foreign exchange gains amounted to EUR 307k, including a one-time foreign exchange gain of EUR 207k from the deconsolidation of windeln.ch AG. In addition, the Group recognized income from subleases amounting to EUR 9k (H1 2020: EUR 108k). ***Other operating expenses*** exclusively contain foreign exchange losses (EUR 82k). In the prior year period, these amounted to EUR 144k.

As a result of the above-mentioned developments***, earnings before interest and taxes (EBIT)*** deteriorated by EUR 1,709k or 29% to minus EUR 7.688k in the first six months of 2021. EBIT as % of revenues is minus 23.1% in H1 2021 (prior year period: minus 12.0%).

The ***financial result*** is minus EUR 59k in the current fiscal year and contains mainly interest expenses from capitalized lease agreements.

The ***tax expense*** of EUR 5k results mainly from income taxes incurred by subsidiaries that do not benefit from tax-loss carryforwards.

**Material financial key performance indicators**

The material financial key performance indicators of the Group consist of revenues, operating contribution as percentage of revenues, adjusted EBIT as percentage of revenues, the Group's cash flow and net working capital. The development of revenues was described in the paragraph above. The development of operating contribution as percentage of revenues is described in section 2.5 "Other financial performance indicators". The Group cash flow is described in section 2.4.2 „Financial position", net working capital is described in section 2.4.3 "Net assets".

For the purposes of managing the Group, earnings before interest and taxes (EBIT) are adjusted for expenses and income in connection with share-based compensation, the cancelled warehouse move planned for 2020 (in 2020), one-time foreign exchange effects from the deconsolidation of windeln.ch AG (in 2020), and expenses in connection with the intended disposal of the Bebitus business. Latter contains impairments due to the classification as assets held for sale as well as other costs in connection with occurred selling activities.

| | | | Change | | | | Change | |
|---|---|---|---|---|---|---|---|---|
| **kEUR** | **H1 2021** | **H1 2020 R** | **absolute in kEUR** | **relative in %** | **Q2 2021** | **Q2 2020 R** | **absolute in kEUR** | **relative in %** |
| Earnings before interest and taxes (EBIT) | -7,688 | -5,979 | -1,709 | 29% | -3,635 | -2,816 | -819 | 29% |
| adjusted for share based compensation | -1 | -11 | 10 | -91% | 38 | -18 | 56 | <-100% |
| adjusted for costs of the canceled warehouse move | - | 250 | -250 | >100% | - | 250 | -250 | >100% |
| adjusted for effects from deconsolidation of windeln.ch AG | - | -207 | 207 | >100% | - | - | - | - |
| Adjusted for expenses in connection with the intended disposal of Bebitus business | -460 | 2,112 | -2,572 | <-100% | -460 | 2,112 | -2,572 | <-100% |
| **Adjusted EBIT** | -8,149 | -3,835 | -4,314 | >100% | -4,057 | -472 | -3,585 | >100% |
| **Adjusted EBIT (in % of revenues)** | -24.5% | -7.7% | -16.8pp | | -25.4% | -1.4% | -23.9pp | |

Adjusted costs for the cancelled warehouse move in 2020 related to the write-off of investment subsidies paid to the former logistics provider. Other expenses relating to the warehouse move are not adjusted. The deconsolidation of windeln.ch AG resulted in a one-time foreign exchange gain of EUR 207k from the derecognition of historical foreign exchange differences, that had previously been recognized within other comprehensive income, in 2020. The gain is adjusted in the adjusted EBIT presentation. In H1 2020, adjusted expenses in connection with the intended disposal of Bebitus business include remeasurements pursuant to IFRS 5 for Bebitus domains, inventories, and prepayments (in total EUR 1,996k). The adjustments also include provisions for an onerous contract amounting to EUR 79k and consulting expenses amounting to EUR 38k. As of June 30, 2021, Bebitus business is not classified as held for sale anymore. The reclassification led to an income of EUR 462k which is adjusted. In connection with the intended disposal, expenses for legal counsel amounting to EUR 2k were adjusted in 2021.

Adjusted EBIT deteriorated by EUR 4,314k to minus EUR 8,148k. Please refer to the section above for explanations to the development of the unadjusted EBIT. Prior year's adjustments caused an improvement of the adjusted EBIT compared to EBIT (EUR 2,144k). In H1 2021, the adjustments caused a deterioration. (EUR 461k). Adjusted EBIT in % of revenues deteriorated by 16.8pp to 24.5%. This is mainly attributable to a high decline in revenues.

**Material non-financial key performance indicators**

The non-financial key performance indicators comprise the number of active customers, average number of orders per active customer, average order value and the share of repeat customer orders.

| | **H1 2021** | **H1 2020 R** | **Change** | **Q2 2021** | **Q2 2020 R** | **Change** |
|---|---|---|---|---|---|---|
| Active customers | 368,058 | 395,634 | -27,576 | 368,058 | 395,634 | -27,576 |
| Average orders per active customer (in number of orders) | 1.6 | 1.7 | -0.1 | 1.6 | 1.7 | -0.1 |
| Average order value (in EUR) | 86.94 | 93.03 | -6.09 | 86.75 | 91.58 | -4.83 |
| Share of repeat customer orders (as % of orders of last 12 months) | 62.05% | 68.91% | -6.86pp | 62.05% | 68.91% | -6.86pp |

pp = percentage points

Active customer decreased by 27,576 to 368,058 and share of repeat customer orders decreased by 6.86pp to 62.05%. This development is mainly attributable to comparatively low marketing expenses of the prior year. The decrease of average order value results from the relative increase of deliveries from the Chinese warehouses as the average order value of these deliveries is lower than the average order value of deliveries from Germany.

**Regional results of operating segments**

| kEUR | H1 2021 | H1 2020 R | Change absolute in kEUR | Change relative in % | Q2 2021 | Q2 2020 R | Change absolute in kEUR | Change relative in % |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | 33,314 | 50,029 | -16,715 | -33% | 16,002 | 32,608 | -16,606 | -51% |
| Europe | 12,815 | 16,657 | -3,842 | -23% | 5,736 | 9,437 | -3,701 | -39% |
| China | 20,499 | 33,372 | -12,873 | -39% | 10,266 | 23,171 | -12,905 | -56% |
| **Operating contributions** | 446 | 6,533 | -6,086 | -93% | -170 | 5,023 | -5,193 | <-100% |
| Europe | -440 | -74 | -365 | >100% | -202 | 256 | -458 | <-100% |
| China | 886 | 6,607 | -5,721 | -87% | 32 | 4,767 | -4,735 | -99% |

Detailed explanations on the development of revenues of operating segments can be found in the previous section “Consolidated income statement”.

## 2.4.2. Financial position

| kEUR | H1 2021 | H1 2020 R | Change absolute in kEUR | Change relative in % | Q2 2021 | Q2 2020 R | Change absolute in kEUR | Change relative in % |
|---|---|---|---|---|---|---|---|---|
| Loss of the period | -7,752 | -6,006 | -1,746 | 29% | -3,695 | -2,825 | -870 | 31% |
| **Net cash flows used in operating activities** | **-7,282** | **-7,094** | **-188** | **3%** | **-2,523** | **-5,148** | **2,625** | **-51%** |
| **Net cash flows used in investing activities** | **-15** | **-312** | **297** | **-95%** | **-11** | **-249** | **238** | **-96%** |
| **Net cash flows used in financing activities** | **859** | **5,025** | **-4,166** | **-83%** | **-377** | **-511** | **134** | **-26%** |
| Cash and cash equivalents at the beginning of the period | 8,530 | 8,377 | 153 | 2% | 5,010 | 11,905 | -6,895 | -58% |
| Net increase in cash and cash equivalents | -6,438 | -2,381 | -4,057 | >100% | -2,911 | -5,908 | 2,997 | -51% |
| Changes in cash and cash equivalents due to foreign exchange rates | 6 | - | 6 | | -1 | -1 | - | |
| **Cash and cash equivalents at the end of the period** | **2,098** | **5,996** | **-3,898** | **-65%** | **2,098** | **5,996** | **-3,898** | **-65%** |

In the first half year of 2021, the Group generated negative cash flows from ***operating activities*** in the amount of EUR 7,282k (H1 2020: EUR 7,094k) mainly attributable to the loss of the period (EUR 7,752k). Compared to prior year period, cash flows from operating activities deteriorated by 3% mainly attributable to the deterioration of the loss of the period. Improvements of net working capital by EUR 788k to EUR 1,429k partially offset the deterioration of the loss of the period.

Prior year’s loss includes significant non-cash position which did not occur in a similar amount in 2021:

- Amortization and depreciation amounting to EUR 2,224k (thereof EUR 1,365k from remeasurement of the Bebitus domains pursuant to IFRS 5; remaining amount mainly from accelerated amortization of self-developed intangible assets);
- Foreign exchange gains from the deconsolidation of windeln.ch AG: EUR 207k.

Cash flows of EUR 15k (H1 2020: EUR 312k) were used in ***investing activities***. In prior year, higher investing activities were made as a result of the outsourcing of the shop architecture.

Cash inflows from ***financing activities*** of EUR 859k in the first six months of 2021 reflect the successfully executed capital increase in March 2021, resulting in net cash proceeds of EUR 1,096k. Furthermore, lease liabilities in the amount of EUR 174k were redeemed. In the prior year, cash inflows from financing activities amounted to EUR 5,025k. Net cash proceeds from a capital increase were EUR 5,564k, whereas EUR 504k lease liabilities were redeemed.

Net working capital has decreased by EUR 788k since December 31, 2020, mainly attributable to the decline of inventories and prepayments.

## 2.4.3. Net assets

| Assets<br>kEUR | June 30, 2021 | December31, 2020 | Change<br>absolute in kEUR | relative in % |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | |
| Intangible assets | 1,767 | 2,017 | -250 | -12% |
| Fixed assets | 1,190 | 1,385 | -195 | -14% |
| Other financial assets | 108 | 108 | - | 0% |
| Other non-financial assets | 107 | 121 | -14 | -12% |
| Deferred tax assets | 7 | 6 | 1 | 17% |
| **Total non-current assets** | **3,179** | **3,637** | **-458** | **-13%** |
| **CURRENT ASSETS** | | | | |
| Inventories | 4,060 | 4,079 | -19 | 0% |
| Prepayments | 9 | 435 | -426 | -98% |
| Trade receivables | 520 | 718 | -198 | -28% |
| Income tax receivables | 2 | 2 | - | 0% |
| Other financial assets | 1,414 | 1,405 | 9 | 1% |
| Other non-financial assets | 905 | 1,148 | -243 | -21% |
| Cash and cash equivalents | 2,098 | 8,530 | -6,432 | -75% |
| **Total current assets** | **9,008** | **16,317** | **-7,309** | **-45%** |
| Disposal group | - | 1,089 | -1,089 | -100% |
| **TOTAL ASSETS** | **12,187** | **21,043** | **-8,856** | **-42%** |

As of June 30, 2021, ***non-current assets*** amounted to EUR 3,179k (December 31, 2020: EUR 3,637k). The decrease by EUR 458k is mainly attributable to regular amortization and depreciation.

Compared to December 31, 2020, ***current assets*** decreased by EUR 7,309k to EUR 9,008k. This is mainly attributable to the decrease of cash and cash equivalents by EUR 6,432k or 75%, of prepayments by EUR 426k or 98%, of other current non-financial assets by EUR 243k or 21% and of trade receivables by EUR 198k or 28%. Please refer to section 2.4.2 “Net assets” for information about the development of cash and cash equivalents. As of December 31, 2020, prepayments included prepayments for hygiene articles amounting to EUR 369k. The related transaction with corporate customers was completed in Q1 2021. There is no similar open transaction as of June 30, 2021. The decline of other current non-financial assets is attributable to the decrease of VAT receivables. The reduced VAT refund claim results from the reduced customer order volume of the Group in H1 2021. The decrease of trade receivables is attributable to the reduced customer order volume.

As of December 31, 2020, the Group disclosed a ***disposal group held for sale*** amounting to EUR 1,089k, comprising Bebitus domains, inventories, and prepayments. These assets were reclassified to their regular balance sheet positions as the one-year limit required by IFRS 5 has been expired. This mainly affects inventories. The disposal group included inventories amounting to EUR 1,082k. Considering this position, total inventories as of June 30, 2021, declined by EUR 1,101k compared to December 31, 2020. This is attributable to both, optimization of net working capital and reduced revenues. Because of the reclassification, a remeasurement of assets included in the disposal group was required, leading to on time income of EUR 462k.

| Equity and liabilites<br>kEUR | June 30, 2021 | December 31, 2020 | Change<br>absolute in kEUR | <br>relative in % |
|---|---|---|---|---|
| **EQUITY** | | | | |
| Issued capital | 12,080 | 10,982 | 1,098 | 10% |
| Share premium | 173,671 | 173,714 | -43 | 0% |
| Accumulated loss | -182,234 | -174,482 | -7,752 | 4% |
| Cumulated other comprehensive income | -8 | -11 | 3 | -27% |
| **Total equity** | **3,509** | **10,203** | **-6,694** | **-66%** |
| **NON-CURRENT LIABILITIES** | | | | |
| Accrued employee benefits | 83 | 45 | 38 | 84% |
| Financial liabilities | 1,546 | 1,693 | -147 | -9% |
| **Total non-current liabilities** | **1,629** | **1,738** | **-109** | **-6%** |
| **CURRENT LIABILITIES** | | | | |
| Other provisions | 39 | 138 | -99 | -72% |
| Financial liabilities | 607 | 603 | 4 | 1% |
| Trade payables | 3,163 | 3,490 | -327 | -9% |
| Deferred revenues | 1,035 | 2,210 | -1,175 | -53% |
| Income tax payables | 3 | 2 | 1 | 50% |
| Other financial liabilities | 1,718 | 1,958 | -240 | -12% |
| Other non-financial liabilities | 484 | 701 | -217 | -31% |
| **Total current liabilities** | **7,049** | **9,102** | **-2,053** | **-23%** |
| **TOTAL EQUITY AND LIABILITIES** | **12,187** | **21,043** | **-8,856** | **-42%** |

***Equity*** decreased by EUR 6,694k to EUR 3,509k in H1 2021. The loss of the period amounting to EUR 7,752k is partially offset by the capital increase in Q 2021. Gross issuing proceeds amounted to EUR 1,428k.

The decline of ***non-current liabilities*** by EUR 109k to EUR1,629k is mainly attributable to the decrease of non-current financial liabilities. Financial liabilities exclusively comprise liabilities from leasing agreements.

***Current liabilities*** decreased by EUR 2,053k to EUR 7,049k in H1 2021. The decrease is mainly attributable to the decrease of deferred revenues by EUR 1,175k, of trade payables by EUR 327k, of other current financial liabilities by EUR 240k and of other current non-financial liabilities by EUR 217k. The decrease of deferred revenues is mainly attributable to transactions with a corporate customer. As of December 31, 2020, an amount of EUR 403k was disclosed in deferred revenues. Revenues arising from these transactions were realized in Q1 2021. The remaining decline results from reduced revenues in H1 2021. The decline of trade payables is attributable to the low stock level. As of June 30, 2021, stock level was deliberately kept low to conserve liquidity. In Q1 2021, annual bonus payments were made to employees. As a result, other current financial liabilities decreased. Low revenues also caused a decline of other current non-financial liabilities. As of June 30, 2021, the Group owed lower VAT and customs liabilities.

We define the performance indicator ***net working capital*** as the total of inventories, prepayments on inventories, trade receivables, accrued advertising subsidies and supplier rebates, creditors with debit balances and VAT assets, deducted by VAT liabilities, trade payables and deferred expenses.

| kEUR | June 30, 2021 | December 31, 2020 | Change<br>absolute in kEUR | <br>relative in % |
|---|---|---|---|---|
| Inventories | 4,060 | 5,619 | -1,559 | -28% |
| Prepayments | 9 | 435 | -426 | -98% |
| Trade receivables | 520 | 718 | -198 | -28% |
| Accrued advertising contributions and supplier rebates | 731 | 583 | 148 | 25% |
| Creditors with debit balances | 63 | 132 | -69 | -52% |
| VAT receivables net of VAT liabilities | 244 | 430 | -186 | -43% |
| minus Trade payables | 3,163 | 3,490 | -327 | -9% |
| minus Deferred revenues | 1,035 | 2,210 | -1,175 | -53% |
| **Net working capital** | **1,429** | **2,217** | **-788** | **-36%** |

Net working capital decreased by EUR 788k to EUR 1,429k in H1 2021. This is mostly attributable to the decrease of both, inventories by EUR 1,559k and prepayments by EUR 426k. Please refer to the explanations of current assets.

### 2.4.4. Net overall statement

Overall, the first half of 2021 was not satisfactory. Revenues, operating contribution, and adjusted EBIT fell far short of expectations. Windeln.de was able to achieve savings mainly in other SG&A expenses. However, these are not sufficient to compensate the decline in revenues.

The Group was able to successfully reduce its net working capital in the first half of 2021. The liquidity tie-up for deliveries to our Chinese customers was successfully shortened. The positive effect will be particularly noticeable in the second half of the year, when the major sales campaigns take place in China.

windeln.de successfully placed two capital increases in 2021. With the first capital increase in March 2021, the group achieved gross issue proceeds of EUR 1,428k. The second capital increase had already been placed on June 30, 2021, but was fully completed only in the third quarter of 2021. The gross issue proceeds from the second capital increase amount to EUR 5,833k.

Due to the high share of Chinese customers, the fourth quarter in particular is decisive for windeln.de. In the fourth quarter there will be action days and weeks on all Chinese sales platforms. Most revenues are therefore generated in segment China in the fourth quarter. For these days of action, Windeln.de is represented on all important platforms in the Chinese e-commerce market and expects that the fourth quarter will be more successful than the comparative quarter of the previous year.

## 2.5. Other financial performance indicators

Prior year figures of the other financial performance indicators were adjusted retrospectively and include the Bebitus business again.

| kEUR | H1 2021 | H1 2020 R | Change | Q2 2021 | Q2 2020 R | Change |
|---|---|---|---|---|---|---|
| Marketing cost ratio (as % of revenues) | 4.5% | 3.1% | 1.4pp | 5.3% | 2.2% | 3.1pp |
| Fulfilment cost ratio (as % of revenues) | 8.7% | 7.9% | 0.8pp | 8.0% | 6.0% | 2.0pp |
| Adjusted other SG&A expenses (as % of revenues) | 25.8% | 20.7% | 5.1pp | 24.3% | 16.9% | 7.4pp |
| Operating contribution (as % of revenues) | -24.5% | -7.7% | -16.8pp | -25.4% | -1.4% | -23.9pp |

pp = percentage points

In the consolidated income statement, ***marketing costs*** are recognized within selling and distribution expenses. Marketing costs mainly consist of advertising expenses, including search engine marketing, online display and other marketing channel expenses, as well as costs for the marketing tools of the Group. In the first six months of 2021, marketing costs amounted to EUR 1,497k (H1 2020R: EUR 1,547k). We define marketing cost ratio as marketing costs divided by revenues for the measurement period. The marketing cost ratio has deteriorated by 1.4pp to 4.5% compared to prior year (H1 2020R: 3.1%). The customer mix changed in H1 2021. The share of end customer business in total revenues increased. Marketing expenses are only generated by end customer business but not by business with intermediaries and corporate customers. In H1 2021, windeln.de developed two new sales channels in China, resulting in an increase of marketing expenses.

***Fulfilment costs*** consist of logistics and warehouse rental expenses which are recognized within selling and distribution expenses in the consolidated income statement. We define fulfilment cost ratio as fulfilment costs divided by revenues.

| | | | Change | | | | Change | |
|---|---|---|---|---|---|---|---|---|
| **kEUR** | **H1 2021** | **H1 2020 R** | **absolute in kEUR** | **relative in %** | **Q2 2021** | **Q2 2020 R** | **absolute in kEUR** | **relative in %** |
| Logistics | -2,598 | -3,515 | 917 | -26% | -1,123 | -1,788 | 665 | -35% |
| Warehouse rent | -298 | -429 | 131 | -31% | -157 | -156 | -1 | 1% |
| Fulfilment costs | -2,896 | -3,944 | 1,048 | -27% | -1,280 | -1,944 | 664 | -34% |
| **Fulfilment cost ratio (in % of revenues)** | 8.7% | 7.9% | 0.8pp | | 8.0% | 6.0% | 2.0pp | |

Fulfilment cost decreased by EUR 1,048k or 27% to EUR 2,896k compared to prior year period. This is mostly attributable to decreased revenues in H1 2021. Fulfilment cost ratio deteriorated by 0.8pp to 8.7% compared to prior year period. The share of end customer business in total revenues increased in H1 2021. End customer business causes noticeably higher logistics expenses than the business with intermediaries and corporate customers. Expenses for warehouse rent decreased by EUR 131k to EUR 298k. Warehouse rent is still higher than expected as the relocation of the main warehouse in Germany caused double costs for warehouse management for a period of three months. The VAT refunds in H1 2020 positively affect the fulfilment cost ratio of the comparison period.

***Other selling, general and administration expenses*** (other SG&A expenses) consist of selling and distribution expenses, excluding marketing costs and fulfilment costs, and administrative expenses as well as other operating income and expenses. Adjusted other SG&A expenses exclude expenses and income from share-based compensation, the cancelled warehouse move in 2020, one-time foreign exchange effects from the deconsolidation of windeln.ch AG in 2020, and expenses in connection with the intended disposal of the Bebitus business. We define adjusted other SG&A expenses (in % of revenues) as adjusted other SG&A expenses divided by revenues.

| kEUR | H1 2021 | H1 2020 R | Change absolute in kEUR | Change relative in % | Q2 2021 | Q2 2020 R | Change absolute in kEUR | Change relative in % |
|---|---|---|---|---|---|---|---|---|
| Selling and distribution expenses (without marketing and fulfilment costs) | -5,346 | -8,686 | 3,340 | -38% | -2,453 | -5,376 | 2,923 | -54% |
| Administrative expenses | -3,264 | -3,619 | 355 | -10% | -1,457 | -1,950 | 493 | -25% |
| Other operating income | 95 | 603 | -508 | -84% | 32 | 236 | -204 | -86% |
| Other operating expenses | -82 | -178 | 96 | -54% | -50 | -117 | 67 | -57% |
| **Other SG&A expenses** | -8,597 | -11,880 | 3,283 | -28% | -3,928 | -7,207 | 3,279 | -45% |
| Adjustments | 2 | 1,512 | -1,510 | -100% | 41 | 1,712 | -1,671 | -98% |
| **Adjusted other SG&A expenses** | -8,595 | -10,368 | 1,773 | -17% | -3,887 | -5,495 | 1,608 | -29% |
| **Adjusted other SG&A expenses (as % of revenues)** | 25.8% | 20.7% | -5.1pp | | 24.3% | 16.9% | 7.4pp | |

Other SG&A expenses decreased by EUR 3,283k. Please refer to explanations in section 2.4.1 "Results of operations". The adjustments have been significantly higher in the comparison period. This is mainly attributable to the remeasurement (pursuant to IFRS 5) of the Bebitus domains in H1 2020. There was no similar effect in H1 2021. Adjusted other SG&A expenses decreased by EUR 1,773k or 17% compared to prior year period. Adjusted other SG&A expenses as % of revenues deteriorated by 5.1pp to 25.8%. This is mostly attributable to decreased revenues in H1 2021.

We define ***operating contribution*** as adjusted gross profit excluding marketing costs and fulfilment costs.

| kEUR | H1 2021 | H1 2020 R | Change absolute in kEUR | Change relative in % | Q2 2021 | Q2 2020 R | Change absolute in kEUR | Change relative in % |
|---|---|---|---|---|---|---|---|---|
| **Gross profit** | **4,839** | **12,024** | **-7,185** | **-60%** | **1,960** | **7,674** | **-5,714** | **-74%** |
| Marketing costs | -1,497 | -1,547 | 50 | -3% | -850 | -707 | -143 | 20% |
| Fulfilment costs | -2,896 | -3,944 | 1,048 | -27% | -1,280 | -1,944 | 664 | -34% |
| **Operating contribution** | 446 | 6,533 | -6,087 | -93% | -170 | 5,023 | -5,193 | <-100% |
| **Operating contribution (as % of revenues)** | 1.3% | 13.1% | -11.7pp | | -1.1% | 15.4% | -16.5pp | |

In H1 2021, operating contribution amounts to EUR 446k or 1.3% of revenues. Marketing costs and fulfilment costs decreased by 3% and 27% respectively. However, these decreases do not sufficiently offset the declining gross profit (decrease by EUR 7,185k to EUR 4,839k). As a result, operating contribution decreases by EUR 6,087k or 93%. Together with low revenues, this development results in a very strong deterioration of operating contribution as % of revenues by 11.7pp to 1.3%.

## 2.6. Other non-performance indicators

Non-financial performance indicators were adjusted retrospectively and now reflect the Bebitus business again.

| | H1 2021 | H1 2020 R | Change | Q2 2021 | Q2 2020 R | Change |
|---|---|---|---|---|---|---|
| Site visits (in thousands) | 12,820,995 | 17,615,390 | -4,794,395 | 6,920,128 | 10,056,075 | -3,135,947 |
| Mobile visit share (as % of site visits) | 85.4% | 84.7% | 0.7pp | 86.2% | 84.6% | 1.6pp |
| Mobile orders (as % of number of orders) | 68.0% | 62.2% | 5.8pp | 67.2% | 63.7% | 3.5pp |
| Number of orders | 275,743 | 314,952 | -39,209 | 128,541 | 159,101 | -30,560 |
| Gross order intake (in kEUR) | 23,972,802 | 29,299,611 | -5,326,809 | 11,150,522 | 14,569,958 | -3,419,436 |
| Returns (as % of gross revenues from orders) | 2.1% | 2.7% | -0.6pp | 1.7% | 1.7% | -- |

pp = percentage points

In Q3 2020, the method of measuring visits on shop sites has been changed to exclude traffic from the connected magazine sites containing content aimed at parents with young children or pregnant women. The change was necessary to accurately calculate the conversion rate on the respective shop sites. Customers, who visit the magazine, but not the shop, cannot create an order from there, which means the inclusion of magazine visits has a distorting effect on the conversion rate. Historical data before the change was implemented could not be updated because of technical restrictions. Due to the change, the total number of site visits is not comparable to prior year.

Mobile visit share has slightly increased compared to prior year. Mobile orders increased by 5.8pp in H1 2021 resulting from the relaunch of the windeln.de apps in China in 2020. Number of orders decreased by 39,209 to 275,743 attributable to comparatively low marketing expenses in 2020. The decline of gross order intake is mostly attributable to the increasing share of deliveries from the Chinese warehouses of the Group. Returns of 2.10% remain on a stable level.

# 3. Outlook

The main strategic target realizing profitable and sustainable growth is still existing. Special focus is still achieving profitability group-wide and securing liquidity.

Due to the results of the first half year of 2021, the Management Board adjusts part of the outlook mentioned in the Annual Report 2020.

A very strong revenue growth was forecasted for the financial year 2021. While in the first half of 2021, a very significant decrease in revenues could be observed, the management expects that a part of the loss in revenues will be catched up in the second half of 2021 and estimates in total a slight increase for the full year. Significant higher revenues were originally planned in the China segment, among others the business with intermediaries and corporate customers could not be further expanded as planned and the new sales channels were still behind the expectations in the first half year.

For 2021, a slight increase in the average order value was forecasted. Due to a higher share of direct deliveries from our local Chinese warehouses the average order value is slightly decreasing compared to prior year. The management expects in total a slight decrease for the full year 2021 as well.

With regards to the operating contribution margin the management expected a clear improvement. However, in the first half year the operating contribution margin has been decreased very strongly. Reason for that is the decrease in revenues in the China segment. For the full year 2021, the operating contribution margin will be declined very significantly compared to prior year.

In the first half year of 2021, the operating contribution margin as % of revenue has been decreased more than significantly. For the full year 2021, the management now expects a very strong decline.

For 2021 a very strong improvement compared to prior year was forecasted for the adjusted EBIT as a percentage of revenue. In fact, the adjusted EBIT as a percentage of revenue has been declined very strongly. Reason for that is the decrease in revenues in the China segment as well. This, for the full year 2021, the adjusted EBIT as a percentage of revenue will probably be declined significantly.

For 2021, the cash outflow from operating activities was projected to a mid-single-digit million range. As the net working capital as of June 30 was on a low level, the cash outflow from operating activities is expected to be in a two-digit million range for the full year 2021. In 2021, the total cash outflow should be significantly reduced. In the first half of 2021, a slight improvement could be noticed, however, due to the low net working capital as of June 30, 2021, the cash outflow for full year 2021 will be in total significantly higher than in the prior year.

With regards to the net working capital a very strong reduction was planned. According to the management this forecast is still valid.

Furthermore, the management still assumes that the goal of reaching break-even on the basis of adjusted EBIT in 2022 is realistic. A precondition for that is further liquidity to finance the build-up of net working capital.

**Risks relating going concern of the Group**

The group is exposed to significant uncertainties with respect to transact equity financing respectively a possible borrow of debt capital, achievement of planned increases in revenues and margins as well as further planned cost reductions, whose occurrence is mandatorily necessary to ensure the achievement of a positive net cash flow.

In the area of sales increases, further growth is planned in China in particular. Among other things, it is planned to open new distribution channels and expand the product range. Uncertainty exists in the fact that the planned projects could be delayed, not realized to the planned extent, or not take place at all. Furthermore, planned projects could be realized indeed, but do not bring the expected result. With regards to margin increases, various measures are planned, including further improved supplier conditions as well as a further improvement of the product mix. Uncertainties exist with regards to the implementation of improved supplier conditions. A major driver in terms of cost reductions is the outsourcing of the IT shop infrastructure. The project is already in the implementation phase, so that uncertainties only exist regarding possible project delays as well as additional costs.

The Executive Board is countering the uncertainties described in the previous paragraph with various measures. For example, dedicated project management has been set up to regularly monitor and control all planned projects and measures and to initiate countermeasures at an early stage if necessary. Finally, the Executive Board hopes to improve supplier conditions through continuous dialogue with trade credit insurers and suppliers.

The continued existence of the Company and thus of the Group as a going concern is at risk and the maintenance of solvency depends mainly on the ability to raise additional funds. The capital increase completed in the third quarter should ensure the financing for the year 2021. Further, the ability to continue as going concern will depend on realization of the budget in the next one and a half years. If the planned projects and cost reduction measures cannot be implemented in the full extent or do not lead to the expected outcome, the financial resources will not be sufficient to fully meet the payment obligations, in the course of 2022, considering the equity financing round completed in the third quarter of 2021.

# 4. Opportunities and risk report

As part of the closing process for the fiscal year 2020, windeln.de Group made a risk assessment. At the end of the first half year 2021, a reassessment has been performed. Compared to the assessment as of December 31, 2020, the assessment of the extent of damage or the probability occurrence of opportunities and risk have not changed significantly. In the first half year of 2021, there were no events or transactions giving rise to new risks.

Any assignment of risks or opportunities to another risk class based on the last evaluation is considered as a material change. For the classification as a low, medium or high risk, the same thresholds for occurrence probability and extent of damage are applied unchanged. The extent of damage describes the worst-case scenario each risk could have on the Group's earnings before interest and taxes. EBIT as well as the amount and the change in net working capital are significant factors for the cash flow respectively the cash requirements of the Group. Therefore, the risk assessment as of December 31, 2020, together with the below shown material changes of some risk categories are also a significant indicator for the liquidity risk of the Group.

**Risks from the sale/closure of the Bebitus business**

The Management Board decided in 2020 to sell the Bebitus business. The sale was expected to be highly probable within a period of one year. As of June 30, 2021, the Bebitus business has not yet been divested. As the business is loss-making, the time delay results in unplanned additional costs. The delay in the sale or possible closure of the business represents a risk with a medium level of loss.

**Risks from logistics processes**

During the risk assessment made for the fiscal year 2019, a delay of the planned German central warehouse move was identified as a risk. With the completed relocation of the warehouse to Radial GmbH in the first half of 2021, the risks from logistics processes were reduced compared to the previous year. The extent of the loss is now classified as low in total.

**Personnel related risks**

The Group depends on key employees in management. Losing one of these employees would have correspondingly negative effects on the economic success. The Group counters this risk by installing remuneration models with a long-term focus. Furthermore, a higher-than-expected employee illness and turnover rate could lead to additional costs. After the developments in the past half year, the occurrence probability has increased, and the risk is assessed as medium.

**Legal and organizational risks**

In connection with the stock exchange quotation the Group is subject to various risks like possible claims for damages because of misstated or incomplete disclosures in the securities issue prospectus. In the first half of 2021 a new admission prospectus was prepared whereby the extent of damage has been increased again. Due to the critical extend of damage but the very low probability the risk is continued to be classified as medium risk.

**Currency risk**

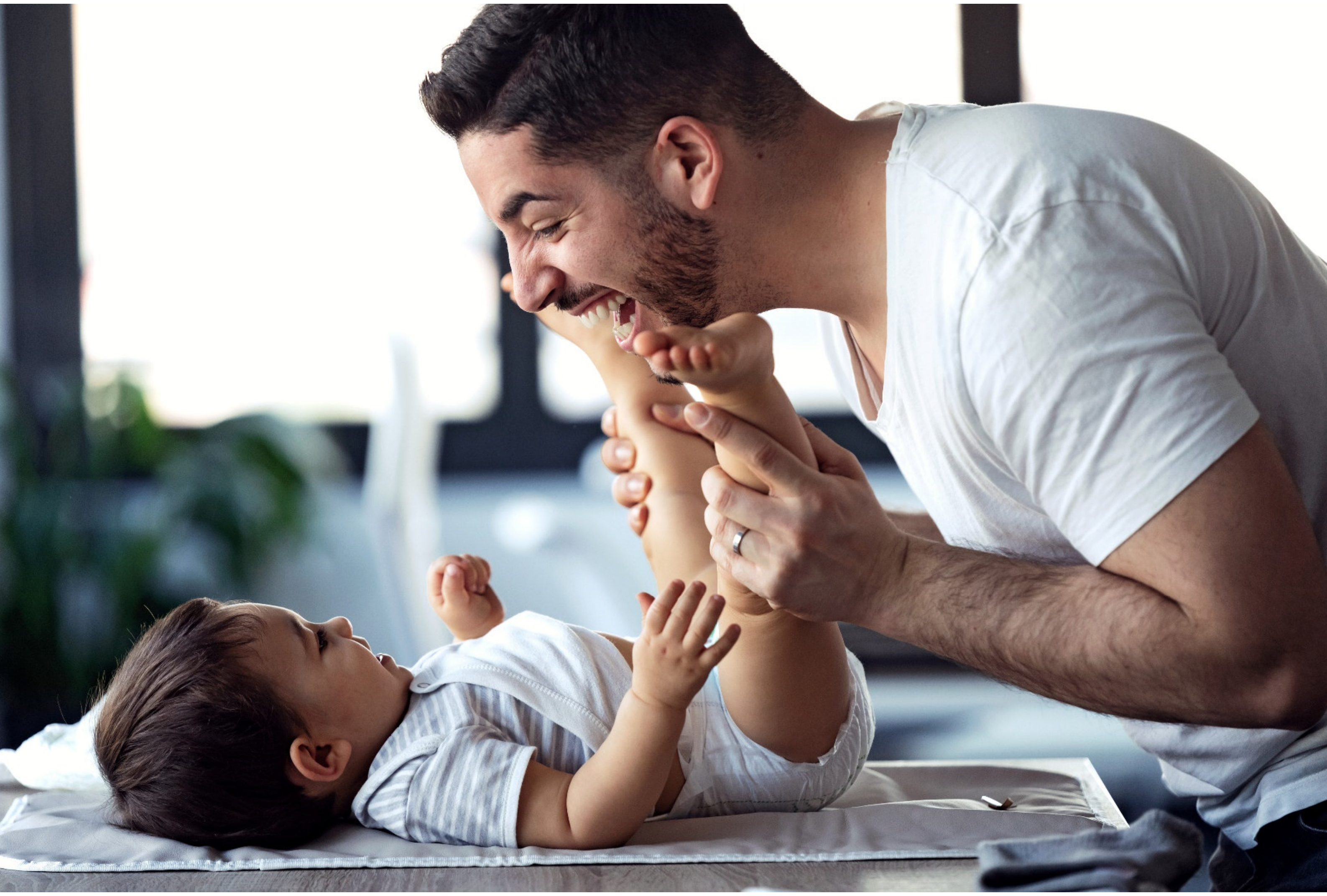
Due to the international activities the Group is exposed to foreign currency risks. The risk mainly relates to revenue generated in foreign currency as well as goods purchased in foreign currency. This is particularly relevant for sales in the web shop “windeln.ch” (in CHF), as well as our Tmall and JD.com shops (in CNY respectively USD). Due to changed assumptions regarding the share of business in foreign currencies compared to the total business volume the risk could be downgraded to a medium risk.

## 5. Financial risk management and financial instruments

The Group is exposed to various financial risks (the market price risk, comprising currency and interest rate risk, the credit risk, and the liquidity risk) on account of its business activities. The Group’s risk management system focuses on the unpredictability of developments on financial markets and aims at minimizing potential adverse effects on the financial position of the Group. The assessment of **market risk** and **credit risk** are unchanged compared to the Annual Report 2020.

With regards to the **liquidity risk**, there are no changes to the Annual Report 2020 as well. After the successful capital increase in March 2021, there is no liquidity shortfall for the Group as of June 30, 2021, and as of the publication date of the interim consolidated financial statements, especially because of the successfully completed capital increase in July 2021. A delay of in the past initiated and consequently implemented strategic measures, the occurrence of risk factors as presented in the Opportunities and Risks Report of the last Annual Report and as updated in this Half Year Report, as well as a deviation from the business plan of the year 2021 could result in a material deterioration of the liquidity situation of the Group. Therefore, the Group evaluates to source additional liquidity funds through equity or debt instruments to ensure solvency and to have a sufficient liquidity buffer. We refer tom paragraph 3 “Outlook” describing risks relating going concern of the Group.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021



# CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

| TEUR | H1 2021 | H1 2020 R* | Q2 20201 | Q2 2020 R* |
|---|---|---|---|---|
| Revenues | 33,314 | 50,029 | 16,002 | 32,608 |
| Cost of sales | -28,012 | -38,637 | -13,579 | -25,566 |
| **Gross profit** | 5,302 | **11,392** | 2,423 | **7,042** |
| | | | | |
| Selling and distribution expenses | -9,739 | -14,177 | -4,583 | -8,027 |
| Administrative expenses | -3,264 | -3,619 | -1,457 | -1,950 |
| Other operating income | 95 | 603 | 32 | 236 |
| Other operating expenses | -82 | -178 | -50 | -117 |
| **Earnings before interest and taxes (EBIT)** | -7,688 | **-5,979** | -3,635 | **-2,816** |
| Financial income | 1 | 5 | 1 | 5 |
| Financial expenses | -60 | -29 | -58 | -13 |
| **Financial result** | -59 | **-24** | -57 | **-8** |
| **Earnings before taxes (EBT)** | -7,747 | **-6,003** | -3,692 | **-2,824** |
| Income taxes | -5 | -3 | -3 | -1 |
| **PROFIT OR LOSS FOR THE PERIOD** | -7,752 | **-6,006** | -3,695 | **-2,825** |
| | | | | |
| *Other comprehensive income that may be reclassified to profit or loss in subsequent periods* | | | | |
| Exchange differences on translation of foreign operations | 3 | -208 | 0 | 1 |
| **OTHER COMPREHENSIVE INCOME OR LOSS, NET OF TAX** | 3 | **-208** | 0 | **1** |
| **TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX** | -7,749 | **-6,214** | -3,695 | **-2,824** |
| Basic earnings per share (in EUR) | -0.67 | -0.89 | -0.31 | -0.35 |

Retrospective adjustment of comparative figures for 2020 due to changed presentation of Bebitus business, which was presented as discontinued operation so far. Also, comparative figures were adjusted due to a correction of an error in connection with IFRS 2.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**Assets**

| **KEUR** | **June 30, 2021** | **December 31, 2020** |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Intangible assets | 1,767 | 2,017 |
| Fixed assets | 1,190 | 1,385 |
| Other financial assets | 108 | 108 |
| Other non-financial assets | 107 | 121 |
| Deferred tax assets | 7 | 6 |
| **Total non-current assets** | **3,179** | **3,637** |
| **CURRENT ASSETS** | | |
| Inventories | 4,060 | 4,079 |
| Prepayments | 9 | 435 |
| Trade receivables | 520 | 718 |
| Income tax receivables | 2 | 2 |
| Other financial assets | 1,414 | 1,405 |
| Other non-financial assets | 905 | 1,148 |
| Cash and cash equivalents | 2,098 | 8,530 |
| **Total current assets** | **9,008** | **16,317** |
| Disposal group | - | 1,089 |
| **TOTAL ASSETS** | **12,187** | **21,043** |

**Equity and liabilities**

| **kEUR** | **June 30, 2021** | **December 31, 2020** |
|---|---|---|
| **EQUITY** | | |
| Issued capital | 12,080 | 10,982 |
| Share premium | 173,671 | 173,714 |
| Accumulated loss | -182,234 | -174,482 |
| Cumulated other comprehensive income | -8 | -11 |
| **Total equity** | **3,509** | **10,203** |
| **NON-CURRENT LIABILITIES** | | |
| Accrued employee benefits | 83 | 45 |
| Financial liabilities | 1,546 | 1,693 |
| **Total non-current liabilities** | **1,629** | **1,738** |
| **CURRENT LIABILITIES** | | |
| Other provisions | 39 | 138 |
| Financial liabilities | 607 | 603 |
| Trade payables | 3,163 | 3,490 |
| Deferred revenues | 1,035 | 2,210 |
| Income tax payables | 3 | 2 |
| Other financial liabilities | 1,718 | 1,958 |
| Other non-financial liabilities | 484 | 701 |
| **Total current liabilities** | **7,049** | **9,102** |
| **TOTAL EQUITY AND LIABILITIES** | **12,187** | **21,043** |

# CONSOLIDATED STATEMENT OF CASH FLOW

| KEUR | H1 2021 | H1 2020 R* |
|---|---|---|
| Profit or loss for the period | -7,752 | -6,006 |
| Amortization (+) / impairment (+) of intangible assets | 251 | 1,864 |
| Depreciation (+) / impairment (+) of fixed assets | 242 | 360 |
| Increase (+) / decrease (-) in other provisions | -99 | -149 |
| Non-cash income (-) or expenses (+) from employee benefits | -3 | -11 |
| Other non-cash expense (+) / income (-) items | 35 | -137 |
| Increase (-) / decrease (+) in inventories | 1,068 | -4,111 |
| Increase (-) / decrease (+) in prepayments | 438 | -72 |
| Increase (-) / decrease (+) in trade receivables | 198 | -134 |
| Increase (-) / decrease (+) in other assets | 248 | -335 |
| Increase (+) / decrease (-) in trade payables | -326 | 1,831 |
| Increase (+) / decrease (-) in deferred revenues | -1,175 | -922 |
| Increase (+) / decrease (-) in other liabilities | -469 | 690 |
| Gain (-) / loss (+) from disposal of intangible and fixed assets | 0 | -1 |
| Interest expenses (+) / income (-) | 62 | 35 |
| Income tax expenses (+) / income (-) | 3 | 3 |
| Income tax paid (-) / received (+) | -3 | 1 |
| **Net cash flows used in operating activities** | **-7,282** | **-7,094** |
| Proceeds (+) from sales of intangible and fixed assets | 0 | 1 |
| Purchase (-) of intangible assets | - | -292 |
| Purchase (-) of fixed assets | -16 | -21 |
| Interest received (+) | 1 | - |
| **Net cash flows from investing activities** | **-15** | **-312** |
| Proceeds (+) from issue of shares | 1,428 | 6,205 |
| Transaction cost (-) on issue of shares | -332 | -641 |
| Repayment (-) of lease liabilities | -174 | -504 |
| Interest paid (-) | -63 | -35 |
| **Net cash flows from financing activities** | **859** | **5,025** |
| Cash and cash equivalents at the beginning of the period | 8530 | 8,377 |
| Net decrease in cash and cash equivalents | -6,438 | -2,381 |
| Change in cash and cash equivalents due to foreign exchange rates | 6 | 0 |
| **Cash and cash equivalents at the end of the period** | **2,098** | **5,996** |

*Retrospective adjustment of comparative figures for 2020 due to a correction of an error in connection with IFRS 2.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| 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, 2021** | **10,982** | **173,714** | **-174,482** | **3** | **-14** | **-11** | **10,203** |
| Total comprehensive income or loss of the period | - | - | -7,752 | - | 3 | 3 | -7,749 |
| Issue of share capital | 1,098 | 330 | - | - | - | - | 1,428 |
| Transaction costs | - | -332 | - | - | - | - | -332 |
| Share-based payments | - | -41 | - | - | - | - | -41 |
| **As at June 30, 2021** | **12,080** | **173,671** | **-182,234** | **3** | **-11** | **-8** | **3,509** |
| | | | | | | | |
| **As at January 1, 2020** | **2,989** | **172,904** | **-160,734** | **3** | **197** | **200** | **15,359** |
| Total comprehensive income or loss of the period | - | - | -6.006 | - | -208 | -208 | -6.214 |
| Issue of share capital | 5,171 | 1,034 | - | - | - | - | 6.205 |
| Transaction costs | - | -675 | - | - | - | - | -675 |
| Share-based payments | - | -25 | - | - | - | - | -25 |
| **As at June 30, 2020 R*** | **8,160** | **173.238** | **-166.740** | **3** | **-11** | **-8** | **14.650** |

*Retrospective adjustment of comparative figures for 2020 due to a correction of an error in connection with IFRS 2.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021

## 1. Corporate information

windeln.de SE (the "Company") is a stock corporation under European law whose shares are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange since May 6, 2015. The Company is entered in the commercial register at Munich local court under HRB 228000. The registered offices of the Company are located at Stefan-George-Ring 23 in 81929 Munich, Germany.

windeln.de SE is the parent of the windeln.de Group ("windeln.de" or the "Group"). The condensed and unaudited interim consolidated financial statements as of June 30, 2021, were approved for publication by resolution of the management board on August 10, 2021.

## 2. Basic accounting policies

The condensed interim consolidated financial statements as of June 30, 2021, were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union (EU). These interim consolidated financial statements conform with the regulation IAS 34 "Interim financial reporting".

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

Generally, the same accounting and measurement principles were applied as in the consolidated financial statements for the financial year ended December 31, 2020.

## 3. Discontinued operations, Correction of error, and Restatements

### 3.1 Presentation of the Bebitus business

The Management Board intends to sell the southern European business. As the requirements of IFRS 5 were met, the assets to be sold (inventory, prepayments on inventories as well as domains) were classified as held for sale and presented as "disposal group" on the face of the consolidated statement of financial position as of December 31, 2020, and measured at fair value less costs of disposal. Profit or loss of the Bebitus business was presented in the separate item "profit or loss after taxes from discontinued operations" in the consolidate income statement in 2020.

As of June 30, 2021, the Bebitus business is not sold. If the business is not sold within a period of twelve months (deadline starts on June 30, 2021 in case of the Bebitus business) after classification as IFRS 5 or if a disposal is not directly imminent, the business to be sold shall not be classified as IFRS 5 anymore. As of June 30, 2021, a tangible offer to buy does not exist.

Therefore, the assets intended for sale will not be presented in the item "disposal group" anymore as of June 30, 2021. In the statement of financial position prior year periods are not restated retrospectively. On June 30, 2021, domains again are presented within the intangible assets ´, further measured at a fair value of zero due to the revenue and earnings forecast as well as due to the outcome of the sales conversations which took place so far. On June 30, 2021, inventory is measured in line with the valuation rules on IAS 2 as well as the additional company-specific accounting policies, as described in the financial statements 2020. On June 30, 20201, prepayments on inventory are again measured at acquisition costs. The change of measurement resulted in an income of EUR 462k in total in the second quarter of 2021.

In addition, the profit or loss of the Bebitus operations will not be presented in the item "profit or loss after taxes from discontinued operations" anymore. Prior year periods of the consolidated income statement are adjusted retrospectively.

windeln.de further intents to discontinue the Bebitus operations.

### 3.2 Correction of errors

We have restated retrospectively expenses for share-based compensation in the comparison periods H1 2020 and Q2 2020.

In the second quarter of 2020, Management Board and Supervisory Board have decided to settle fully vested Restricted Stock Units (RSU) in cash. As the Company expects to settle RSUs in the future in cash as well, the accounting of all outstanding RSUs has been adopted. While preparing the annual financial statements 2020 it was noted that the accounting of the change of the planned settlement has not been done in line with the rules of IFRS 2.

The difference between the present fair value of the obligation (accrual) and the obligation accounted in equity so far using the historical fair value of the issuance date respectively the grant date of the RSUs was fully recognized affecting net income in the second quarter of 2020. EUR 987k in total were recognized as income within the personal expenses in the second quarter of 2020.

Instead, there should be a one-time neutral reclassification from the share premium into the accrued employee benefits in the amount of the fair value of the vested RSUs as of the modification date. The difference should have been stayed in share premium instead of releasing it affecting net income. More detailed information with regards to the proper accounting can be found in the Annual Report 2020, Note 8.8.1.

The error was corrected in the fourth quarter of 2020. In the interim financial statements as of June 30, 2021, and September 30, 2021, the misstatement was respectively will be, in line with IAS 8, corrected retrospectively and marked visible.

## 3.3 Restatement

Because of the circumstances described in note 3.1 and 3.2 prior year periods were restated accordingly.

Effects on the consolidated statement of comprehensive income

| kEUR | as presented H1 2020 | Bebitus operations | share-based payments | adjusted H1 2020 R |
|---|---|---|---|---|
| Revenues | 43,743 | 6,286 | - | 50,029 |
| Cost of sales | -33,137 | -5,500 | - | -38,637 |
| **Gross profit** | **10,606** | **786** | **-** | **11,392** |
| Selling and distribution expenses | -10,133 | -3,864 | -180 | -14,177 |
| Administrative expenses | -2,467 | -368 | -784 | -3,619 |
| Other operating income | 598 | 5 | - | 603 |
| Other operating expenses | -173 | -5 | - | -178 |
| **Earnings before interest and taxes (EBIT)** | **-1,569** | **-3,446** | **-964** | **-5,979** |
| **Financial result** | **-22** | **-2** | **-** | **-24** |
| **Earnings before taxes (EBT)** | **-1,591** | **-3,448** | **-964** | **-6,003** |
| Income taxes | -3 | - | - | -3 |
| **Profit or loss from continuing operations** | **-1,594** | **-3,448** | **-964** | **-6,006** |
| Profit or loss after taxes from discontinued operations | -3,448 | 3,448 | - | - |
| **PROFIT OR LOSS FOR THE PERIOD** | **-5,042** | **-** | -964 | **-6,006** |
| **Other comprehensive income or loss, net of tax** | **-208** | **-** | - | **-208** |
| **TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX** | **-5,250** | **-** | -964 | **-6,214** |
| | | | | |
| **Basic earnings per share** | | | | |
| Earnings per share from continuing operations (in EUR) | -0.24 | -0.5 | -0.15 | -0.89 |
| Earnings per share from discontinued operations (in EUR) | -0.50 | 0.5 | - | - |
| Earnings per share (in EUR) | -0.74 | - | -0.15 | -0.89 |

| kEUR | as presented Q2 2020 | Bebitus operations | share-based payments | adjusted Q2 2020 R |
|---|---|---|---|---|
| Revenues | 28,814 | 3,794 | - | 32,608 |
| Cost of sales | -22,100 | -3,466 | - | -25,566 |
| **Gross profit** | **6,714** | **328** | **-** | **7,042** |
| Selling and distribution expenses | -5,222 | -2,625 | -180 | -8,027 |
| Administrative expenses | -948 | -218 | -784 | -1,950 |
| Other operating income | 233 | 3 | - | 236 |
| Other operating expenses | -116 | -1 | - | -117 |
| **Earnings before interest and taxes (EBIT)** | **661** | **-2,513** | **-964** | **-2,816** |
| **Financial result** | **-7** | **-1** | **-** | **-8** |
| **Earnings before taxes (EBT)** | **654** | **-2,514** | **-964** | **-2,824** |
| Income taxes | -1 | - | - | -1 |
| **Profit or loss from continuing operations** | **653** | **-2,514** | **-964** | **-2,825** |
| Profit or loss after taxes from discontinued operations | -2,514 | 2,514 | - | - |
| **PROFIT OR LOSS FOR THE PERIOD** | **-1,861** | **-** | -964 | **-2,825** |
| **Other comprehensive income or loss, net of tax** | **1** | **-** | - | **1** |
| **TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX** | **-1,860** | **-** | -964 | **-2,825** |
| | | | | |
| **Basic earnings per share** | | | | |
| Earnings per share from continuing operations (in EUR) | 0.08 | -0.31 | -0.12 | -0.35 |
| Earnings per share from discontinued operations (in EUR) | -0.31 | 0.31 | - | - |

| | | | | |
|---|---|---|---|---|
| Earnings per share (in EUR) | -0.23 | - | - | -0.35 |

Effects on the consolidated statement of financial position

| kEUR | as presented June 30, 2020 | Bebitus operations | share-based payments | adjusted June 30, 2020 R |
|---|---|---|---|---|
| Share premium | 172,271 | - | 967 | 173,238 |
| Accumulated loss | -165,776 | - | -964 | 166,740 |
| Accrued employee benefits | 12 | - | -3 | 9 |
| TOTAL EQUITY AND LIABILITIES | 25,638 | - | - | 25,638 |

## 4. Segment reporting

The management of the segments was continued unchanged compared to December 31, 2020.

Segment information provided to the Management Board is as follows:

| kEUR | H1 2021 | H1 2020 R |
|---|---|---|
| **Revenues** | **33,314** | **50,029** |
| Europe | 12,815 | 16,657 |
| China | 20,499 | 33,372 |
| **Operating contribution** | 446 | 6,533 |
| Europe | -440 | -73 |
| China | 886 | 6,606 |

| kEUR | Q2 2021 | Q2 2020 R |
|---|---|---|
| **Revenues** | **16,002** | **32,608** |
| Europe | 5,736 | 9,437 |
| China | 10,266 | 23,171 |
| **Operating contribution** | -170 | 5,023 |
| Europe | -202 | 256 |
| China | 32 | 4,767 |

The numbers for the first quarter of 2020 were calculated retrospectively using the same calculation logic that is applied since Q2 2020 for segment presentation. Segment revenues and segment results reconcile to Group revenues and Group results as follows:

| kEUR | H1 2021 | H1 2020 R |
|---|---|---|
| Revenues Europe | 12,815 | 16,657 |
| Revenues China | 20,499 | 33,372 |
| **Revenues** | **33,317** | **50,029** |
| | | |
| Operating contribution Europe | -440 | -73 |
| Operating contribution China | 886 | 6,606 |
| **Operating contribution** | **446** | **6,533** |
| Other selling, general and administrative expenses | -8,134 | -12,512 |
| **Earnings before interest and taxes (EBIT)** | **-7,688** | **-5,979** |
| Financial income | 1 | 5 |
| Financial expenses | -60 | -29 |
| Income taxes | -5 | -3 |
| **PROFIT OR LOSS FOR THE PERIOD** | **-7,752** | **-6,006** |

| kEUR | Q2 2021 | Q2 2020 R |
|---|---|---|
| Revenues Europe | 5,736 | 9,437 |
| Revenues China | 10,266 | 23,171 |
| **Revenues** | **16,002** | **32,608** |
| | | |
| Operating contribution Europe | -202 | 256 |
| Operating contribution China | 32 | 4,767 |
| **Operating contribution** | **-170** | **5,023** |
| Other selling, general and administrative expenses | -3,465 | -7,839 |
| **Earnings before interest and taxes (EBIT)** | **-3,635** | **-2,816** |
| Financial income | 1 | 5 |
| Financial expenses | -58 | -13 |
| Income taxes | -3 | -1 |
| **PROFIT OR LOSS FOR THE PERIOD** | **-3,695** | **-2,825** |

# 5. Basis of consolidation

The scope of consolidation remains unchanged compared to December 31, 2020.

# 6. Notes to the consolidated statement of financial position and to the consolidated statement of comprehensive income

## 6.1 Financial assets and financial liabilities

The following table shows the carrying amounts and fair values of the financial assets (except for cash and cash equivalents) and the allocation of financial statement positions to the measurement categories:

| | June 30, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| kEUR | Carrying amount | Fair value | Carrying amount | Fair value |
| Debt instruments at amortized cost: | | | | |
| Trade receivables | 520 | 520 | 718 | 718 |
| Other financial assets | 1,522 | 1,522 | 1,513 | 1,513 |
| Debt instruments at fair value through OCI: | | | | |
| --- | - | - | - | - |
| Equity instruments at fair value through OCI: | | | | |
| --- | - | - | - | - |
| Financial assets at fair value through profit or loss: | | | | |
| --- | - | - | - | - |
| **Total financial assets** | **2,042** | **2,042** | **2,231** | **2,231** |
| current | 1,934 | 1,934 | 2,123 | 2,123 |
| non-current | 108 | 108 | 108 | 108 |

Due to the short-term maturities of trade receivables as well as other current financial assets, the fair values less impairment for these items are assumed to be equal to the carrying amounts.

Other current financial assets include cooperative shares of EUR 13k (December 31, 2020: EUR 14k). Those assets qualify as "financial assets at fair value through profit or loss" but are recognized at cost because they cannot be measured at fair value and because of their immaterial amount.

The following table shows the carrying amounts and fair values of all financial liabilities and the allocation of financial statement positions to the measurement categories:

| kEUR | June 30, 2021 Carrying amount | June 30, 2021 Fair value | December 31, 2020 Carrying amount | December 31, 2020 Fair value |
|---|---|---|---|---|
| Financial liabilities at amortized cost: | | | | |
| Trade payables | 3,163 | 3,163 | 3,490 | 3,490 |
| Other financial liabilities | 1,718 | 1,718 | 1,958 | 1,958 |
| Financial liabilities at fair value through profit or loss: | | | | |
| --- | - | - | - | - |
| **Total financial liabilities, without lease liabilities** | **4,881** | **4,881** | **5,448** | **5,448** |
| current | 4,881 | 4,881 | 5,448 | 5,448 |
| con-current | - | - | - | - |

Due to the short-term maturities of trade payables and other current financial liabilities, the fair values for these items are assumed to be equal to the carrying amounts.

## 6.2 Fair value hierarchy

As of June 30, 2021, and December 31, 2020, neither financial assets nor financial liabilities were measured at fair value. There were no reclassifications between the different levels in the reporting period.

## 6.3 Equity

**Equity transactions**

On March 12, 2021, the Management Board of windeln.de SE decided – with approval of the Supervisory Board and by partially using the Authorized Capital 2020 – on a capital increase of EUR 1,098,207.00 to EUR 12,080,207.00. The subscription price of the new shares amounted to EUR 1.30. Gross issuing proceeds amounted to EUR 1,427,669.10.

**Issued capital**

As of June 30, 2021, the issued capital of the Group parent amounts to EUR 12,080k (December 31, 2020: EUR 10,982k). It has been fully paid in and comprises 12,080,280 (December 31, 2020: 10,982,073) no-par value bearer shares (calculated par value of EUR 1,00). The number of shares outstanding at the beginning and at the end of the period reconciles as follows:

| | Resolution by the General Meeting | Effective date (commercial register) | Number of shares |
|---|---|---|---|
| As of January 1, 2021 | | | 10,982,073 |
| Capital increase | June 24, 2020 | March 19, 2021 | 1,098,207 |
| As of June 30, 2021 | | | 12,080,280 |

**Share premium**

As of June 30, 2021, the share premium amounts to EUR 173,671k (December 31, 2020: EUR 173,714k) and breaks down as follows:

| kEUR | June 30, 2021 | December 31, 2020 |
|---|---|---|
| Premium from financing rounds and/or IPO | 173,132 | 172,802 |
| Capital increases from company funds | -25,232 | -25,232 |
| Contributions in kind | 4,465 | 4,465 |
| Costs of equity transactions | -7,616 | -7,283 |
| Share-based payments | 28,882 | 28,922 |
| Premium from exercise of stock options | 40 | 40 |
| **Share premium** | **173,671** | **173,714** |

**Accumulated loss**

The accumulated loss results from losses carried forward from prior periods and the result of the current reporting period.

## 6.4 Share-based payments

In the second quarter of 2021, the Company has recently granted Stock Options (SO) and Restricted Stock Units (RSU) out of the Long Term Incentive Plan 2020-2024 to the members of the Management Board as well as to selected executive managers of the Group. Details on the program, on the valuation and the accounting are stated in the consolidated financial statements as of December 31, 2020, note 8.8.1.

**Development of subscription rights**

The subscription rights recognized exclusively in equity changed as follows:

| | VSOP 1-2 | LTIP 2015-2017 Stock Options | LTIP 2018-2020 Stock Options | LTIP 2020-2024 Stock Options |
|---|---|---|---|---|
| Outstanding at the beginning of the reporting period (January 1, 2021) | 4,416 | 99 | 7,291 | 30,205 |
| Granted during the reporting period | - | - | 1,027 | 19,491 |
| Exercised during the reporting period | - | - | - | - |
| Forfeited during the reporting period | - | -99* | -285 | - |
| Expired during the reporting period | - | - | - | - |
| Outstanding at the end of the reporting period (June 30, 2021) | 4,416 | - | 8,033** | 49,696 |
| Exercisable at the end of the reporting period (June 30, 2021) | 4,416 | - | - | - |

* For the stock options granted in 2017 and which were still outstanding as of December 31, 2020, the pretended performance target relating to the defined average revenue growth during the four-years vesting period were finally not met. Therefore, the options are forfeited.

** During the preparation of the budget in the first quarter of 2021, management concluded that the defined performance target mentioned in the program LTIP 2018-2020 for the stock options granted in 2018 will most likely not be met. The performance target to be hit is defined either as improvement of the adjusted EBIT margin by 8% (reference period: fiscal year prior to grant of the stock options vs. fiscal year prior to the end of the four-years waiting period) or as adjusted EBIT of at least 0 in the financial year prior to the end of the four-years waiting period. Pursuant to IFRS 2, for accounting purposes this assumption was incorporated into the quantity structure of the stock option plan.

**Presentation of financial impacts**

In the first half of 2021, an income of EUR 1 (H1 2020R: income of EUR 12k) was recognized for share-based payment compensation. Thereof, an income of EUR 46k (H1 2020R: expense of EUR 9k) can be allotted to equity-settled share-based payment obligations from stock option programs and an expense of EUR 45k (H1 2020R: income of EUR 21k) can be allotted to cash-settled share-based payment obligations from stock option programs.

As of June 30, 2021, a figure of EUR 11,947k is reported in the share premium for equity-settled as well as cash-settled share-based payment obligations from stock option programs (December 31, 2020: EUR 11,988k). As of June 30, 2021, a figure of EUR 83k is reported as provision for cash-settled share-based payment obligations from stock option programs (December 31, 2020: EUR 45k).

## 6.5 Other provisions, contingent liabilities, and litigations

Two employees of Bebitus Retail S.L.U. have participated on the purchase price (incl. Earn Outs) of the legal entity through an Incentive Plan amounting to 0.5% each. In 2018, the last Earn Out tranche – based on the final settlement agreement – was paid. End of 2018, these two employees have sued the Group for unfair treatment from the final settlement agreement which resulted in a lower purchase price. The Group countered the risk through recognition of a provision in the amount of the difference between actually paid purchase price and the historic purchase price without purchase price adjustments. In the second quarter of 2021, the Group has won the trial in the first instance whereby no further payments needs to be done to both employees. In the meantime, both employees have given notice of appeal. The Management Board estimates the chances to win the appeals procedure to more than 50% and therefore the posted provision in the amount of EUR 86k has been released affecting net income.

## 6.6 Revenues

The Group's revenues are mainly generated through the sale of baby and toddler products in Germany, China, and other European countries.

| kEUR | H1 2021 | H1 2020 R | Q2 2021 | Q2 2020 R |
|---|---|---|---|---|
| **Revenues by type** | | | | |
| Revenue from the sale of merchandise | 33,261 | 49,760 | 15,947 | 32,372 |
| *thereof segment Europe* | *12,763* | *16,483* | *5,681* | *9,291* |
| *thereof segment China* | *20,498* | *33,277* | *10,266* | *23,081* |
| Revenue from other services | 53 | 188 | 55 | 155 |
| *thereof segment Europe* | *52* | *174* | *54* | *146* |
| *thereof segment China* | *1* | *14* | *1* | *9* |
| Revenue from sales commissions | - | 81 | - | 81 |
| *thereof segment Europe* | - | - | - | - |
| *thereof segment China* | - | *81* | - | *81* |
| | **33,314** | **50,029** | **16,002** | **32,608** |

Geographic regions correspond mainly to our operating segments (see note 4) and are therefore not disclosed separately.

# 7. Related party disclosures

Pursuant to the principles in IAS 24, the members of the Management Board and the Supervisory Board of windeln.de SE are classified as key management personnel of the Group.

Since his resignation as member of the Management Board on March 31, 2021, Mr. Dr. Nikolaus Weinberger is not a related party anymore. Since their resignations as member of the Supervisory Board of windeln.de SE on May 14, 2021, Mr. Weijian Miao, Mrs. Yafang Tang and Mrs. Xiao Jing Yu are not a related party anymore.

Since his appointment as Supervisory Board member on January 19, 2021, Mr. Christian Reitermann qualifies as a related party.

On March 5, 2021, windeln.de SE entered into a commission agreement with the Chairman of the Supervisory Board Clemens Jakopitsch to remunerate placed underwriting volume in the amount of maximum 3% of the issuing proceeds in connection with the capital increase in March 2021. From this agreement, commission fees of EUR 43k net was paid to Clemens Jakopitsch in the first half of 2021.

On June 15, 2021, windeln.de SE entered into another commission agreement with the Chairman of the Supervisory Board Clemens Jakopitsch in connection with the capital increase in July 2021. For the participation of defined investors in the capital increase, Clemens Jakopitsch receives a commission of 1,5% of the issuing proceeds respectively 2,5% of the issuing proceeds in case the private placement of those investors amounts to at least EUR 2.5 million.

With regards all other transactions with related parties there are no material changes compared to the consolidated financial statements of 2020.

# 8. Events after the reporting date

**Capital increase Q3 2021**

On June 15, 2021, the Management Board resolved, with the approval of the Supervisory Board and making use of the Authorized Capital 2021, to increase the issued capital by issuing new shares against contribution in cash. The subscription price was determined by EUR 1.30 per new share. The subscription period started on June 22, 2021, and run until July 5, 2021, inclusively. The delivery of the new shares happened as of value date July 16, 2021.

In total 4,487,207 new shares were issued in connection with the capital increase. The share capital of the Company increased from EUR 12,080,280.00, comprises into 12,080,280 no par value bearer shares, by EUR 4,487,207.00 by issuing new shares in the amount of 4,487,207, each representing a pro rata amount in the share capital of EUR 1,00, to EUR 16,567,487.00. The gross issue proceeds amounted to EUR 5,833,369.10. The capital increase was entered into the commercial register on July 13, 2021.

In the third quarter of 2021, in connection with the commission agreement dated on June 15, 2021, an amount of EUR 63k net was billed by the Chairman of the Supervisory Board Clemens Jakpoitsch.

Munich, August 10, 2021

Matthias Peuckert Xiaowei Wei

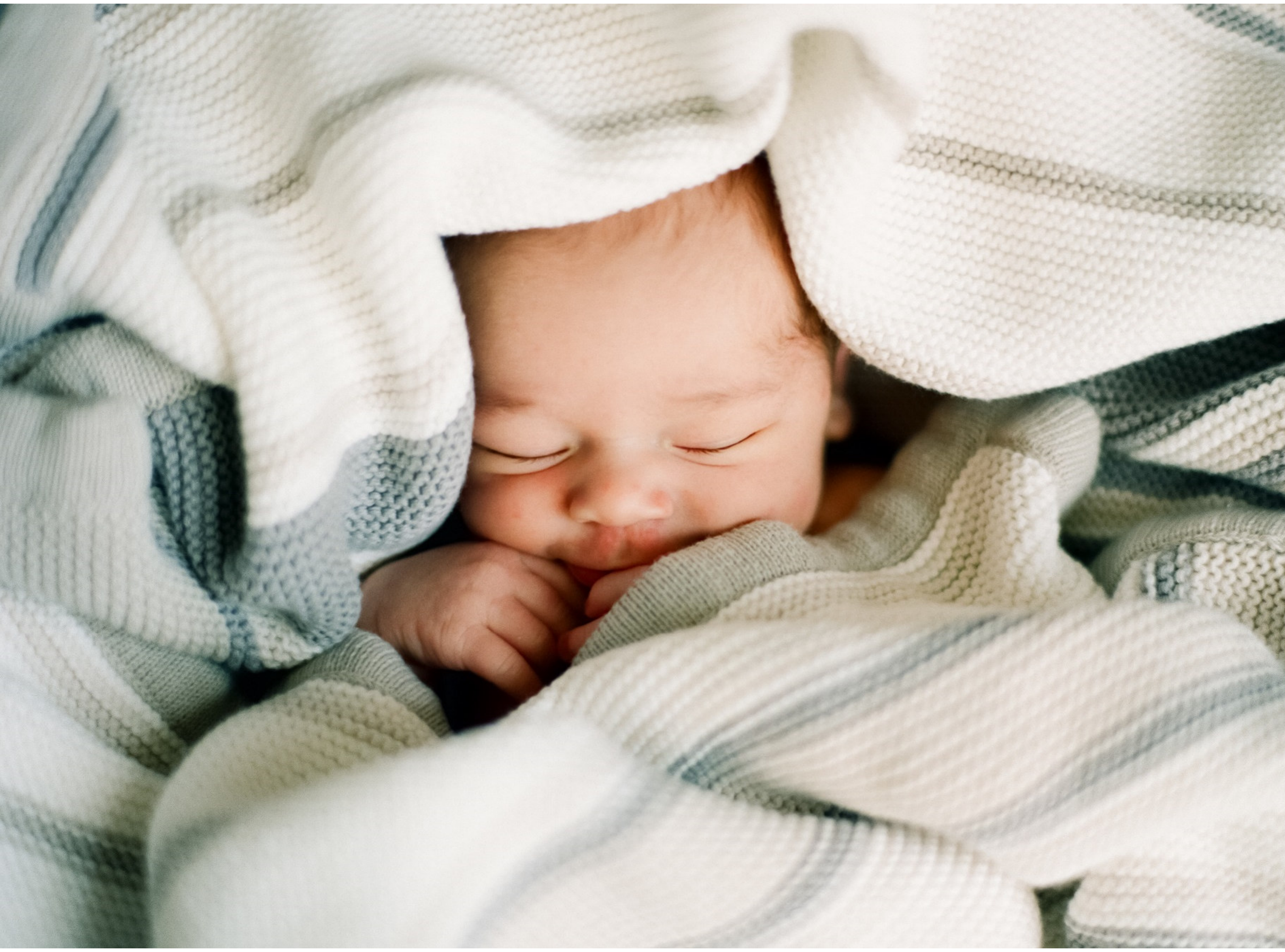
# RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Munich, August 10, 2021

Matthias Peuckert        Xiaowei Wei

# SERVICE



# GLOSSARY

**Site visits**
We define Site Visits as the number of series of page requests from the same device and source in the measurement period. Visits to our online magazine are included until mid of Q3 2020. A visit is considered ended when no requests have been recorded in more than 30 minutes. The number of site visits depends on a number of factors including the availability of the products we offer, the level and effectiveness of our marketing campaigns and the popularity of our online shops. Measured by Google Analytics.

**Mobile visit share**
We define mobile visit share (as % of site visits) as the number of visits via mobile devices (smartphones and tablets) to our mobile optimized websites and mobile apps divided by the total number of site visits in the measurement period. Site visits of our online magazine are excluded. Measured by Google Analytics.

**Mobile orders**
We define mobile orders (as % of number of orders) as the number of orders via mobile devices to our mobile optimized websites and mobile apps divided by the total number of orders in the measurement period. Measured by Google Analytics.

**Active customers**
We define active customers as the number of unique customers placing at least one order in one of our shops in the twelve months preceding the end of the measurement period, irrespective of returns.

**Number of orders**
We define number of orders as the number of customer orders placed in the measurement period, irrespective of returns. An order is counted on the day the customer places the order. Orders placed and orders delivered may differ due to orders that are in transit at the end of the measurement period or have been cancelled. Every order which has been placed, but for which the products in the order have not been shipped (e. g., the products are not available, or the customer cancels the order), is considered ''cancelled''. Cancellations are deducted from the number of orders.

**Average orders per active customers**
We define average orders per active customer as number of orders divided by the number of active customers in the last twelve months.

**Share of repeat customer orders**
We define orders from repeat customers as the number of orders from active customers who have placed at least one previous order, irrespective of returns. The share of repeat customer orders represents the number of orders from repeat customers in the last twelve months divided by the number of orders in the last twelve months.

**Gross order intake**
We define gross order intake as the aggregate Euro amount of customer orders placed in our web shops in the measurement period minus cancellations. The Euro amount includes value added tax and excludes marketing rebates.

**Average order value**
We define average order value as gross order intake divided by the number of orders in the measurement period.

**Returns (in % of gross revenues from orders)**
We define returns (as % of gross revenues from orders) as the returned amount in Euro divided by gross revenues from orders in the measurement period. Gross revenues from orders are defined as the total aggregated Euro amount spent by our customers minus cancellations but irrespective of returns. The amount does not include value added tax.

**Marketing cost ratio**
We define marketing cost ratio as marketing costs divided by revenues in the measurement period. Marketing costs, which are recognized within selling and distribution expenses in the consolidated income statement, mainly consist of advertising expenses including search engine marketing, online display and other marketing channel expenses, costs for external marketing partners as well as costs for the marketing tools of the Group.

**Fulfillment cost ratio**
We define fulfilment cost ratio as fulfilment costs divided by revenues for the measurement period. Fulfilment costs consist of logistics and warehouse rental expenses which are recognized within selling and distribution expenses in the consolidated income statement.

**Adjusted other SG&A expenses (as % of revenues)**
We define adjusted other SG&A expenses as adjusted other SG&A expenses divided by revenues. The other SG&A expenses comprise selling and distribution expenses, excluding marketing costs and fulfilment costs, and administrative expenses as well as other operating income and expenses. Adjusted other SG&A expenses exclude expenses and income in connection with share-based compensation, the cancelled warehouse move planned for 2020 (in 2020), one-time foreign exchange effects from the deconsolidation of windeln.ch AG (in 2020), and expenses in connection with the intended disposal of the Bebitus business. Latter contains impairments due to the classification as assets held for sale as well as other costs in connection with occurred selling activities.

**Operating contribution**
We define operating contribution as gross profit reduced by marketing and fulfilment costs.

# FINANCIAL CALENDAR 2021

| | |
|---|---|
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# IMPRINT

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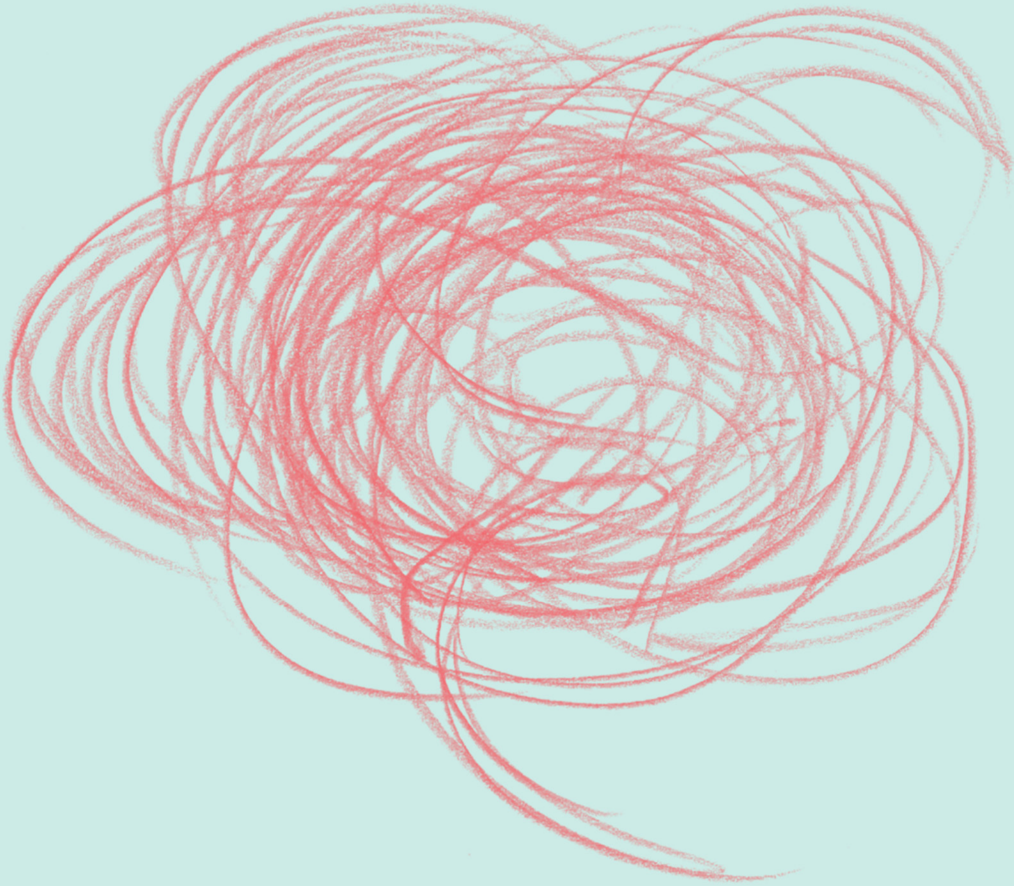
windeln.de SE does not assume any guarantee or liability that the future development and the actual results achieved in the future will correspond with the assumptions and estimates expressed in this Half Year Report. windeln.de SE neither intends nor assumes any separate obligation to update forward-looking statements to adapt them to events or developments after the date of this report.

The Half Year Report is also available in German and can be downloaded in both languages from the Internet at corporate.windeln.de. In the event of deviations, the German version of the Half Year Report takes precedence over the English translation.



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