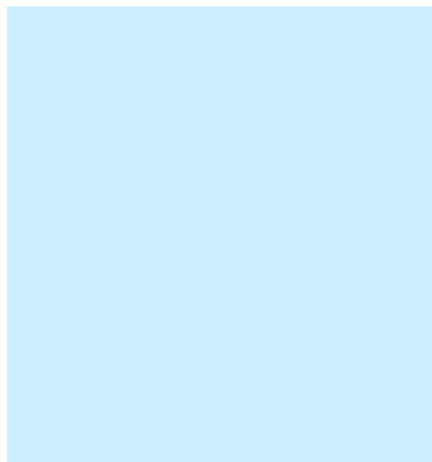
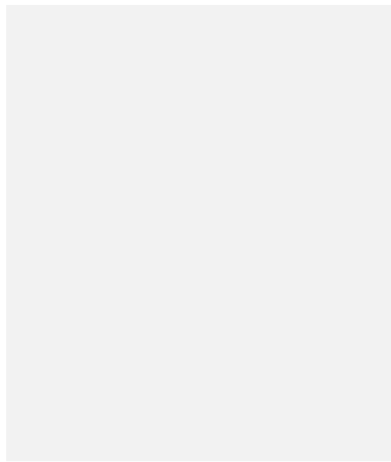


QUARTERLY STATEMENT Q3 2018



WINDELN.DE GROUP AT A GLANCE

Performance indicators (continuing operations only)	9M 2018	9M 2017 R	Q3 2018	Q3 2017 R
Site visits	31,289,454	59,007,373	9,907,220	18,340,055
Mobile visit share (as % of site visits)	71.5%	71.9%	70.3%	74.1%
Mobile orders (as % of number of orders)	54.4%	48.8%	55.1%	49.6%
Active customers	615,288	918,847	615,288	918,847
Number of orders	857,296	1,448,229	243,625	456,950
Average orders per active customer (in number of orders)	2.1	2.2	2.1	2.2
Share of repeat customer orders (as % of orders of last 12 months)	79.8%	84.6%	79.8%	84.6%
Gross order intake (in EUR)	77,203,605	134,340,513	21,915,782	43,262,521
Average order value (in EUR)	90.05	92.76	89.96	95.11
Returns (as % of net revenue from orders)	3.7%	3.2%	4.3%	2.9%
Adjusted marketing cost ratio (as % of revenues)	4.7%	4.9%	4.8%	4.4%
Adjusted fulfilment cost ratio (as % of revenues)	17.0%	14.8%	15.8%	14.2%
Adjusted other SG&A expenses (as % of revenues)	22.7%	17.1%	24.0%	16.7%
Earnings position (continuing operations only)				
Revenues (in kEUR)	78,549	142,109	22,178	47,200
Gross profit (in kEUR)	18,382	36,192	4,923	12,134
Gross profit (as % of revenues)	23.4%	25.5%	22.2%	25.7%
Operating contribution (in kEUR)	1,661	8,200	391	3,367
Operating contribution (as % of revenues)	2.1%	5.8%	1.8%	7.1%
Adjusted EBIT (in kEUR)	-15,991	-16,040	-4,930	-4,510
Adjusted EBIT (as % of revenues)	-20.5%	-11.3%	-22.2%	-9.6%
Financial position				
Cash flow from operating activities (in kEUR)	-17,261	-23,356	-3,477	-10,242
Cash flow from investing activities (in kEUR)	1,371	-685	-16	-357
Cash flow from financing activities (in kEUR)	1,552	-95	-38	-69
Net decrease in cash and cash equivalents	-14,338	-24,136	-3,531	-10,668
Cash and cash equivalents at the end of the period (in kEUR)	12,135	27,152	12,135	27,152
Current time deposits (in kEUR)	625	2,500	625	2,500
Non-current time deposits (in kEUR)	-	625	-	625
Total cash and time deposits (in kEUR)	12,760	30,277	12,760	30,277
Other				
Basic earnings per share (in EUR)	-0.92	-0.97	-0.19	-0.24
Diluted earnings per shares (in EUR)	-0.89	-0.89	-0.19	-0.21

All performance indicators and the section earnings position include amounts from continuing operations only. Since end of March 2018, Feedo Group qualifies as a disposal group and – after its divestiture – was deconsolidated in August 2018. As a result, Feedo Group is presented as discontinued operation in the consolidated income statement.

MATERIAL TRANSACTIONS IN Q3 2018

Divestiture of Feedo Group

On July 20, 2018, windeln.de signed an agreement about the divestiture of Feedo Group. The contract partner is Dětská galaxie s.r.o., a subsidiary of AGS 92 s.r.o. The sale of Feedo Group is structured as a share deal and includes several closing conditions, amongst others the conversion of loans granted to Feedo Group into equity. windeln.de receives a purchase price of EUR 400k. The purchase price is due for payment two years after the closing conditions are met, and it is interest-bearing.

All closing conditions were fulfilled on August 24, 2018. On that day, windeln.de Group's control over Feedo Group ended, resulting in the deconsolidation of all assets and liabilities of the disposal group. The deconsolidation leads to a loss of EUR 160k in Q3 2018, after remeasurement expenses of the disposal group were already incurred in the first six months of 2018.

In addition, Feedo Group meets the requirement of a discontinued operation in accordance with IFRS 5. As a result, Feedo's operating losses, expenses from remeasurement of the disposal group and the loss from divestiture are presented in the separate position "Profit or loss after taxes from discontinued operations" in the consolidated income statement.

China iOS App

Since August 1, 2018, our China iOS App is available in the Chinese app store. The app is customized to the needs of Chinese customers, special category navigation trees, sorting functions and promotion functionalities were implemented. The app offers new buttons for express purchases and expanded customer service functionalities.

Launch of the next generation Aptamil Profutura and Pronutra Advance in China and the GSA region

On September 19, 2018, the new generation of the Aptamil infant and children's milk products were officially launched. windeln.de's Chinese webshop and Tmall-shop are the first certified partners of Milupa to offer these new products to customers in China. Simultaneously, the new products are offered in the German webshop.

Management board

As of September 30, 2018, Jürgen Vedio retired from his position as member of the management board. His responsibilities are assumed by CEO Matthias Peuckert and CFO Dr. Nikolaus Weinberger since October 1, 2018.

COMMENTS ON NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Net assets and financial position

The divestiture of Feedo Group had significant impact on the net assets of the Group. This affects both assets and liabilities of the Group. As a result of the divestiture and the deconsolidation on August 24, 2018, intangible assets decrease by EUR 8,487k and fixed assets by EUR 315k, compared to December 31, 2017. Other disposed assets comprise inventories and prepayments on inventories (EUR 1,665k), cash and cash equivalents (EUR 595k), trade receivables (EUR 295k) and other financial and non-financial assets (EUR 649k). Disposed liabilities comprise mainly trade payables (EUR 2,067k) and deferred taxes (EUR 1,612k). As a one-time effect, cumulated differences of EUR 252k from historic foreign exchange translations – recognized within other comprehensive income in equity – were derecognized through profit or loss.

Overall, non-current assets of windeln.de Group decreased in the nine-months-period of 2018 by EUR 10,097k, mainly due to the disposed intangible and fixed assets of Feedo Group. In addition to those effects, intangible and fixed assets are reduced through regular depreciation and amortization (EUR 1,228k) that significantly exceed the purchases of those items (EUR 309k) in the same period. Within other non-current financial assets, claim assets from the sellers of Feedo Group (EUR 576k) were derecognized in the first and second quarter of 2018 as a result of the final settlement agreement. Please refer to the details published in windeln.de's Half Year Report 2018. With the divestiture of Feedo Group in the third quarter of 2018, a new claim towards the buyer (nominal value EUR 400k) was recognized.

In the nine-months-period of 2018, current assets decreased by EUR 30,873k, mainly from the decrease in cash and cash equivalents (EUR 14,330k), inventories (EUR 9,601k) other current financial assets (EUR 4,735k) and trade receivables (EUR 1,316k). The development of cash and cash equivalents is described further below. The decrease in inventories stems from the derecognition of Feedo Group and the ongoing optimization of net working capital resulting in lower inventories on stock. At the end of the business year 2017, the Group had high receivables from advertising subsidies from suppliers that are settled on an annual basis only. Those turned into cash inflows in the first six months of 2018. Although new receivables from suppliers were incurred in the same period, overall receivables from accrued advertising subsidies decreased by EUR 2,697k. Another decrease in other financial assets results from regular repayments of time deposits in the amount of EUR 1,875k. The remaining change is mainly attributable to the divestiture of Feedo Group. The decrease in trade receivables corresponds to the decrease in revenues.

The decrease in non-current liabilities is almost fully attributable to deferred taxes, a result of the deconsolidation of Feedo Group.

Current liabilities decrease mainly due to lower trade payables (EUR 9,323k), financial liabilities (EUR 3,524k), deferred revenues (EUR 1,217k) and other non-financial liabilities (EUR 1,215k). In the nine-months-period of 2018, windeln.de reduced its purchases of inventories, marketing services, warehouse and logistics capacities with direct impacts on trade payables. At the end of 2017, windeln.de has taken up EUR 3,500k of short-term money market loans in order to finance inventory purchases. The loans were fully redeemed in Q1 2018. The decrease in deferred revenue corresponds to the decrease in revenues. The decrease in other non-financial liabilities results from decreased liabilities for social security and VAT payables.

Besides the capital transactions described in the Half Year Report 2018, there were no changes in capital structure in Q3 2018. As part of the deconsolidation of Feedo Group, cumulated differences from historic foreign exchange translations were derecognized through profit or loss.

Overall, total balance sheet assets decreased by EUR 40,970k to EUR 41,025k in the nine-months-period of 2018.

The decrease of cash and cash equivalents by EUR 14,330k is only partially attributable to the loss of the period (EUR 28,272k) as expenses of EUR 7,758k relating to the divestiture of Feedo Group are non-cash items. The Group reduced its trade payables by EUR 7,213k in the nine-months-period of 2018¹. At the same time, inventories were deliberately sold off and product assortment was further optimized, leading to a reduction of EUR 7,942k¹. Overall, operating cash outflows amount to EUR 17,261k in the nine-months-period 2018.

In the beginning of 2018, the Group repaid money market loans amounting to EUR 3,500k. These effects are balanced by incoming payments from the capital increase (EUR 5,242k) and repayments of time deposits (EUR 1,875k). Cash and cash equivalents, held by Feedo Group on the date of divestiture, are presented as cash outflows within investing activities.

Results of operations²

In the nine-months-period of 2018, the Group generated revenues of EUR 78,549k, a decrease of 45% compared to the nine-months-period of 2017 (EUR 142,109k). The decrease relates mainly to the optimization of assortment and reduction of marketing costs in the German and European webshops. The Chinese shop had significantly lower revenues, due to an excess supply of milk powdered products in the Chinese market, and due to a change of milk powdered products and changed recipe formulas by leading suppliers. Additionally, Chinese customs authorities have increased their inspections temporarily at one customs point. Therefore, delivery times for direct shipments have increased by four to eight weeks. Many Chinese customers have cancelled their orders with negative impacts on revenues in China. This also impacted the third quarter, since we could participate in fewer Tmall promotion activities. Also the closure of the Italian webshop contributes to the decrease in revenues.

In the nine-months-period of 2018, the margin (gross profit as % of revenues) decreased by 2.1pp³ to 23.4% compared to the prior year period. As a result of the optimization of assortment, the margins for some product categories could be improved in Europe. The excess supply in China, as described above, triggers a decrease in market prices with negative impacts on margins. Delayed shipments due to the temporarily increased customs inspection lead to cost of sales without corresponding revenues. The affected customer orders partially had to be scrapped or were given to customers for free. Additionally, the optimization of assortment and the sell-off of remaining stock of the Italian warehouse, mainly in Q1 2018, had further negative impacts on the margin.

Selling and distribution expenses decreased by EUR 13,462k or 31% compared to the prior year period. This was mainly driven by lower logistics expenses (minus 38%), marketing expenses (minus 47%) and payment processing costs (minus 40%), as a result of decreased order volumes. The closure of the Italian warehouse in Q1 2018 and the engagement of PostNL as transportation supplier in the end of Q1 2017 have positive impacts on logistics expenses. A further decrease is seen at warehouse expenses (minus 21%) as a result of the reduction in inventories. The online marketing activities in the GSA region focused on the optimization of transaction costs as % of the realizable margin.

Administrative expenses decreased by EUR 10,880k or 62% compared to the prior year period, which results mainly from personnel expenses. In the nine-months-period of 2018, windeln.de had no expenses for share-based payments in connection with the acquisition of Bebitus (prior year period: EUR 7,818k). Other personnel expenses also decreased by EUR 2,043k compared to the prior year period, attributable to a reduction of administrative staff and a write-back of share-based compensation due to changes in the numeral structure of the stock option plan LTIP-SO.

In the nine-months period of 2018, other operating income increased by EUR 269k to EUR 773k. The increase stems mainly from foreign exchange gains (EUR 452k, prior year: EUR 225k). Other operating expenses amount to EUR 639k and have merely changed compared to the prior year (EUR 597k).

¹ Without effects of the deconsolidation of Feedo Group

² Explanations on the results of operations refer to continuing operations only (without Feedo Group), except stated otherwise. Prior year numbers are restated accordingly.

³ pp = percentage points

The financial result of the nine-months-period of 2018 is minus EUR 15k and comprises mainly interest income from time deposits and interest expenses from short-term money market loans that were fully repaid in early 2018. In the prior year period, EUR 1,129k from the subsequent remeasurement of contingent purchase price payments from the acquisition of Bebitus were recognized as financial income.

Losses from discontinued operations amount to EUR 10,575k (prior year: EUR 2,174k). The discontinued operation comprises the Feedo Group. The loss includes the result of Feedo's regular operating activities of the nine-months-period (EUR 2,817k) and the loss from disposal (EUR 7,758k).

REGIONAL RESULTS OF OPERATIONS

kEUR	9M 2018	9M 2017 R	Q3 2018	Q3 2017 R
Revenues from continuing operations	78,549	142,109	22,178	47,200
Germany, Switzerland, Austria (GSA)	18,290	34,156	5,691	9,850
China	40,913	77,697	11,824	26,777
Other / Rest of Europe	19,346	30,256	4,663	10,573

ADJUSTED EBIT

kEUR	9M 2018	9M 2017 R	Q3 2018	Q3 2017 R
Earnings before interest and taxes (EBIT)	-17,666	-24,425	-5,220	-7,297
adjusted for costs of acquisition, integration and expansion	-	104	-	-94
adjusted for share-based compensation	-323	8,133	64	2,630
adjusted for costs of reorganization	1,227	-103	169	-
adjusted for impairment of intangible assets	-	251	-	251
adjusted for closure of pannolini.it	771	-	57	-
Adjusted EBIT	-15,991	-16,040	-4,930	-4,510

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

kEUR	9M 2018	9M 2017 R	Q3 2018	Q3 2017 R
Continuing operations				
Revenues	78,549	142,109	22,178	47,200
Cost of sales	-60,167	-105,917	-17,255	-35,066
Gross profit	18,382	36,192	4,923	12,134
Selling and distribution expenses	-29,573	-43,035	-7,936	-13,932
Administrative expenses	-6,609	-17,489	-2,318	-5,600
Other operating income	773	504	294	207
Other operating expenses	-639	-597	-183	-106
Earnings before interest and taxes (EBIT)	-17,666	-24,425	-5,220	-7,297
Financial income	13	1,134	7	1,130
Financial expenses	-28	-45	-2	-5
Financial result	-15	1,089	5	1,125
Earnings before taxes (EBT)	-17,681	-23,336	-5,215	-6,172
Income taxes	-16	30	-2	27
Profit or loss from continuing operations	-17,697	-23,306	-5,217	-6,145
Profit or loss after taxes from discontinued operations	-10,575	-2,174	-713	-95
PROFIT OR LOSS FOR THE PERIOD	-28,272	-25,480	-5,930	-6,240
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	478	-101	162	-281
OTHER COMPREHENSIVE INCOME OR LOSS, NET OF TAX	478	-101	162	-281
TOTAL COMPREHENSIVE INCOME OR LOSS, NET OF TAX	-27,794	-25,581	-5,768	-6,521
Basic earnings per share (in EUR)	-0.92	-0.97	-0.19	-0.24
Diluted earnings per share (in EUR)	-0.89	-0.89	-0.19	-0.21
Basic earnings per share from continuing operations (in EUR)	-0.58	-0.89	-0.17	-0.23
Diluted earnings per share from continuing operations (in EUR)	-0.56	-0.81	-0.16	-0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	September 30	December 31,
kEUR	2018	2017 R
NON-CURRENT ASSETS		
Intangible assets	11,630	21,002
Fixed assets	152	625
Other financial assets	647	866
Other non-financial assets	185	206
Deferred tax assets	3	15
Total non-current assets	12,617	22,714
CURRENT ASSETS		
Inventories	9,573	19,174
Prepayments	19	332
Trade receivables	942	2,258
Income tax receivables	14	3
Other financial assets	3,048	7,783
Other non-financial assets	2,677	3,266
Cash and cash equivalents	12,135	26,465
Total current assets	28,408	59,281
TOTAL ASSETS	41,025	81,995
Equity and liabilities	September 30	December 31,
kEUR	2018	2017 R
EQUITY		
Issued capital	31,136	28,472
Share premium	170,488	168,486
Accumulated loss	-171,699	-143,427
Cumulated other comprehensive income	180	-298
Total equity	30,105	53,233
NON-CURRENT LIABILITIES		
Defined benefit obligations and other accrued employee benefits	-	51
Other provisions	3	5
Financial liabilities	15	59
Other financial liabilities	29	59
Deferred tax liabilities	475	2,115
Total non-current liabilities	522	2,289
CURRENT LIABILITIES		
Other provisions	137	315
Financial liabilities	51	3,575
Trade payables	5,456	14,779
Deferred revenues	1,840	3,057
Income tax payables	1	2
Other financial liabilities	2,438	3,055
Other non-financial liabilities	475	1,690
Total current liabilities	10,398	26,473
TOTAL EQUITY AND LIABILITIES	41,025	81,995

CONSOLIDATED STATEMENT OF CASH FLOWS

KEUR	9M 2018	9M 2017 R
Profit or loss for the period	-28,272	-25,480
Amortization (+) / impairment (+) of intangible assets	1,013	1,294
Depreciation (+) / impairment (+) of fixed assets	215	339
Payments (-) from share-based payment obligations	-	-176
Increase (+) / decrease (-) in other provisions	-180	-282
Non-cash expenses (+) from employee benefits	-459	7,984
Other non-cash expense (+) / income (-) items	8,450	-89
Increase (-) / decrease (+) in inventories	7,942	-239
Increase (-) / decrease (+) in prepayments	303	-335
Increase (-) / decrease (+) in trade receivables	1,019	651
Increase (-) / decrease (+) in other assets	2,619	899
Increase (+) / decrease (-) in trade payables	-7,213	-3,242
Increase (+) / decrease (-) in deferred revenues	-1,128	-993
Increase (+) / decrease (-) in other liabilities	-1,545	-3,685
Gain (-) / loss (+) from disposal of intangible and fixed assets	-34	36
Interest expenses (+) / income (-)	13	2
Income tax expenses (+) / income (-)	7	-30
Income tax paid (-) / received (+)	-11	-10
Net cash flows used in operating activities	-17,261	-23,356
Proceeds (+) from sales of intangible and fixed assets	40	57
Purchase (-) of intangible assets	-245	-993
Purchase (-) of fixed assets	-79	-216
Purchase (-) or proceeds (+) from financial investments	1,875	1,250
Payments (-) or refunds (+) from acquisition of subsidiaries	365	-787
Cash flows from divestiture of subsidiaries	-595	-
Interest received (+)	10	4
Net cash flows from / used in investing activities	1,371	-685
Proceeds (+) from issue of shares	5,242	-
Transaction cost (-) on issue of shares	-118	-40
Repayment (-) of finance lease liabilities	-40	-59
Proceeds (+) from financial liabilities	-	19
Repayment (-) of financial liabilities	-3,509	-9
Interest paid (-)	-23	-6
Net cash flows from / used in financing activities	1,552	-95
Cash and cash equivalents at the beginning of the period	26,465	51,302
Net increase / decrease in cash and cash equivalents	-14,338	-24,136
Change in cash and cash equivalents due to foreign exchange rates	8	-14
Cash and cash equivalents at the end of the period	12,135	27,152

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kEUR	Issued capital	Share premium	Treasury shares	Accumulated loss	Actuarial gains/losses from remeasurement of defined benefit plans	Exchange differences on translation of foreign operations	Other comprehensive income	Total equity
As at January 1, 2018 R	28,472	168,486	-	-143,427	3	-301	-298	53,233
Total comprehensive income or loss of the period	-	-	-	-28,272	-	478	478	-27,794
Issue of share capital	2,664	2,577	-	-	-	-	-	5,241
Transfer of own shares	-	-	-	-	-	-	-	-
Transaction costs	-	-168	-	-	-	-	-	-168
Share-based payments	-	-407	-	-	-	-	-	-407
As at September 30, 2018	31,136	170,488	-	-171,699	3	177	180	30,105
As at January 1, 2017 R	26,318	159,993	-370	-105,608	14	-247	-233	81,100
Total comprehensive income or loss of the period	-	-	-	-25,480	-	-101	-101	-25,581
Issue of share capital	2,154	1,141	-	-	-	-	-	3,295
Transfer of own shares	-	-370	370	-	-	-	-	-
Transaction costs	-	-40	-	-	-	-	-	-40
Share-based payments	-	7,954	-	-	-	-	-	7,954
As at September 30, 2017 R	28,472	168,678	-	-131,088	14	-348	-334	65,728

