

elumeo

**The leading electronic retailer for
gemstone jewelry in Europe**

Investor Presentation – Financial Year 2018



Table of contents

1	Summary
2	Restructuring – status + next steps
3	Financials 2018
4	Outlook



Summary 2018

	2018	2017	YoY%
Revenues (€m)	51,115	67,560	-24.3%
total Segment EBITDA (€m)	-10,787	-5,966	-80.8%
Total Equity (€m)	6,096	31,952	-80.9%
Equity ratio (%)	21.0%	58.4%	-64.0%
Products sold	746,254	923,476	-19.2%
Active customers	74,198	82,062	-9.6%
total comprehensive income	-26,057	-7,340	-255.0%

- 1 Revenues declined due to a lack of diversity
- 2 New products from third party suppliers show significantly improved performance and airtime for new products from third party suppliers is increasing constantly
- 3 Cost-saving program is showing initial results
- 4 Potential obligations resulting from the orderly liquidation of the Group owned factory were considered with a total amount of EUR 7.7 million. The risk is considered remote according to our Thai lawyers.
- 5 In addition EUR 5.6 million were recognized as provisions or possible value adjustments in connection with discontinued operations. The likelihood of these occurring is also considered remote.

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Table of contents

1	Summary
2	Restructuring – status + next steps
3	Financials 2018
4	Outlook



Sustainable turnaround requires deep transformation

- Our restructuring is progressing
 - Cost-cutting programme is on track – EUR 6.2 m vs. EUR 6 m planned
 - 80% airtime share for products from new sourcing in April 2019
- Very fast transition from 1 own factory to 22 new manufacturers stresses the supply chain and causes problems
- We are a direct-2-consumer (D2C) pioneer = ideal position to catch the full value potential with a streamlined cost base
- Sustainable turnaround requires deep transformation
 - Live TV auctions are our heritage – mobile is our future
 - Buy when you want and where you want – no need to sit at home
 - Unique product presentation (TV storytelling, 360° animation, expert knowledge)
 - Social media shopping = great chance for D2C is coming up



elumeo's restructuring is founded on 3 pillars – good progress has been made, however there is still much to do

Pillar	We achieved ✓	We are working on
A Customer first!	<ul style="list-style-type: none">▪ New TV formats launched (e.g. Dagen amber, Dallas Prince)▪ Problems in supply chain require ad hoc management of TV shows = difficult to provide timely information to TV customers	<ul style="list-style-type: none">▪ Market premiers to customers in advance▪ Modernising the TV show▪ Linking TV and online sales (= 1 face to the customer)▪ Pushing online/mobile▪ Cooperating with platforms etc. to leverage jewelry expertise▪ Discovering social media shopping
B Multi Manufacturing	<ul style="list-style-type: none">▪ 22 new factories on board▪ 80% airtime share in April▪ Jaipur office founded▪ Very fast transition hinders work process (lots of manual work)	<ul style="list-style-type: none">▪ Targeted ordering (varieties, line sizes)▪ Smoothing workflow, strengthening hubs in Bangkok/Jaipur, supported by new software▪ Extending the supplier base
C Cost-Cutting	<ul style="list-style-type: none">▪ Cost-cutting on track▪ EUR 6.2 m FC vs. EUR 6 m Plan	<ul style="list-style-type: none">▪ Continuing tough cost controlling



We design our own products, manufacture them in our global network and sell jewelry directly to our customers (D2C)

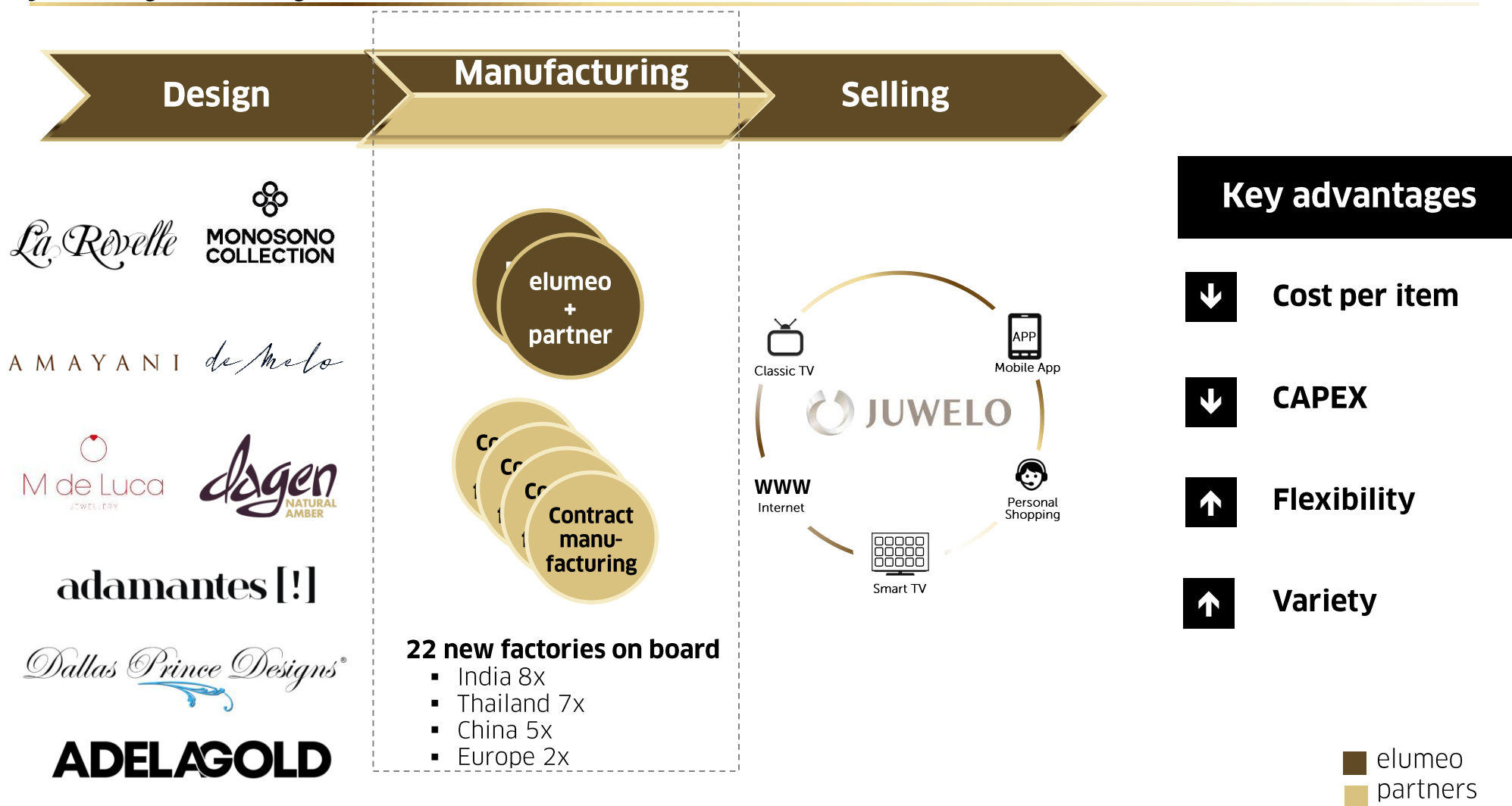


Table of contents

1	Summary
2	Restructuring – status + next steps
3	Financials 2018
4	Outlook
5	Appendix



Summary of 2018 results

Due to IFRS 5, intra-group profits of the closed production must be allocated to discontinued operations. This leads to significantly reduced margins of the continuing operations. The positions on pages 16 and 17 show in detail the reconciliation items we have used for our segment reporting.

Total Group revenues for 2018 decreased by -24.3% to EUR 51.1 million after EUR 67.5 million in 2017

- Reduced capacity and closing of production in Thailand
 - leading to lack of variety and declining revenues in all territories and channels.
 - Significantly reduced B2B business
- Change from own factory to local partners and third party suppliers successfully started
 - New products with significantly improved performance

Segment EBITDA for continued businesses now developed from EUR -6.0 million in 2017 to EUR -10,8 million in 2018

Total comprehensive income in 2018 at EUR -26.1 million compared to EUR -7.3 million in 2017.



Select key data 2018 (from continuing operations)

EUR thousand [unless indicated otherwise]	2018		2017		YoY in %
Revenue	51,115	100.0%	67,560	100.0%	-24.3%
<u>Product revenue by regions</u> [absolutely and in % of product revenue]					
Germany	41,066	80.4%	52,907	78.4%	-22.4%
Italy	8,011	15.7%	10,001	14.8%	-19.9%
Other countries	1,994	3.9%	4,593	6.8%	-56.6%
[The following disclosures represent: absolute values and in % of revenue]					
Gross profit	13,464	26.3%	20,926	31.0%	-35.7%
EBITDA	-25,268	-49.4%	-8,320	-12.3%	-203.7%
Total segment EBITDA	-10,787	-21.1%	-5,966	-8.8%	-80.8%
Depreciation and amortisation	940	1.8%	909	1.3%	3.3%
EBIT	-26,208	-51.3%	-9,229	-13.7%	-184.0%
Total comprehensive income	-26,057	-51.0%	-7,340	-10.9%	-255.0%
Selling and administrative expenses	31,466	61.6%	30,621	45.3%	2.8%
[absolutely and in % of balance sheet total]					
Total assets¹	29,023	100.0%	54,709	100.0%	-47.0%
Total equity¹	6,096	21.0%	31,952	58.4%	-80.9%
[absolutely and in % of balance sheet total]					

Potential obligations resulting from the orderly liquidation of the Group owned factory were considered with a total amount of EUR 7.7 million and reduce total equity accordingly.

The probability of these obligations being incurred is considered remote by our Thai lawyers.

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Select key data 2018 (from continuing operations)

EUR thousand [unless indicated otherwise]	2018		2017		YoY in %
Working capital¹ [absolutely and in % of balance sheet total]	23,671	81.6%	32,715	59.8%	-27.6%
¹ Prior year disclosure: 31 Dec 2017					
[The following disclosures represent: absolute values and in % of revenue]					
Net cash flow from operating activities	-4,570	-8.9%	-9,234	-13.7%	50.5%
Net cash flow from investing activities	-453	-0.9%	-184	-0.3%	-146.0%
Net cash flow from financing activities	-3,317	-6.5%	-2,788	-4.1%	-19.0%
Items sold [pieces]	746,254		923,476		-19.2%
Number of active customers (rounded)	74,198		82,062		-9.6%
per active customer [pieces] 10.1	 11.3		-10.6%
Average sales price (ASP) [EUR]	68		73		-6.4%
Revenue per active customer [EUR]	689		823		-16.3%
Gross profit per item sold [EUR]	18		23		-20.4%
<u>New customer breakdown (Germany only)</u>					
[in % of new customers]					
TV only	25.6%		24.6%		4.0%
Web only	55.1%		59.2%		-7.0%
Others	19.3%		16.2%		19.6%

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Statement of income from continuing operations

	Note	1 Jan - 31 Dec 2018		1 Jan - 31 Dec 2017 restated*		YoY in %
EUR thousand % of revenue						
Revenue	(1)	51,115	100.0%	67,560	100.0%	-24.3%
Cost of goods sold	(2)	37,652	73.7%	46,635	69.0%	-19.3%
Gross profit		13,464	26.3%	20,926	31.0%	-35.7%
Selling expenses	(3)	23,726	46.4%	23,669	35.0%	0.2%
Administrative expenses	(4)	7,741	15.1%	6,952	10.3%	11.3%
Other operating income	(5)	95	0.2%	566	0.8%	-83.2%
Other operating expenses	(6)	8,301	16.2%	99	0.1%	n.a.
Earnings before interest and taxes (EBIT)		-26,208	-51.3%	-9,229	-13.7%	-184.0%
Interest income		4	0.0%	0	0.0%	n.a.
Interest and similar expenses		-220	-0.4%	-300	-0.4%	26.7%
Financial result	(7)	-216	-0.4%	-299	-0.4%	-28.0%
Earnings before income taxes (EBT)		-26,424	-51.7%	-9,528	-14.1%	-177.3%
Income tax	(10)	-735	-1.4%	317	0.5%	-332.0%
Earnings for the period from continuing operations		-27,159	-53.1%	-9,211	-13.6%	-194.8%

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IFRS 8 – Segment reconciliation to Group earnings and continuing operations 2018

	Segment informationen (Continuing operations)	Effects from foreign currency trans- lation	Equity- settled share- based remune- ration	Specific valuation allowance on receivables due from cooperation partners & related parties	By nature, amount & utilization uncertain obligations in connec- tion with the Group owned factory	Legal and consulting fees related to the orderly liquidation of the Group owned factory	Realized inter- company profits attributable to the discon- tinued Group owned factory	Unduly high personnel expenses charged by the factory and opportunity cost of distribution	Earnings for the period from discon- tinued operations	Segment recon- ciliation items of con- tinuing operations	Group information (Continuing operations)
EUR thousand % of revenue											
Revenue	51,115 100.0%									0	51,115 100.0%
Cost of goods sold	31,929 62.5%	-74					-1,145	6,943		5,723	37,652 73.7%
Gross profit	19,187 37.5%	74	0	0	0	0	1,145	-6,943	0	-5,723	13,464 26.3%
Selling expenses	23,726 46.4%									0	23,726 46.4%
Administrative expenses	7,283 14.2%		201	257						458	7,741 15.1%
Other operating income	95 0.2%									0	95 0.2%
Other operating expenses	0 0.0%	428			7,705	167				8,301	8,301 16.2%
Earnings before interest and taxes (EBIT)	-11,726 -22.9%	-354	-201	-257	-7,705	-167	1,145	-6,943	0	-14,482	-26,208 -51.3%
Depreciation and amortization on property, plant and equipment and intangible assets	940 1.8%									0	940 1.8%
EBITDA	-10,787 -21.1%	-354	-201	-257	-7,705	-167	1,145	-6,943	0	-14,482	-25,268 -49.4%

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IFRS 8 – Segment reconciliation to Group earnings and continuing operations 2017

	Segment- informationen (Fortzuführende Geschäfts- bereiche)	Effekte aus Währungs- umrech- nung	Anteils- basierte Vergü- tungen mit Ausgleich instrumene	Netto- verluste aus Anlagen- abgängen	Erträge aus der Auflösung von Rück- stellungen für Abfin-	Durch die Manufaktur belastete zu hohe Personal- kosten	Ergebnis nach Ertrag- steuern aus aufgege- benen	Segment- über- leitungs- posten der fortzu- bereiche	Konzern- informationen (Fortzuführende Geschäfts- bereiche)
Revenue	67,560 100.0%							0	67,560 100.0%
Cost of goods sold	44,662 66.1%	319				1,654		1,973	46,635 69.0%
Gross profit	22,898 33.9%	-319	0	0	0	-1,654	0	-1,973	20,926 31.0%
Selling expenses	23,669 35.0%							0	23,669 35.0%
Administrative expenses	6,671 9.9%		317	4	-40			282	6,952 10.3%
Other operating income	566 0.8%							0	566 0.8%
Other operating expenses	0 0.0%	99						99	99 0.1%
Earnings before interest and taxes (EBIT)	-6,875 -10.2%	-418	-317	-4	40	-1,654	0	-2,354	-9,229 -13.7%
Depreciation and amortization on property, plant and equipment and intangible assets	909 1.3%							0	909 1.3%
EBITDA	-5,966 -8.8%	-418	-317	-4	40	-1,654	0	-2,354	-8,320 -12.3%

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Table of contents

1	Summary
2	Restructuring – status + next steps
3	Financials 2018
4	Outlook



2019 Outlook

On 9 Nov, elumeo SE decided to change its product sourcing

- elumeo SE has decided to outsource its remaining production to two smaller sites that will be operated in close cooperation with local partners (Bangkok and Jaipur).
- Intention to further reduce fixed costs and increased production flexibility

The following results are expected for 2019:

- We expect moderate sales growth in the single-digit range over the course of the year
- The gross profit margin will continue to improve as a result of the multi-manufacturing strategy adopted in 2018 and the discontinuation of the B2B business
- Cost of reach and costs for external service providers will be reduced significantly in order to achieve the expected earnings improvements

Further improving elumeo Group's profitability while maintaining liquidity remains the top priority.



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