

elumeo

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



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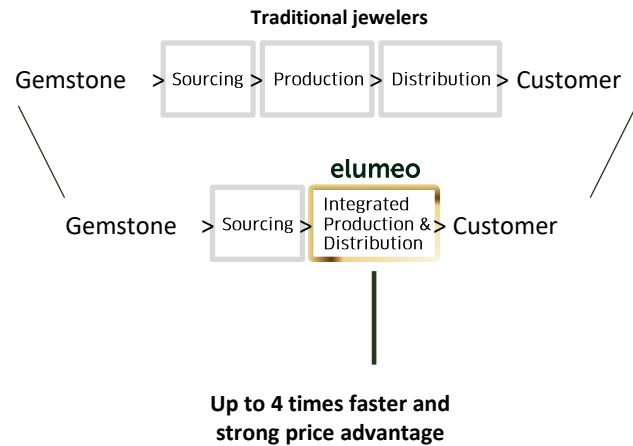
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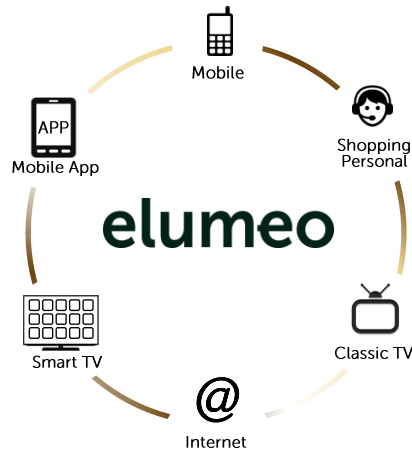
elumeos business model is founded on three pillars

Vertically integrated and scalable value chain



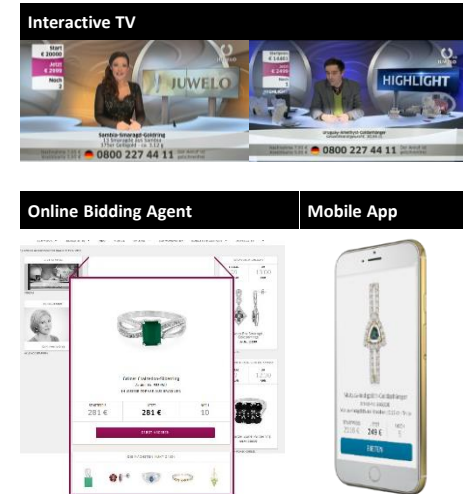
Fast reaction times and low production cost

Multiple electronic distribution channels



Presence in all electronic distribution channels

Live and interactive sales features



Video content transports both facts and emotion



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

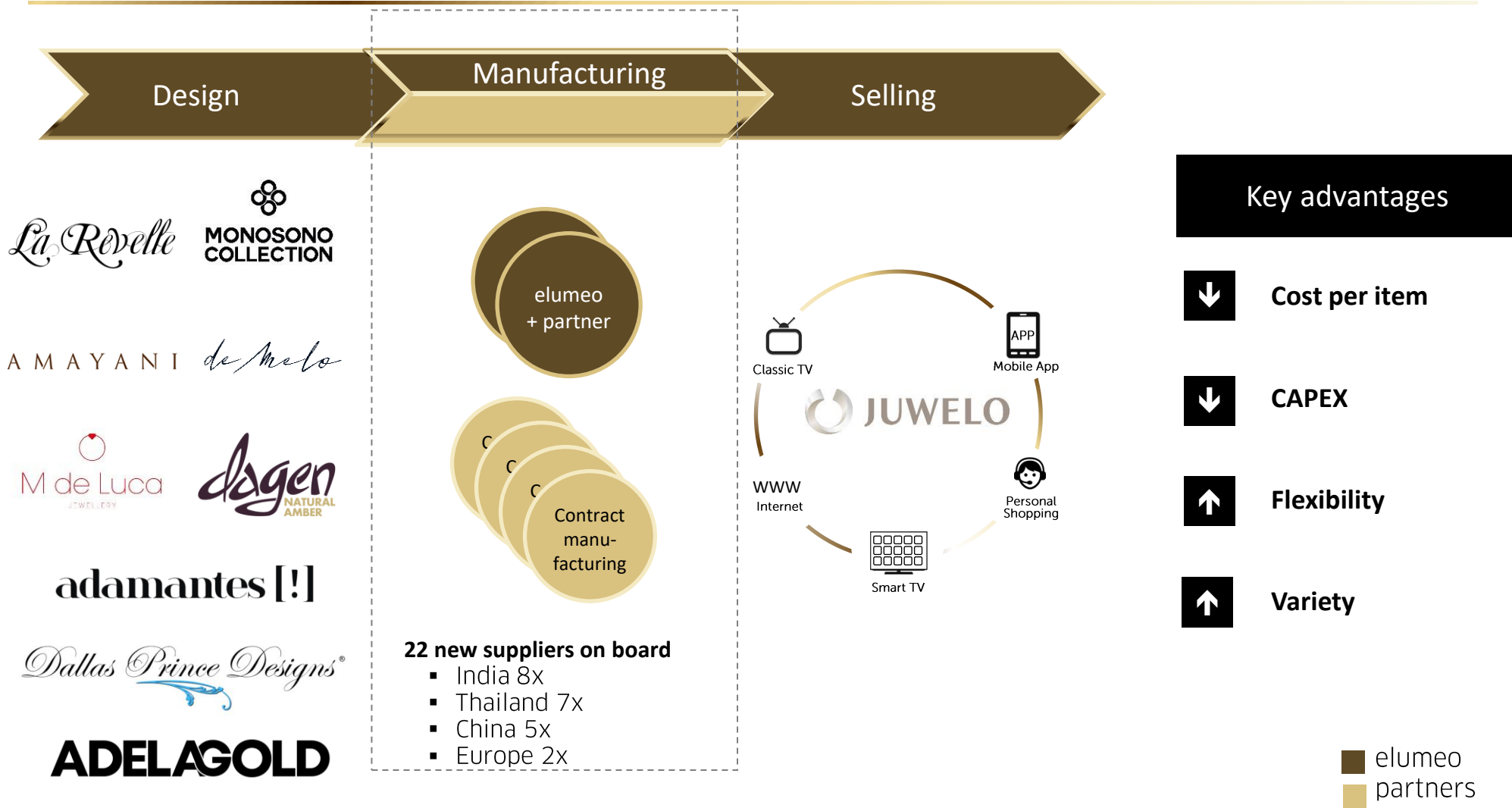


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Summary of key developments

- Q3 2020 again showed sustainable development in profitability resulting in positive earnings after tax.
- elumeo's webshops continued to deliver an increasing contribution to the overall result by growing 55% in revenue and 83% in gross profit.
- Further measures have been implemented in order to prevent a COVID 19 outbreak within elumeo Group. We continue to monitor the consequences of the COVID 19 crisis very closely in order to be able to react quickly if the situation deteriorates again.
- elumeo group has now completed the restructuring program started in 2018. In the European entities more than 30% of the workforce has been reduced and operating expenditure has been reduced by 17%. Going forward elumeo will continue with profitable growth.
- Dr. Riad Nourallah to take over as CFO as of March 31 2021. Five month transition period with Bernd Fischer.



Turnaround based on three pillars: we promised and delivered!

Restructuring concept (Nov 2018)

We promised

... and delivered ✓

Customer first

- Attractive products
- Exciting shows
- Use customer knowledge
- Improve online

- New products
- New shows
- Online new features
- Gross Profit improved by 13% (Q3 2020 vs. Q3 2019)

New suppliers

- Close Thai factory
- Build up network of specialized contract manufacturers

- 2 Hubs in Jaipur + Bangkok
- 35 new suppliers
- 95% of air time with new products
- Gross margin in Q3 2020 55% (Q3 2019 48%, Q3 2018 34%)

Cost cutting

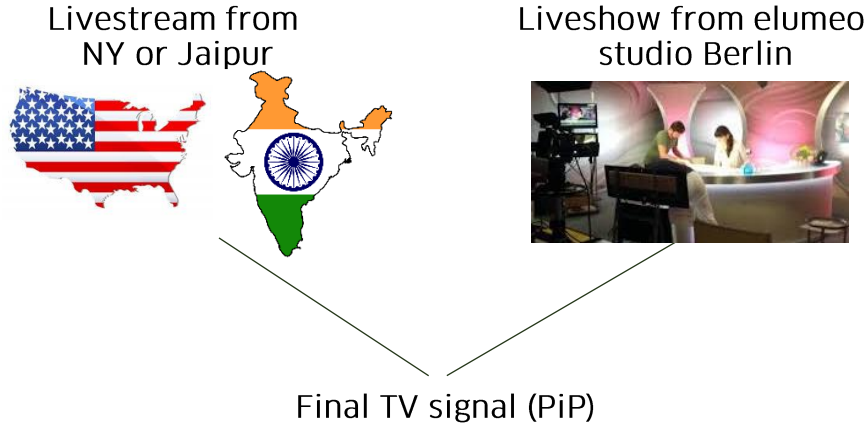
- EUR 6 M in 2019

- More than EUR 10 M in reduced cost from 2018 to 2020

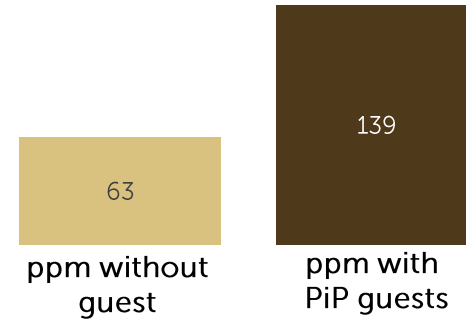
*incl. Overhead costs from the closed production in Thailand



Successfully launched shows with guests from abroad via PiP livestream



Profit-per-minute of PiP-Liveshow compared to shows w/o guest in Q3 2020

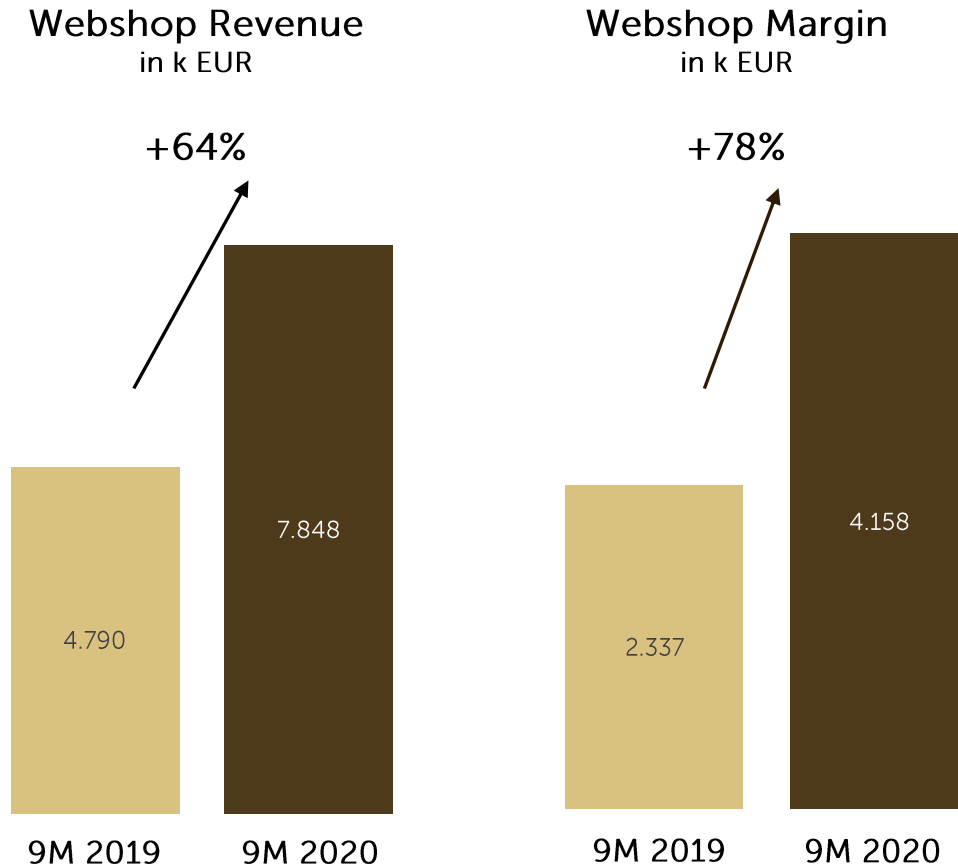


- The introduction of Picture-in-picture live broadcasts during worldwide COVID-19 travel restrictions allowed us to bring international guests into our show, leading to an increase of 121% of the LIVE ppm compared to the average ppm without guests
- Successfully expanded to Jaipur in July, next expansion: Los Angeles

Source: Internal ERP system, data from Q3 2020, ppm = gross margin per show minute



Webshop with very strong growth in Revenue and Margin 9M 2020 vs 9M 2019



Main growth driver

- Continuous optimizations in search engine marketing
- Improvement of user experience, creating interactive content and using our video content as competitive advantage
- KPI-based product sorting showing customers recommended products based on their shopping history and main performance KPIs
- Usability improvements website on mobile (page loading times, mobile-first optimized navigation, mobile optimized product presentation...)
- Optimized customer targeting on main Social Media platforms

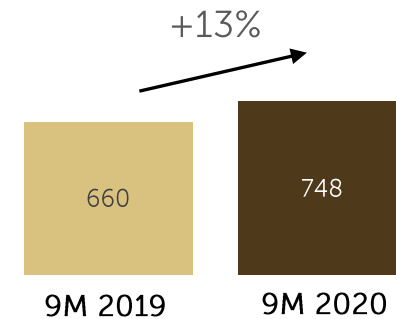
Source: Internal ERP system, based on static webshop performance (=without TV livestream)



New web customers continuously increasing thanks to optimized online marketing



Online marketing expenses (in k EUR)



Online marketing optimizations

- Better budget allocation, reduced cost per new customer (CPA) and improved targeting of potential new customers allowed to increase the pace with paid traffic channels
- Successful implementation of search engine optimizations (SEO) in order to improve Google ranking for relevant keywords



Way forward: Highly personalized shopping experience, omnichannel communication and expansion to new social platforms

Online marketing trends

Personalized marketing based on big data & AI

Social Media Commerce increasing

Video content as competitive advantage

Smartphone Sales increasing

Development priorities elumeo

Creating a completely personalized online shop, showing customized product recommendations based on customer data and preferences.

Offering engaging, interactive and seamless social shopping experience on all main social media platforms, developing inhouse influencer and making use of our expertise in jewelry.

Creating outstanding and platform-specific online video content based on our TV experience and resources.

Creating a perfect usability in mobile checkout process (easy one-click checkout), offering all major mobile payment methods. Enhancing mobile App with new interactive and personalized shopping features.



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Summary of 9M 2020 results

Adjusted by the closed branch Rome revenues grew by +4,9% 9Mo9M and +15,2% QoQ and Grossprofit grew by +19,2% and +25,0% QoQ

Group's total revenues for 9M 2020 decreased by -10,0% but QoQ with -0,7% already stable. Grossprofit for 9M 2020 increased by +4,6% (QoQ +13,0%)

- Grossmargin significantly improved and >50%
- Cost reduction driven by closing of the branch in Rome and staff cost reduction
 - Selling expenses reduced by 11,4% 9Mo9M
 - Administrative expenses reduced by 14,4% 9Mo9M
- Segment-EBITDA positive in Q2+Q3 2020 and breakeven for 9M 2020
- Earnings for the period positive in Q2+Q3 2020



Financials 9M 2020 – Segment reporting 9M 2020 shows improved EBITDA

IFRS 8: Segmentinformationen in thousand EUR	9M 2020				9M 2019							
	Segment information (without branch Rom)		Local branch Rome (branch)		Segment information (continuing operations)		Segment information (without branch Rom)		Local branch Rome (branch)		Segment information (continuing operations)	
Revenue	30,127	100.0%	-12	100.0%	30,115	100.0%	28,711	100.0%	4,757	100.0%	33,468	100.0%
Cost of goods sold	14,437	47.9%	-20	166.1%	14,417	47.9%	15,550	54.2%	2,907	61.1%	18,457	55.1%
Gross profit	15,690	52.1%	8	-66.1%	15,698	52.1%	13,161	45.8%	1,850	38.9%	15,011	44.9%
Selling expenses	12,054	40.0%	24	-194.8%	12,078	40.1%	10,544	36.7%	3,093	65.0%	13,637	40.7%
Administrative expenses	4,345	14.4%	244	n.a.	4,589	15.2%	4,620	16.1%	726	15.3%	5,345	16.0%
Other operating income	51	0.2%	0	-3.1%	51	0.2%	53	0.2%	3	0.1%	56	0.2%
Earnings before interest and taxes (EBIT)	-658	-2.2%	-259	n.a.	-917	-3.0%	-1,950	-6.8%	-1,965	-41.3%	-3,915	-11.7%
Financial result	-80	-0.3%	0	0.0%	-80	-0.3%	-137	-0.5%	-28	-0.6%	-165	-0.5%
Depreciation and amortization on property, plant and equipment and intangible assets	700	2.3%	0	-0.5%	700	2.3%	657	2.3%	270	5.7%	927	2.8%
Segment EBITDA	41	0.1%	-259	n.a.	-218	-0.7%	-1,294	-4.5%	-1,695	-35.6%	-2,988	-8.9%

Source: 9M 2020 quarterly release



Financials Q3 2020 – Segment reporting Q3 2020 shows improved EBITDA

IFRS 8: Segment information	Q3 2020				Q3 2019							
	Segment information (without branch Rom)		Local branch Rome (branch)		Segment information (continuing operations)		Segment information (without branch Rom)		Local branch Rome (branch)		Segment information (continuing operations)	
Revenue	10,132	100.0%	-3	100.0%	10,129	100.0%	8,798	100.0%	1,408	100.0%	10,205	100.0%
Cost of goods sold	4,563	45.0%	-5	135.9%	4,558	45.0%	4,966	56.5%	933	66.3%	5,900	57.8%
Gross profit	5,570	55.0%	1	-35.9%	5,571	55.0%	3,831	43.5%	474	33.7%	4,306	42.2%
Selling expenses	3,873	38.2%	0	0.0%	3,873	38.2%	3,110	35.4%	1,006	71.5%	4,116	40.3%
Administrative expenses	1,342	13.2%	101	n.a.	1,443	14.2%	1,618	18.4%	302	21.4%	1,919	18.8%
Other operating income	8	0.1%	0	-2.9%	8	0.1%	37	0.4%	-10	-0.7%	27	0.3%
Earnings before interest and taxes (EBIT)	362	3.6%	-100	n.a.	262	2.6%	-860	-9.8%	-844	-59.9%	-1,704	-16.7%
Financial result	-24	-0.2%	0	0.0%	-24	-0.2%	-38	-0.4%	-9	-0.6%	-47	-0.5%
Depreciation and amortization on property, plant and equipment and intangible assets	228	2.3%	0	0.0%	228	2.3%	212	2.4%	87	6.2%	299	2.9%
Segment EBITDA	590	5.8%	-100	n.a.	490	4.8%	-648	-7.4%	-756	-53.7%	-1,404	-13.8%

Source: 9M 2020 quarterly release



Statement of income from 1 January to 30 September 2020

EUR thousand % of revenue	Q3 2020		Q3 2019 restated*		QoQ in %	1 Jan - 30 Sep 2020		1 Jan - 30 Sep 2019 restated*		9Mo9M in %
Revenue	10,129	100.0%	10,205	100.0%	-0.7%	30,115	100.0%	33,468	100.0%	-10.0%
Cost of goods sold	4,558	45.0%	5,275	51.7%	-13.6%	14,417	47.9%	18,457	55.1%	-21.9%
Gross profit	5,571	55.0%	4,930	48.3%	13.0%	15,698	52.1%	15,011	44.9%	4.6%
Selling expenses	3,873	38.2%	4,516	44.3%	-14.2%	12,078	40.1%	13,637	40.7%	-11.4%
Administrative expenses	1,446	14.3%	1,927	18.9%	-24.9%	4,605	15.3%	5,382	16.1%	-14.4%
Other operating income	8	0.1%	125	1.2%	-93.9%	51	0.2%	886	2.6%	-94.3%
Other operating expenses	70	0.7%	98	1.0%	-29.2%	74	0.2%	373	1.1%	-80.3%
Earnings before interest and taxes (EBIT)	189	1.9%	-1,485	-14.6%	112.8%	-1,007	-3.3%	-3,496	-10.4%	71.2%
Interest income	0	0.0%	0	0.0%	n.a.	0	0.0%	0	0.0%	n.a.
Interest and similar expenses	-32	-0.3%	-60	-0.6%	46.0%	-105	-0.3%	-202	-0.6%	47.9%
Financial result	-32	-0.3%	-60	-0.6%	46.5%	-105	-0.3%	-202	-0.6%	48.1%
Earnings before income taxes (EBT)	158	1.6%	-1,545	-15.1%	110.2%	-1,112	-3.7%	-3,699	-11.1%	69.9%
Income tax	0	0.0%	0	0.0%	n.a.	0	0.0%	0	0.0%	n.a.
Earnings for the period	158	1.6%	-1,545	-15.1%	110.2%	-1,112	-3.7%	-3,699	-11.1%	69.9%

Source: 9M 2020 quarterly release



Consolidated assets as of 30 September 2020

ASSETS

	30 Sep 2020		31 Dec 2019		Change in %
EUR thousand % of balance sheet total					
Non-current assets					
Intangible assets	454	2.2%	480	2.2%	-5.4%
Property, plant and equipment	4,122	19.8%	4,483	20.8%	-8.1%
Other financial assets	242	1.2%	177	0.8%	36.8%
Other non-financial assets	236	1.1%	247	1.1%	-4.1%
Total non-current assets	5,054	24.3%	5,386	25.0%	-6.2%
Current assets					
Inventories	12,345	59.4%	13,392	62.0%	-7.8%
Trade receivables	1,416	6.8%	1,398	6.5%	1.2%
Receivables due from related parties	2	0.0%	1	0.0%	77.4%
Other financial assets	125	0.6%	198	0.9%	-36.7%
Other non-financial assets	674	3.2%	328	1.5%	105.5%
Cash and cash equivalents	1,164	5.6%	880	4.1%	32.3%
Total current assets	15,725	75.7%	16,197	75.0%	-2.9%
Total assets	20,779	100.0%	21,583	100.0%	-3.7%

Source: 9M 2020 quarterly release



Consolidated equity & liabilities as of 30 September 2020

EQUITY & LIABILITIES					
EUR thousand % of balance sheet total	30 Sep 2020		31 Dec 2019		Change in %
Equity					
Issued capital	5,500	26.5%	5,500	25.5%	0.0%
Capital reserve	34,439	165.7%	34,423	159.5%	0.0%
Accumulated losses	-39,075	-188.1%	-37,963	-175.9%	-2.9%
Foreign currency translation reserve	2,200	10.6%	2,159	10.0%	1.9%
Total equity	3,064	14.7%	4,118	19.1%	-25.6%
<i>Attributable to shareholders of elumeo SE</i>	<i>3,064</i>	<i>14.7%</i>	<i>4,118</i>	<i>19.1%</i>	<i>-25.6%</i>
Non-current liabilities					
Other financial liabilities	2,474	11.9%	2,596	12.0%	-4.7%
Provisions	4,553	21.9%	4,528	21.0%	0.6%
Other non-financial liabilities	25	0.1%	25	0.1%	0.0%
Total non-current liabilities	7,052	33.9%	7,148	33.1%	-1.3%
Current liabilities					
Financial debt	0	0.0%	447	2.1%	-100.0%
Other financial liabilities	383	1.8%	319	1.5%	19.9%
Provisions	669	3.2%	1,400	6.5%	-52.2%
Liabilities due to related parties	0	0.0%	43	0.2%	-100.0%
Trade payables	6,365	30.6%	5,639	26.1%	12.9%
Advance payments received	298	1.4%	248	1.1%	19.9%
Tax liabilities	100	0.5%	100	0.5%	0.0%
Other non-financial liabilities	2,848	13.7%	2,119	9.8%	34.4%
Total current liabilities	10,663	51.3%	10,316	47.8%	3.4%
Total equity & liabilities	20,779	100.0%	21,583	100.0%	-3.7%

Source: 9M 2020 quarterly release



Cashflow Statement from 1 January to 30 September 2020 (I)

EUR thousand	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019 restated*	9Mo9M in %
Earnings before taxes (EBT)	-1,112	-3,699	69.9%
+/- Depreciation and amortization on non-current assets	+700	+927	-24.5%
+/- Increase/decrease in provisions	-672	-432	-55.5%
+/- Increase/decrease in provisions for in terms of nature, amount and utilization uncertain obligations in connection with the discontinued operation PWK	-59	0	n.a.
+/- Equity-settled share-based remuneration	+16	+37	-55.8%
+/- Other non-cash expenses/income	+42	-768	105.5%
+/- Loss/gain on disposal of non-current assets	0	-9	100.0%
- Interest expenses paid related to prior accounting periods	-1	0	n.a.
+ Non-cash current interest expenses	+26	+79	-67.0%
-/+ Increase/decrease in inventories	+1,047	+5,788	-81.9%
-/+ Increase/decrease in other assets	-346	+690	-150.2%
+/- Increase/decrease in other liabilities	+1,460	-2,524	157.9%
= Cash flow from operating activities	+1,102	+89	n.a.

Source: 9M 2020 quarterly release



Cashflow Statement from 1 January to 30 September 2020 (II)

EUR thousand	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019 restated*	9Mo9M in %
- Payments for investments in intangible assets	-48	-8	-472.2%
- Payments for investments in property, plant and equipment	-84	-132	36.6%
= Cash flow from investing activities	-132	-131	-0.3%
- Payments for the redemption of financial debt	-446	-1,500	70.2%
- Payments (net) for redemption of other financial liabilities	-239	-518	54.0%
= Cash flow from financing activities	-685	-2,018	-66.1%
+/- Net increase/decrease in cash and cash equivalents	+285	-2,060	113.8%
+/- Effects of foreign currency translation on cash and cash equivalents	-1	+3	-129.8%
+/- Changes in cash and cash equivalents due to changes in scope of consolidation in connection with the discontinued operation UK under IFRS 5	0	-121	100.0%
+ Cash and cash equivalents at beginning of period	+880	+2,608	-66.3%
= Cash and cash equivalents at end of period	+1,164	+430	170.9%

Source: 9M 2020 quarterly release



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Outlook 2020 (I)

The COVID 19 crises makes it currently very difficult to predict the further development. After a challenging first quarter where elumeo had to cope with an unforeseen supply chain disruption in two of its three main production markets, elumeo has been able to improve the situation in Q2 and Q3 2020.

elumeo introduced several immediate cost reduction and margin improvement measures that started to take effect in April 2020. Cost of operations have been reduced significantly and gross profit has been increased resulting in a much-improved operational performance.

Regarding sales and margin the forecast compared to the previous year is based on the Segments Sales division Germany and Others as well as Group functions & eliminations, excluding the site in Rome that was closed.



Outlook 2020 (II)

elumeo expects revenue to grow in the low single-digit percentage range compared to the previous year. At the same time, gross profit is expected to grow in the low double-digit % range.

Operating costs are expected to be lower than the first quarter of 2020.

elumeo expects that earnings will improve significantly compared to the previous years resulting in only a small loss based on Segment EBITDA (between negative mid-6-digit and break-even). Due to the still volatile economic situation caused by the COVID-19 crisis, difficulties in the just-in-time supply chain could impair a further positive development in terms of the margins and earnings.



Points of contact

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