

elumeo

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

Q1 2020 Release Earnings Call 2.6.2020



Summary of key developments

- Due to the COVID 19 crisis, elumeo has not been able to continue its path back to profitability as originally planned. First jewelry shipments have been cancelled as early as February 2020. Due to elumeo's just-in-time managed supply chain, this has led to immediate losses in gross margin. As a result, elumeo was only able to improve its Segment EBITDA from € -1,4 m in Q1 2019 to € -1,1 m in Q1 2020, much less than originally planned for this quarter.
- elumeo implemented a program with far reaching measures in order to cope with the impact of the COVID-19 crisis starting March 2nd, 2020. This has resulted in substantial reduction of operational cost as well as improved margins due to optimized product supply. Based on this elumeo has been able to return to profitability in mid-April 2020
- elumeo's webshops continued to deliver an increasing contribution to the overall result by growing 87% in revenue and 79% in gross profit
- Based on this elumeo has been able to raise the FY 2020 outlook for the Segment EBITDA moderately



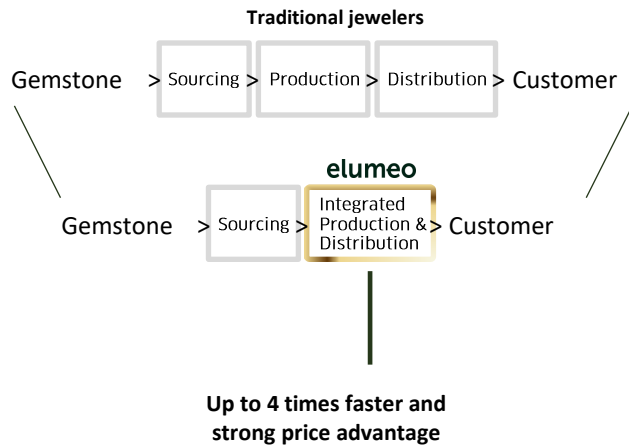
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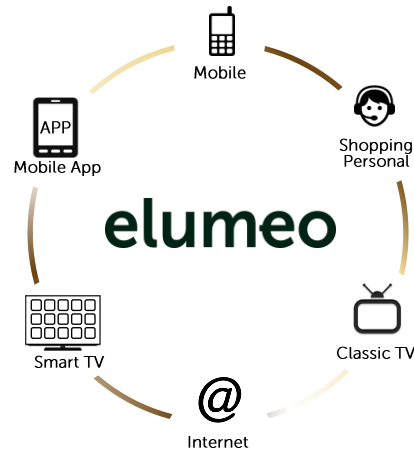
elumeo's business model is founded on three pillars

Vertically integrated and scalable value chain



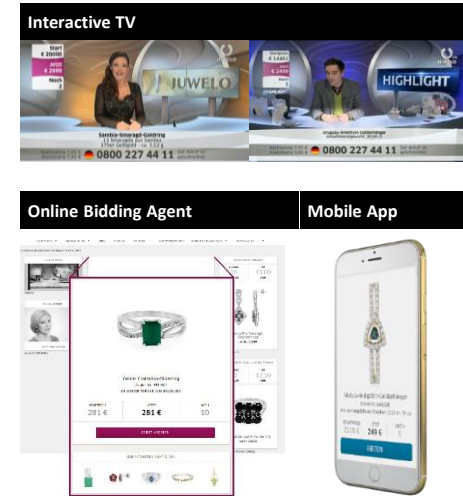
Fast reaction times and low production cost

Multiple electronic distribution channels



Presence in all electronic distribution channels

Live and interactive sales features



Video content transports both facts and emotion



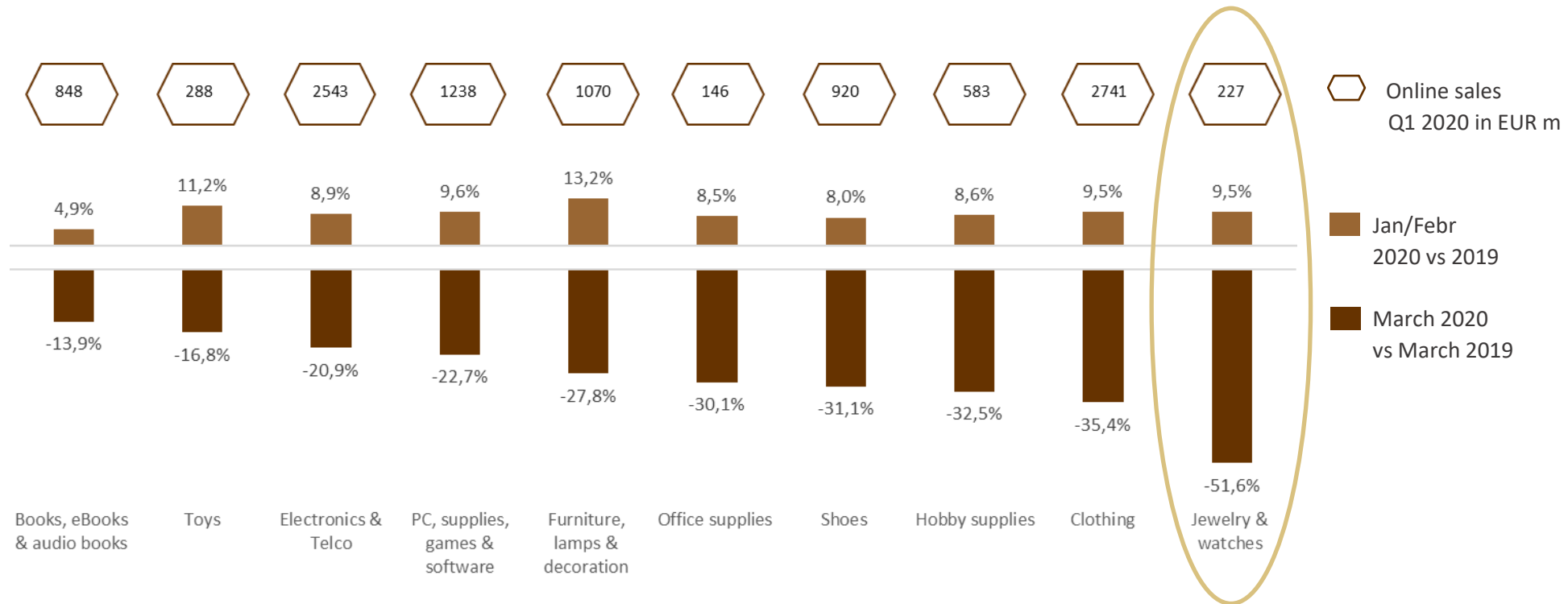
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Online sales of jewelry and watches have been hit hardest by COVID 19 crisis

Online sales growth year-on-year of eCommerce categories in Germany



Note: The last 7 days of March of both years are not part of the calculation

Source: bevh – German association for eCommerce and the mail-order business



After implementing short-term fixes, elumeo will now focus on long term improvement

Immediate COVID 19 reaction

Long term transformation

Healthcare

- Introduction of strict hygiene rules already in beginning of March 2020
- Home Office where possible since beginning of March
- Split-Shift system across the entire company in order to minimize contact

- Monitor existing measures closely and re-evaluate where possible
- Focus: Long term co-existence with the virus

Cost Reduction and Cash Management

- Reduction of daily live broadcasting from 18 to 12 hours
- Introduction of „Kurzarbeit“ across the entire company
- Application for extended payment terms wherever possible

- Continued cost focus
- Increase digitalization across entire value chain in order to improve efficiency
- Explore asset based lending options

Revenue and Margin Improvement

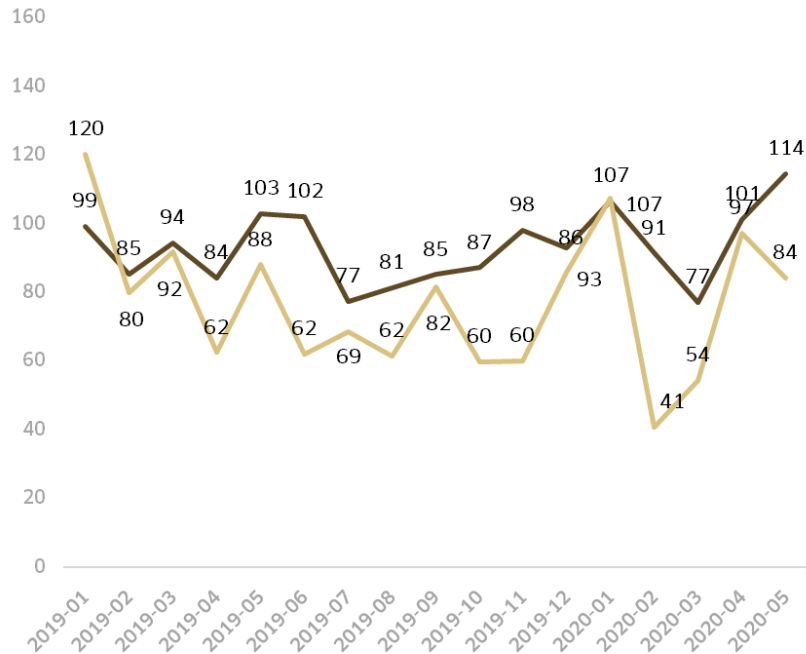
- Introduction of live guests from abroad via PiP live stream (Currently USA)
- Introduction of new products from European suppliers
- Massive extension of offering of commission-based-jewelry

- Introduction of dedicated VIP customer service with separate direct sales option
- Massive increase of social media presence of elumeo's individual collections and presenters

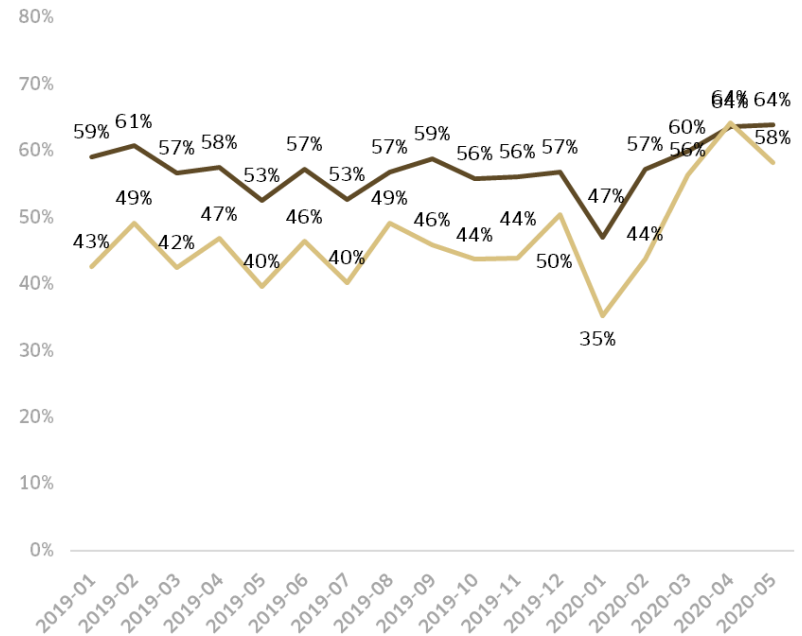


The fast response allowed elumeo to return to profitable margins already in April

Live DE Revenue per Minute (EUR)¹⁾



Live DE % Gross Margin¹⁾



— Multi Manufacturing = network of specialized contract manufacturers
— Single Sourcing = 1 own factory

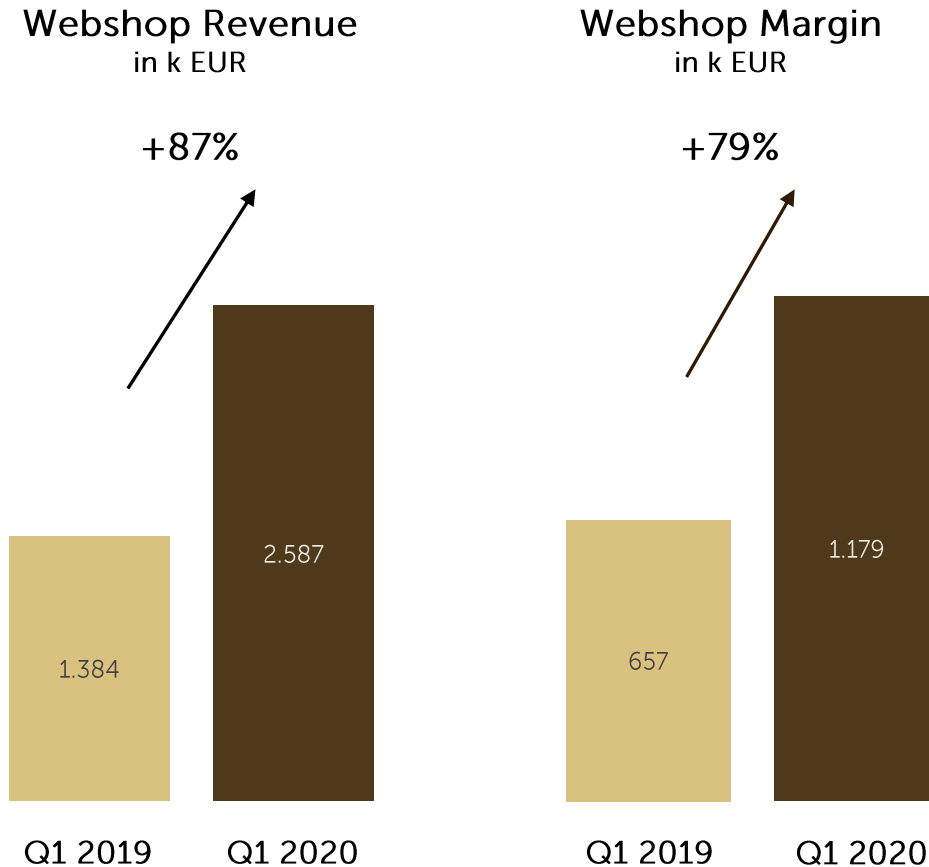
Airtime share Multi Manufacturing

Jan 19	Feb 19	Mrz 19	Apr 19	Mai 19	Jun 19	Jul 19	Aug 19	Sep 19	Okt 19	Nov 19	Dez 19	Jan 20	Feb 20	Mrz 20	Apr 20	Mai 20
62%	71%	67%	78%	58%	68%	66%	71%	69%	73%	79%	82%	63%	76%	74%	86%	92%

Source: Internal ERP System



Webshop Revenue and Margin with strong growth in Q1 2020 vs Q1 2019



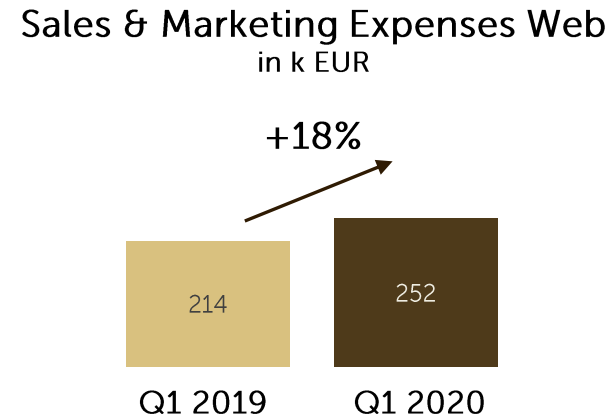
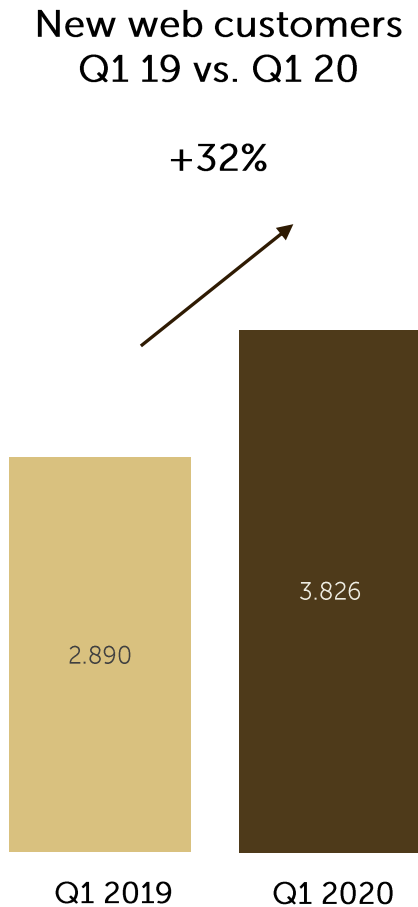
Main growth driver

- Continuous optimizations in online marketing (newsletter, lifecycle emails, organic traffic & paid traffic), resulting in an increased revenue per existing customer and a growing number of new customers
- Improvements of website experience, using video content as competitive advantage
- Optimization of usability on mobile version of website

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



New web customers clearly increased in Q1 2020 vs Q1 2019 thanks to optimized online traffic acquisition



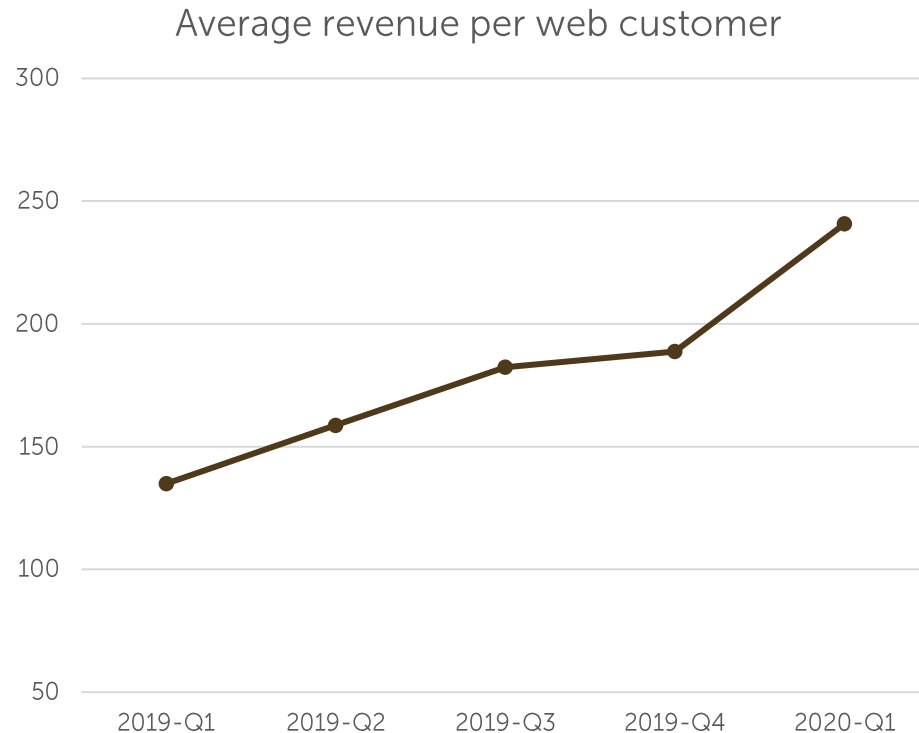
Online marketing optimizations

- Better budget allocation and improved targeting of potential customers allowed to increase the pace with paid traffic channels
- Implementation of several search engine optimizations (SEO) in order to improve Google ranking for relevant keywords

Source: Internal ERP system, new customers with at least one demand order in a static webshop source



Revenue per web customer is continuously growing



Successfully released new shop features

- Personalized and KPI-based product sorting showing customers recommended products based on their shopping history and main performance KPIs
- Product videos from TV live show as on-demand-streaming service
- Augmented reality allowing to virtually try on jewelry from home via AR function
- Interactive gamification elements
- Automated and trigger-based customer lifecycle emails

Source: Internal ERP system, showing revenue per demand customer



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 in 2020

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 shopping features.



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Financials Q1 2020 – Segment reporting Q1 2020 shows improved EBITDA

IFRS 8: Segment information

	from 1 January to 31 March 2019			from 1 January to 31 March 2020		
	Segment Information	Local sales division Italy	Segment Information	Segment Information	Local sales division Italy	Segment Information
	(without branch Rom)	(branch closure)	(Continuing Operations)	(without branch Rom)	(branch closure)	(Continuing Operations)
in thousand EUR						
Revenue	10,099	1,861	11,960	10,338	2.4%	-7 -100.4%
Cost of goods sold	5,973	1,039	7,012	5,710	-4.4%	-15 -101.5%
Gross profit	4,126	822	4,948	4,628	12.1%	8 -99.0%
Selling expenses	3,881	1,040	4,920	4,348	12.0%	6 -99.4%
Administrative expenses	1,483	250	1,733	1,572	6.0%	64 -74.3%
Other operating income	6	13	19	35	523.3%	0 -99.2%
Other operating expenses	0	0	0	0	0.0%	0 0.0%
Earnings before interest and taxes (EBIT)	-1,232	-454	-1,686	-1,257	2.1%	-63 -86.2%
Financial result	-54	-10	-64	-30	-44.4%	0 -100.0%
Earnings for the period	-1,286	-464	-1,750	-1,287	0.1%	-63 -86.5%
Depreciation and amortization on property, plant and equipment and intangible assets	0	0	0	239	5.3%	0 -100.0%
Segment EBITDA	-1,005	-363	-1,368	-1,019	1.3%	-63 -82.7%

Source: Quarterly Release Q1 2020



Select key data Q1 2020

EUR thousand [unless indicated otherwise]	Q1 2020		Q1 2019 *restated		QoQ in %
Germany and other countries	10.338	100,0%	10.099	100,0%	2,4%
TV revenue	5.809	56,2%	6.413	63,5%	-9,4%
eCommerce revenue	4.528	43,8%	3.686	36,5%	22,8%
Gross profit	4.635	44,8%	4.126	40,9%	12,3%
Items sold [pieces]	147.162		130.418		12,8%
Number of active customers (rounded)	21.758		23.659		-8,0%
Average number of items sold per active customer [pieces] 6,8	 5,5		22,7%
Average sales price (ASP) [EUR]	70		77		-9,3%
Revenue per active customer [EUR]	475		427		11,3%
Gross profit per item sold [EUR]	31		32		-0,4%

Source: From internal ERP System, Q1 2020 Quarterly Release, 2019 without closed branch Rome



Statement of income from 1 January to 31 March 2020

EUR thousand % of revenue	1 Jan - 31 Mar 2020		1 Jan - 31 Mar 2019 restated*		QoQ in %
Revenue	10,330	100.0%	11,960	100.0%	-13.6%
Cost of goods sold	5,695	55.1%	7,012	58.6%	-18.8%
Gross profit	4,635	44.9%	4,948	41.4%	-6.3%
Selling expenses	4,354	42.1%	4,920	41.1%	-11.5%
Administrative expenses	1,644	15.9%	1,748	14.6%	-5.9%
Other operating income	83	0.8%	802	6.7%	-89.7%
Other operating expenses	0	0.0%	25	0.2%	-100.0%
Earnings before interest and taxes (EBIT)	-1,280	-12.4%	-943	-7.9%	-35.8%
Interest income	0	0.0%	0	0.0%	n.a.
Interest and similar expenses	-40	-0.4%	-76	-0.6%	47.4%
Financial result	-40	-0.4%	-76	-0.6%	47.4%
Earnings before income taxes (EBT)	-1,320	-12.8%	-1,019	-8.5%	-29.6%
Income tax	0	0.0%	0	0.0%	n.a.
Earnings for the period	-1,320	-12.8%	-1,019	-8.5%	-29.6%

Source: Quarterly Release Q1 2020



Consolidated assets as of 31 March 2020

ASSETS

EUR thousand % of balance sheet total	31 Mar 2020		31 Dec 2019		Change in %
Non-current assets					
Intangible assets	493	2.6%	480	2.2%	2.7%
Property, plant and equipment	4,312	23.1%	4,483	20.8%	-3.8%
Other financial assets	177	0.9%	177	0.8%	0.2%
Other non-financial assets	252	1.4%	247	1.1%	2.3%
Total non-current assets	5,234	28.0%	5,386	25.0%	-2.8%
Current assets					
Inventories	10,853	58.1%	13,392	62.0%	-19.0%
Trade receivables	1,026	5.5%	1,398	6.5%	-26.7%
Receivables due from related parties	22	0.1%	1	0.0%	n.a.
Other financial assets	211	1.1%	198	0.9%	6.7%
Other non-financial assets	776	4.2%	328	1.5%	136.7%
Cash and cash equivalents	550	2.9%	880	4.1%	-37.5%
Total current assets	13,438	72.0%	16,197	75.0%	-17.0%
Total assets	18,672	100.0%	21,583	100.0%	-13.5%

Source: Quarterly Release Q1 2020



Consolidated equity & liabilities as of 31 December 2020

EQUITY & LIABILITIES

EUR thousand % of balance sheet total	31 Mar 2020		31 Dec 2019 restated*		Change in %
Equity					
Issued capital	5,500	29.5%	5,500	25.5%	0.0%
Accumulated losses	34,430	184.4%	34,423	159.5%	0.0%
Retained losses	-39,283	-210.4%	-37,963	-175.9%	-3.5%
Foreign currency translation reserve	2,138	11.4%	2,159	10.0%	-1.0%
Total equity	2,785	14.9%	4,118	19.1%	-32.4%
Non-current liabilities					
Other non-current financial liabilities	2,508	13.4%	2,596	12.0%	-3.4%
Provisions	4,538	24.3%	4,528	21.0%	0.2%
Other non-financial liabilities	25	0.1%	25	0.1%	0.0%
Total non-current liabilities	7,070	37.9%	7,148	33.1%	-1.1%
Current liabilities					
Financial debt	0	0.0%	447	2.1%	-100.0%
Other financial liabilities	327	1.8%	319	1.5%	2.3%
Provisions	1,017	5.4%	1,400	6.5%	-27.4%
Liabilities due to related parties	0	0.0%	43	0.2%	-100.0%
Trade payables	4,739	25.4%	5,639	26.1%	-16.0%
Advance payments received	238	1.3%	248	1.1%	-4.3%
Tax liabilities	100	0.5%	100	0.5%	0.0%
Other non-financial liabilities	2,397	12.8%	2,119	9.8%	13.1%
Total current liabilities	8,817	47.2%	10,316	47.8%	-14.5%
Total equity & liabilities	18,672	100.0%	21,583	100.0%	-13.5%

Source: Quarterly Release Q1 2020



Cashflow Statement from 1 January to 31 March 2020 (I)

EUR thousand	1 Jan - 31 Mar 2020	1 Jan - 31 Mar 2019 restated*	QoQ in %
Earnings before taxes (EBT)	-1,320	-1,019	-29.6%
+/- Depreciation and amortisation on non-current assets	+239	+318	-24.9%
+/- Increase/decrease in provisions	-336	-411	18.2%
+/- Increase/decrease in provisions from in terms of nature, amount and utilization uncertain uncertain obligations in connection with the discontinued operation PWK	-48	0	n.a.
+/- Equity-settled share-based remuneration	+8	+14	-44.9%
+/- Other non-cash expenses/income	-22	-740	97.0%
+/- Loss/gain on disposal of non-current assets	0	+0	-100.0%
- Interest expenses paid related to prior accounting periods	-1	0	n.a.
+ Non-cash current interest expenses	+10	+34	-70.2%
-/+ Increase/decrease in inventories	+2,539	+1,944	30.6%
-/+ Increase/decrease in other assets	-115	+837	-113.8%
+/- Increase/decrease in other liabilities	-676	-1,597	57.6%
= Cash flow from operating activities	+278	-619	144.8%
- Payments for investments in intangible assets	-37	0	n.a.
- Payments for investments in property, plant and equipment	-44	-74	40.4%
- Payments for purchases of financial assets (deconsolidated subsidiaries)	0	-0	100.0%
= Cash flow from investing activities	-81	-74	-9.6%

Source: Quarterly Release Q1 2020



Cashflow Statement from 1 January to 31 March 2020 (II)

EUR thousand	1 Jan - 31 Mar 2020	1 Jan - 31 Mar 2019 restated*	QoQ in %
- Payments for the redemption of financial debt	-446	0	n.a.
- Payments (net) for redemption of other financial liabilities	-81	-171	52.7%
= Cash flow from financing activities	-527	-171	208.9%
+/- Net increase/decrease in cash and cash equivalents	-331	-864	61.7%
+/- Effects of foreign currency translation on cash and cash equivalents	+1	+2	-54.8%
+/- 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 on beginning of period	+880	+2,608	-66.3%
= Cash and cash equivalents on end of period	+550	+1,625	-66.1%

Source: Quarterly Release Q1 2020



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Outlook 2020 (I)

Based on the strong development in Q4 2019 elumeo was set to improve further in 2020 and achieved a moderate revenue growth and a low single digit segment EBITDA in 2020

The COVID 19 crises makes it currently very difficult to predict the further development in 2020. 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 cope better with the situation in Q2 2020

In Q1 2020 it has been impossible to continue to improve gross profit. elumeo therefore 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

Currently elumeo offers (in line with the industry) an extended return right until June 2020. The positive or negative effects of this cannot be properly determined at the moment



Outlook 2020 (II)

Based on developments in the second quarter of 2020, 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.

In terms of operating costs, elumeo expects a reduction in the cost base compared to the first quarter of 2020, which equates to only a moderate year-on-year increase.

Overall, elumeo expects a slight improvement in earnings compared to the previous year (total segment EBITDA 2019: EUR -2.1 million).

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.



Points of contact

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