elumeo

Half-year financial report
H1/2018

KEY FIGURES

EUR thousand [unless indicated otherwise]	Q2 2018		Q2 2017 restated*		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017 restated*		HoH in %
Revenue	12,729	100.0%	17,387	100.0%	-26.8%	29,338	100.0%	32,097	100.0%	-8.6%
Product revenue by regions [absolutely and in % of product revenue]										
Germany	10,382	81.6%	13,740	79.0%	-24.4%	23,114	78.8%	25,402	79.1%	-9.0%
Italy	1,776	13.9%	2,494	14.3%	-28.8%	4,258	14.5%	4,860	15.1%	-12.4%
Other countries	558	4.4%	1,144	6.6%	-51.2%	1,945	6.6%	1,809	5.6%	7.5%
Product revenue by distribution channels [absolutely and in % of product revenue]										
TV revenue	7,205	56.7%	10,305	59.3%	-30.1%	16,273	55.5%	19,526	60.8%	-16.7%
eCommerce revenue	4,965	39.0%	5,953	34.2%	-16.6%	11,136	38.0%	10,792	33.6%	3.2%
B2B revenue	546	4.3%	1,119	6.4%	-51.2%	1,908	6.5%	1,753	5.5%	8.8%
[The following disclosures represent: absolute values and in % of revenue]										
Gross profit	4,769	37.5%	7,530	43.3%	-36.7%	11,249	38.3%	13,878	43.2%	-18.9%
EBITDA	-3,185	-25.0%	1,078	6.2%	-395.5%	-4,683	-16.0%	-869	-2.7%	-438.8%
Total segment EBITDA	-3,233	-25.4%	220	1.3%	<-1,000%	-4,148	-14.1%	-1,019	-3.2%	-307.2%
Depreciation and amortisation	-388	-3.1%	-416	-2.4%	6.6%	-736	-2.5%	-835	-2.6%	11.8%
EBIT	-3,574	-28.1%	662	3.8%	-639.9%	-5,419	-18.5%	-1,704	-5.3%	-218.0%
Total comprehensive income	-1,504	-11.8%	-2,304	-13.3%	34.7%	-3,355	-11.4%	-4,463	-13.9%	24.8%
Selling and administrative expenses [absolutely and in % of balance sheet total]	8,496	66.7%	7,288	41.9%	16.6%	16,322	55.6%	16,323	50.9%	0.0%
Total assets [1]						53,191	100.0%	54,709	100.0%	-2.8%
Total equity [1] [absolutely and in % of balance sheet total]						28,706	54.0%	31,952	58.4%	-10.2%
Working capital [1] [absolutely and in % of balance sheet total]						28,221	53.1%	32,715	59.8%	-13.7%
[1] Prior year disclsoure: 31 Dec 2017										
[The following disclosures represent: [absolute values and in % of revenue]										
Net cash flow from operating activities	-64	-0.5%	-2,040	-11.7%	96.9%	-2,158	-7.4%	791	2.5%	-372.8%
Net cash flow from investing activities	-119	-0.9%	-58	-0.3%	-105.2%	-189	-0.6%	-115	-0.4%	-64.1%
Net cash flow from financing activities	-180	-1.1%	-714	-4.1%	74.8%	1,403	4.8%	64	0.2%	>1,000%
Items sold [pieces]	301,340		238,555		26.3%	532,793		448,774		18.7%
Average sales price (ASP) [EUR]	42		73		-42.0%	55		72		-23.0%
Gross profit per item sold [EUR]	15.8		31.6		-49.9%	21.1		30.9		-31.7%
New customer breakdown (Germany only) [in % of new customers]										
TV only	25%		29%			25%		29%		
Web only	59%		59%			59%		59%		
Others	16%		12%			16%		12%		

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I. TO OUR SHAREHOLDERS

Letter from the Chairman of the Executive Board

Dear Shareholders,

Following the positive trend in 2017 and the first quarter of 2018, we were unable to continue this trend in Q2 2018. Revenue from business with business customers (B2B) in the US declined due to a significantly lower number of TV shows. As a result, we assume that there will be no further cooperation for the time being. The return rates in our core market of Germany have also increased surprisingly significantly. Besides the general market development, this was also due to our guest specials, which led to significantly higher order volumes and, at the same time, rising return rates.

For this reason, we have decided to drastically reduce the capacity of our Group's own manufacturing facility in order to reduce idle capacity costs and achieve a better reduction in fixed costs. In order to counter the ongoing negative effects of the EUR/THB exchange rate and the reduced capacity of the factory, we have also increasingly opened up our vertical value chain to third parties. The first results of this opening are very promising, but the main positive effects will only begin in the fourth quarter.

Another major project in the second quarter was the introduction of the new "multi-product" broadcasting format. Several pieces of jewelry are offered simultaneously in a live auction. Although the first tests were very positive as expected, the expansion of the broadcasting times made available for this purpose is still ongoing. Accordingly, the positive effects expected from this will not be fully felt until Q4 2018.

As a result, we were unable to meet sales expectations. In the first half of 2018 ("H1 2018"), we were unable to continue the positive developments of the previous year. In Q2 2018, total segment EBITDA for continuing operations, which is adjusted for segment reconciliation items, amounted to EUR -3.2 million (Q2 2017: EUR +0.2 million). Overall, business in H1 2018 was thus clearly negative compared to the first half of 2017 ("H1 2017"). Nevertheless, the negative total comprehensive income for the quarter and half year comparison was significantly decreased due to the sale of the broadcast operations in the United Kingdom (Q2 2018: EUR -1.5 million, Q2 2017: EUR -2.3 million or H1 2018: EUR -3.4 million, H1 2017: EUR -4.5 million).

Revenue in the segment Sales division Germany & Italy fell by a total of 9.2 % compared to the first half of 2017 (H1 2018: EUR 27.4 million, H1 2017: EUR 30.3 million). As a result of the effects described above, the gross profit margin in this segment developed from 41.1% in Q2 2017 to 33.8% in Q2 2018. Gross profit in Q2 2018 therefore decreased by -38.4% to EUR 4.1 million compared to Q2 2017 (EUR 6.7 million). This equates to a negative segment EBITDA in Q2 2018 of EUR -3.0 million (H1 2018: EUR -3.8 million) after EUR 0.4 million in Q2 2017 (H1 2017: EUR -0.8 million) in this segment.

We recorded a slight increase in revenue in the segment Others compared to the first half of 2017 (H1 2018: EUR 1.9 million, H1 2017: EUR 1.6 million). In Q2 2018, however, revenues of EUR 0.6 million were EUR -0.3 million below the previous year (Q2 2017: EUR 0.9 million).

For the Group as a whole, the circumstances described above resulted in an -8.6% decline in sales in the first half of 2018 compared to the first half of 2017 (H1 2018: EUR 29.3 million, H1 2017: EUR 32.1 million). The gross profit margin in Q2 2018 of 37.6% developed negatively compared to both the same period of the previous year (Q2 2017: 43.4%) and the previous quarter (Q1 2018: 39.1%).

In H1 2018, we were only able to achieve total segment EBITDA of EUR -4.1 million (H1 2017: EUR -1.0 million). Inventories were reduced by EUR -2.4 million in H1 2018 (30 June 2018: EUR 31.1 million, 31 December 2017: EUR 33.5 million).

As a consequence of these recent developments, we were forced to revise our forecast for the full fiscal year 2018. Contrary to original expectations, our revenues will develop negatively, and total segment EBITDA adjusted for segment reconciliation items will be clearly negative.

Despite the negative development in the first half of the year, initial successes from the opening of the vertical value chain for third-party suppliers and the introduction of the multi-product strategy are positive signs that we can again achieve positive segment EBITDA in Q4 2018 despite the negative developments in Q2 and Q3 2018.

Thank you for giving our company your trust and we look forward to continuing on our path to a successful future together with you.

In August 2018

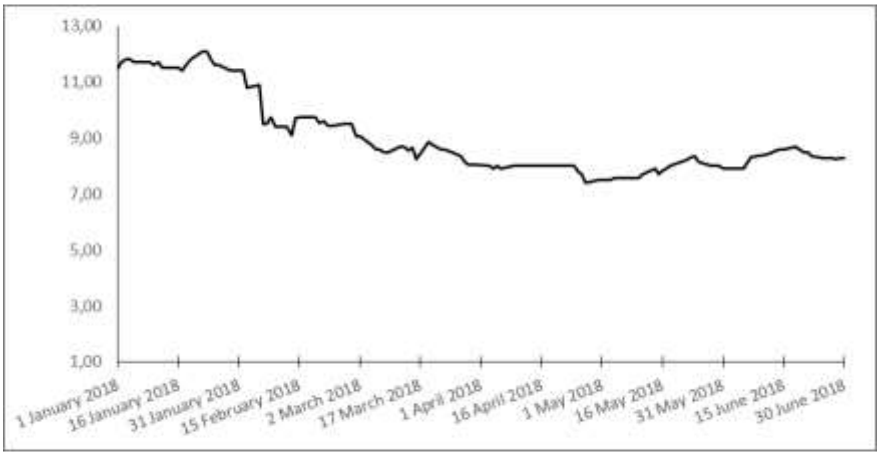
Wolfgang Boyé
(Chairman of the Executive Board)

Capital market information

Basic data and key figures on the share of elumeo SE
(Status: 30 June 2018)

WKN	A11Q05
ISIN	DE000A11Q059
Earnings per share in H1 2018	EUR -0.70
Number of outstanding shares	5,500,000
Share price at the end of the reporting period (XETRA)	EUR 8.27
Market capitalization	EUR 45.49 million

Share price development
(1 January to 30 June 2018: XETRA, in EUR)



Shareholder structure
(As of 30 June 2018)

Shareholders of elumeo SE	Shareholdings
1. Ottoman Strategy Holdings (Suisse) SA	26.23%
2. Blackflint Ltd.	26.66%
3. Heliad Equity Partners GmbH & Co. KGaA	7.50%
4. Sycomore Asset Management SA	5.09%
5. Management (of which Wolfgang Boyé directly 1.24%)	8.01%
6. Free float	26.51%

II. INTERIM GROUP MANAGEMENT REPORT

Principles

The principles of the elumeo Group described in the Annual Report for the fiscal year 2017 that ended on December 31 ("2017 Annual Report") continue to apply.

Discontinued operations

On 18 December 2017, elumeo SE published an ad hoc announcement pursuant to Art. 17 MAR in conjunction with § 4 para. 1 sentence 1 no. 1a WpAIV, with the content of discontinuing loss-making business operations in the United Kingdom. As a result, the business activities of the indirectly controlled subsidiaries Rocks & Co UK Ltd., Birmingham, United Kingdom ("R&C UK"), and Rocks and Co Productions Ltd., Birmingham, United Kingdom, and Rocks & Co. Television Ltd., Birmingham, United Kingdom, are to be accounted for as a discontinued operation (hereinafter also referred to as "sales business in the United Kingdom") in elumeo SE's half-year financial report for the first half-year 2018 in accordance with the provisions of IFRS 5 *Non-current assets held for sale and discontinued operations*.

The discontinued operation is not included in the result from continuing operations and is shown in the consolidated income statement as a separate item *profit after tax from discontinued operations.* Assets and liabilities related to discontinued operations that are not continued by other companies of the elumeo Group are shown in the consolidated balance sheet as of 30 June 2018 under separate items as *assets held for sale* or *as liabilities in connection with assets held for sale.* The discontinued operation is not included in the detailed information on the composition of cash flows from operating activities, investing activities and financing activities and is shown in the consolidated cash flow statement in separate items as *net cash flow from discontinued operations.* All figures and tables in this financial half-year report include the amounts of continuing operations, unless stated otherwise.

Economic report

Macroeconomic environment in H1 2018

The gross domestic product (GDP) in the euro region rose by 0.4% in the first quarter of 2018 (Q1) and by 0.3% in the second quarter of 2018 (Q2) compared to the respective prior year quarter, according to information from Bloomberg.

The elumeo Group is active in seven countries in the euro region as well as in Switzerland and the United Kingdom.

The strongest growth drivers in the first half of 2018 were Austria at 0.9% in Q1 and 0.5% in Q2 2018, followed by Spain with 0.7% in Q1 and 0.6% in Q2 2018. 0.6% growth in both Q4 2017 and Q1 2018 was also recorded in Switzerland[1].

[1] For this country, the GDP data for Q2 2018 was not yet available at the time the management report was compiled.

In Germany, the most important market for the elumeo Group, GDP rose by 0.6% in Q4 2017 and by 0.3% in Q1 2018, according to Bloomberg.

GDP also increased slightly in the other core markets of the elumeo Group. GDP in Italy increased by 0.3% in Q1 and by 0.2% in Q2 2018 compared to the respective prior year quarters. In France, GDP increased by 0.2% in both Q1 and Q2 2018.

In the Netherlands[1], GDP rose by 0.9% in Q4 2017 and by 0.6% in Q1 2018 compared to the respective prior year quarters.

In Belgium, GDP also rose in H1 2018 and grew by 0.3% in both Q1 and Q2 2018 compared to the respective prior year quarters.

Despite the continuing uncertainties caused by the Brexit negotiations, the economy of the UK[1] is relatively resilient and recorded growth of 0.4% in Q4 2017 and 0.2% in Q1 2018.

Otherwise, there were no significant changes in the macroeconomic environment compared with the explanations in elumeo SE's 2017 Annual Report.

Industry conditions

According to TechSci Research, a global market research and consulting company, the global jewelry market continues to grow. This trend is also expected to continue in the years to come to form a global annual jewelry market worth EUR 370 billion in 2022, up from EUR 256 billion in 2017. This corresponds to an average annual growth rate of 7.6% for this period. An analysis published by McKinsey on the global jewelry market also expects a change in distribution channels in favor of eCommerce. Between 2013 and 2020, a doubling of the global share of online trade in the jewelry market is predicted from 5% to 10%. In addition to this development, McKinsey cited further key trends for the global jewelry industry: the internationalization and consolidation of a still nationally shaped market, an increase in brand jewelry (the majority of jewelry will continue to be non-brand products), the increase in "hybrid consumption," i.e. the tendency to purchase both high and low price products and the acceleration of the value chain ("fast fashion").

The elumeo Group is primarily active in the European jewelry market. According to TechSci Research, the European jewelry market is the third largest jewelry market in the world with EUR 27.9 billion in revenue in 2017. Of that, Italy accounted for EUR 5.9 billion, France for EUR 5.4 billion, the United Kingdom for EUR 4.4 billion, Germany for EUR 3.8 billion and other countries for EUR 8.5 billion. Italy, France, Germany and the United Kingdom are the largest markets in Europe with a market share of around 70.0%. Between 2012 and 2017, the European jewelry market grew by around 6.5 % annually and is expected to grow by around 5.5% annually between 2018 and 2022, according to TechSci Research,

The elumeo Group's most important direct sales channels include TV home shopping channels and online shops and apps for smartphones. According to a study conducted by Digital TV Research, the number of Internet-ready televisions is expected to increase at a rate of 25.1% to 965 million from 2010 to 2020. Furthermore, according to the Zenith Mobile Advertising Forecast published in October 2017, smartphone penetration is steadily increasing. For the 52 core markets considered in the study, it is forecast that 66% of people will own a smartphone in 2018 (58% in 2016). Internet use via smartphones continues to increase accordingly. Since 2011, mobile Internet use has already doubled

from 36% at that time and is expected to account for 73% of total Internet use by 2018. Online sales generated via smartphones are also continuing to increase. A report by BI Intelligence estimates that mobile revenues will increase to EUR 237.4 billion by 2020 and account for approximately 45% of total eCommerce revenue.

According to an analysis published in 2017 by Ecommerce Foundation, a federation of various national eCommerce associations, online retail business in Europe continues to develop very positively. From EUR 353 billion in 2013, eCommerce revenue increased to EUR 531 billion in 2016. The outlook also looks good for the coming years. Forrester Research forecasts average annual growth of 12.3% for Western European online retail from 2017 to 2021. In a report published in 2016, the Ecommerce Foundation also expects the eCommerce share of the European gross national product (2.59% in 2015) to double by 2020.

Overall, no significant changes in industry conditions have been observed compared to the disclosures in the 2017 Annual Report. Therefore, please refer to the 2017 Annual Report for further information.

Business development in H1 2018

For the elumeo Group, the first half of 2018 covers the period from 1 January to 30 June 2018 ("H1 2018" or "the reporting period"). The first half of 2017 refers to the period from 1 January to 30 June 2017 ("H1 2017" or "the prior year period").

In the first half of 2018, the negative economic development of the elumeo Group was characterized by the following significant events:

With regard to **B2B sales**, we were unable to continue our cooperation with our cooperation partner in the US at the level originally assumed. Due to the very significant reduction in sales expectations in B2B sales in the US and the termination of broadcasting operations in the UK, we have decided to sustainably reduce the capacities of our factory. As a result, it is necessary to increasingly open up our vertically integrated value chain to third parties. With lower capacities, working with different suppliers allows us to better diversify our product range. The margin potential resulting from the increased product variety and at the same time our own lower production capacities could not be realized as quickly as we had planned. Here we expect a significant positive impact from the increased opening of our value chain to third-party suppliers, particularly in the course of Q4 of the current fiscal year.

Furthermore, the introduction of the **multi-product strategy**, in which several products are offered simultaneously during a TV show, has been delayed quite significantly. From this we expected to see a significant increase in sales, which, however, can now essentially only be realized in the fourth quarter. Increases of up to 30% were achieved in initial tests; therefore we assume that the fourth quarter will develop much more positively.

The **number of returns** has risen significantly recently because of the reduced product diversity. Due to longer playing times and active management by our customer service, we were able to reverse this trend again, so that we can now assume that this will also have a clear positive effect in the two remaining quarters, especially in the last quarter of the year. When addressing our customers, the

integrity of the customer relationship continues to be a very high priority, as we continue to have a very high revenue potential per customer over the period of € 1,034. The increased opening of the vertical value chain to external third parties is yet another key factor here.

As part of the sale of our broadcasting operations in the United Kingdom, we succeeded in generating one-off extraordinary proceeds of approximately GBP 3.2 million (net after contingent liabilities) as planned.

Selling, general and administrative expenses (adjusted for currency results) decreased slightly by -0.3% year-on-year in H1 2018. The reduction in sales in Italy in H1 2018 (-12.41% compared to H1 2017) and a negative development in Germany (-9.0% compared to H1 2017) are major factors that caused the very negative earnings development.

Revenue decreased by -8.6% from EUR 32.1 million in H1 2017 to EUR 29.3 million in H1 2018. The significant decline in H1 2018 resulted from all channels and territories. The main reasons for this were a lack of product diversity, which had a much more sustained impact on sales than initially anticipated. This in turn was caused by the necessary reduction of capacities at our factory due to the discontinuation of B2B sales. Appropriate measures for alternative product procurement have been successfully launched, however, with a significant delay and the expansion is proceeding more slowly than planned.

In H1 2018, the gross profit margin decreased to 38.4% compared to H1 2017 (43.3%). The causes are essentially the same as for the decline in revenue. Compared to the same period of the previous year, gross profit fell by 18.9% from EUR 13.9 million to EUR 11.3 million in H1 2018.

Overall, **total comprehensive income** (including discontinued operations) in H1 2018 amounted to EUR -3.4 million, compared to EUR -4.5 million in H1 2017.

The key financial performance indicator, **earnings before interest, taxes, depreciation and amortization** adjusted for non-operative segment reconciliation items (**total segment EBITDA**), deteriorated by EUR -3.5 million to EUR -3.2 million in Q2 2018 after EUR 0.2 million in Q2 2017 (H1 2018: EUR-4.2 million, H1 2017: EUR -1.0 million).

The development of eCommerce revenue has also suffered from these recent developments. The strong growth of the previous quarters could not be maintained. In Q2 2018, we recorded a -16.6% decline in revenue here as well. The classic European web shop business attributable to e-commerce sales fell by EUR 0.8 million or -19.1% to EUR 3.4 million in H1 2018 (in Q2 2018 decline by EUR -0.8 million or 33.2% to EUR 1.6 million).

A detailed explanation of the various key financial figures can be found in the following sections *[Revenue and earnings position]*, *[Asset position]* and *[Financial position]*.

Revenue and earnings position

EUR thousand | % of revenue	Note	Q2 2018		Q2 2017 restated*		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017 restated*		HoH in %
Revenue	(4).	12,729	100.0%	17,387	100.0%	-26.8%	29,338	100.0%	32,097	100.0%	-8.6%
Cost of goods sold	(5).	7,947	62.4%	9,847	56.6%	-19.3%	18,069	61.6%	18,193	56.7%	-0.7%
Gross profit		**4,782**	**37.6%**	**7,540**	**43.4%**	**-36.6%**	**11,269**	**38.4%**	**13,904**	**43.3%**	**-18.9%**
Selling expenses	(6).	6,159	48.4%	5,709	32.8%	7.9%	11,793	40.2%	11,797	36.8%	0.0%
Administrative expenses	(7).	2,336	18.4%	1,579	9.1%	47.9%	4,530	15.4%	4,526	14.1%	0.1%
Other operating income	(8).	42	0.3%	410	2.4%	-89.8%	58	0.2%	715	2.2%	-91.8%
Other operating expenses	(9).	-98	-0.8%	0	0.0%	n.a	424	1.4%	0	0.0%	n.a
Earnings before interest and taxes (EBIT)		**-3,574**	**-28.1%**	**662**	**3.8%**	**-639.9%**	**-5,419**	**-18.5%**	**-1,704**	**-5.3%**	**-218.0%**
Interest and similar expenses		-143	-1.1%	-164	-0.9%	12.3%	-274	-0.9%	-330	-1.0%	17.0%
Financial result	(10).	-143	-1.1%	-163	-0.9%	12.3%	-273	-0.9%	-329	-1.0%	-17.0%
Earnings before income taxes (EBT)		**-3,717**	**-29.2%**	**499**	**2.9%**	**-845.4%**	**-5,692**	**-19.4%**	**-2,034**	**-6.3%**	**-179.9%**
Income tax	(12).	-463	-3.6%	-32	-0.2%	<-1,000%	-293	-1.0%	-83	-0.3%	-254.2%
Earnings for the period from continuing operations		**-4,180**	**-32.8%**	**467**	**2.7%**	**-995.1%**	**-5,985**	**-20.4%**	**-2,116**	**-6.6%**	**-182.8%**
Earnings for the period from discontinued operations	(11).	**2,734**	**21.5%**	**-764**	**-4.4%**	**458.0%**	**2,151**	**7.3%**	**-1,383**	**-4.3%**	**255.6%**
Earnings for the period		**-1,446**	**-11.4%**	**-297**	**-1.7%**	**-387.6%**	**-3,834**	**-13.1%**	**-3,499**	**-10.9%**	**-9.6%**
Earnings of shareholders		*-1,446*	*-11.4%*	*-297*	*-1.7%*	*-387.6%*	*-3,834*	*-13.1%*	*-3,499*	*-10.9%*	*-9.6%*
Earnings per share in EUR (basis and diluted) applied to:	(14).										
- **Earnings of shareholders total**		**-0.26**		**-0.05**		**-387.6%**	**-0.70**		**-0.64**		**-9.6%**
- Earnings of shareholders from continuing operations		-0.76		0.08		-995.1%	-1.09		-0.38		-182.8%
- Earnings of shareholders from discontinued operations		0.50		-0.14		458.0%	0.39		-0.25		255.6%

Selling expenses remained virtually unchanged at EUR 11.8 million in H1 2018 despite declining sales, with expenses for TV broadcasting costs falling and personnel costs increasing to the same extent. The main reason for this is the increase in recruitment expenses for the subsequent filling of vacancies.

Administrative expenses mainly consist of personnel expenses and other material costs. Administrative expenses fell slightly by -0.4% to EUR 4.5 million in H1 2018 and thus remained largely stable.

Other operating income in H1 2018 mainly includes costs recharged to distribution partners.

Other operating expenses in H1 2018 include only net losses from currency translation of EUR 0.4 million, which will no longer be reported under administrative expenses from the 2018 fiscal year on. The result from currency translation mainly results from the translation of intragroup foreign currency receivables at the reporting date. Their amount is subject to regular fluctuations depending on the development of the respective exchange rates.

With regard to the internal management and external communication of the current and future earnings development, the sustained profitability of the operating business of the elumeo Group is of particular importance. As a key financial performance indicator, earnings before interest, taxes, depreciation and amortization, which are adjusted for non-operative segment reconciliation items (**total segment EBITDA**) serve as the central financial indicator for the reporting and management of operating earnings. To calculate total segment EBITDA, EBITDA before reconciliation items is adjusted for by type and amount one-off and/or non-operative (special) items. Non-operative items are separated for each line item of the consolidated statement of income.

Total segment EBITDA in Q2 2018 dropped to EUR -3.2 million, compared to EUR + 0.2 million in Q2 2017. Total segment EBITDA of EUR -4.1 million in H1 2018 was significantly lower than in the prior year comparative period (H1 2017: EUR -1.0 million). In H1 2018, reconciliation items are mainly attributable to expenses from foreign currency translation of EUR 0.4 million (H1 2017: gains of EUR 0.3 million). EBITDA before segment-reconciliation items amounted to EUR -4.7 million in H1 2018 (H1 2017: EUR -0.9 million).

In total, **earnings before interest and taxes** (EBIT) declined in H1 2018 to EUR -5.4 million, compared to EUR -1.7 million in H1 2017. The figures relate in each case to continuing operations.

Earnings per share were EUR -0.70 in H1 2018 (H1 2017 EUR -0.64). **Total comprehensive income** improved in H1 2018 to EUR -3.4 million after EUR -4.5 million in H1 2017.

Asset position

Total assets as of 30 June 2018 decreased by -2.8% from EUR 54.7 million as of 31 December 2017 to EUR 53.2 million 30 June 2018.

On the assets side of the statement of financial position, **non-current assets** as of 30 June 2018 totaled EUR 13.7 million, compared to EUR 14.3 million as of 31 December 2017.

Current assets changed by -11.9% from EUR 40.0 million as of 31 December 2017 to EUR 35.2 million as of 30 June 2018. This was due to lower inventories and lower trade receivables from the B2B business. The assets held for sale increased as a result of the sale of the broadcasting operations in the United Kingdom. The claim was paid in July 2018.

On the equity and liabilities side of the statement of financial position, **equity** decreased by -10.2% to EUR 28.7 million as of 30 June 2018 (31 December 2017: EUR 32.0 million) due to the negative result after income taxes. The equity ratio was approximately 54.0% as of 30 June 2018 compared to 58.4% as of 31 December 2017.

Non-current liabilities decreased by -6.6% from EUR 4.4 million as of 31 December 2017 to EUR 4.1 million as of 30 June 2018. The difference is mainly due to the scheduled repayment of the investment loan for the acquisition of the factory in Thailand.

Current liabilities increased by 11.5% to EUR 19.3 million (31 December 2017: EUR 17.3 million). There was an increase in financial liabilities and a slight increase in trade payables. The liabilities recognized in connection with assets held for sale as of 31 December 2018 have generally declined significantly, but remained unchanged overall due to a payment obligation recognized in H1 2018 in connection with the sale of the broadcasting operations.

Financial position

Net cash flow from operating activities from continuing operations in H1 2018 amounted to EUR -2.2 million (Q2 2018: EUR -0.1 million). The significantly lower cash outflow compared to earnings before taxes (EBT) is mainly attributable to a reduction in inventories and trade receivables. Depreciation and amortization of fixed assets felt slightly compared to same period of the previous year. Non-cash income and or items in H1 2017 mainly resulted from effects from foreign currency translation from changes in the individual positions of the consolidated statement of financial position.

Net cash flow from investing activities from continuing operations showed only a small cash outflow due to the low level of investment activity.

Net cash flow from financing activities from the continuing operations amounted to approximately EUR 1.4 million in H1 2018 (H1 2017: EUR 0.1 million).

As of 30 June 2018 the elumeo Group had **cash and cash equivalents** (cash in hand and sight deposits with banks) of EUR 0.7 million (30 June 2017: EUR 1.1 million). In addition, free credit lines in the amount of EUR 0.5 million were also available as of the reporting date.

Segment reporting

Segment reporting follows the internal reporting structures and internal control criteria. The reporting formats are subdivided into two operating segments and a Group Functions and Eliminations segment. Asset figures are not reported because such figures are not used as control parameters at the level of segment reporting.

At EUR -4.1 million (H1 2017: EUR -1.0 million), total segment EBITDA in H1 2018 was significantly worse than in the same period of the prior year. Segment reconciliation items eliminated in determining segment EBITDA arise from gains or losses from foreign currency translation of EUR -0.4 million in H1 2018 (H1 2017: EUR +0.3 million) and EUR +0.1 million in Q2 2018 (Q2 2017: EUR +0.9 million) as well as expenses from the Stock Option Program 2015 of EUR 0.1 million in H1 2018 (H1 2017: EUR 0.2 million).

Segment Sales division Germany & Italy

In the segment Sales division Germany & Italy, EUR 27.4 million in revenue were generated in H1 2018. This corresponds to approximately 93.5% of elumeo Group's total revenue (H1 2017: EUR 30.3 million or 94.5%).

Gross profit fell by 20.8% from EUR 12.2 million in H1 2017 to EUR 9.7 million in H1 2018. The segment's gross profit margin fell from 40.3% in H1 2017 to 35.3% in H1 2018. The lack of product variety due to reduced manufacturing capacities hit us much harder than expected.

Segment EBITDA deteriorated by EUR 3.0 million in H1 2018 from EUR -3.9 million (H1 2017: EUR 0.8 million) as a result of the revenue and gross profit reductions.

Segment Sales division Others

Revenue in the segment Sales division Others amounted to EUR 1.9 million in H1 2018, which equates to about 6.5% of the elumeo Group's total revenue (H1 2017: EUR 1.8 million or 5.5%). Overall, we were not able to increase sales as much as originally planned. No further significant sales are expected in this segment for the time being.

Gross profit fell slightly from EUR 0.4 million in 2017 to EUR 0.3 million in H1 2018, while segment EBITDA also fell from EUR 0.1 million in H1 2017 to EUR 0.0 million in H1 2018 also due to slightly higher costs in connection with B2B sales.

Segment Group Functions & Eliminations

To offset the administrative and financing expenses of production, gross profit of EUR 1.3 million was allocated to this segment in H1 2018 (H1 2017: EUR 1,3 million), which correspondingly could not be attributed to the segments Sales division Germany & Italy and Sales division Others. This includes, in particular, the non-directly variable operating costs, which may be reduced in time to reduce production capacity (for example, personnel costs). In principle, these costs that could not be attributed to the capacity actually used (cost underfunding) could have been reported in this segment in order to better reflect the operating success of the sales business.

Supplementary report

There were no special events after the balance sheet date.

Opportunity and risk report

There were no significant changes in terms of opportunities and risks in the first half of 2018. For more information about the specific risks the elumeo Group faces, please refer to the 2017 Annual Report.

Forecast report

Due to recent developments, we were forced to revise our forecasts for 2018 quite extensively. The following four reasons were the main factors in the negative developments:

With regard to **B2B** sales, we were unable to continue our cooperation with our cooperation partner in the US at the level originally assumed. Furthermore, we do not expect to see any significant impulses from this in the remaining quarters either. As productivity has recently remained significantly below expectations, this no longer poses any significant advantages for us.

As a result of the **capacity reduction** of the jewelry to be produced at our factory in Thailand, which we decided on due to the discontinuation of our own TV productions in the United Kingdom at the end of 2017 and the very significant reduction in B2B sales in the US, we are increasingly opening our vertically integrated value chain to third-party suppliers. With lower capacities, the use of different suppliers allows us to offer a better diversity of products. However, the margin potential resulting from the increased product diversity and lower own production capacities could not be realized as quickly as originally planned. The establishment of the corresponding supplier relationships takes longer than originally assumed, so that here too substantial positive impulses can only be expected in the course of the last quarter of the current fiscal year.

Furthermore, the introduction of the **multi-product strategy**, in which several products are offered simultaneously during a TV show, has been delayed quite significantly. The increase in sales expected from this can only unfold with some delay due to the later implementation, but also due to a more extensive than expected reorganization of processes. In order to provide customers with the most attractive offer possible in a show, the composition of the respective sets (pieces of jewelry that are offered at the same time) is considerably more complex than originally assumed. Initial tests have shown this. With appropriate handling, sales could be increased by up to 30%. The necessary capacities, especially in IT development, were not available at short notice, however. As a result, the originally significant increase in sales can only be assumed from the fourth quarter onwards. We assume that this will result in a clearly positive development in the fourth quarter, but not in the second and third quarters as originally assumed.

The **number of returns** has risen unexpectedly as of recently due to the new formats and guest shows that provided positive impetus in the last quarter of 2017 and in the first quarter of 2018. The increased volume of returns has led to a significant reduction in net sales. This trend has already been reversed through extended seasons and actively approaching customers by our customer service. However, we assume that at least one more quarter will be required to reduce the number of returns to the previous year's level. This means that a significant and sustained positive effect will only be possible here in the fourth quarter of 2018.

This resulted in the following development for the individual segments:

In the segment Sales division Germany & Italy, the decline in revenue in Q2 2018 was -25.1% and -9.6% in H1 2018 compared with the same periods of the prior year. For the Sales division Germany & Italy segment, our management therefore expects a very low double-digit percentage decline in revenue in 2018. Gross profit in H1 2018 was also negative at -20.8% compared to the previous year. However, as a result of the measures taken (increased opening of vertical value creation for third parties and multi-products), we assume that gross profit will also be in the very low double-digit percentage range overall. Segment EBITDA in H1 2018 was EUR -3.8 million compared to EUR -0.8 million in H1 2017, mainly due to significantly lower revenue and gross profit margins. This results in a negative segment EBITDA in the mid-single-digit million range in the segment Sales division Germany & Italy for 2017. However, we expect a positive segment EBITDA for this segment again in the fourth quarter.

The revenue from B2B business operations included in the segment Sales division Others will develop significantly negatively, contrary to expectations, due to the considerably limited cooperation with a TV broadcaster in the US. We therefore expect sales in this segment for H2 2018 to be in the low 6-digit range. The segment EBITDA will be slightly positive overall, but significantly lower than in the previous year.

In the Group Functions & Eliminations segment (no revenue), negative segment EBITDA in the low single-digit million range was projected for 2018. This already takes into account the potential effects from the reduction of production capacities in Thailand (excess personnel in particular).

For the Total Segment EBITDA, the Company expects a mid single-digit million loss in 2018 against the backdrop of this decline in revenue.

In order to be able to guarantee the Group's solvency at all times, corresponding reductions in inventories are still necessary. Inventories were reduced by EUR -4.9 million from EUR 35.9 million as of 31 March 2018 to EUR 31.1 million as of 30 June 2018. If the elumeo Group's profitability cannot be increased further and an improvement in working capital cannot be achieved, this can jeopardize the elumeo Group's ability to pay at all times. The top priority in 2018 is therefore the return of the elumeo Group to profitability while at the same time improving liquidity.

III. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income (unaudited)

for the period from 1 April to 30 June 2018 (Q2 2018) and for the period from 1 January to 30 June 2018

EUR thousand | % of revenue	Note	**Q2 2018**		Q2 2017 restated*		QoQ in %	**1 Jan - 30 Jun 2018**		1 Jan - 30 Jun 2017 restated*		HoH in %
Revenue	(4).	12,729	100.0%	17,387	100.0%	-26.8%	29,338	100.0%	32,097	100.0%	-8.6%
Cost of goods sold	(5).	7,947	62.4%	9,847	56.6%	-19.3%	18,069	61.6%	18,193	56.7%	-0.7%
Gross profit		**4,782**	**37.6%**	**7,540**	**43.4%**	**-36.6%**	**11,269**	**38.4%**	**13,904**	**43.3%**	**-18.9%**
Selling expenses	(6).	6,159	48.4%	5,709	32.8%	7.9%	11,793	40.2%	11,797	36.8%	0.0%
Administrative expenses	(7).	2,336	18.4%	1,579	9.1%	47.9%	4,530	15.4%	4,526	14.1%	0.1%
Other operating income	(8).	42	0.3%	410	2.4%	-89.8%	58	0.2%	715	2.2%	-91.8%
Other operating expenses	(9).	-98	-0.8%	0	0.0%	n.a	424	1.4%	0	0.0%	n.a
Earnings before interest and taxes (EBIT)		**-3,574**	**-28.1%**	**662**	**3.8%**	**-639.9%**	**-5,419**	**-18.5%**	**-1,704**	**-5.3%**	**-218.0%**
Interest and similar expenses		-143	-1.1%	-164	-0.9%	12.3%	-274	-0.9%	-330	-1.0%	17.0%
Financial result	(10).	-143	-1.1%	-163	-0.9%	12.3%	-273	-0.9%	-329	-1.0%	-17.0%
Earnings before income taxes (EBT)		**-3,717**	**-29.2%**	**499**	**2.9%**	**-845.4%**	**-5,692**	**-19.4%**	**-2,034**	**-6.3%**	**-179.9%**
Income tax	(12).	-463	-3.6%	-32	-0.2%	<-1,000%	-293	-1.0%	-83	-0.3%	-254.2%
Earnings for the period from continuing operations		**-4,180**	**-32.8%**	**467**	**2.7%**	**-995.1%**	**-5,985**	**-20.4%**	**-2,116**	**-6.6%**	**-182.8%**
Earnings for the period from discontinued operations	(11).	**2,734**	**21.5%**	**-764**	**-4.4%**	**458.0%**	**2,151**	**7.3%**	**-1,383**	**-4.3%**	**255.6%**
Earnings for the period		**-1,446**	**-11.4%**	**-297**	**-1.7%**	**-387.6%**	**-3,834**	**-13.1%**	**-3,499**	**-10.9%**	**-9.6%**
Earnings of shareholders		*-1,446*	*-11.4%*	*-297*	*-1.7%*	*-387.6%*	*-3,834*	*-13.1%*	*-3,499*	*-10.9%*	*-9.6%*
Earnings per share in EUR (basis and diluted) applied to:	(14).										
- **Earnings of shareholders total**		**-0.26**		**-0.05**		**-387.6%**	**-0.70**		**-0.64**		**-9.6%**
- Earnings of shareholders from continuing operations		-0.76		0.08		-995.1%	-1.09		-0.38		-182.8%
- Earnings of shareholders from discontinued operations		0.50		-0.14		458.0%	0.39		-0.25		255.6%

Consolidated statement of comprehensive income (unaudited)

for the period from 1 April to 30 June 2018 (Q2 2018) and for the period from 1 January to 30 June 2018

EUR thousand | % of revenue	Note	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Earnings for the period		**-1,446**	**-11.4%**	**-297**	**-1.7%**	**-387.6%**	**-3,834**	**-13.1%**	**-3,499**	**-10.9%**	**-9.6%**
Items which will be reclassified to the consolidated statement of income in subsequent periods:											
Differences from foreign currency translation of foreign subsidiaries	(15).	-107	-0.8%	-2,102	-12.1%	94.9%	481	1.6%	-1,075	-3.3%	144.7%
Other comprehensive income from continuing operations		**-107**	**-0.8%**	**-2,102**	**-12.1%**	**94.9%**	**481**	**1.6%**	**-1,075**	**-3.3%**	**144.7%**
Differences from foreign currency translation of foreign subsidiaries	(15).	50	0.4%	94	0.5%	-47.3%	-1	0.0%	110	0.3%	-101.3%
Other comprehensive income from discontinued operations		**50**	**0.4%**	**94**	**0.5%**	**-47.3%**	**-1**	**0.0%**	**110**	**0.3%**	**-101.3%**
Total comprehensive income		**-1,504**	**-11.8%**	**-2,304**	**-13.3%**	**34.7%**	**-3,355**	**-11.4%**	**-4,463**	**-13.9%**	**24.8%**
Total comprehensive income of of shareholders		*-1,504*	*-11.8%*	*-2,304*	*-13.3%*	*34.7%*	*-3,355*	*-11.4%*	*-4,463*	*-13.9%*	*24.8%*

Consolidated statement of financial position (unaudited)

as of 30 June 2018

ASSETS EUR thousand | % of balance sheet total	Note	30 Jun 2018		31 Dec 2017		Change in %
Non-current assets						
Intangible assets	(16).	714	1.3%	755	1.4%	-5.4%
Property, plant and equipment	(16).	8,968	16.9%	9,374	17.1%	-4.3%
Other financial assets	(18).	451	0.8%	394	0.7%	14.4%
Other non-financial assets	(19).	1,839	3.5%	1,871	3.4%	-1.7%
Deferred tax assets	(26).	1,679	3.2%	1,866	3.4%	-10.0%
Total non-current assets		**13,651**	**25.7%**	**14,258**	**26.1%**	**-4.3%**
Current assets						
Inventories	(17).	31,100	58.5%	33,548	61.3%	-7.3%
Trade receivables		1,938	3.6%	2,963	5.4%	-34.6%
Receivables due from related parties		224	0.4%	224	0.4%	0.1%
Other financial assets	(18).	54	0.1%	43	0.1%	25.5%
Other non-financial assets	(19).	903	1.7%	1,675	3.1%	-46.1%
Cash and cash equivalents		991	1.9%	1,512	2.8%	-34.5%
Total current assets		**35,210**	**66.2%**	**39,965**	**73.1%**	**-11.9%**
Assets held for sale	(11).	4,331	8.1%	485	0.9%	792.6%
Total assets		**53,191**	**100.0%**	**54,709**	**100.0%**	**-2.8%**

Consolidated statement of financial position (unaudited)

as of 30 June 2018

EQUITY & LIABILITIES

EUR thousand | % of balance sheet total	Note	30 Jun 2018		31 Dec 2017		Change in %
Equity						
Issued capital	(20).	5,500	10.3%	5,500	10.1%	0.0%
Capital reserve	(20).	34,288	64.5%	34,179	62.5%	0.3%
Retained losses		-15,285	-28.7%	-11,452	-20.9%	-33.5%
Foreign currency translation reserve	(15).	4,204	7.9%	3,725	6.8%	12.9%
Total equity		**28,706**	**54.0%**	**31,952**	**58.4%**	**-10.2%**
Attributable to shareholders of elumeo SE		*28,706*	*54.0%*	*31,952*	*58.4%*	*-10.2%*
Non-current liabilities						
Financial debt	(21).	3,172	6.0%	3,382	6.2%	-6.2%
Other financial liabilities	(22).	119	0.2%	273	0.5%	-56.4%
Provisions		751	1.4%	676	1.2%	11.2%
Other non-financial liabilities	(24).	25	0.0%	25	0.0%	0.0%
Total non-current labilities		**4,068**	**7.6%**	**4,355**	**8.0%**	**-6.6%**
Current liabilities						
Financial debt	(21).	9,679	18.2%	7,577	13.9%	27.7%
Other financial liabilities	(22).	310	0.6%	304	0.6%	1.9%
Provisions		96	0.2%	547	1.0%	-82.5%
Liabilities due to related parties		39	0.1%	7	0.0%	452.6%
Trade payables		7,550	14.2%	7,340	13.4%	2.9%
Advance payments received		105	0.2%	158	0.3%	-33.6%
Tax liabilities	(23).	100	0.2%	100	0.2%	0.0%
Other non-financial liabilities	(24).	1,379	2.6%	1,236	2.3%	11.5%
Total current liabilities		**19,257**	**36.2%**	**17,270**	**31.6%**	**11.5%**
Liabilities directly associated with assets held for sale	(11).	1,160	2.2%	1,132	2.1%	2.5%
Total equity & liabilities		**53,191**	**100.0%**	**54,709**	**100.0%**	**-2.8%**

Consolidated statement of changes in equity (unaudited)

for the period from 1 January to 30 June 2018

Reason for change		Attributable to shareholders of elumeo SE				
EUR thousand	Note	Issued capital	Capital reserve	Retained losses	Foreign currency translation reserve	Total equity
1 January 2018		**5,500**	**34,179**	**-11,452**	**3,725**	**31,952**
Equity-settled share-based remuneration	(20).		109			**109**
Other comprehensive income	(15).				479	**479**
Earnings for the period				-3,834		**-3,834**
Total comprehensive income				-3,834	479	**-3,355**
30 June 2018		**5,500**	**34,288**	**-15,285**	**4,204**	**28,706**

for the period from 1 January to 30 June 2017

Reason for change		Attributable to shareholders of elumeo SE				
EUR thousand	Note	Issued capital	Capital reserve	Retained losses	Foreign currency translation reserve	Total equity
1 January 2017		**5,500**	**33,862**	**-5,408**	**5,022**	**38,975**
Equity-settled share-based remuneration	(20).		188			**188**
Other comprehensive income	(15).				-965	**-965**
Earnings for the period				-3,499		**-3,499**
Total comprehensive income				-3,499	-965	**-4,463**
30 June 2017		**5,500**	**34,050**	**-8,907**	**4,057**	**34,700**

Consolidated statement of cash flows (unaudited)

for the period from 1 January to 30 June 2018

EUR thousand	Note	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	HoH in %
Earnings before taxes (EBT) of continuing operations		**-5,692**	**-2,034**	**-179.9%**
Earnings before taxes (EBT) of discontinued operations		+2,168	-1,399	254.9%
Earnings before taxes (EBT)		**-3,525**	**-3,433**	**-2.7%**
+/- Depreciation and amortization on non-current assets	(16).	+736	+835	-11.8%
+/- Increase/decrease in provisions		-376	-272	-38.5%
+/- Equity-settled share-based remuneration	(20).	+109	+188	-42.2%
+/- Other non-cash expenses/income and transactions		+439	-1,102	139.8%
+/- Loss/gain on disposal of non-current assets	(16).	+2	+4	-63.5%
- Non-cash current interest income		-0	-0	99.5%
- Interest expenses paid related to prior accounting periods		-20	-64	69.1%
+ Non-cash current interest expenses		+32	+29	8.3%
-/+ Increase/decrease in inventories	(17).	+627	+1,383	-54.6%
-/+ Increase/decrease in other assets		+1,662	-534	411.3%
+/- Increase/decrease in other liabilities		+323	+2,357	-86.3%
= Net cash flow from operating activities of continuing operations	(25).	**-2,158**	**+791**	**-372.8%**
= Net cash flow from operating activities from discontinued operations	(11).	+221	-1,484	114.9%

Consolidated statement of cash flows (unaudited) (continuation)

for the period from 1 January to 30 June 2018

	EUR thousand	Note	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	HoH in %
-	Payments for investments in intangible assets	(16).	-21	-7	-190.8%
-	Payments for investments in property, plant and equipment	(16).	-170	-109	-56.0%
+	Proceeds from sale of intangible assets and property, plant and equipment	(16).	+2	+1	90.5%
=	**Net cash flow from investing activities of continuing operations**	(25).	**-189**	**-115**	**-64.2%**
=	Net cash flow from investing activities from discontinued operations	(11).	0	0	n.a
+	Proceeds from increase in financial debt	(21).	+3,906	+2,049	90.6%
-	Payments for the redemption of financial debt	(21).	-2,354	-1,842	-27.8%
-	Payments (net) for redemption of financial liabilties	(22).	-148	-143	-3.3%
=	**Net cash flow from financing activities of continuing operations**	(25).	**+1,403**	**+64**	**2085.1%**
=	Net cash flow from financing activities from discontinued operations	(11).	-9	-11	-19.2%
+/-	Net increase/decrease in cash and cash equivalents		-731	-755	3.1%
+/-	Effects of foreign currency translation on cash and cash equivalents cash and cash equivalents		+7	-1	861.3%
+/-	Changes in cash and cash equivalents relassified as part of a disposal group	(11).	-51	0	n.a
+	Cash and cash equivalents on beginning of period		+1,511	+1,836	-17.7%
=	**Cash and cash equivalents on end of period**		**+735**	**+1,081**	**-32.0%**
	Reconciliation of cash and cash equivalents				
	Cash and cash equivalents		+991	+1,472	-32.7%
-	Current account overdrafts	(21).	-256	-392	34.6%
=	**Cash and cash equivalents at end of period**		**+735**	**+1,081**	**-32.0%**

Group segment reporting (unaudited)

Segment information

for the period from 1 April to 30 June 2018 (Q2 2018)

	Q2 2018					
EUR thousand | % of (segment) revenue	Revenue		Gross profit		Segment EBITDA	
Sales division Germany & Italy	12,171	95.6%	4,113	33.8%	-2,996	-24.6%
Sales division Others	558	4.4%	29	5.2%	-65	-11.7%
Group functions & eliminations	0	0.0%	641	n.a.	-172	n.a.
Total	**12,729**	**100.0%**	**4,782**	**37.6%**	**-3,233**	**-25.4%**

	Q2 2017					
EUR thousand | % of (segment) revenue	Revenue		Gross profit		Segment EBITDA	
Sales division Germany & Italy	16,244	93.4%	6,678	41.1%	314	1.9%
Sales division Others	1,144	6.6%	234	20.5%	45	3.9%
Group functions & eliminations	0	0.0%	627	n.a.	-138	n.a.
Total	**17,387**	**100.0%**	**7,540**	**43.4%**	**220**	**1.3%**

	QoQ					
EUR thousand | in %	Revenue		Gross profit		Segment EBITDA	
Sales division Germany & Italy	-4,073	-25.1%	-2,566	-38.4%	-3,309	<-1,000%
Sales division Others	-585	-51.2%	-205	-87.5%	-110	-246.0%
Group functions & eliminations	0	n.a	13	2.1%	-34	-24.4%
Total	**-4,658**	**-26.8%**	**-2,758**	**-36.6%**	**-3,453**	**<-1,000%**

Segment information

for the period from 1 January to 30 June 2018

	1 Jan - 30 Jun 2018					
EUR thousand | **% of (segment) revenue**	Revenue		Gross profit		Segment EBITDA	
Sales division Germany & Italy	27,392	93.4%	9,670	35.3%	-3,794	-13.9%
Sales division Others	1,945	6.6%	286	14.7%	-8	-0.4%
Group functions & eliminations	0	0.0%	1,313	n.a.	-346	n.a.
Total	**29,338**	**100.0%**	**11,269**	**38.4%**	**-4,148**	**-14.1%**

	1 Jan - 30 Jun 2017					
EUR thousand | **% of (segment) revenue**	Revenue		Gross profit		Segment EBITDA	
Sales division Germany & Italy	30,288	94.4%	12,208	40.3%	-804	-2.7%
Sales division Others	1,809	5.6%	424	23.4%	53	2.9%
Group functions & eliminations	0	0.0%	1,272	n.a.	-267	n.a.
Total	**32,097**	**100.0%**	**13,904**	**43.3%**	**-1,019**	**-3.2%**

	HoH					
EUR thousand | **in %**	Revenue		Gross profit		Segment EBITDA	
Sales division Germany & Italy	-2,896	-9.6%	-2,537	-20.8%	-2,990	-371.9%
Sales division Others	136	7.5%	-138	-32.6%	-60	-115.2%
Group functions & eliminations	0	n.a	41	3.2%	-79	-29.5%
Total	**-2,759**	**-8.6%**	**-2,635**	**-18.9%**	**-3,130**	**-307.2%**

Segment reconciliation to Group earnings

for the period from 1 April to 30 June 2018 (Q2 2018) and for the period from 1 January to 30 June 2018

EUR thousand | % of revenue	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Total segment EBITDA	**-3,233**	**-25.4%**	**220**	**1.3%**	**<-1,000%**	**-4,148**	**-14.1%**	**-1,019**	**-3.2%**	**-307.2%**
Effects from foreign currency translation	98	0.8%	943	5.4%	-89.6%	-424	-1.4%	338	1.1%	-225.5%
Equity-settled share-based remuneration	-49	-0.4%	-85	-0.5%	43.0%	-109	-0.4%	-188	-0.6%	42.2%
Segment reconciliation items	47	0.4%	857	4.9%	-94.5%	-534	-1.8%	150	0.5%	-457.2%
EBITDA	**-3,185**	**-25.0%**	**1,078**	**6.2%**	**-395.5%**	**-4,683**	**-16.0%**	**-869**	**-2.7%**	**-438.8%**
Depreciation and amortization on property, plant and equipment and intangible assets	-388	-3.1%	-416	-2.4%	6.6%	-736	-2.5%	-835	-2.6%	11.8%
EBIT	**-3,574**	**-28.1%**	**662**	**3.8%**	**-639.9%**	**-5,419**	**-18.5%**	**-1,704**	**-5.3%**	**-218.0%**
Financial result	-143	-1.1%	-163	-0.9%	12.3%	-273	-0.9%	-329	-1.0%	17.0%
Income tax	-463	-3.6%	-32	-0.2%	<-1,000%	-293	-1.0%	-83	-0.3%	-254.2%
Earnings for the period from continuing operations	**-4,180**	**-32.8%**	**467**	**2.7%**	**-995.1%**	**-5,985**	**-20.4%**	**-2,116**	**-6.6%**	**-182.8%**
Earnings for the period from discontinued operations	**2,734**	**21.5%**	**-764**	**-4.4%**	**458.0%**	**2,151**	**7.3%**	**-1,383**	**-4.3%**	**255.6%**
Earnings for the period	**-1,446**	**-11.4%**	**-297**	**-1.7%**	**-387.6%**	**-3,834**	**-13.1%**	**-3,499**	**-10.9%**	**-9.6%**

IV. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(1.) Principles and methods

Information on the Company

elumeo SE (hereinafter also referred to as "the Company") is a publicly listed company in the legal form of a European Company (Societas Europaea) and the parent company of the elumeo Group. The Company is registered in section B of the Commercial Register of Berlin-Charlottenburg under no. 157 001 B and has its headquarters at Erkelenzdamm 59/61, 10999 Berlin, Germany.

Basis of preparation and accounting and valuation principles

The condensed interim consolidated financial statements as of 30 June 2018 ("interim consolidated financial statements") have been prepared for the purpose of half-year financial reporting pursuant to section 37w para. 3 WpHG (German Securities Trading Act) and are consistent with the International Financial Reporting Standards ("IFRSs"), as adopted in the European Union. In the interim consolidated financial statements that were prepared based on the International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, the same accounting and valuation methods are applied as with the audited and published consolidated financial statements of elumeo SE as of 31 December 2017 according to IFRSs ("2017 consolidated financial statements").

The option of preparing condensed interim consolidated financial statements was exercised. All binding interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as of the reporting date were taken into consideration. In addition, interim financial reporting complies with the German Accounting Standard ("GAS") No. 16 *Half-Yearly Financial Reporting* of the German Accounting Standards Committee e.V. ("GASC").

For more information on the accounting and valuation principles that were applied, please refer to the 2017 consolidated financial statements.

Adoption of new accounting standards of the IASB

The following new and revised standards and interpretations of the IASB were applied to the interim consolidated financial statements for the first time:

Standard/Interpretation		Publication by the IASB	Application date of the IASB	Effects on the elumeo Group
IFRS 9	Financial instruments	12 Nov 2009/ 28 Oct 2010/ 16 Dec 2011/ 19 Nov 2013/ 24 Jul 2014	1 Jan 2018	significant
IFRS 15	Revenue from Contracts with Customers	28 May 2014 11 Sep 2015 12 April 2016	1 Jan 2018	significant

IFRS 9 – Financial Instruments

The IASB published the final version of IFRS 9 in July 2014. The new standard harmonizes the requirements for recognition and measurement of financial assets and financial liabilities and introduces a new model for the impairment of financial assets. It is primarily based on the business model of the company and the cash flows of the relevant financial instrument. IFRS 9 contains a valuation model that requires not only the recognition of losses in value that have occurred, but also the recognition of expected losses. In addition, the regulations on hedge accounting published in November 2013 were adopted in the final IFRS 9. IFRS 9 replaces the previous provisions of IAS 39 *Financial Instruments: Recognition and Measurement*. The standard is mandatorily effective for reporting periods beginning on or after 1 January 2018.

The elumeo Group applies the provisions of IFRS 9 in fiscal year 2018 in principle retrospectively and makes use of the option not to adjust comparative periods for previous periods. Consequently, only the opening balance sheet as of 1 January 2018 needs to be adjusted. However, the first-time application of the standard does not result in any essential changes in the measurement categories and principles for financial assets and liabilities and thus has no effect on consolidated equity.

For further information on the reclassification of financial instruments in accordance with IFRS 9, please refer to section [(27.)].

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was published in May 2014 and establishes a new five-step model that applies to the recognition of revenue from customer contracts. In accordance with IFRS 15, revenue is recognized at the amount corresponding to the consideration that the entity expects to receive for the supply of goods or the rendering of services to the customer. Revenue is recognized when the customer obtains the power to dispose of the goods or services. The principles in IFRS 15 provide a more structured approach to the measurement and recognition of revenues. The new standard applies to all companies and replaces all current principles for revenue recognition in accordance with IFRS. Either a full or modified retrospective application is required for reporting periods beginning on or after 1 January 2018.

When the jewelry (goods) is sold to the customer, the revenue of the elumeo Group is currently recognized upon delivery of the goods to the customer, which is defined as the specific point in time at which the customer accepts the material risks and opportunities (transfer of ownership). Revenue is recognized at this point in time, provided that its amount and costs can be reliably determined, the contractually agreed consideration (fixed consideration) has already been received or is probable and the elumeo Group has no further right to dispose of the goods.

According to IFRS 15, revenue is recognized as soon as the customer gains control of the goods. Pursuant to IFRS 15, the transfer of risks and opportunities is not mandatory for the recognition of revenue. The point in time at which revenue is recognized by the elumeo Group is generally comparable with the point in time under IFRS 15. In conclusion, there are no effects on the recognition of revenue in the consolidated financial statements of the elumeo Group.

Customers of the elumeo Group are generally permitted to return the goods (right of return). Revenue is recognized if the expected customer returns can be estimated reliably and if all other criteria for revenue recognition are met.

Under IFRS 15, revenue is recognized for contracts with a right of return if it is probable that the cumulative revenue will not need to be materially adjusted. The elumeo Group estimates the expected customer returns on the basis of reliable historical experience, as a result of which revenue to be recorded can be determined with sufficient certainty.

The consideration paid by the customer for the transfer of goods has been clearly agreed upon with respect to the elumeo Group. Overall, the determination of the transaction price in accordance with IFRS 15 has no effect on the consolidated financial statements.

In fiscal year 2018, the elumeo Group applies the provisions of IFRS 15 by way of modified retrospective application. Within the scope of the modified retrospective application, the amounts reported in accordance with the previously applicable standards are retained and, if necessary, the consolidated financial statements are adjusted by recording the cumulative effects of the application of IFRS 15 in the form of an adjustment to the initial balance of equity at the time of first application (beginning of the reporting period). However, the first-time application of the new standard has no effect on consolidated equity.

Standards, interpretations and amendments to IAS/IFRSs that were published up to the date of publication of these interim consolidated financial statements but were not yet mandatory and which have practical relevance for the elumeo Group are presented below:

Standard/Interpretation		Publication by the IASB	Application date of the IASB	Expected effects on the elumeo Group
IFRS 16	Leases	13 Jan 2016	1 Jan 2019	significant
IFRSs	Annual improvements to the IFRSs 2015-2017 cycle (Amendments to IFRS 3, IAS 12, IAS 23)	12 Dec 2017	1 Jan 2019	insignificant

IFRS 16 - Leases

IFRS 16 was published in January 2016 and specifies principles for the recognition, measurement and disclosures relating to leases. IFRS 16 provides for a uniform accounting model for the lessee (contrary to IAS 17). Under the new accounting model, the lessee must recognize the assets and liabilities from all leasing agreements in the balance sheet. This excludes leases with a term of up to twelve months and those involving low-value assets by way of an option. For the lessor, IFRS 16 continues to classify into finance leases and operating leases for accounting purposes.

The elumeo Group has begun assessing the potential impact on the consolidated financial statements. In principle, effects have been identified in that new assets and liabilities from operating leases for the use of premises as well as the distribution and broadcasting of television programs must be accounted for in the elumeo Group. The scope of operating leases for which future recognition must

be finally reviewed is based on the (gross) minimum payment obligations from non-terminable contractual agreements described in section [I.: Other financial obligations] of the Notes to the 2017 consolidated financial statements. It has not yet been decided whether to make use of the existing exception rules. With regard to the elumeo Group's finance leases, no material effects are expected.

In addition, the IASB has published further standards or amendments to standards that are to be applied in the future, but will have no material effect on the consolidated financial statements of the elumeo Group.

General information

The unaudited interim consolidated financial statements cover the period from 1 January to 30 June 2018 ("H1 2018"). The quarterly reporting period covers the period from 1 April to 30 June 2018 ("Q2 2018"). Due to the application of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, the interim consolidated financial statements differ from the presentation of the 2017 half-year financial report published on 10 August 2017. Unless indicated otherwise, the prior year comparative figures disclosed hereinafter refer to the interim consolidated financial statements prepared in accordance with IFRS 5. The comparative disclosures are referred to as half-year over half-year ("HoH") or quarter over quarter ("QoQ").

As of 18 December 2017, elumeo SE published an ad-hoc notification in accordance with Art. 17 MAR and § 4 para. 1 sentence 1 no. 1a WpAIV with the content to discontinue its loss-making sales business in the United Kingdom. As a result, the business activities of the indirectly controlled subsidiaries Rocks & Co UK Ltd., Birmingham, United Kingdom ("R&C UK"), and Rocks and Co Productions Ltd., Birmingham, United Kingdom ("R&C P"), were disclosed as discontinued operations (hereinafter also referred to as "Sales business in the United Kingdom") in accordance with IFRS 5 for the first time in the consolidated financial statements of elumeo SE for the fiscal year ended 31 December 2017.

Discontinued operations are not included in the earnings for the period from continuing operations and are presented in the consolidated statement of income in a separate item as *Earnings for the period from discontinued operations*. Assets and liabilities related to the discontinued operations, which are not carried forward by other companies of the elumeo Group, are disclosed in the consolidated statement of financial position under separate items as *Assets held for sale* or as *Liabilities directly associated with assets held for sale*. The discontinued operations are not included in the detailed information on the composition of cash flows from operating, investing and financing activities and are disclosed separately in the consolidated statement of cash flows in separate items as *Net cash flow from discontinued operations*. All following disclosures refer to the amounts of continuing operations, unless stated otherwise.

The interim consolidated financial statements are prepared in euro ("EUR"). Unless indicated otherwise, all amounts are rounded up or down to the nearest thousand euro ("EUR thousand") or million euro ("EUR million") in accordance with commercial rounding. For computational reasons, rounding differences to the mathematically exact values (monetary units, percent, etc.) may occur in tables and text references.

The preparation of the interim consolidated financial statements is in principle based on the recognition of assets and liabilities at amortized cost. The consolidated statement of income has been prepared using the cost of sales method. The consolidated statement of financial position classifies assets and liabilities to current or non-current according to their maturities. The consolidated statement of comprehensive income is prepared to reconcile the earnings for the period of the consolidated statement of income to the consolidated total comprehensive income.

The elumeo Group classifies assets or disposal groups as held for sale if the associated carrying amount is not realized through continuing use. Assets or disposal groups classified as held for sale are valued at the lower of carrying amount and fair value less costs to sell. All assets and liabilities classified as held for sale in the elumeo Group are related to a disposal group classified as discontinued operations. For further information on discontinued operations, please refer to section [(11.)].

As part of the consolidation of intercompany balances and intercompany income and expenses, all intercompany balances and transactions have been eliminated. The interim consolidated financial statements contain all information necessary for a fair presentation and assessment of the assets, financial and earnings position of the Group. The results presented in interim reporting periods are not necessarily indicative of the results in future reporting periods or the full fiscal year.

Preparing the interim consolidated financial statements in accordance with IFRSs requires that the Executive Board and extended management team make certain discretionary decisions, estimates and assumptions that have an impact on the accounting and valuation methods applied and the asset, financial and earnings position presented as well as the related disclosures. Although these discretionary decisions, estimates and assumptions are made to the best knowledge of the Executive Board and extended management, based on current events and measures, actual results may differ from these discretionary decisions, estimates and assumptions. All discretionary decisions, estimates and assumptions are therefore reviewed continuously.

The interim consolidated financial statements were not subjected to either an audit or an audit review.

The Executive Board approved the interim consolidated financial statements on 9 August 2018.

Correction of errors

In fiscal year 2017, the elumeo Group determined that in the consolidated statement of income depreciation on selected property, plant and equipment attributable to the elumeo Group's administrative division was reported under selling expenses. There were no effects on earnings for the period, the consolidated statement of financial position or the consolidated statement of cash flows.

The error was corrected for the first half of 2017 by reducing selling expenses by depreciation in the amount of EUR 75 thousand and by increasing administrative expenses accordingly. The reclassified depreciation was fully attributable to the continuing operations.

Explanations of alternative performance indicators

The elumeo Group uses alternative performance measures in its regulatory and mandatory publications that are not regulated in the applicable IFRSs. For further information on the definition, use and limitations of the usability of the alternative performance measures, the accounting methods used and the reconciliations, please refer to http://www.elumeo.com/ir/publications/explanation-alternative-performance-measures.

(2.) Scope of consolidation

Comparability of disclosures

The parent company elumeo SE and its directly or indirectly controlled subsidiaries (collectively "the elumeo Group") are included in the interim consolidated financial statements.

Compared to the first half-year of 2018, the scope of consolidation changed as follows:

- Founding of the sales company schmuck.de G&S GmbH, Berlin, 100% of whose shares are held by Juwelo Deutschland GmbH, Berlin ("Juwelo GmbH");
- Sale of Rocks & Co. Television Ltd., Birmingham, United Kingdom ("R&C TV"), 100.0% of whose shares were held by Rocks and Co Productions Ltd., Birmingham, United Kingdom ("R&C P"), with effect of 22 June 2018.

As a result, the scope of consolidation comprised 10 companies as at 30 June 2017 and 30 June 2018.

Deconsolidation of controlling interests

The consolidation of an investee ends when elumeo SE loses control over the investee. Assets, liabilities, income and expenses of an investee sold in the course of a fiscal year are included in the consolidated financial statements until the date on which elumeo SE ceases to control the investee.

If elumeo SE loses control over an investee, the corresponding assets (including goodwill), liabilities, minority interests and other equity components are deconsolidated, with any resulting gain or loss being recognized in the consolidated statement of income. The disposal value must be adjusted for the assets due from and the liabilities due to the investee, which were consolidated as part of the elimination of intercompany balances. Any minority interest remaining with the elumeo Group is re-measured at fair value.

Control of elumeo SE over R&C TV ceased with the sale of the shares by R&C P effective as of 22 June 2018. The deconsolidation effects resulting from the sale of the broadcasting operations are in general allocated to discontinued operations. For further information please refer to section [(11.)].

(3.) Foreign currency translation

The exchange rates for foreign currencies with a significant impact on the interim consolidated financial statements are as follows:

Currency	Exchange rate on reporting date			Average exchange rate		
EUR	30 Jun 2018	31 Dec 2017	Change in %	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	HoH in %
Thai baht (THB)	0.0259	0.0256	1.4%	0.0260	0.0266	-2.2%
US dollar (USD)	0.8589	0.8347	2.9%	0.8265	0.9238	-10.5%
British pound (GBP)	1.1287	1.1267	0.2%	1.1370	1.1625	-2.2%

As of the reporting date, the translation of assets and liabilities denominated in foreign currencies using the closing rate as of the reporting date, in particular also with respect to the subsequent valuation of intra-Group receivables and payables, resulted in shifts in the presentation of the asset, financial and earnings position.

(4.) Revenue

The elumeo Group was unable to increase its revenue in H1 2018 compared to the previous year. In Q2 2018 in particular, revenue could not be maintained at the previous quarter's level due to a lack of diversity in the product range. The reason for this was the decision to significantly reduce the capacities of the Group-owned production. This decision had become necessary because following the loss of the sales business in the United Kingdom, also B2B business declined considerably. Corresponding measures that shall lead to an increased opening of the vertical supply and value chain have been initiated. However, these shall not become fully effective before Q4 2018.

EUR thousand | % of revenue	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Revenue from product sales	12,716	99.9%	17,378	99.9%	-26.8%	29,317	99.9%	32,071	99.9%	-8.6%
Other revenue	13	0.1%	10	0.1%	37.3%	20	0.1%	26	0.1%	-21.7%
Revenue	**12,729**	**100.0%**	**17,387**	**100.0%**	**-26.8%**	**29,338**	**100.0%**	**32,097**	**100.0%**	**-8.6%**

Revenue from product sales by region

(by registered office of the selling company)

EUR thousand | % of revenue from product sales	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Germany	10,382	81.6%	13,740	79.1%	-24.4%	23,114	78.8%	25,402	79.2%	-9.0%
Italy	1,776	14.0%	2,494	14.4%	-28.8%	4,258	14.5%	4,860	15.2%	-12.4%
Other countries	558	4.4%	1,144	6.6%	-51.2%	1,945	6.6%	1,809	5.6%	7.5%
Revenue from product sales	**12,716**	**100.0%**	**17,378**	**100.0%**	**-26.8%**	**29,317**	**100.0%**	**32,071**	**100.0%**	**-8.6%**

The reasons and measures explained in the previous paragraph have in principle an effect in this form on all regions and channels with the exception of the region "Other countries". These revenues result primarily from B2B business and have declined primarily due to the reduced number of shows on the US television channel.

Revenue from product sales by sales channel

EUR thousand | % of revenue from product sales	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Television revenue	7,205	56.7%	10,305	59.3%	-30.1%	16,273	55.5%	19,526	60.9%	-16.7%
eCommerce revenue	4,965	39.0%	5,953	34.3%	-16.6%	11,136	38.0%	10,792	33.6%	3.2%
B2B revenue	546	4.3%	1,119	6.4%	-51.2%	1,908	6.5%	1,753	5.5%	8.8%
Revenue from product sales	**12,716**	**100.0%**	**17,378**	**100.0%**	**-26.8%**	**29,317**	**100.0%**	**32,071**	**100.0%**	**-8.6%**

The described effects on product revenue were observed throughout all distribution channels. However, the development was less pronounced for eCommerce business due to the ongoing shift in revenue from TV sales to eCommerce sales. Revenue from B2B sales developed negatively, particularly in Q2 2018 compared to the previous year, and, as already explained, future business will largely cease. The classic European web shop business, which is part of eCommerce business, is also affected by the latest developments. We subjected our websites to a comprehensive relaunch in March 2018. However, the expected temporary negative effect had a much stronger impact than expected. In H1 2018, revenue decreased by EUR -0.8 million or -19.1% to EUR 3.4 million (Q2 2018: EUR 1.6 million, Q2 2017: EUR 2.4 million).

(5.) Cost of goods sold

The cost of goods sold can be broken down as follows:

EUR thousand | % of revenue	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Material costs	3,063	24.1%	10,877	62.6%	-71.8%	16,849	57.4%	16,357	51.0%	3.0%
Change in inventory of finished goods, work in progress and merchandise	3,698	29.1%	-2,206	-12.7%	267.6%	-1,354	-4.6%	-324	-1.0%	-317.2%
Personnel expenses	1,071	8.4%	1,059	6.1%	1.1%	2,347	8.0%	1,925	6.0%	21.9%
Depreciation and amortization	115	0.9%	117	0.7%	-2.2%	226	0.8%	235	0.7%	-3.9%
Cost of goods sold	**7,947**	**62.4%**	**9,847**	**56.6%**	**-19.3%**	**18,069**	**61.6%**	**18,193**	**56.7%**	**-0.7%**

Gross profit from product sales by sales channel

The gross profit from product sales by sales channel can be broken down as follows:

EUR thousand | % of revenue by distribution channel	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Gross profit from television revenue	2,945	40.9%	4,912	47.7%	-40.1%	6,815	41.9%	8,966	45.9%	-24.0%
Gross profit from eCommerce revenue	1,796	36.2%	2,387	40.1%	-24.7%	4,152	37.3%	4,495	41.7%	-7.6%
Gross profit from B2B revenue	28	5.1%	231	20.7%	-87.9%	282	14.8%	417	23.8%	-32.3%
Gross profit from product sales	**4,769**	**37.5%**	**7,530**	**43.3%**	**-36.7%**	**11,249**	**38.4%**	**13,878**	**43.3%**	**-18.9%**

Gross profit margins also declined due to the reasons for the development of product revenues described. The decline in gross profit from TV revenue was disproportionately higher compared to eCommerce revenue. Gross profit from B2B revenue was likewise unable to reach the level of previous periods.

(6.) Selling expenses

Selling expenses include the following positions:

EUR thousand | % of revenue	Q2 2018		Q2 2017 restated*		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017 restated*		HoH in %
Broadcasting and channel rental costs	2,268	17.8%	2,073	11.9%	9.4%	4,109	14.0%	4,456	13.9%	-7.8%
Personnel expenses	1,750	13.7%	1,531	8.8%	14.3%	3,339	11.4%	3,112	9.7%	7.3%
Expenses for external personnel services	357	2.8%	301	1.7%	18.6%	695	2.4%	635	2.0%	9.5%
Sales and marketing expenses	582	4.6%	603	3.5%	-3.6%	1,214	4.1%	1,191	3.7%	2.0%
Depreciation and amortization	104	0.8%	95	0.5%	10.1%	174	0.6%	197	0.6%	-12.0%
Other selling expenses	1,098	8.6%	1,105	6.4%	-0.6%	2,262	7.7%	2,206	6.9%	2.6%
Selling expenses	**6,159**	**48.4%**	**5,709**	**32.8%**	**7.9%**	**11,793**	**40.2%**	**11,797**	**36.8%**	**0.0%**

The pure production costs of elumeo Group's transmission signal were kept constant at EUR 3.81 per broadcasting minute compared to the previous year. Also, the cost (without costs of signal distribution) of our Shows remained at the prior-year level at EUR 6.19 per broadcasting minute. The full cost (including costs of distribution) amounted to EUR 22.30 per broadcasting minute.

(7.) Administrative expenses

Administrative expenses include the following expenses:

EUR thousand | % of revenue	Q2 2018		Q2 2017 restated*		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017 restated*		HoH in %
Personnel expenses	1,060	8.3%	955	5.5%	11.0%	2,036	6.9%	1,928	6.0%	5.6%
Depreciation and amortization	170	1.3%	204	1.2%	-16.8%	337	1.1%	402	1.3%	-16.4%
Equity-settled share-based payments	49	0.4%	85	0.5%	-43.0%	109	0.4%	188	0.6%	-42.2%
Losses from foreign currency translation	0	0.0%	-605	-3.5%	100.0%	0	0.0%	0	0.0%	n.a
Other administrative expenses	1,059	8.3%	940	5.4%	12.6%	2,049	7.0%	2,007	6.3%	2.1%
Administrative expenses	**2,336**	**18.4%**	**1,579**	**9.1%**	**47.9%**	**4,530**	**15.4%**	**4,526**	**14.1%**	**0.1%**

Starting in fiscal year 2018, losses from foreign currency translation are reported under the item *Other operating expenses*.

(8.) Other operating income

EUR thousand | % of revenue	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Income from cost recharges to distribution partners	35	0.3%	62	0.4%	-42.4%	46	0.2%	360	1.1%	-87.3%
Income from the reversal of allowances for doubtful accounts	0	0.0%	3	0.0%	-100.0%	0	0.0%	3	0.0%	-100.0%
Gains from foreign currency translation	0	0.0%	338	1.9%	-100.0%	0	0.0%	338	1.1%	-100.0%
Miscellanous other operating income	6	0.0%	8	0.0%	-26.1%	13	0.0%	15	0.0%	-15.4%
Other operating income	**42**	**0.3%**	**410**	**2.4%**	**-89.8%**	**58**	**0.2%**	**715**	**2.2%**	**-91.8%**

Other operating income in H1 2018 primarily comprises income from recharging administrative and selling expenses to non-Group third parties.

(9.) Other operating expenses

EUR thousand | % of revenue	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Losses from foreign currency translation	-98	-0.8%	0	0.0%	n.a	424	1.4%	0	0.0%	n.a
Other operating expenses	**-98**	**-0.8%**	**0**	**0.0%**	**n.a**	**424**	**1.4%**	**0**	**0.0%**	**n.a**

Other operating expenses in H1 2018 exclusively comprise losses from foreign currency translation, which result in particular from foreign currency translation of intercompany monetary items and the elimination of intercompany income and expenses. The presentation has changed compared to the previous year in that expenses were still reported under *Administrative expenses* in the previous year.

(10.) Financial result

EUR thousand | % of revenue	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Interest expenses from financial debt (bank loans and overdrafts)	-139	-1.1%	-156	-0.9%	11.3%	-263	-0.9%	-313	-1.0%	16.0%
Interest expenses from finance lease liabilities	-5	0.0%	-8	0.0%	38.3%	-10	0.0%	-16	0.0%	36.5%
Interest expenses	**-143**	**-1.1%**	**-164**	**-0.9%**	**12.3%**	**-274**	**-0.9%**	**-330**	**-1.0%**	**17.0%**
Financial result	**-143**	**-1.1%**	**-163**	**-0.9%**	**12.3%**	**-273**	**-0.9%**	**-329**	**-1.0%**	**17.0%**

(11.) Discontinued operations

On 18 December 2017, the elumeo Group announced the decision made by the Executive Board to discontinue its loss-making sales business in the United Kingdom. The sales business was therefore classified as a discontinued operation as of 31 December 2017. Assets and liabilities attributable to discontinued operations are classified as held for sale, provided that they cannot be used by other continuing operations of the elumeo Group. As part of the classification as discontinued operations, the sales business in the United Kingdom is no longer included in the segment Sales division Others of segment reporting.

Statement of income of discontinued operations

Earnings for the period from discontinued operations are as follows:

	Q2 2018		Q2 2017		QoQ in %	**01.01. - 30.06.2018**		01.01. - 30.06.2017		HoH in %
Revenue	14	100.0%	1,700	100.0%	-99.2%	62	100.0%	4,222	100.0%	-98.5%
Cost of goods sold	90	651.4%	1,127	66.3%	-92.0%	135	216.0%	3,388	80.2%	-96.0%
Gross profit	**-76**	**-551%**	**573**	**33.7%**	**-113.3%**	**-72**	**-116%**	**834**	**19.8%**	**-108.7%**
Selling expenses	202	n.a.	677	39.8%	-70.2%	582	934.1%	1,206	28.6%	-51.7%
Administrative expenses	128	922.3%	549	32.3%	-76.7%	310	497.0%	1,028	24.3%	-69.9%
Other operating income	3,974	n.a.	0	0.0%	n.a	3,974	n.a.	0	0.0%	n.a
Other operating expenses	834	n.a.	0	0.0%	n.a	842	n.a.	0	0.0%	n.a
Earnings before interest and taxes (EBIT) from discontinued operations	**2,734**	**n.a.**	**-654**	**-38.5%**	**518.2%**	**2,168**	**n.a.**	**-1,399**	**-33.1%**	**254.9%**
Earnings before income taxes (EBT) from discontinued operations	**2,734**	**n.a.**	**-654**	**-38.5%**	**518.2%**	**2,168**	**n.a.**	**-1,399**	**-33.1%**	**254.9%**
Income tax	0	0.0%	-110	-6.5%	100.0%	-16	-25.8%	17	0.4%	-196.4%
Earnings for the period from discontinued operations	**2,734**	**n.a.**	**-764**	**-44.9%**	**458.0%**	**2,151**	**n.a.**	**-1,383**	**-32.7%**	**255.6%**
Earnings of shareholders	*2,734*	*n.a.*	*-764*	*-44.9%*	*458.0%*	*2,151*	*n.a.*	*-1,383*	*-32.7%*	*255.6%*
Earnings per share in EUR (basis and diluted): Earnings of shareholders from discontinued operations	**0.50**		**-0.14**		**458.0%**	**0.39**		**-0.25**		**255.6%**

Selling and administrative expenses mainly relate to non-terminable contractual obligations in connection with TV broadcasting and rented premises. The Executive Board is currently negotiating the termination of the underlying contracts. No such commitments had been made by the contractual partners before the publication of this half-year financial report. Other operating income includes gross proceeds from the sale of the broadcasting operations in the United Kingdom. Other operating expenses include a payment obligation in connection with the sale of the broadcasting operation.

Assets and liabilities held for sale

The main groups of assets and liabilities of the discontinued operations classified as held for sale consist of the following:

EUR thousand | % of balance sheet total	30 Jun 2018		31 Dec 2017		Change in %
Assets					
Inventories	0	0.0%	0	0.0%	n.a
Trade receivables	16	0.0%	216	0.4%	-92.4%
Other financial assets	4,102	7.7%	159	0.3%	>1,000%
Other non-financial assets	119	0.2%	67	0.1%	75.9%
Cash and cash equivalents	94	0.2%	43	0.1%	120.0%
Assets held for sale	4,331	8.1%	485	0.9%	792.6%
Current liabilities					
Other financial liabilities	-800	-1.5%	-9	0.0%	<-1,000%
Provisions	-28	-0.1%	-260	-0.5%	89.1%
Trade payables	-109	-0.2%	-170	-0.3%	35.8%
Other non-financial liabilities	-223	-0.4%	-694	-1.3%	67.9%
Liabilities directly associated with assets held for sale	-1,160	-2.2%	-1,132	0	-2.5%
Net assets directly associated with discontinued operations	**3,170**	**6.0%**	**-647**	**-1.2%**	**589.8%**

Trade receivables of EUR 16 thousand relate exclusively to receivables from services due from the deconsolidated R&C TV (31 December 2017: EUR 216 thousand from receivables due from end customers and payment processing service providers).

Other financial assets include EUR 156 thousand in security deposits (31 December 2017: EUR 156 thousand) and EUR 3,945 thousand in sales price receivables due from the sales of shares in R&C TV (31 December 2017: EUR 0 thousand). The sales price (GBP) was paid in July 2018.

Other non-financial assets include EUR 77 thousand for advance payments made (31 December 2017: EUR 64 thousand), EUR 40 thousand for VAT receivables (31 December 2017: EUR 0 thousand) and EUR 1 thousand for creditors with debit balances (31 December 2017: EUR 3 thousand).

Other financial liabilities of EUR 800 thousand (31 December 2017: EUR 9 thousand from credit card liabilities) relate to a payment obligation due to the service provider for the transmission of the TV signal in the United Kingdom. In accordance with an agreement dated 1 February 2017 and with the supplement dated 20 March 2018, R&C P agreed to make a (contingent) payment of GBP 750 thousand, less deductible payments made under the current agreement on the transmission of the TV signal, in the event of the sale of the shares in R&C TV. The contingent payment obligation relates to an agreement dated 15 February 2017, under which the original contract for the transmission of the TV signal was revised in favor of the elumeo Group. The payment (GBP) was made in August 2018.

Provisions of EUR 28 thousand relate to restoration obligations for leased premises (31 December 2017: EUR 28 thousand). Accrued expenses of EUR 17 thousand for expected customer returns and EUR 215 thousand for obligations to employees from severance payments and paid release from work as of 31 December 2017 were fully utilized in H1 2018.

Other non-financial liabilities consist of the following:

EUR thousand | % of balance sheet total	30 Jun 2018		31 Dec 2017		Change in %
Debtors with credit balances	198	0.4%	300	0.5%	-33.8%
Other accrued liabilities	7	0.0%	19	0.0%	-64.8%
Liabilities from value added tax	17	0.0%	324	0.6%	-94.9%
Liabilities from other taxes	0	0.0%	28	0.1%	-98.5%
Miscellanous other liabilities	1	0.0%	24	0.0%	-96.5%
Other non-financial liabilities	**223**	**0.4%**	**694**	**1.3%**	**-67.9%**

As of the reporting date, all carrying amounts correspond approximately to the fair values. Management estimates that no significant transaction or disposal costs are to be taken into account in the measurement of fair value.

Deconsolidation gain

The deconsolidation gain from the sale of the broadcasting operations of R&C TV (EUR 3,974 thousand) reported under *Other operating income* of discontinued operations mainly results from a sales price of EUR 3,974 thousand. The fair value of the assets and liabilities disposed of corresponds to the carrying amount (no undisclosed reserves and/or liabilities) and amounts to EUR -1 thousand. It is attributable to disposed input tax receivables of R&C TV and reviving net receivables of the Group due from R&C TV. In addition, an insignificant amount from the foreign currency translation reserve was released to the statement of income of discontinued operations as part of the deconsolidation gain.

(12.) Income tax

The current income taxes paid or owed in the individual countries as well as deferred taxes are recognized as income tax. Income tax is comprised of trade tax and corporation tax plus the solidarity surcharge in Germany and of the corresponding foreign taxes on earnings.

EUR thousand | % of revenue	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Current income tax expense (-): Germany	0	0.0%	7	0.0%	-100.0%	0	0.0%	0	0.0%	n.a
Current income tax expense (-): abroad	-62	-0.5%	-62	-0.4%	0.7%	-122	-0.4%	-125	-0.4%	2.2%
Deferred tax expense (-)	-402	-3.2%	24	0.1%	<-1,000%	-171	-0.6%	42	0.1%	-506.1%
Income tax directly recognised as income or expense	**-463**	**-3.6%**	**-32**	**-0.2%**	**<-1,000%**	**-293**	**-1.0%**	**-83**	**-0.3%**	**-254.2%**

The current income taxes abroad relate to the pro rata temporis release of a tax prepayment in connection with the granting of an investment incentive certificate by the Thai Investment Authority to the Thai subsidiary PWK Jewelry Company Ltd., Chanthaburi, Thailand ("PWK").

Deferred taxes are attributable solely to a change in deferred tax assets relating to the elimination of the intercompany profits contained in the finished goods and merchandise of intercompany deliveries, insofar as they have not yet been realized as of the reporting date through the sale of goods to end customers. The deferred tax assets recognized were determined on the basis of the respective corporate tax rate of the company that received the delivery (acquirer) and realized the sale to non-Group third parties (end customers).

(13.) Personnel expenses

Personnel expenses (excluding expenses for equity-settled share-based remuneration) consist of the following:

EUR thousand | % of revenue	Q2 2018		Q2 2017		QoQ in %	1 Jan - 30 Jun 2018		1 Jan - 30 Jun 2017		HoH in %
Wages and salaries	3,478	27.3%	3,174	18.3%	9.6%	6,928	23.6%	6,212	19.4%	11.5%
Social security contributions	403	3.2%	372	2.1%	8.3%	793	2.7%	754	2.3%	5.1%
Personnel expenses	**3,880**	**30.5%**	**3,546**	**20.4%**	**9.4%**	**7,721**	**26.3%**	**6,966**	**21.7%**	**10.8%**

The increase in personnel expenses is also due to the increasingly difficult recruitment of qualified personnel. At the same time, we expect personnel expenses to be reduced in H2 2018 due to capacity reductions at the Group-owned production facility.

(14.) Earnings per share

Basic earnings per share basically correspond to the earnings attributable to shareholders divided by the weighted average number of outstanding shares during the reporting period.

Basic and diluted earnings per share are as follows:

Earnings and number of shares	Unit	Q2 2018	Q2 2017	QoQ in %	1 Jan - 30 Jun 2018	1 Jan - 30 Jun 2017	HoH in %
Earnings of shareholders of elumeo SE from continuing operations	EUR thousand	-4,180	467	-995.1%	-5,985	-2,116	-182.8%
Earnings of shareholders of elumeo SE from discontinued operations	EUR thousand	2,734	-764	458.0%	2,151	-1,383	255.6%
Earnings of shareholders of elumeo SE	EUR thousand	-1,446	-297	-387.6%	-3,834	-3,499	-9.6%
Average number of outstanding shares	thousand	5,500	5,500	0.0%	5,500	5,500	0.0%
Earnings per share from continuing operations (basic and diluted)	EUR	**-0.76**	**0.08**	**-995.1%**	**-1.09**	**-0.38**	**-182.8%**
Earnings per share from discontinued operations (basic and diluted)	EUR	0.50	-0.14	458.0%	0.39	-0.25	255.6%
Earnings per share (basic and diluted)	EUR	**-0.26**	**-0.05**	**-387.6%**	**-0.70**	**-0.64**	**-9.6%**

In the 2015, 2016 and 2017 fiscal years, the Executive Board issued option rights to purchase shares of elumeo SE in a total of five tranches from the Stock Option Program 2015 ("SOP 2015"). As of the reporting date, no option rights are exercisable because the service time criterion was not met. The exercise of the option rights of each tranche after the vesting period has expired is linked to capital market-based performance targets.

The performance targets of all five tranches were not met as of 30 June 2018. The potential shares are therefore not to be taken into account in the determination of diluted earnings per share, irrespective of any vesting that has already taken place. As a result, diluted earnings per share correspond to basic earnings per share.

According to IAS 33 *Earnings per Share*, potential shares are only to be considered dilutive if their conversion into shares reduces earnings per share or increases the loss per share (IAS 33.41). If, however, the conversion into shares results in an increase in earnings per share or a reduction in the loss per share, dilution protection is applied and the diluted earnings per share are to be adjusted to the amount of basic earnings per share (IAS 33.43).

(15.) Other comprehensive income

Earnings for the period in the consolidated statement of income can be reconciled to consolidated total comprehensive income in the consolidated statement of comprehensive income by including other comprehensive income. Other comprehensive income includes the foreign currency translation differences arising from the translation of equity of foreign subsidiaries at the respective historical exchange rate(s) as well as of the interim financial statements prepared in foreign currencies and is recognized directly in equity in the foreign currency translation reserve.

(16.) Intangible assets and property, plant and equipment

In H1 2018 acquired intangible assets developed as follows:

EUR thousand	Intangible assets
Historical cost	
Balance as of 1 Jan 2018	**1,319**
Additions	21
Foreign currency translation differences	0
Balance as of 30 Jun 2018	**1,340**
Amortization	
Balance as of 1 Jan 2018	**564**
Additions	62
Foreign currency translation differences	0
Balance as of 30 Jun 2018	**626**
Carrying amount	
Balance as of 31 Dec 2017	**755**
Balance as of 30 Jun 2018	**714**

In H1 2018 property, plant and equipment developed as follows:

EUR thousand	Own land and buildings, leasehold improvements	Construc-tion in progress	Plant and machinery	Other equipment, furniture and fixtures	Plant and machinery (Finance Lease)	Total property, plant and equipment
Historical cost						
Balance: 1 Jan 2018	**7,149**	**0**	**2,522**	**4,105**	**1,201**	**14,976**
Additions	0	48	32	89	10	179
Disposals	0	0	-7	-17	0	-23
Foreign currency translation differences	78	0	11	27	0	116
Balance: 30 Jun 2018	**7,226**	**48**	**2,558**	**4,204**	**1,211**	**15,247**
Depreciation						
Balance: 1 Jan 2018	**1,136**	**0**	**1,701**	**2,448**	**318**	**5,603**
Additions	128	0	140	331	75	674
Disposals	0	0	-6	-13	0	-19
Foreign currency translation differences	3	0	6	13	0	22
Balance: 30 Jun 2018	**1,266**	**0**	**1,841**	**2,779**	**393**	**6,279**
Carrying amount						
Balance: 31 Dec 2017	**6,013**	**0**	**821**	**1,657**	**883**	**9,374**
Balance: 30 Jun 2018	**5,960**	**48**	**718**	**1,425**	**817**	**8,968**

(17.) Inventories

Inventories include the following items:

EUR thousand | **% of balance sheet total**	**30 Jun 2018**		31 Dec 2017		Change in %
Raw materials, consumables and supplies	4,293	8.1%	6,422	11.7%	-33.2%
Unfinished goods	1,054	2.0%	2,258	4.1%	-53.3%
Finished goods and merchandise	25,744	48.4%	24,868	45.5%	3.5%
Advance payments	9	0.0%	0	0.0%	>1,000%
Inventories	**31,100**	**58.5%**	**33,548**	**61.3%**	**-7.3%**

The significant reduction in raw materials, consumables and supplies resulted from a more selective and diversified purchase of smaller gemstone slots.

(18.) Other financial assets

Other financial assets comprise the following:

EUR thousand | % of balance sheet total	30 Jun 2018		31 Dec 2017		Change in %
Security deposits and other warranties	2	0.0%	2	0.0%	0.0%
Receivables due from employees	51	0.1%	41	0.1%	26.8%
Current other financial assets	**54**	**0.1%**	**43**	**0.1%**	**25.5%**
Security deposits and other warranties	441	0.8%	385	0.7%	14.6%
Receivables due from employees	9	0.0%	9	0.0%	6.0%
Non-current other financial assets	**451**	**0.8%**	**394**	**0.7%**	**14.4%**
Other financial assets	**504**	**0.9%**	**437**	**0.8%**	**15.5%**

(19.) Other non-financial assets

Other non-financial assets include the following items:

EUR thousand | % of balance sheet total	30 Jun 2018		31 Dec 2017		Change in %
Receivables from taxes	271	0.5%	1,156	2.1%	-76.6%
Tax advance payments	243	0.5%	240	0.4%	1.4%
Deferred expenses	221	0.4%	118	0.2%	87.0%
Other advance payments	118	0.2%	132	0.2%	-10.4%
Creditors with debit balances	1	0.0%	3	0.0%	-73.3%
Miscellanous other receivables	48	0.1%	26	0.0%	86.8%
Current other non-financial assets	**903**	**1.7%**	**1,675**	**3.1%**	**-46.1%**
Receivables from taxes	1,110	2.1%	1,031	1.9%	7.7%
Tax advance payments	729	1.4%	840	1.5%	-13.1%
Non-current other non-financial assets	**1,839**	**3.5%**	**1,871**	**3.4%**	**-1.7%**
Other non-financial assets	**2,742**	**5.2%**	**3,545**	**6.5%**	**-22.7%**

(20.) Equity

Issued capital

Issued capital of elumeo SE as of 30 June 2018 totaled EUR 5,500,000 (31 December 2017: EUR 5,500,000) and is divided into 5,500,000 no-par value bearer shares with a theoretical share in the issued capital of EUR 1.00 per share.

There have been no changes compared to the disclosures as of 31 December 2017.

Capital reserve

The capital reserve of elumeo SE as of 30 June 2018, amounts to EUR 34,288 thousand and increased by EUR 109 thousand compared to 31 December 2017 (EUR 34,179 thousand) due to share-based remuneration in accordance with IFRS 2 *Share-based Payment.*

Authorized Capital, Conditional Capital, convertible bonds and bonds with warrants

There were no changes compared to the disclosures as of 31 December 2017.

Share-based remuneration

The pro rata weighted average number of outstanding option rights under the SOP 2015 amounted to 257,879 shares on 30 June 2018 (30 June 2017: 245,065 shares). As of 30 June 2018, the weighted average remaining term of the outstanding option rights up to the expiration date is approximately 7.60 years (30 June 2017: approximately 8.50 years). The average exercise price is EUR 14.93 (30 June 2017: EUR 15.33) and the weighted average fair value of an option right as of the issue date is EUR 5.78 (30 June 2017: EUR 5.90). No option rights can be exercised as of the reporting date.

A total of EUR 109 thousand (H1 2017: EUR 188 thousand) in expenses were recognized in H1 2018 for the share-based remuneration commitments of the five tranches from the SOP 2015.

There have been no further changes compared to 31 December 2017.

(21.) Financial debt

EUR thousand | % of balance sheet total	30 Jun 2018		31 Dec 2017		Change in %
Bank liabilities:					
Bank overdrafts	256	0.5%	1	0.0%	>1,000%
Interest liabilities	29	0.1%	17	0.0%	73.7%
Current loans and current portion of non-current loans	9,394	17.7%	7,560	13.8%	24.3%
Current financial debt	**9,679**	**18.2%**	**7,577**	**13.9%**	**27.7%**
Bank liabilities:					
Loans	3,172	6.0%	3,382	6.2%	-6.2%
Non-current financial debt	**3,172**	**6.0%**	**3,382**	**6.2%**	**-6.2%**
Financial debt	**12,851**	**24.2%**	**10,959**	**20.0%**	**17.3%**

In fiscal year 2015, elumeo SE was granted two working capital loans. A new supplement to the loan agreement dated 22 June 2018 again extended the total credit facility of currently EUR 5.0 million until 31 December 2018. The fully utilized credit line (30 June 2017: EUR 6.0 million) is subject to variable interest with an interest rate premium of 4.00 percentage points p.a. to the 3-month Euribor interest rate (minimum interest rate: 4.00% p.a.).

As in the previous year, the loan liabilities were fully secured by subsidiaries of elumeo SE in the form of a storage assignment of inventories (merchandise) and directly enforceable guarantees. The collateral risk in connection with inventories corresponds to the amount of the loan. With regard to the general assessment of the liquidity situation, in particular with respect to the final maturity bank loan of elumeo SE, please refer to section [F.: Explanations of material risks | 3.2] of the Consolidated Management Report 2017.

The decline in non-current financial debt results from the scheduled redemption of the investment loan (annuity loan) of PWK. The loan is used to finance the acquisition of the production site in Chanthaburi, Thailand, has a contractual term of ten years and is subject to a variable interest rate with a discount of 1.50 percentage points on the so-called minimum loan rate (MLR) of 6.025% p.a. as of the reporting date (31 December 2017: 6.025% p.a.). The investment loan is secured by a mortgage on the land acquired at the production site in Chanthaburi, including the buildings on it, as well as by personal guarantees from related parties. The collateral still existent as of 30 June 2017 in the form of additional mortgages on various properties of a related party was replaced already in the first half-year 2017 by mortgages on various properties of another related party including the buildings thereon.

The working capital credit line granted to PWK for short-term refinancing purposes (increase from THB 120.0 million to THB 150.0 million) was utilized as of the reporting date in the amount of EUR 3,890 thousand or 100,0% (30 June 2017: EUR 2,073 thousand or approximately 67.5% of a total of THB 120 million). The interest rate is variable with an interest rate discount of 1.00 percentage points on the so-called money market rate (MMR) of 5.08% p.a. as of the reporting date (31 December 2017: MMR 5.08%).

(22.) Other financial liabilities

Other financial liabilities are as follows:

EUR thousand | % of balance sheet total	30 Jun 2018		31 Dec 2017		Change in %
Current portion of non-current finance lease liabilities	305	0.6%	298	0.5%	2.0%
Credit card liabilities	5	0.0%	5	0.0%	-2.9%
Current other financial liabilities	**310**	**0.6%**	**304**	**0.6%**	**1.9%**
Finance lease liabilities	119	0.2%	273	0.5%	-56.4%
Non-current other financial liabilities	**119**	**0.2%**	**273**	**0.5%**	**-56.4%**
Other financial liabilities	**429**	**0.8%**	**577**	**1.1%**	**-25.6%**

(23.) Tax liabilities

As of 30 June 2018, the elumeo Group continues to recognize accrued tax liabilities (EUR 100 thousand) for potential risks in connection with a pending external tax audit at a Group company. The elumeo Group assumes that the tax liabilities shall fall due within one year.

(24.) Other non-financial liabilities

Other non-financial liabilities as of the respective reporting dates are as follows:

EUR thousand | % of balance sheet total	30 Jun 2018		31 Dec 2017		Change in %
Debtors with credit balances	156	0.3%	176	0.3%	-11.3%
Other accrued liabilities	283	0.5%	415	0.8%	-31.9%
Liabilities from value added tax	422	0.8%	367	0.7%	15.2%
Liabilities from other taxes	113	0.2%	113	0.2%	-0.4%
Liabilities to employees	361	0.7%	130	0.2%	177.2%
Miscellanous other liabilities	43	0.1%	34	0.1%	25.4%
Current other non-financial liabilities	**1,379**	**2.6%**	**1,236**	**2.3%**	**11.5%**
Other accrued liabilities	25	0.0%	25	0.0%	0.0%
Non-current other non-financial liabilities	**25**	**0.0%**	**25**	**0.0%**	**0.0%**
Other non-financial liabilities	**1,404**	**2.6%**	**1,261**	**2.3%**	**11.3%**

(25.) Notes to the consolidated statement of cash flows

The consolidated statement of cash flows was prepared in accordance with IAS 7 *Statement of Cash Flows* and shows the change in unrestricted cash and cash equivalents of the elumeo Group through cash inflows and outflows during the reporting period.

The elumeo Group has decided to present a consolidated statement of cash flows, in which the detailed information on the composition of the cash flows from operating, investing and financing activities is only included for the cash inflows and outflows from continuing operations (net cash flows from continuing operations). Cash inflows and outflows from discontinued operations are presented separately for each activity in a separate cumulative item.

In accordance with IAS 7, cash flows are reported separately according to their origin and use as operating, investing and financing activities. The cash inflows and outflows from operating activities are derived indirectly based on the earnings before income taxes (EBT). The cash inflows and outflows from investing and financing activities are determined directly. Cash and cash equivalents comprise unrestricted cash on hand and bank account balances. Current account overdrafts used as short-term financing instruments are included in the financial funds as negative components.

The negative net cash flow from operating activities from continuing operations in H1 2018 mainly results from significantly deteriorated negative earnings before income taxes (EBT) of EUR -5,692 thousand (H1 2017: EUR -2,034 thousand) (Q2 2018: EUR -3,717 thousand, Q2 2017: EUR +499 thousand). In addition, a decrease in provisions resulted in a cash outflow of EUR -376 thousand (H1 2017: EUR -272 thousand) (Q2 2018: EUR -62 thousand, Q2 2017: EUR -89 thousand).

The cash outflow was partly offset by depreciation and amortization on non-current assets of EUR +736 thousand (H1 2017: EUR +835 thousand) (Q2 2018: EUR +388 thousand, Q2 2017: EUR +416 thousand), a decrease in inventories by EUR +627 thousand (H1 2017: EUR +1,383 thousand) (Q2 2018: EUR +4,393 thousand, Q2 2017: EUR +419 thousand), a decrease in other assets by EUR +1,662 thousand (H1 2017: EUR -534 thousand) (Q2 2018: EUR +2,513 thousand, Q2 2017: EUR -650 thousand) and an increase in other liabilities by EUR +323 thousand (H1 2017: EUR +2,357 thousand) (Q2 2018: EUR -3,494 thousand, Q2 2017: EUR -781 thousand). In addition, non-cash income/expenses and transactions in the amount of EUR +439 thousand (H1 2017: EUR -1,102 thousand) (Q2 2018: EUR -140 thousand, Q2 2017: EUR -1.905 thousand) were recognized. Net cash flow also includes non-cash deferred tax expenses of EUR -171 thousand (H1 2017: EUR +42 thousand) (Q2 2018: EUR -402 thousand, Q2 2017: EUR +24 thousand) (consolidated statement of income), which were netted with the change in deferred tax assets attributable to continuing operations (consolidated statement of financial position). The net presentation (EUR 0 thousand) is included under the item increase/decrease in other assets. Overall, the net cash flow from operating activities from continuing operations in H1 2018 was EUR -2,158 thousand after EUR +791 thousand in H1 2017 (Q2 2018: EUR -64 thousand, Q2 2017: EUR -2,040 thousand).

Net cash flow from investing activities from continuing operations totaled EUR -189 thousand in H1 2018 (H1 2017: EUR -115 thousand) (Q2 2018: EUR -119 thousand, Q2 2017: EUR -58 thousand).

Net cash flow from investing activities from discontinued operations in H1 2018 totaled EUR 0 thousand, as the sales price for the broadcasting operations of R&C TV was not paid until July 2018.

Net cash flow from financing activities from continuing operations consisted of proceeds from an increase in financial debt and from payments for the redemption of financial debt and other financial liabilities (finance lease and credit card liabilities).

The cash and cash equivalents of continuing operations as of the reporting date result from the positive components of unrestricted cash and cash equivalents and from the negative components of current account overdrafts. In addition, EUR 522 thousand of unutilized credit facilities were available as of the reporting date.

(26.) Deferred taxes

Deferred taxes arise from differences between the carrying amount recognized in the IFRSs interim consolidated financial statements and the carrying amount recognized for tax purposes as well as on unused tax loss carryforwards to the extent to which future utilization is expected.

Deferred tax assets as of 30 June 2018, in the amount of EUR 1,679 thousand (31 December 2017: EUR 1,866 thousand) resulted solely from the elimination of intercompany profits included in inventories.

(27.) Further disclosures on financial instruments

<u>Reclassification of financial instruments in accordance with IFRS 9</u>

The following tables present the transition of the categories and the carrying amounts of the financial instruments of the elumeo Group resulting from the first-time adoption of IFRS 9:

EUR thousand		Category acc. to IAS 39	Category acc. to IFRS 9
Financial assets	Carrying amount	Loans and receivables	Measured at amortized cost
Statement of financial position as of 1 Jan 2018			
Non-current assets:			
Other financial assets	394	394	394
Current assets:			
Cash and cash equivalents	1,512	1,512	1,512
Trade receivables	2,963	2,963	2,963
Receivables due from related parties	224	224	224
Other financial assets	43	43	43
Total	**5,136**	**5,136**	**5,136**

The financial assets recognized in the elumeo Group as of 31 December 2017 were allocated solely to the category "Loans and receivables" under IAS 39 and were already measured at amortized cost. As of 1 January 2018, there are no differences between the carrying amounts according to IAS 39 and IFRS 9. As a result, the first-time adoption of IFRS 9 has not resulted in any effects on consolidated equity.

TEUR		Category acc. to IAS 39	Category acc. to IFRS 9
Financial liabilities	Carrying amount	Financial liabilities measured at amortized cost	Measured at amortized cost
Statement of financial position as of 1 Jan 2018			
Non-current liabilities:			
Financial debt	3,382	3,382	3,382
Other financial liabilities	273	273	273
Current liabilities:			
Financial debt	7,577	7,577	7,577
Payables due to related parties	7	7	7
Trade payables	7,340	7,340	7,340
Other financial liabilities	304	304	304
Debtors with credit balances	176	176	176
Total	**19,059**	**19,059**	**19,059**

The financial liabilities recognized in the elumeo Group as of 31 December 2017 were allocated solely to the category "Financial liabilities measured at amortized cost" under IAS 39 and were already measured at amortized cost. As of 1 January 2018, there are no differences between the carrying amounts according to IAS 39 and IFRS 9. As a result, the first-time adoption of IFRS 9 has not resulted in any effects on consolidated equity.

Disclosure on fair value of financial instruments

EUR thousand		Category acc. to IFRS 9	
Financial assets	Carrying amount	Measured at amortized cost	Fair value
Statement of financial position as of 30 Jun 2018			
Non-current assets:			
Other financial assets	451	451	451
Current assets:			
Cash and cash equivalents	991	991	991
Trade receivables	1,938	1,938	1,938
Receivables due from related parties	224	224	224
Other financial assets	54	54	54
Total	**3,657**	**3,657**	**3,657**
Statement of financial position as of 1 Jan 2018			
Non-current assets:			
Other financial assets	394	394	394
Current assets:			
Cash and cash equivalents	1,512	1,512	1,512
Trade receivables	2,963	2,963	2,963
Receivables due from related parties	224	224	224
Other financial assets	43	43	43
Total	**5,136**	**5,136**	**5,136**

For financial assets classified as "Measured at amortized cost", the elumeo Group has determined that the carrying amounts as of the reporting dates approximately correspond to the fair values.

With regard to cash and cash equivalents, trade receivables, receivables due from related parties and current other financial assets the fair value assessment is primarily based on the short remaining term to maturity of these instruments and with respect to non-current other financial assets on the actual interest rates, which reflect fair market conditions.

EUR thousand		Category acc. to IFRS 9	
Financial liabilities	Carrying amount	Measured at amortized cost	Fair value
Statement of financial position as of 30 Jun 2018			
Non-current liabilities:			
Financial debt	3,172	3,172	3,172
Other financial liabilities	119	119	119
Current liabilities:			
Financial debt	9,679	9,679	9,679
Payables due to related parties	39	39	39
Trade payables	7,550	7,550	7,550
Other financial liabilities	310	310	310
Debtors with credit balances	156	156	156
Total	**21,025**	**21,025**	**21,025**
Statement of financial position as of 1 Jan 2018			
Non-current liabilities:			
Financial debt	3,382	3,382	3,382
Other financial liabilities	273	273	273
Current liabilities:			
Financial debt	7,577	7,577	7,577
Payables due to related parties	7	7	7
Trade payables	7,340	7,340	7,340
Other financial liabilities	304	304	304
Debtors with credit balances	176	176	176
Total	**19,059**	**19,059**	**19,059**

For financial liabilities classified as "Measured at amortized cost", the elumeo Group has determined that the carrying amounts as of the reporting dates approximately correspond to the fair values.

Non-current financial liabilities include interest-bearing financial debt due to a bank. The fair value of the respective loan liability was determined based on the effective interest method using the most current interest rate conditions. The interest rates reflect fair market conditions, as a result of which, the carrying amount approximately correspond to the fair value.

The current financial liabilities include interest-bearing financial debt due to banks. The fair values of the respective loan liabilities were determined based on the effective interest method using the most current interest rate conditions. As a result of the short remaining term to maturity of the loans, the carrying amounts corresponds approximately to the fair values.

The other current and non-current financial liabilities include interest-bearing finance lease liabilities. The interest rates reflect fair market conditions, as a result of which, the carrying amounts approximately correspond to the fair values.

For trade payables and other current liabilities it was determined that, as a result of the short remaining term to maturity of these instruments, the carrying amounts as of the reporting dates approximately correspond to their fair values.

There were no derivative financial instruments in H1 2018 and H1 2017.

Fair value hierarchy in accordance with IFRS 13

With regard to the determination of the fair values of the financial instruments of the elumeo Group, which are not measured at fair value in the consolidated statement of financial position, but whose fair values are disclosed in the notes, there were no reclassifications between the valuation hierarchies under IFRS 13 in H1 2018 as compared to the notes to the 2017 consolidated financial statements.

(28.) Related party disclosures

The elumeo Group identifies the group of related parties in accordance with IAS 24 *Related Party Disclosures*. For further information on the identified group of significant related parties, please refer to the Notes to the 2017 consolidated financial statements.

In H1 2018, the elumeo Group recorded the following significant transactions with related parties:

- The elumeo Group recorded selling expenses of EUR 102 thousand (H1 2017: EUR 102 thousand) for TV broadcasting services rendered by UV Interactive Services GmbH, Berlin, Germany ("UVIS"), in which Mr. Wolfgang Boyé holds 100.0% of shares.

  In addition, revenue of EUR 6 thousand (H1 2017: EUR 6 thousand) was generated from the provision of supporting administrative services for UVIS.

  In connection with this, the elumeo Group recorded outstanding liabilities of EUR 39 thousand as of 30 June 2018 (31 December 2017: EUR 0 thousand) under current liabilities due to related parties.

- In fiscal years 2015 and 2016, a total of 37,000 options rights from Tranches I/2015 (17,000 option rights) and III/2015 (20,000 option rights) from the SOP 2015 were granted to a Managing Director. The option rights granted had an estimated fair value of EUR 213 thousand at the time that they were granted, assuming full vesting. In H1 2018, expenses of EUR 15 thousand were recorded under administrative expenses (H1 2017: EUR 31).

- Sales commissions of EUR 14 thousand (H1 2017: EUR 35 thousands) paid to a non-managing member of the Executive Board for freelance services as a TV presenter were recognized as selling expenses. The resulting outstanding liabilities are in principle recognized as current liabilities due to related parties, however as of the reporting date all liabilities were fully paid (31 December 2017: EUR 7 thousand).

Earnings for the period from discontinued operations in H1 2017 included fees of EUR 5 thousand (selling expenses) of the same non-managing member of the Executive Board for freelance services as a TV presenter.

In H1 2018, the following significant transactions were also carried out jointly by affiliated companies of the elumeo Group with effects on non-Group third parties:

- On 15 February 2017, a new agreement on the transmission of the TV signal in the United Kingdom was concluded with the contractual partner of a subsidiary. On 1 February 2017, an additional agreement was signed to repay outstanding liabilities (trade payables) from the existing contract. In connection with this matter, the respective contracting parties of the elumeo Group have declared that they will jointly act as guarantor for all contractual gross payments in GBP agreed to with the contractual partner. The original outstanding amount was fully repaid with a final payment on 1 January 2018, as a result of which the guarantee expired.

  Furthermore, in the event of a sale of the shares in its indirectly controlled subsidiary (R&C P), elumeo SE has committed itself to arrange for the intermediary directly controlled parent company (Juwelo GmbH) to pay to the contractual partner a contractually agreed amount of GBP 750 thousand (less deductible payments made under the current agreement on the transmission of the TV signal). In a supplement dated 20 March 2018, it was clarified that in case of a sale of the shares in R&C TV by R&C P, the payment obligation will apply to R&C P. The payment obligation of R&C P was recognized as of 22 June 2018 following the sale of the shares in R&C TV (liabilities directly associated with assets held for sale) and was paid in August 2018. As a result, the guarantee of elumeo SE expired.

- Dated 19 June 2018 and with effect from 30 June 2018, the term of the working capital loan of elumeo SE in the amount of EUR 5,000 thousand, which was originally due on 30 June 2018, was extended until 31 December 2018. In this context, the respective subsidiaries (in particular in their capacity as guarantors) have signed the contract supplement.

In H1 2017, the following significant transactions were also made jointly by affiliated companies of the elumeo Group with non-Group third parties (prior period comparative information):

- Dated 22 June 2017, the working capital loan of elumeo SE was reduced to EUR 6,000 thousand with effect from 30 June 2017 and to EUR 5,000 thousand with effect from 30 September 2017. The term of the loan was extended until 30 June 2018. In this context, Rocks & Co UK Ltd., in addition to the existing collaterals provided by other subsidiaries, granted a directly enforceable guarantee in the full amount of the credit facility.

(29.) Executive Board

The Executive Board

There have been no changes with regard to the Executive Board compared to 31 December 2017.

Shareholdings of the Executive Board and Managers' Transactions reportable pursuant to Article 19 MAR

As of the reporting date, the direct shareholdings of the members of the Executive Board did not exceed more than 2.56% individually (31 December 2017: 2.56%) and not more than 7.10% collectively (31 December 2017: 7.10%) of the total shares issued by elumeo SE.

Pursuant to section 19 MAR, the members of the Executive Board and related parties of the Executive Board are obliged to report transactions involving shares of elumeo SE (so-called Managers' Transactions) to the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) and to elumeo SE. elumeo SE is obliged to publish these transactions immediately after notification.

In H1 2018, elumeo SE was notified of the following reportable securities transaction:

- On 15 June 2018, Ottoman Strategy Holdings (Suisse) SA, Zug, Switzerland, transferred a total of 11,000 shares in elumeo SE without consideration outside a trading venue.

For further information on Managers' Transactions, please refer to the publications on the Company's website at http://www.elumeo.com/ir/latest-notifications/directors-dealings.

(30.) Operating leases and other financial obligations

By supplement with effect from 1 May 2018, the elumeo Group amended the terms of a significant agreement on the transmission of TV signals. This results in an extension of the original contractual term by 38 months until 31 December 2025 (previously 31 October 2022). The extended term results in additional (gross) minimum payment obligations (i.e. including value added tax) in the amount of approximately EUR 4.5 million as compared to the disclosures as of 31 December 2017.

Taking into account the continuation (i.e. reduction) of the contractual obligations up to the reporting date, there have been no further significant changes as compared to the disclosures as of 31 December 2017 with regard to the obligations from operating leases and other financial obligations arising from non-terminable contractual arrangements.

The obligations from operating leases and other financial obligations arising from non-terminable contractual arrangements of discontinued operations have not changed significantly compared to 31 December 2017, taking into account the continuation (i.e. reduction) of the contractual obligations up to the reporting date. The management of the elumeo Group continues to negotiate about the early termination of the underlying contractual agreements.

(31.) Events after the reporting date

Dated 6 August 2018, elumeo SE published an ad-hoc notification pursuant to Art. 17 MAR and § 4 para. 1 sentence 1 no. 1a WpAIV, with the content that the results of the second quarter of 2018 are below the prior year comparative period and therefore the forecast for the fiscal year 2018 must be lowered. For further information on the content of the ad-hoc notification, please refer to the publication on the Company's website at http://www.elumeo.com/ir/latest-notifications/ad-hoc.

There were no additional significant events after the reporting date that may have a significant impact on the asset, financial and earnings position of the elumeo Group.

V. ASSURANCE OF THE LEGAL REPRESENTATIVES

Statement in accordance with section 115 para. 2 no. 3 WpHG

"To the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting and with German accepted accounting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the elumeo Group and the interim management report of the Group includes a fair review of the development and performance of the business and the current position of the Group, together with a description of the principal opportunities and risks associated with the prospective future development of the elumeo Group for the remaining months of the fiscal year."

Berlin, 8 August 2018

elumeo SE

The Executive Managing Directors

Bernd Fischer Thomas Jarmuske Boris Kirn